



中匯集團
Edvantage Group

Edvantage Group Holdings Limited

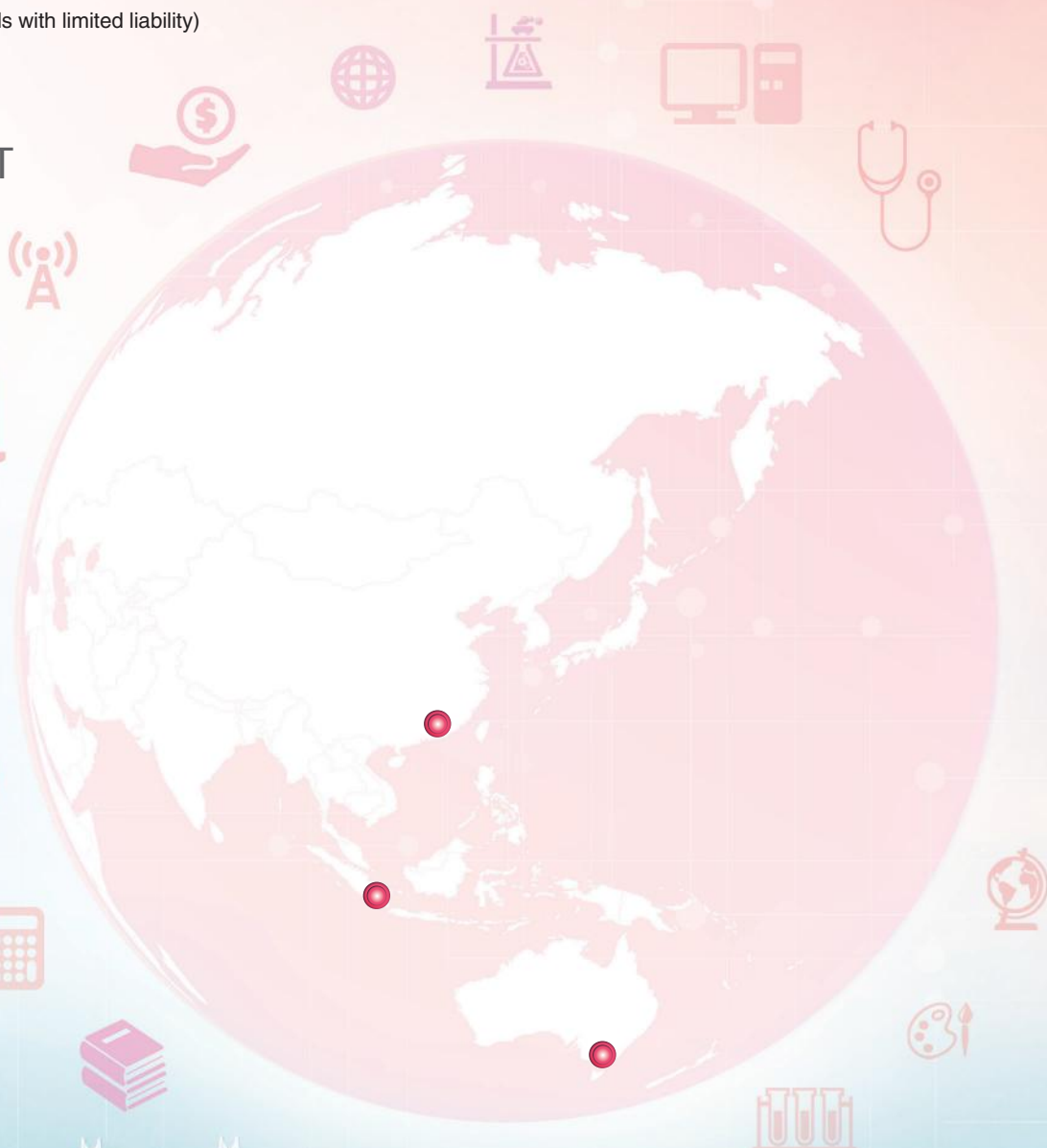
中滙集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock code: 0382

ANNUAL REPORT

2020



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Definitions

In this annual report, unless the context otherwise requires, the following expressions shall have the following meanings.

“AGM”	annual general meeting of the Company to be held on 25 January 2021
“Articles” or “Articles of Association”	the articles of association of the Company adopted on 6 June 2019 with effect from the Listing Date, as amended from time to time
“Audit Committee”	the audit committee of the Board
“Board of Directors” or “Board”	the board of directors of the Company
“BVI”	British Virgin Islands
“BVI Holdco”	Debo Education Investments Holdings Limited (德博教育投資控股有限公司), a company incorporated in the British Virgin Islands with limited liability on 19 March 2018 and a company owned as to 50% and 50% by Mr. Liu and Ms. Chen, respectively
“CG Code”	the Corporate Governance Code as contained in Appendix 14 to the Listing Rules
“China” or “PRC”	the People’s Republic of China, which for the purpose of this annual report, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Company”, “our Company”, or “the Company”	Edvantage Group Holdings Limited (中滙集團控股有限公司), an exempted company with limited liability incorporated in the Cayman Islands on 18 October 2018
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to Mr. Liu, Ms. Chen and BVI Holdco, a company owned as to 50% and 50% by Mr. Liu and Ms. Chen, respectively
“Director(s)”	the director(s) of the Company
“Edvantage Institute Australia” or “EIA”	Edvantage Institute Australia Pty Ltd (formerly known as Global Higher Education Australia Pty Ltd), a company incorporated in Victoria, Australia with limited liability on 8 February 2017 and an indirect wholly-owned subsidiary of the Company
“Edvantage Institute (Singapore)” or “EIS”	Edvantage Institute (Singapore) Pte. Ltd. (formerly known as NYU Language School Pte. Ltd.), a company incorporated in Singapore with limited liability on 5 June 1991 and was acquired by the Group as an indirect wholly-owned subsidiary of the Company in December 2019



<p>“Global Business College of Australia” or “GBCA”</p>	<p>Global Business College of Australia Pty. Ltd, a company incorporated in Victoria, Australia with limited liability on 26 June 2014 and an indirect wholly-owned subsidiary of the Company</p>
<p>“Global Education Professional Advisory”</p>	<p>Global Education Professional Advisory Service Company Limited (環球教育專業諮詢服務有限公司), a company incorporated in Hong Kong with limited liability on 4 October 2016 and an indirect wholly-owned subsidiary of the Company</p>
<p>Global Move Pty. Ltd (“Global Move”)</p>	<p>Global Move Pty. Ltd, a company indirectly owned by Mr. Liu and Ms. Chen as to 50% and 50%, respectively</p>
<p>“Greater Bay Area”</p>	<p>the “Guangdong-Hong Kong-Macau Greater Bay Area”, referring to the region linking two special administrative regions, namely Hong Kong and Macau, and the nine cities in Guangdong Province, namely Guangzhou, Shenzhen, Zhuhai, Foshan, Zhongshan, Dongguan, Huizhou, Jiangmen and Zhaoqing and forming an integrated economic and business hub under PRC government’s scheme</p>
<p>Guangdong Huashang Technical School (廣東華商技工學校) (“Huashang Technical School”)</p>	<p>Guangdong Huashang Technical School, an entity controlled by the siblings of Mr. Liu; and a school that obtained approval from the Ministry of Labour and Social Security of Guangdong Province on 21 May 2007, which had ceased to be a member of our Group on 2 November 2018</p>
<p>Guangzhou Weijia Vehicle Sales Company Limited (廣州市偉加汽車銷售有限公司) (“Weijia Vehicle”)</p>	<p>Guangzhou Weijia Vehicle Sales Company Limited, a company owned by Mr. Liu, Ms. Chen, Ms. Ye Runmian (葉潤棉), the spouse of Mr. Liu Yung Kan (廖榕根), Mr. Liu Kong Wai (廖廣偉), the son of Mr. Liu Yung Kan, and Mr. Liu Yung Kwong (廖榕光), the brother of Mr. Liu, as to 22.5%, 22.5%, 28%, 12% and 15%, respectively</p>
<p>Guangzhou Yizhong Travel Agency Co., Ltd. (廣州怡眾旅行社有限公司) (“Yizhong Travel”)</p>	<p>Guangzhou Yizhong Travel Agency Co., Ltd., a company wholly-owned by Sun City Group, which in turn is indirectly owned by Mr. Liu and Ms. Chen as to 50% and 50%, respectively</p>
<p>“Group”, “our Group”, “the Group”, “we”, “us”, or “our”</p>	<p>the Company and its subsidiaries</p>
<p>“HK\$” or “Hong Kong dollars”</p>	<p>Hong Kong dollars and cents, each being the lawful currency of Hong Kong</p>
<p>“Hong Kong”</p>	<p>the Hong Kong Special Administrative Region of the PRC</p>
<p>“Huagang Enterprise Management” or “Guangzhou Huagang”</p>	<p>Guangzhou Huagang Enterprise Management Co., Ltd. (廣州市華港企業管理有限公司), a company incorporated in the PRC with limited liability on 25 August 2014 and an indirect wholly-owned subsidiary of the Company</p>

Definitions

“Huajia Renovation”	Guangzhou Huajia Renovation Co., Ltd. (廣州市華嘉裝飾工程有限公司), a company established in the PRC with limited liability on 6 June 2012 and an indirect wholly-owned subsidiary of the Company
“Huashang College”	Huashang College Guangdong University of Finance & Economics (廣東財經大學華商學院), a private school registered as a private non-enterprise unit under the law of the PRC on 30 May 2006
“Huashang Education Group Company (HK)”	Huashang Education Group Company Limited (華商教育集團有限公司), a company incorporated in Hong Kong with limited liability on 21 September 2015 and a subsidiary of the Company
“Huashang Education Holdings (BVI)”	Huashang Education Holdings Limited (華商教育控股有限公司), a company incorporated in the British Virgin Islands with limited liability on 12 October 2016 and a subsidiary of the Company
“Huashang Education Service (BVI)”	Huashang Education Service Holdings Limited (華商教育服務控股有限公司), a company incorporated in the British Virgin Islands with limited liability on 19 March 2018 and an indirect wholly-owned subsidiary of the Company
“Huashang Overseas Education (BVI)”	Huashang Overseas Education Holdings Limited (華商海外教育控股有限公司), a company incorporated in the British Virgin Islands with limited liability on 19 March 2018 and an indirect wholly-owned subsidiary of the Company
“Huashang Vocational College”	Guangzhou Huashang Vocational College (廣州華商職業學院), a private school registered as a private non-enterprise unit under the law of the PRC on 25 June 2009
“IFRS”	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
“Independent Third Party(ies)”	any entity or person who is not a connected person of our Company within the meaning ascribed thereto under the Listing Rules
“IPO”	the initial public offering of the Company, having become unconditional in all aspects on 16 July 2019
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange
“Listing Date”	16 July 2019, on which the Shares are listed and on which dealings in the Shares are first permitted to take place on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time



“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange that is independent from and operates in parallel with the GEM of the Stock Exchange
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules
“Ministry of Education”	the Ministry of Education of the PRC (中華人民共和國教育部)
“MOF”	the Ministry of Finance of the PRC (中華人民共和國財政部)
“Mr. Liu”	Mr. Liu Yung Chau (廖榕就), the founder of the Company, a Controlling Shareholder, executive Director, the chairman of the Board and the spouse of Ms. Chen
“Ms. Chen”	Ms. Chen Yuan, Rita (陳練瑛), a Controlling Shareholder, executive Director and the spouse of Mr. Liu
“Nomination Committee”	the nomination committee of the Board
“Orient Fortune”	Orient Fortune Inc Limited (東方聯發有限公司), a company incorporated in Hong Kong with limited liability on 1 September 2014 and an indirect wholly-owned subsidiary of the Company
“Pan-Pearl River Delta Area”	the Pan-Pearl River Delta Area comprises nine provinces in the Pearl River Delta region in Southern China and two Special Administration Regions. The nine provinces are Fujian, Jiangxi, Hunan, Guangdong, Guangxi, Hainan, Sichuan, Guizhou and Yunnan
“Post-IPO Share Option Scheme”	the Post-IPO Share Option Scheme conditionally approved and adopted by our Company on 6 June 2019
“PRC Operating Schools”	Huashang College and Huashang Vocational School
“Prospectus”	the prospectus of the Company dated 4 July 2019
“Remuneration Committee”	the remuneration committee of the Board
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share Award Scheme”	the share award scheme approved and adopted by the Shareholders on 6 June 2019

Definitions

“Share(s)”	ordinary share(s) of US\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Shiny World”	Shiny World (China) Limited (星輝(中國)有限公司), a company incorporated in Hong Kong with limited liability incorporated on 3 January 2014 and an indirect wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning set out in section 15 of the Companies Ordinance
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Sun City Development”	Guangzhou Zengcheng Sun City Development Co., Ltd. (廣州市增城太陽城發展有限公司), a company incorporated in the PRC with limited liability on 9 December 2003 and a subsidiary of the Company
“Sun City Group”	Guangzhou Sun City Group Co., Ltd. (廣州市太陽城集團有限公司), a company incorporated in the PRC with limited liability on 27 May 2011 and a company indirectly owned by Mr. Liu and Ms. Chen as to 50% and 50% respectively
“Sun City Hotel”	Guangzhou Sun City Hotel Co., Ltd. (廣州太陽城大酒店有限公司), a company incorporated in the PRC with limited liability on 22 November 1993 and a company indirectly owned by Mr. Liu and Ms. Chen as to 50% and 50%, respectively
“Sun City Industrial”	Guangdong Sun City Industrial Co., Ltd. (廣東太陽城實業有限公司), a company incorporated in the PRC with limited liability on 8 May 2007, which had ceased to be a subsidiary of the Company on 2 November 2018
Triple Way Investments (Australia) Pty. Ltd (“ Triple Way ”)	Triple Way Investments (Australia) Pty. Ltd, a company indirectly owned by Mr. Liu and Ms. Chen as to 50% and 50%, respectively
“United States”, “U.S.” or “US”	the United States of America
“US dollar(s)”, “U.S. dollar(s)”, “US\$”, or “USD”	United States dollars, the lawful currency of the United States
“Woguan Education”	Guangzhou Woguan Education Consulting Co., Ltd. (廣州沃冠教育諮詢有限公司), a company incorporated in the PRC with limited liability on 10 October 2016 and an indirect wholly-owned subsidiary of the Company
“%”	per cent

BOARD OF DIRECTORS

Executive Directors

Mr. Liu Yung Chau (*Chairman*)
Ms. Chen Yuan, Rita
Ms. Liu Yi Man (*Chief Executive Officer*)

Non-executive Director

Mr. Liu Yung Kan

Independent Non-executive Directors

Mr. Xu Gang
Mr. Lo Chi Chiu
Mr. Li Jiatong

COMPANY SECRETARY

Mr. Wong Shing Mun (*FCCA, HKICPA*)

AUTHORISED REPRESENTATIVES

Mr. Liu Yung Chau
Mr. Wong Shing Mun (*FCCA, HKICPA*)

AUDIT COMMITTEE

Mr. Lo Chi Chiu (*Chairman*)
Mr. Xu Gang
Mr. Li Jiatong

REMUNERATION COMMITTEE

Mr. Xu Gang (*Chairman*)
Mr. Lo Chi Chiu
Mr. Li Jiatong

NOMINATION COMMITTEE

Mr. Xu Gang (*Chairman*)
Mr. Lo Chi Chiu
Mr. Li Jiatong

EXECUTIVE COMMITTEE¹

Mr. Liu Yung Chau (*Chairman*)
Ms. Chen Yuan, Rita
Ms. Liu Yi Man

Note 1: The Executive Committee was established with effect from 8 November 2019

REGISTERED OFFICE

Maples Corporate Services Limited
PO Box 309
Ugland House
Grand Cayman, KY1-1104
Cayman Islands

HEADQUARTERS IN THE PRC

No. 1 Huashang Road
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Guangzhou
The PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1115, 11/F, Wing On Plaza
62 Mody Road
Tsim Sha Tsui
Kowloon
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR

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

Corporate Profile

LEGAL ADVISER

Cheung Tong & Rosa Solicitors
Room 501, 5/F
Sun Hung Kai Centre
30 Harbour Road
Hong Kong

AUDITOR

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

COMPLIANCE ADVISER

Somerley Capital Limited
20th Floor, China Building
29 Queen's Road Central
Central, Hong Kong

STOCK CODE

Stock Code: 0382

COMPANY'S WEBSITE

www.edvantagegroup.com.hk

PRINCIPAL BANKERS

Guangzhou Rural Commercial Bank Co., Ltd.
Gualv Road Sub-branch
29 Gualv Road
Licheng Street, Zengcheng
Guangzhou
The PRC

Bank of Communications Co., Ltd.
Guangzhou Xintang Sub-branch
365 Gangkou Avenue North
Xintang Town
Guangzhou
The PRC

China Construction Bank Corporation Co., Ltd.
Zengcheng Sub-branch
69 Zengcheng Avenue
Licheng Street, Zengcheng
Guangzhou
The PRC

Bank of China Limited
Guangzhou Zengcheng Xintang
Sub-branch
130 North Jiefang Road
Xintang Town, Zengcheng
Guangzhou
The PRC

Year	Events
2003	<ul style="list-style-type: none"> Commenced operations through Sun City Development
2006	<ul style="list-style-type: none"> Huashang College began classes
2009	<ul style="list-style-type: none"> Huashang Vocational College began classes
2010	<ul style="list-style-type: none"> Total number of students of PRC Operating Schools reached 10,000+
2016	<ul style="list-style-type: none"> Global Business College of Australia began classes
2017	<ul style="list-style-type: none"> The initial employment rate of Huashang Vocational College graduates was 98.4% for the school year of 2016/2017
2018	<ul style="list-style-type: none"> Total number of students of PRC Operating Schools reached 32,000+
2019	<ul style="list-style-type: none"> The Group was listed on the Main Board of the Stock Exchange on 16 July 2019 with stock code: 0382 The initial employment rate of Huashang College graduates was 97.4% for the 2018/2019 school year, ranking No.1 among 16 independent colleges in Guangdong Province
2019	<ul style="list-style-type: none"> The Group expanded school network in Singapore by acquiring Edvantage Institute (Singapore) in the second half of 2019
2020	<ul style="list-style-type: none"> Edvantage Institute Australia registered with the TEQSA of Australia to offer higher education programmes in the first half of 2020
2020	<ul style="list-style-type: none"> The phase one construction of Sihui campus of Huashang College commenced operations in Zhaoqing, PRC in the second half of 2020
2020	<ul style="list-style-type: none"> Following the land use right acquisition in Xinhui District, PRC, the phase one construction of Xinhui Campus, a new campus of Huashang Vocational College as well as being used for Vocational Education Business, commenced in the second half of 2020
2020	<ul style="list-style-type: none"> Be included in MSCI China All Shares Small Cap Index

Financial Highlights

	Note	For the year ended		Percentage increase
		31 August	2019	
		2020	2019	
Revenue (RMB'000)		800,092	704,239	13.6%
Gross profit (RMB'000)		396,244	342,362	15.7%
Adjusted net profit (RMB'000)	(i)	309,070	236,919	30.5%
Profit for the year attributable to owners of the Company (RMB'000)		291,487	216,762	34.5%
Basic earnings per share (RMB cents)		28.66	27.68	3.5%
Dividend per share				
Interim dividend (HK cents)		4.90	—	N/A
Final dividend (proposed) (HK cents)		4.90	1.00	390.0%

Note:

- (i) For the year ended 31 August 2020, adjusted net profit is determined by adjusting profit for the year from continuing operations of RMB291,487,000 for the effect of net foreign exchange loss of RMB8,119,000 and share-based payments of RMB9,464,000.

For the year ended 31 August 2019, adjusted net profit is determined by adjusting profit for the year from continuing operations of RMB215,054,000 for the effect of listing expenses of RMB38,896,000 and net foreign exchange gain of RMB17,031,000.

Dear Shareholders,

On behalf of the Board of Directors (the “**Director(s)**”) (the “**Board**”) of Edvantage Group Holdings Limited (“**Edvantage Group**” or the “**Company**”), I am pleased to share with you the annual results of the Group and its subsidiaries (collectively, the “**Group**”) for the year ended 31 August 2020 (the “**Reporting Period**”). In 2020, although COVID-19 has severely impacted the global economy, the Group’s business developed stably with expected results due to its focusing on higher education. After more than ten years of our relentless effort on private higher education, the Group’s brand of “**Huashang**” has gained widespread recognition by students, parents, industry peers and the markets. Since being listed on 16 July 2019, the Group has grabbed attention and support from investors which leads to excellent stock price performance. I hereby express my gratitude to all stakeholders of the Group.

Performance Review

According to Frost & Sullivan, in terms of total student enrolment of business majors for the 2017/2018 school year, Edvantage Group is the largest private higher education group in the Guangdong-Hong Kong-Macau Greater Bay Area (“**Greater Bay Area**”), and an early forerunner tapping into international market in the industry. During the Reporting Period, The Group operates five schools at home and abroad including Guangdong University of Finance and Economics (廣東財經大學華商學院) (“**Huashang College**”) and a junior college Guangzhou Huashang Vocational College (廣州華商職業學院) (“**Huashang Vocational College**”) in Guangdong Province, China; and out of China, vocational education institution Global Business College of Australia (“**GBCA**”), Edvantage Institute (Singapore) (“**EIS**”) and higher education institution Edvantage Institute (Australia) (“**EIA**”).

During the year ended 31 August 2020, the Group’s performance was still outstanding thanks to an increase of the number of students, average tuition fees and gross profit margin. During the Reporting Period, the number of student enrolments in the Group was 35,453, representing an increase of 7.3% year-on-year; and in terms of average tuition fees, Huashang College recorded an increase of 11.4% year-on-year to RMB24,315, while Huashang Vocational College recorded an increase of 3.6% year-on-year to RMB15,597. During the Reporting Period, the Group recorded an increase in revenue of 13.6% year-on-year to approximately RMB800.1 million, its gross profit increased by 15.7% year-on-year to approximately RMB396.2 million with a net profit of approximately RMB291.5 million, representing a year-on-year increase of 31.0%. The Board has resolved to pay a proposed final dividend of HK4.90 cent per Share for the year ended 31 August 2020 to reciprocate the Shareholders for their support as always. The dividend pay-out ratio for the whole year was approximately 30%.

OUTLOOK

Looking forward, the Group remains optimistic and confident about the prospects of higher education industry and the Group's development. The Group will adhere to its advantages and seize the opportunities arising from the development of Greater Bay Area, continuously develop quality education and provide diversified education service, which cultivates advanced talents for Greater Bay Area so as to establish public praise for sustainable and stable development. Practically speaking, the Group will adopt strategies as below:

The Group's long-term strategy is to follow our national policies. President Xi Jinping proposed domestic circulation ("**internal circulation**") and foreign dual circulation ("**dual circulation**") at the conference marking the 40th anniversary of the establishment of the Shenzhen Special Economic Zone (SEZ).

In respect of coordinating with the national policy of "internal circulation", the Group will establish vacation education segment in addition to its full-time academic education like Huashang College and Huashang Vocational College, together with three self-supporting schools operated overseas, namely GBCA, EIS and EIA, to provide our students at home with diversified and internationalized education.

As for the national policy of "dual circulation", three oversea self-supporting schools of the Group conduct autonomy enrollment programs locally, all of which set up diploma programmes cover junior college, bachelor and master. In the meantime, the Group recruits students overseas and students at home enjoy the internationalized education as well. This mode of education is praised highly by the Ministry of National Education.

The Group's long-term strategies for the next five years is to develop our domestic and oversea academic education business and vocational education business steadily by ways of growing both organically and externally, following both the asset-light and asset-heavy model and combining offline with online education. The Group's schools in the PRC are well supported by the strong organic growth from regions where they locates and prudent acquisition projects in a short and long span. It plans to develop light asset business such as vocational and online education on the base of higher academic education which is a heavy asset business, whereby utilization of asset will be improved more quickly. In the future, the Group will combine offline and online education efficiently in its relevant business development as the online education is more valued than ever before amid the COVID-19.

It is expected that the Group's overall revenue in 2020 will record a double-digit percentage growth as the number and average tuition fees of the new students of the 2020/2021 school year in Huashang College and Huashang Vocational College increase considerably. At last, on behalf of the Board, I would like to express my great gratitude to students and parents for trusting us, and to the management team and staffs for their loyalty and efforts. I also would like to thank our shareholders and business partners for supporting us. I believe with our joint effort, our Group's business will continue to grow, while cultivate more talents for the society and keep creating values to our Shareholders.

Liu Yung Chau

Chairman and Executive Director

Hong Kong, 10 November 2020

Profile of Directors and Senior Management



Below are the brief profiles of the current Directors and senior management of the Group.

Directors

The Board currently consists of seven Directors, comprised of three executive Directors, one non-executive Director and three independent non-executive Directors. The following table sets forth information regarding the Directors.

Name	Age	Position	Date of appointment as Director/ joining the Company
Executive Directors			
Mr. Liu Yung Chau (廖榕就)	67	Chairman and executive Director	18 October 2018
Ms. Chen Yuan, Rita (陳練瑛)	65	Executive Director	2 January 2019
Ms. Liu Yi Man (廖伊曼)	40	Chief executive officer and executive Director	20 November 2018
Non-executive Director			
Mr. Liu Yung Kan (廖榕根)	60	Non-executive Director	20 November 2018
Independent non-executive Directors			
Mr. Xu Gang (徐剛)	66	Independent non-executive Director	4 July 2019
Mr. Lo Chi Chiu (盧志超)	47	Independent non-executive Director	4 July 2019
Mr. Li Jiatong (李加彤)	48	Independent non-executive Director	4 July 2019

Executive Directors

Mr. Liu Yung Chau (廖榕就), aged 67, founded the Group in December 2003 and serves as an executive Director and chairman of the Board.

Mr. Liu has been executive vice-president of the Guangdong Provincial Private Education Association (廣東省民辦教育協會) since June 2009, council member of the Chinese Vocational Education Association (中華職業教育社) since December 2014, vice-president of the Guangdong Association of Management Accountants (廣東省管理會計師協會) since June 2016, and vice-president of the Federation of Hong Kong Guangdong Community Organisations Ltd. (香港廣東社團總會) since July 2017. He was also committee member and standing committee member of the Chinese People's Political Consultative Conference Guangdong Committee (中國人民政治協商會議廣東省委員會), chief president of the Hong Kong Industrial & Commercial Association Limited, standing committee member of the Guangdong Federation of Industry (廣東省工商業聯合會), vice-chairman of the Guangdong City Federation of Industry (廣東市工商業聯合會), vice-chairman of the Guangdong Chamber of Foreign Investors, chairman of the Zengcheng Federation of Industry (增城市工商業聯合會), and vice-president of the Hong Kong Federation of Guangzhou Associations (香港廣州社團總會).

Profile of Directors and Senior Management

In addition, Mr. Liu was awarded (i) the World Outstanding Chinese Award (世界傑出華人獎) in May 2010 by the World Chinese Business Investment Foundation (世界華商投資基金會), (ii) the Bronze Bauhinia Star by the Hong Kong government in July 2013, and (iii) the Guangdong Contemporary Private Education Educator Special Contribution Award (廣東當代民辦教育舉辦人突出貢獻獎) in September 2015 jointly by the Guangdong Education Association (廣東教育學會), Institute of China Contemporary Private Education (廣東當代民辦教育管理研究院), Guangdong Education Fund (廣東省教育基金) and Guangdong Education Foundation Tripartite Private Education Award Fund (廣東省教育基金會「三村」民辦教育獎勵基金).

Mr. Liu is a director of Sun City Group, which, together with its affiliates, engages in a wide range of business areas including hotel and tourism, textile and apparel, real estate, and financial investments.

Mr. Liu served as an independent non-executive director of CT Environmental Group Limited (a company listed on the Stock Exchange with stock code 1363) from June 2011 to October 2018. Mr. Liu received an Honorary Doctorate of Philosophy from Lansbridge University, Canada in May 2010.

Mr. Liu is spouse of Ms. Chen, father of Ms. Liu Yi Man, and brother of Mr. Liu Yung Kan.

Ms. Chen Yuan, Rita (陳練瑛), aged 65, joined our Group in June 2014 and serves as an executive Director.

Ms. Chen is a director of Sun City Group, which, together with its affiliates, engages in a wide range of business areas including hotel and tourism, textile and apparel, real estate, and financial investments. Sun City Group also indirectly held the majority interest in Huashang College and Huashang Vocational College from 2014 to 2017. Ms. Chen has also been a director of GBCA since its inception in June 2014.

Ms. Chen is spouse of Mr. Liu, mother of Ms. Liu Yi Man, and sister-in-law of Mr. Liu Yung Kan.

Ms. Liu Yi Man (廖伊曼), aged 40, joined the Group in July 2006 and serves as an executive Director and our chief executive officer. She became a director of Huashang College in August 2007, a director of Huashang Vocational College in August 2010, a director of GBCA in June 2014, a director of EIA in February 2017 and a director of EIS in December 2019.

Ms. Liu Yi Man has been vice-president of the Federation of Hong Kong Guangdong Community Organisations Ltd. (香港廣東社團總會) since July 2017 and deputy secretary general of The Y. Elites Association (香港菁英會) since July 2018. She was also committee member of the Chinese People's Political Consultative Conference Guangdong Committee (中國人民政治協商會議廣東省委員會), member of the All-China Youth Federation (中華全國青年聯合會), and vice-president of the Hong Kong Federation of Guangzhou Associations (香港廣州社團總會).

Ms. Liu Yi Man serves as a director of Guangzhou Zengcheng District Top Talent Kindergarten (廣州市增城區保利東江首府拓慧幼兒園), Guangzhou Haizhu District Tianyue Top Talent Kindergarten (廣州市海珠區天悅拓慧幼兒園) and Guangzhou Zengcheng District Qihang Kindergarten (廣州市增城區啟航幼兒園). She has also served as the director of Top Talent Education (Australia) Pty. Ltd, which operates two kindergartens, (namely Little Sunshine Early Learning and Doncaster Early Learning Child Care).

Ms. Liu Yi Man received her bachelor's degree in business administration from The Chinese University of Hong Kong in August 2004, and her master's degree in engineering business management from The University of Warwick, United Kingdom in July 2006.

Ms. Liu Yi Man is daughter of Mr. Liu and Ms. Chen, and niece of Mr. Liu Yung Kan.

Non-executive Director

Mr. Liu Yung Kan (廖榕根), aged 60 and formerly known as Liu Kai Chung (廖啟中), assisted in the development of Huashang College and served as its director from September 2006 to February 2016. He also served as a director of Huashang Vocational College from August 2010 to April 2017, and is a non-executive Director.

Mr. Liu Yung Kan has over 20 years of business experience. He has since August 1998 been a director of Yue Hua Group Company Limited (粵華集團有限公司), since September 2010 been the general manager of Guangzhou Huajiang Enterprise Management Co., Ltd. (廣州市華江企業管理有限公司), and since December 2013 been the general manager of Guangzhou Huahui Investment Co., Ltd. (廣州市華匯投資有限公司), all of which are investment holding companies.

As our non-executive Director, Mr. Liu Yung Kan will participate in the Board meetings to make decisions on important matters of the Group, and he will not be involved in the day-to-day management of the Group.

Mr. Liu Yung Kan is brother of Mr. Liu, brother-in-law of Ms. Chen, and uncle of Ms. Liu Yi Man.

Independent non-executive Directors

Mr. Xu Gang (徐剛), aged 66, serves as an independent non-executive Director, the chairman of the Remuneration Committee and Nomination Committee, and a member of the Audit Committee.

Mr. Xu Gang has over 10 years of experience in numerous leadership positions in state owned enterprises and government organisations, including:

- editor of the China Economic & Trade Herald 《經濟工作通訊》 at the State Economic and Trade Commission (國家經濟貿易委員會);
- director of the economic bureau (經濟局處長) at the United Front Work Department of CPC Central Committee (中共中央統戰部);
- deputy secretary of the party committee and vice president at China Goods Trade Development Co., Ltd. (中國物資貿易發展總公司); and
- vice president and acting general manager at China Tourism International Trust & Investment Co., Ltd (中國旅遊國際信託投資有限公司).

Mr. Xu Gang serves as a consultant of Lianxun Securities Co., Ltd. (聯訊證券股份有限公司) (a company listed on the National Equities Exchange and Quotations with stock code 830899), and is a former chairman of Lianxun Securities Co., Ltd. He has been a senior economist accredited by the Appraising and Approval Committee for Professional & Technical Competence since December 1994.

Profile of Directors and Senior Management

Mr. Xu Gang received his bachelor's degree in industrial economics in February 1983 from Renmin University of China and his master's degree in industrial engineering in December 2001 from the Huazhong University of Science and Technology, China.

Mr. Lo Chi Chiu (盧志超), aged 47, serves as an independent non-executive Director, chairman of the Audit Committee, and member of the Remuneration Committee and Nomination Committee.

Mr. Lo Chi Chiu has over 20 years of accounting experience in international accounting firms and various corporations, including as:

- accountant at Ernst & Young and PricewaterhouseCoopers Ltd. from August 1995 to June 2001;
- financial controller for Technicon Engineering Limited, Zhejiang Xinfu Biochemical Co., Ltd and Shenzhen Glory Medical Co., Ltd from July 2001 to June 2003;
- project accountant and finance manager for Integrated Distribution Services Group Management Limited, a subsidiary of Integrated Distribution Services Group Limited (a company listed on the Stock Exchange with stock code 2387 from December 2004 until delisting in November 2010), from June 2004 to August 2006;
- chief financial officer of Truly International Holdings Limited (a company listed on the Stock Exchange with stock code 732), VPower Holdings Limited, a subsidiary of VPower Group International Holdings Limited (a company listed on the Stock Exchange with stock code 1608), and Haitian International Holdings Limited (a company listed on the Stock Exchange with stock code 1882) from August 2006 to June 2016.

Mr. Lo Chi Chiu has been a senior consultant for VPower Group since April 2016 and an independent non-executive director of Haitian International Holdings Limited (stock code 1882) since February 2019. He previously served as an independent non-executive director, the chairman of the audit and remuneration committees, and a member of the nomination committee of Ernest Borel Holdings Limited (a company listed on the Stock Exchange with stock code 1856) from June 2014 to December 2017.

Mr. Lo Chi Chiu received his bachelor's degree in business administration from the University of Hong Kong in November 1995 and his Master of Business Administration Degree (Executive MBA Programme) from The Chinese University of Hong Kong in September 2017. He has also been a member of the Hong Kong Institute of Certified Public Accountants since July 2005.

Mr. Li Jiatong (李加彤), aged 48, serves as an independent non-executive Director, and member of the Audit Committee, Remuneration Committee and Nomination Committee.

Mr. Li Jiatong has been an associate director at Manulife Financial Asia Limited since July 2018. He was previously a site reliability engineer for Criteo Inc. from 2016 to 2018, a software architect for Datapop, Inc. from 2009 to 2016, an engineer for Yahoo! Asia Holdings Limited from 2005 to 2009, and a software engineer and research and development regional expert for Comverse Network Systems from 1997 to 2005. He is the named inventor on three pending patent applications and has experience in cloud computing, software development, computer programming, mobile application development, and web service development.

Mr. Li Jiatong received his bachelor degree in June 1997 and master's degree in September 1999, both in computer science, from Northeastern University, USA.

Senior Management

Ms. Liu Yi Man (廖伊曼) is the chief executive officer of the Company. See the paragraphs headed “— Directors — Executive Directors” for her biography.

Ms. Liu Wenqi (劉文琦), aged 48, has been the chief operating officer of the Company since January 2017, having originally joined the Group as the chief financial officer of the Company in April 2010.

Ms. Liu Wenqi has been an accountant accredited by MOF since May 2006, an auditor accredited by the Audit Commission of China (中華人民共和國審計署) since October 2007, a non-practicing member of the Guangdong Certified Tax Advisor Association (廣東省註冊稅務師協會) since March 2010, and a senior accountant with the Human Resources and Social Security Department of Guangzhou (廣州市人力資源和社會保障局) since March 2017.

Ms. Liu Wenqi received her bachelor's degree in accounting from Zhengzhou University, China in June 2012 and her master's degree in CFO leadership from Singapore Management University in May 2017.

Mr. Wong Shing Mun (黃成滿), aged 44, was appointed general manager of Huashang Education Group Company (HK) in May 2016, and became the chief financial officer of the Company in January 2017.

Prior to joining the Group, Mr. Wong Shing Mun served as a consultant for MCL Financial Group Limited from May 2013 to April 2016, chief financial officer and assistant company secretary for Foreland Fabrictech Holdings Limited (a company listed on the Singapore stock exchange with stock code B0I) from October 2006 to May 2013, financial controller for Fujian Zhenyun Plastics Industry Co. Ltd. (a company listed on the Singapore stock exchange with stock code 5KT) from October 2005 to October 2006, company secretary for CCID Consulting Co., Ltd. (a company listed on the Stock Exchange with stock code 8235) from January 2003 to August 2003, and an accountant for PricewaterhouseCoopers from September 1998 to January 2003.

Mr. Wong Shing Mun was previously an independent non-executive director of China Shen Zhou Mining & Resources, Inc. (a company listed on the New York Stock Exchange with ticker symbol SHZ) from January 2012 to May 2013. Mr. Wong Shing Mun has been a member since October 2001, and a fellow member since October 2006, of the Association of Chartered Certified Accountants, and a member since February 2002 of the Hong Kong Institute of Certified Public Accountants.

Mr. Wong Shing Mun received his bachelor degree in accounting from The Hong Kong University of Science and Technology in November 1998.

Management Discussion and Analysis

Market Overview

Our Group is a higher education group based in the Guangdong-Hong Kong-Macau Greater Bay Area (“**Greater Bay Area**”). Guangdong Province and the wider Greater Bay Area are one of the most populated areas with the most economic activities in China. The permanent resident population of Guangdong Province amounted to 115.2 million in 2019, representing an increase of 1.5% year-on-year and continuing to rank first in the country according to the 2019 Analysis of Demographic Development in Guangdong released by the Bureau of Statistics of Guangdong Province in April 2020. Given a huge population moving from other places to Guangdong, experts from the bureau expect a continued growth in the total number of permanent residents there for some time to come. According to the *Report on Reform and Innovation of Guangdong-Hong Kong-Macau Greater Bay Area in China (2020)* issued by the Research Institute for the Reform and Innovation of Greater Bay Area (Nansha) in Guangzhou, the Greater Bay Area has become one of the most open and economically dynamic regions in China, with an overall GDP of RMB11.62 trillion in 2019, up 4.4% year-on-year.

In recent years, Guangdong Province is undergoing a rapid economic transformation into a stronghold of the tertiary industry (accounting, financial services and international trade). Data from the Census and Statistics Department (C&SD) of the Hong Kong Government, the Statistics and Census Service (DSEC) of Macau and the statistic bureaus of cities in the Pearl River Delta shows that the tertiary industry contributed to 66.2% of the Greater Bay Area’s GDP in 2019. According to the Fourth National Economic Census, the number of people employed in the tertiary sector in Guangdong Province reached 24.2 million in 2018, representing an increase of 51.8% compared with 2013. Frost & Sullivan even expects the proportion of people employed in this sector there to grow from 38.5% in 2017 to 42.2% in 2022. The above data shows the growing demand for professional business education services from higher education providers in the Greater Bay Area.

Apart from the demographic and economic background, the Chinese Government also paid considerable attention to the development of the education sector and the Greater Bay Area by introducing favourable policies and delivering important speeches during the reporting period. In February 2020, the State Council announced the expansion of the enrolment of postgraduate programmes and degree programmes for junior college students. The planned number of students enrolled for degree programmes for junior college students in Guangdong for 2020 has nearly doubled. In May 2020, the General Office of the Ministry of Education (MOE) encouraged universities and colleges to provide second bachelor’s degree education, with a focus on such areas as public health and preventive medicine, electronic information, and big data. Liu Jin, director of the Department of International Cooperation and Exchange of the MOE, said in September 2020 that China had forged agreements with 54 countries on mutual recognition of qualifications and academic degrees in higher education, showing that the country is working to make domestic higher education institutions more appealing to students. The state also proposed in its work report published in May 2020 that higher vocational colleges should recruit additional 2 million students. In addition, General Secretary Xi Jinping proposed a “dual circulation” development pattern that takes the domestic market as the mainstay and allows domestic and foreign markets to boost each other and stressed the need for taking the initiative to further promote the development of the Greater Bay Area at the conference marking the 40th anniversary of the establishment of the Shenzhen Special Economic Zone (SEZ).



Operation Review

According to Frost & Sullivan, in terms of total student enrolment of business majors for the 2017/2018 school year, the Group is the largest private higher education group in the Greater Bay Area. During the reporting period, the Group operated a total of 5 schools at home and abroad. The Group operates two private higher-educational institutions in Guangdong Province, China, i.e. Huashang College Guangdong University of Finance and Economics (廣東財經大學華商學院) (“**Huashang College**”, an undergraduate school) and Guangzhou Huashang Vocational College (廣州華商職業學院) (“**Huashang Vocational College**”, a tertiary institution) and a private education institution in Australia, Global Business College of Australia (“**GBCA**”), registered with the Australian Skills Quality Authority (ASQA). In December 2019, the Group also acquired Edvantage Institute (Singapore) (“**EIS**”) (formerly known as NYU Language School), a private vocational education institution with EduTrust Certificate awarded by the Committee for Private Education of Singapore. In addition, in the first half of 2020, Edvantage Institute Australia (“**EIA**”), a member school of the Group registered with the Tertiary Education Quality and Standards Agency (“**TEQSA**”) of Australia to offer higher education programmes (including undergraduate degree programmes and master degree programmes); and its programmes will commence in November 2020. Below is the main operational performance of the Group’s schools during the reporting period:

Chinese School — Huashang College:

Huashang College currently has two campuses in Guangdong Province, one in Zengcheng District, Guangzhou City and the other in Sihui City, Zhaoqing City. For the year ended 31 August 2020, the number of its students was 24,127, representing an increase of approximately 6.5% year-on-year. During the reporting period, the school offered a total of 37 undergraduate majors, including three new majors, i.e. taxation, cosmetic science and technology and Chinese medicine. Among the majors, accounting and journalism were designated as one of “**featured key disciplines in Guangdong Province**” (“廣東省特色重點學科”) and “**key development disciplines of universities and colleges in Guangdong province**” (“廣東省高校重點培育學科”), respectively and included in “**leading top undergraduate majors for development in Guangdong province**” (廣東省一流本科專業建設點).

As of 19 October 2020, the number of students newly registered for the 2020/2021 school year was 7,041, of which 5,044 were enrolled for undergraduate programmes and 1,997 were for degree programmes for junior college students. The overall student registration rate of Huashang College was 95.9%, representing a significant increase of 4.1 percentage points as compared with 91.8% as of 8 September 2019. The minimum scores of liberal arts and science students for admission to undergraduate programmes of Huashang College were 34 and 33 higher than minimum admission scores of Guangdong Province, respectively, representing an increase of 3 and 5 as compared to last year. In addition, Huashang College had 6,038 candidates applying for its degree programmes aimed at junior college students for the 2020/2021 school year, ranking first among the province’s independent colleges and showing an increasing popularity of these programmes. The school also set a new record in the quality of students enrolled for the degree programmes as its minimum scores for admission to such popular majors as accounting, marketing, journalism, and visual communication design were 80 or more higher than the province’s minimum thresholds.

Management Discussion and Analysis

Chinese School — Huashang Vocational College:

Huashang Vocational College, located in Zengcheng District, Guangzhou City, Guangdong Province, is currently building a new campus in Xinhui District, Jiangmen City, the first phase of which is expected to open in September 2021. For the year ended 31 August 2020, the number of students in school was 10,656, representing an increase of approximately 11.7% year-on-year. During the reporting period, the school offered 44 junior college diploma programmes including 10 new programmes such as medical aesthetics technology, health management, interior art design and automotive electronics technology.

As of 19 October 2020, the number of students newly registered for the 2020/2021 school year increased dramatically by approximately 35.3% from 4,459 to 6,034 year-on-year and the student registration rate was 85.2%, up 2.1 percentage points from 83.1% as of 8 September 2019. It is worth noting that the planned enrolment of Huashang Vocational College for the 2020/2021 school year increased significantly by approximately 2,000 students compared with last year. Despite this, the student registration rate still hit a record high, showing the Group's achievements in differentiated school operations. In addition, the minimum score of science students for admission to Huashang Vocational College was 134 higher than the minimum admission score of Guangdong Province, representing a significant increase of 22 as compared to last year.

Overseas Schools — GBCA, EIS and EIA:

During the reporting period, the Group's overseas schools actively brought classes online and maintained efficient communication with schools in China. Below is their operational performance:

GBCA, which is located in Melbourne, Australia, had 625 students for the year ended 31 August 2020. Situated in a campus of University of Canberra in Australia, GBCA offers vocational education courses and non-academic short-term courses. A total of 22 training courses were offered during the reporting period, with a focus on education, accounting, business management, information technology, translation and language courses.

EIS, acquired by the Group in December 2019, had 45 students during the reporting period. The school provides short-term and long-term language training courses and various kinds of diploma and higher diploma programmes. EIS was moved to a larger new campus with a better geographical location in June 2020 to improve its teaching experience and the number of students that it can accommodate in the future.

The Group made a major breakthrough in the operation of its overseas schools during the reporting period with EIA being granted the registration by TEQSA in Australia to offer higher education programmes in the first half of 2020. It is the Group's first higher education institution to award both undergraduate and master degrees. In terms of the curriculum, the Group would focus on marketing undergraduate courses and expand traditional undergraduate courses that facilitate immigration such as IT and education. The Group also plans to develop EIA into a world-renowned and highly reputed school with a focus on masters-level programmes represented by MBA and supplemented by pre-masters courses. Its marketing undergraduate programmes will commence in November 2020.



Tuition Fees and Boarding Fees:

During the reporting period, students were unable to return to school due to COVID-19, resulting in a total refund of approximately RMB35 million for student accommodation. The table below sets forth the Group's tuition fees, boarding fees and other revenue¹ for the years ended 31 August 2019 and 2020 respectively:

	For the year ended 31 August		Change RMB'000	Percentage change (%)
	2020 RMB'000	2019 RMB'000		
Tuition fees				
Huashang College	586,650	494,802	91,848	18.6%
Huashang Vocational College	166,207	143,657	22,550	15.7%
GBCA	9,481	8,761	720	8.2%
EIS ²	406	—	406	N/A
Grand total	<u>762,744</u>	<u>647,220</u>	<u>115,524</u>	17.8%
Boarding fees and other revenue				
Huashang College	24,325	39,233	(14,908)	(38.0%)
Huashang Vocational College	11,587	16,749	(5,162)	(30.8%)
GBCA ³	<u>1,436</u>	<u>1,037</u>	<u>399</u>	38.5%
Grand total	<u>37,348</u>	<u>57,019</u>	<u>(19,671)</u>	(34.5%)

¹ Other revenue refers to fees from university cooperation programmes (mainly from revenue derived from joint provision of certain undergraduate courses by GBCA and the University of Canberra).

² The Group completed the acquisition of EIS in December 2019, so post-acquisition relevant data up to the end of the reporting period is presented.

³ GBCA does not provide accommodation for its students, so the relevant data presented includes only tuition fees and fees from university cooperation programmes.

Management Discussion and Analysis

Number of Student Enrolments:

The table below sets forth the number of student enrolments in the Group's schools for the years ended 31 August 2019 and 2020:

Number of student enrolments	For the year ended 31 August		Change	Percentage change (%)
	2020	2019		
Huashang College	24,127	22,665	1,462	6.5%
Huashang Vocational College	10,656	9,541	1,115	11.7%
GBCA	625	837	(212)	(25.3%)
EIS ¹	45	—	45	N/A
Total	<u>35,453</u>	<u>33,043</u>	<u>2,410</u>	7.3%

¹ The Group completed the acquisition of EIS in December 2019, so post-acquisition relevant data up to the end of the reporting period is presented.

Average tuition fees:

The table below sets forth average tuition fees of the Group's schools for the years ended 31 August 2019 and 2020:

Average tuition fees	For the year ended 31 August		Change	Percentage change (%)
	2020 RMB	2019 RMB		
Huashang College	24,315	21,831	2,484	11.4%
Huashang Vocational College	15,597	15,057	540	3.6%
GBCA	15,169	10,468	4,701	44.9%
EIS ¹	9,022	—	N/A	N/A

¹ The Group completed the acquisition of EIS in December 2019, so post-acquisition relevant data up to the end of the reporting period is presented.



Strategies and Objectives

Endogenous Growth — Strategic Deployment of the Major Business

Improvement in School Condition and Teaching Resources

Xinhui campus: During the reporting period, the Group acquired a land parcel in Xinhui District, Jiangmen City, Guangdong Province for the first-phase construction of the new campus of Huashang Vocational College and the vocational education that the Group plans to vigorously develop. The first-phase campus with an area of approximately 455,652 sq. m. (approximately 683 Mu) is expected to accommodate about 12,000 students and be put into use in September 2021. After the commencement of the operation of the first-phase campus, there are still two phases to be constructed in the future.

Sihui campus: The first-phase Sihui campus of Huashang College has been put into use as scheduled since September 2020. The first-phase campus covers an area of approximately 165,166 sq. m. (approximately 248 Mu) and can accommodate approximately 6,000 students. The overall planned area of this campus is approximately 533,300 sq. m. (approximately 800 Mu) and the campus is expected to accommodate approximately 16,000 students.

Zengcheng campus: The constructions of the Huashang Science & Technology Centre and Huashang International Conference Centre on the Zengcheng campus are in progress as scheduled. The Huashang Science & Technology Centre will be mainly used for teaching activities where high-end experimental teaching platforms such as those related to big data and artificial intelligence will be introduced. The Huashang International Conference Centre will be mainly used to host industry or school-enterprise meetings, academic activities and practical training.

With the completion of Sihui and Xinhui new campuses, the Group's three campuses in the core regions of the Greater Bay Area will offer considerable capacity for students.

Diversification of Education Services

Teaching venue in Shenzhen: The Group actively deploys its teaching venue in Shenzhen, a city known as the “Engine of the Greater Bay Area”, “China Special Economic Zone”, “International City”, “China Silicon Valley” and “Pilot Demonstration Zone” as the place for high-end vocational certificate training and examinations, high-end business activities and academic salons, an innovation entrepreneurship base/incubator, an extracurricular practice base, and a place for delivering employment and internship skills training. The teaching venue is located in The Mixc Commercial Zone (萬象天地商圈), Nanshan District, Shenzhen and has been put into operation in May 2020.

In addition, the Shenzhen teaching venue will also serve as one of the places where the Group's Greater Bay Area Business School is to be built with an aim to develop it from a high-end vocational education provider into a high-quality business school that mainly offers MBA and EMBA programmes.

Management Discussion and Analysis

Course Improvement

During the reporting period, the Group worked with industry-leading companies and a prestigious university to provide more diversified teaching services for students.

Comprehensive strategic cooperation with SenseTime: The Group signed a comprehensive strategic cooperation agreement with SenseTime, a world-leading artificial intelligence platform company, on 12 November 2019. The cooperation content includes developing artificial intelligence courses (including providing general education courses for students from Huashang College and Huashang Vocational College and providing major courses for students from the school of data science in Huashang College and Huashang Vocational College) and cultivating compound talents in combination with superior disciplines.

Cooperation with the Southwest University of Political Science and Law: The Group entered into a cooperation agreement with the Southwest University of Political Science and Law in Chongqing, PRC in relation to the joint establishment of Southwest University of Political Science & Law Huashang College (西政華商學院) on 31 December 2019 to award a double bachelor's degree in business and law for inter-disciplinary talent to enhance the level of recognition and the competitiveness of its graduates. The Group expects that the tuition fees of the joint programme will improve considerably.

Comprehensive strategic cooperation with Kingdee: The Group signed a comprehensive strategic cooperation agreement with Kingdee, a leading enterprise management software and e-commerce application solution provider in the Asia-Pacific region on 12 March 2020. The two parties will work together to promote the integration of production and education, thereby developing compound application talents adapted to enterprise digital management.

Strategic cooperation with Zhongxingxin Cloud: On 13 May 2020, the Group signed a cooperation agreement with Zhongxingxin Cloud, a subsidiary of ZTE Corporation and one of leading financial shared service solution providers in China. Pursuant to this agreement, the two parties will jointly set up a co-branded class and send professional teachers and expert advisors to each other's schools and companies, provide academic and practical teaching for students majoring in finance, and jointly develop shared finance and medium- and high-end financial management talents.

Strategic cooperation with Baidu: On 18 June 2020, the Group signed a strategic cooperation agreement with Baidu to jointly provide education in areas of expertise such as big data, artificial intelligence and fintech and develop courses and teaching resources based on their existing curriculum systems and resources and expertise development needs.

Endogenous Growth — Strategic Deployment of Vocational Education

The Group vigorously developed vocational education business featuring high growth and high gross margin during the reporting period, in response to the country's promotion of "1+X" certificate system and the MOE's policy of enrolling 2 million additional students in higher vocational colleges. The Group expects that the revenue of this business segment at the beginning of the financial year 2020/2021 will achieve a relatively considerable growth and its gross profit margin will also exceed that of its main business (gross profit margin of the main business: approximately 49.5% in the financial year 2019/2020). The Group took the following main measures during the reporting period to develop its vocational education business:

Cooperation with industry-leading institutions/schools to offer high-end vocational education training courses in China and beyond:

- Developing AI-related courses with SenseTime;
- Developing courses on digital management talent in enterprises in cooperation with Kingdee;
- Implementing vocational training projects in law with the Southwest University of Political Science and Law through overseas educational resources;
- Delivering training on medium-and high-end shared corporate finance talents with Zhongxingxin Cloud;
- Opening Baidu computer vision and other application development related courses with Baidu;

Introduction of more qualification training courses to Zengcheng campus:

- Providing courses in CFA, junior accountant, computer science, teacher qualification certificate, CET 4, CET 6 and IELTS, among others;

Further development of the high-skilled talent programme and continuing education in Zengcheng campus

External Expansion Through Mergers and Acquisitions

Besides robust endogenous growth, the Group has also been looking for mergers and acquisitions in the Pan-Pearl River Delta (PPRD) region with strong demand for higher education resources. The Group is steadily moving forward in this respect and will disclose any mergers or acquisitions where appropriate.

Blueprint for Future Development

Looking forward, the Group will strive to promote the steady development of its two main businesses, namely, academic education and vocational education through endogenous growth and external expansion and asset-heavy and asset-light operations. In this way, it works to become a world-renowned outstanding education group, thereby creating value for its shareholders.

Financial Review

Revenue

The Group's revenue represents income derived from tuition fees and boarding fees for the education services provided in the normal course of business at its PRC operating schools, GBCA and EIS as well as fees from university cooperation programme recognised for providing various resources and administrative support to the University of Canberra which provided certain of its bachelor's degree programmes at GBCA. For the year ended 31 August 2020, the Group' revenue was approximately RMB800.1 million, representing an increase of 13.6% as compared with the corresponding period of last year, which was mainly attributable to the increases in both number of student enrolments and average tuition fees within the reporting period.

Cost of Revenue

Cost of revenue consists primarily of staff costs, education expenses, depreciation, property management expenses and others. For the year ended 31 August 2020, the Group's cost of revenue amounted to approximately RMB403.9 million, representing an increase of 11.6% as compared with the corresponding period of last year.

Gross Profit and Gross Margin

For the year ended 31 August 2020, the Group recorded a gross profit of approximately RMB396.2 million, representing an increase of approximately 15.7% as compared with the corresponding period of last year. For the year ended 31 August 2020, the Group achieved a gross margin of 49.5%, up by 0.9 percentage points as compared with the corresponding period of last year. The growth was mainly attributable to the increasing number of student enrolments and average tuition fees and various efforts of cost control.

Other Income

Other income consists primarily of management fee and rental income, government grants, non-regular training fee income, system maintenance and other service income and others. For the year ended 31 August 2020, the Group recorded other income of approximately RMB28.7 million, representing an increase of approximately 28.3% as compared with the corresponding period of last year.

Investment Income

Investment income consists primarily of interest income from banks. For the year ended 31 August 2020, the Group recorded approximately RMB19.5 million from investment income, representing an increase of approximately 328.1% as compared with the corresponding period of last year. It was mainly attributable to the increasing bank interest income from short-term deposits during the year.



Other Gains and Losses

Other gains and losses consist primarily of fair value change on financial assets at fair value through profit or loss, impairment loss recognised on trade receivables, recovery of trade receivables previously written-off, net foreign exchange gain or loss, write off of property, plant and equipment, gain from changes in fair value of investment properties and financial guarantee income. For the year ended 31 August 2020, the Group's other gains and losses were recorded at net losses of approximately RMB2.7 million, which was mainly attributable to the net foreign exchange loss of approximately RMB8.1 million upon translating weakening Hong Kong dollars to RMB.

Selling and Administrative Expenses

Selling expenses consist of advertising expenses, recruiting expenses, salary expenses and commission fees GBCA paid to admission agents. For the year ended 31 August 2020, the Group's selling expenses amounted to approximately RMB7.5 million, representing an increase of 4.0% as compared with the corresponding period of last year. It was mainly attributable to the increase in advertising expenses for the Group's reinforcement in branding efforts.

Administrative expenses primarily consist of administrative payroll, repair, maintenance and property management expenses, professional consulting fees, office expenses, depreciation, business development related expenses, other tax expenses and others. For the year ended 31 August 2020, the Group's administrative expenses amounted to approximately RMB110.2 million, representing an increase of 34.9% as compared with the corresponding period of last year. It was mainly attributable to the increases in administrative payroll in connection with the engagement of additional administrative staff and senior management personnel at the Group companies and professional consulting fees.

Listing Expenses

For the year ended 31 August 2019, the Group recorded one-off listing expenses of approximately RMB38.9 million in connection with the Initial Public Offering.

Finance Costs

The Group's finance costs include any costs incurred by interest expenses on bank borrowings (after deducting amounts capitalised in the cost of property, plant and equipment). For the year ended 31 August 2020, the Group recorded finance costs of approximately RMB16.1 million, representing a decrease of approximately 42.1% year-on-year as compared with approximately RMB27.7 million for the same period of last year, which was mainly attributable to repayment of bank borrowings brought forward from prior years and decrease in average interest rate.

Profit Before Taxation

For the year ended 31 August 2020, the Group recorded a profit before taxation of approximately RMB308.0 million, representing an increase of 26.6% as compared with the corresponding period of last year.

Taxation

For the year ended 31 August 2020, the Group recorded approximately RMB16.5 million in taxation, representing a decrease of approximately 41.4% as compared with the corresponding period of last year. As of 31 August 2020, the Group did not have any taxation related disputes with any authorities, or any other unresolved taxation issues.

Adjusted Net Profit

Adjusted net profit is determined by adjusting profit for the year from continuing operations for the effect of net foreign exchange gain or loss, share-based payments and listing expenses, if any. For the year ended 31 August 2020, the Group's adjusted net profit amounted to approximately RMB309.1 million, representing an increase of 30.5% as compared with the corresponding period of last year.

	For the year ended 31 August	
	2020	2019
	RMB'000	RMB'000
Profit for the year from continuing operations	291,487	215,054
Adjustments for:		
Net foreign exchange loss (gain)	8,119	(17,031)
Share-based payments	9,464	—
Listing expenses	—	38,896
	17,583	21,865
Adjusted net profit	309,070	236,919

Property, Plant and Equipment

As of 31 August 2020, the Group's property, plant and equipment amounted to approximately RMB1,660.2 million, representing an increase of approximately 40.7% as compared with 31 August 2019. Such an increase was mainly attributable to (i) the construction of a new campus for Huashang College at Sihui of Zhaoqing, Guangdong Province, (ii) the construction of a science and technology centre on the Zengcheng District Campus, and (iii) the construction of an international conference centre on the Zengcheng District Campus.



Teaching and administrative building area to number of students ratio and site area to number of students ratio

Reference is made to the section titled “Regulatory requirements relating to the ratio of school site area/building area to the number of students” in the Prospectus and there has been no substantive update since the position as of February 2019 as disclosed in the Prospectus. The relevant ratios for Huashang College and Huashang Vocational College for the school year 2019/2020 respectively are as below:

	As at 31 August 2020
Teaching and administrative building area to number of students	
Huashang College	9.49
Huashang Vocational College	12.71
Site area to number of students	
Huashang College	26.80
Huashang Vocational College	70.02

Neither Huashang College and Huashang Vocational College has received any yellow or red card from, or has been subject to any form of administrative penalty by competent education authorities in relation to its compliance with the teaching and administrative building area to number of students ratio and site area to number of students ratio.

Capital Expenditures

For the year ended 31 August 2020, the Group recorded approximately RMB552.2 million in capital expenditures, representing an increase of 117.1% as compared with the corresponding period of last year. It was mainly attributable to the costs incurred for (i) maintaining and enhancing the existing teaching facilities and construction of new teaching facilities on the Huashang College Sihui Campus and the Zengcheng District Campus, and (ii) acquisition of land use rights in Guangdong Province (i.e. lands located in Xinhui District and Sihui of Zhaoqing) for education purpose.

Financial Assets at Fair Value Through Profit or Loss (the “FVTPL”)

As at 31 August 2020, the Group’s financial assets at FVTPL amounted to approximately RMB88.1 million (2019: RMB252.7 million), being structured deposits issued by banks in the PRC. The decrease was mainly attributable to the redemption net off by the purchase during the reporting period. For the year ended 31 August 2020, the Group recorded a fair value change on financial assets at FVTPL of approximately RMB4.7 million (2019: RMB12.4 million), which was mainly derived from the structured deposits interest income received and receivable.

Bank Balances and Cash

As of 31 August 2020, the Group’s bank balances and cash was approximately RMB1,185.7 million, representing a decrease of 12.3% as compared with 31 August 2019. During the reporting period, the significant use of bank balances and cash included payments for construction of new teaching facilities and acquisition of land use rights for education purpose.

Liquidity, Financial Resources and Gearing Ratio

As at 31 August 2020, the Group had liquid funds (representing bank balances and cash, structured deposits recognised in financial assets at FVTPL and pledged bank deposits) of approximately RMB1,273.8 million (2019: RMB1,654.9 million) and bank borrowings of approximately RMB747.1 million (2019: RMB556.0 million). The Group's gearing ratio as of 31 August 2020, represented by bank borrowings as a percentage of total assets, was 21.2% (2019: 17.8%).

Foreign Exchange Risk Management

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

Material Acquisitions and Disposals

During the year ended 31 August 2020, the Group completed an acquisition of a business (i.e. EIS (as defined in Note 37 to the consolidated financial statements in this annual report)), which principally engaged in provision of vocational education training in Singapore, from an independent third party. The acquisition is consistent with the Group's expansion plans to explore international opportunities and develop international platform for our students to gain valuable exposure to international communities. Details of the acquisition of a business are set out in Note 37 to the consolidated financial statements in this annual report. Save as disclosed above, the Group had no other material acquisitions or disposals of subsidiaries, associates and/or joint ventures during the reporting period.

Charge on the Group's Assets

As at 31 August 2020, the Group pledged the rights to receive the tuition fees and boarding fees of each Huashang College and Huashang Vocational College as securities for the banking facilities granted to the Group of approximately RMB850 million with a maximum terms of eight years; also, details of the Group's secured bank borrowings are set out in Note 28 to the consolidated financial statements contained herein. Save as disclosed above, there was no other material charge on the Group's assets as at 31 August 2020.

Contingent Liabilities

As at 31 August 2020, the Group had no significant contingent liabilities.

Significant Investments

There was no significant investment held by the Group during the reporting period.



Human Resources

As at 31 August 2020, the Group had approximately 2,800 employees. The Group offers competitive remuneration packages to the employees, which are determined in accordance with the relevant laws and regulations of the local jurisdictions where the Group operates and the individual qualification, experience and performance of the relevant employees, as well as the prevailing salary levels in the market. In addition, the Group provides other comprehensive fringe benefits to the employees, including social insurance and mandatory provident funds, complying with the applicable laws and regulations. For the year ended 31 August 2020, the staff costs (including directors' remuneration) of the Group were approximately RMB267.5 million. Moreover, the Company has adopted a share option scheme and share award scheme on 6 June 2019 as incentive for Directors and eligible employees. Details of the said schemes and the grant of share options and grant of award shares under the said schemes during the year ended 31 August 2020 are set out under the section headed "Post-IPO Share Option Scheme and Share Award Scheme" in this annual report. Besides, the Group provides relevant training programs for the employees based on their respective personal career development.

Teacher-to-student ratio

Reference is made to the section titled "Regulatory requirements relating to the teacher-to-student ratio" in the Prospectus and there has been no substantive update since the position as of February 2019 as disclosed in the Prospectus. For the year ended 31 August 2020, the teacher-to-student ratios of Huashang College and Huashang Vocational College for the school year 2019/2020 are 1:18.2 and 1:15.7, respectively; and neither Huashang College nor Huashang Vocational College has received any yellow or red card from, or has been subject to any form of administrative penalty by competent education authorities in relation to its compliance with the teacher-to-student ratio.

Future Plans on Material Investments

With a view of reinforcing its leading position in the PRC and enhancing its international reputation, the Group has planned a number of expansion projects with the use of proceeds from the Company's Initial Public Offering. The Group will continue to explore overseas investment opportunities, including those in the United Kingdom and Singapore, in view of the Group's expansion projects. Further details of such expansion projects are set out under the section headed "Use of Proceeds from the Company's Initial Public Offering" in this annual report and "Future Plans and Use of Proceeds" in the Prospectus, respectively.

The Group intends to acquire other education institutions that have complementary course offering to that of Huashang College and Huashang Vocational College to further increase the Group's student enrolment capacity in the Greater Bay Area and in the Pan-Pearl River Delta Area. Such acquisitions are expected to be financed by (i) the proceeds from the Company's Initial Public Offering, (ii) the Group's internal resources (including cash generated from operations) and/or (iii) external bank borrowings of the Group.

In determining the appropriate acquisition target, the Group considers various factors, which include the scale of the target education institution, its profitability, its reputation and operating history, its course offering, the city or area in which the target education institution situates and the regional economy's industry or business connectivity to the economy of the Greater Bay Area, the operating conditions and long-term development potential of the target education institution, the integration and potential synergies that the target education institution may generate for the Group, the alignment of the Group's intention and objectives with that of the target education institution's existing school sponsor and its compliance status with laws and regulations.

Corporate Governance Report

The Board is pleased to present this corporate governance report in the annual report of the Company for the year ended 31 August 2020.

• CORPORATE GOVERNANCE PRACTICES

The Shares have been listed on the Stock Exchange since 16 July 2019. The Group is committed to maintaining high standards of corporate governance to safeguard the interests of Shareholders and to enhance corporate value and accountability. The Company has adopted the CG Code. During the period from the Listing Date and up to the date of this annual report, the Board believes that the Company has fully complied with the CG Code. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

• THE BOARD

(1) Responsibilities

The Board is accountable to Shareholders for the long-term performance of the Company and is responsible for the overall leadership of the Group. The Board oversees the Group's strategic decisions and monitors business and performance of the Group. The Board has delegated the authority and responsibility for day-to-day management and operation of the Group to the senior management of the Group. To oversee particular aspects of the Company's affairs, the Board has established three Board committees including the Audit Committee, the Remuneration Committee and the Nomination Committee. The Board has delegated to the Board committees responsibilities as set out in their respective terms of reference. All Board committees are provided with sufficient resources to perform their duties.

All Directors shall ensure that they carry out duties in good faith, in compliance with applicable laws and regulations, and in the interests of the Company and the Shareholders at all times.

(2) Directors' and Senior Management's Liability Insurance and Indemnity

The Company has arranged appropriate liability insurance to indemnify the Directors and senior management of the Company for their liabilities arising out of corporate activities. The insurance coverage will be reviewed on an annual basis.

(3) Board Composition

As at the date of this annual report, the Board comprises three executive Directors, one non-executive Director and three independent non-executive Directors.

Executive Directors

Mr. Liu Yung Chau (*Chairman*) ("**Mr. Liu**")

Ms. Chen Yuan, Rita ("**Ms. Chen**")

Ms. Liu Yi Man (*Chief Executive Officer*)

**Non-executive Director**

Mr. Liu Yung Kan

Independent non-executive Directors

Mr. Xu Gang
Mr. Lo Chi Chiu
Mr. Li Jiatong

Mr. Liu and Ms. Chen are spouses of each other, Ms. Liu Yi Man is the daughter of Mr. Liu and Ms. Chan.

Mr. Liu Yung Kan is the brother of Mr. Liu, brother-in-law of Ms. Chen, and uncle of Ms. Liu Yi Man.

Except as disclosed, there is no other relationship (including financial, business, family or other material/relevant relationship(s)) among the Board members.

For the period from the Listing Date and up to the date of this annual report, the Board at all times met the requirements of Rules 3.10(1), 3.10(2) and 3.10(A) of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications or accounting or related financial management expertise and the number of independent non-executive Directors represents at least one-third of the Board. Among the three independent non-executive Directors, Mr. Lo Chi Chiu has appropriate professional qualifications or accounting or related financial management expertise as required by Rule 3.10(2) of the Listing Rules.

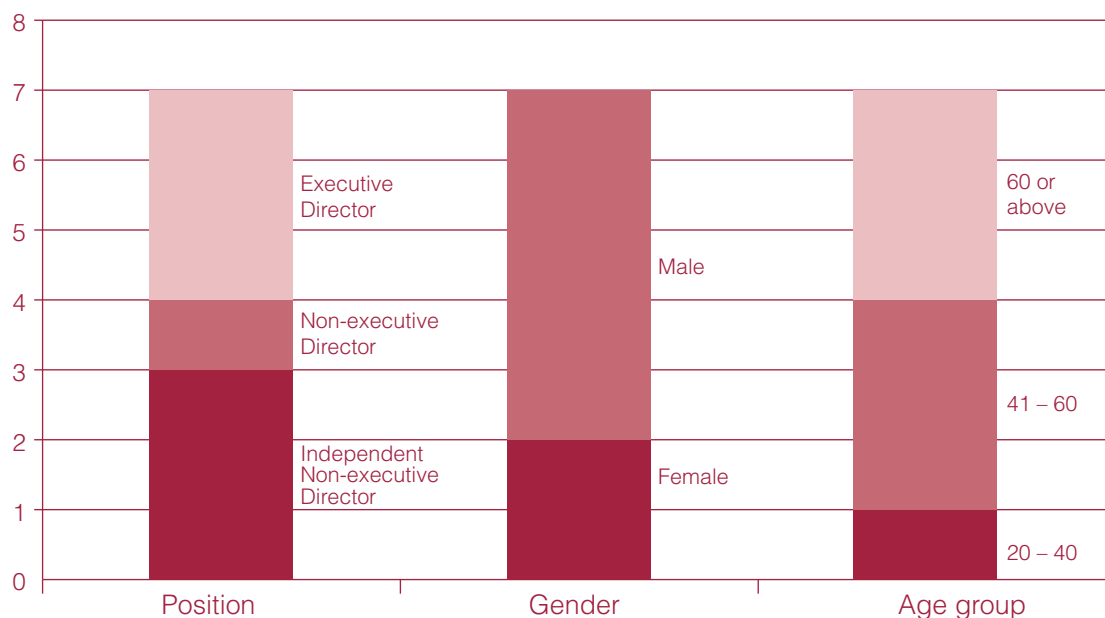
(4) Board Diversity Policy

Pursuant to Rule 13.92 of the Listing Rules, the nomination committee (or the board) shall have a policy concerning diversity of board members, and shall disclose the policy on diversity or a summary of the policy in the corporate governance report. The policy specifies that in designing the composition the Board, Board diversity shall be considered from a number of aspects, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge, and industry and regional experience. The appointment of Directors will be based on meritocracy, and candidates will be evaluated against objective criteria, having due regard for the benefits of diversity of the Board. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, knowledge and skills.

The composition of the Board will be disclosed in the Corporate Governance Report every year and the Nomination Committee will supervise the implementation of this policy. The Nomination Committee will review the effectiveness of this policy, as appropriate, discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

Corporate Governance Report

As at the date of this annual report, the diversity of the Board is illustrated as below. Further details on the biographies and experience of the Directors are set out on page 13 to page 17 of this annual report.



The Nomination Committee has reviewed the membership, structure and composition of the Board, and is of the opinion that the structure of the Board is reasonable, and the experiences and skills of the Directors in various aspects and fields can enable the Company to maintain a high standard of operation.

(5) Measurable Objectives

The Company aims to maintain an appropriate balance of diverse perspectives that are relevant to the Company's business growth. The Company is also committed to ensuring that recruitment and selection practices at all levels (from the Board downwards) are appropriately structured so that a diverse range of candidates are considered. The Nomination Committee will discuss periodically and when necessary, agree on the measurable objectives for achieving diversity, including gender diversity, on the Board and recommend them to the Board for adoption. In particular, the Nomination Committee will identify and make recommendations to the Board to implement programmes that will assist in the development of a broader and more diverse pool of skilled and experienced employees that, in time, will prepare them for Board positions. At present, the Board has not set any measurable objectives.



The Company's existing composition of Board and senior management are highly diverse in terms of gender, age, cultural and educational background, knowledge and professional experience. It reflects an appropriate mix of skills and experience that are relevant to the Group's strategy and business.

(6) Confirmation of Independence by the Independent Non-executive Directors

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

Except that Mr. Liu (an executive Director) and Ms. Chen (an executive Director) are spouses to each other, Ms. Liu Yi Man (an executive Director) is the daughter of Mr. Liu and Ms. Chen, and Mr. Liu Yung Kan (a non-executive Director) is the brother of Mr. Liu, brother-in-law of Ms. Chen, and uncle of Ms. Liu Yi Man, none of the Directors has any personal relationship (including financial, business, family or other material/relevant relationship), with any other Director.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. Independent non-executive Directors are invited to serve on the Audit Committee, the Remuneration Committee and the Nomination Committee.

As regards the CG Code provision requiring directors to disclose the number and nature of offices held in public companies or organisations and other significant commitments as well as their respective identity of the public companies or organisations and the time involved to the issuer, Directors have agreed to disclose, and already disclosed their commitments to the Company in a timely manner.

(7) Induction and Continuous Professional Development

Pursuant to the code provision A.6.5 of the CG Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant.

Pursuant to the code provision A.6.1 of the CG Code, each newly appointed Director should be provided with necessary induction and information to ensure that he/she has a proper understanding of the Company's operations and businesses as well as his/her responsibilities under relevant statutes, laws, rules and regulations. During the period from the Listing Date and up to the date of this annual report, the Directors were regularly briefed on the amendments to or updates on the relevant laws, rules and regulations.

Corporate Governance Report

The directors are continually updated with legal and regulatory developments, and the business and market changes to facilitate the discharge of their responsibilities through various Board meetings, resolutions, memos and Board papers. According to the records maintained by the Company, the directors received the following training with an emphasis on the roles, functions and duties of a director of a listed company in compliance with the requirement of the Code on continuous professional development during the period from 1 September 2019 to 31 August 2020:

Directors	Read materials	Attend seminars/ briefings
Executive Directors		
LIU Yung Chau	√	√
Chen Yuan, Rita	√	√
LIU Yi Man	√	√
Non-executive Directors		
LIU Yung Kan	√	√
Independent Non-executive Directors		
Xu Gang	√	√
Lo Chi Chiu	√	√
Li Jiatong	√	√

(8) Chairman and Chief Executive Officer

Under the code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and performed by different individuals. Under the current organisation structure of the Company, Mr. Liu Yung Chau is the chairman of the Board and Ms. Liu Yi Man is the chief executive officer of the Company.

The Board and the senior management, which comprises experienced and high calibre, individuals who can ensure the balance of power and authority. As at the date of this annual report, the Board comprises three executive Directors, one non-executive Director and three independent non-executive Directors.

(9) Appointment and Re-Election of Directors

Each of Mr. Liu Yung Chau, Ms. Chen Yuan, Rita and Ms. Liu Yi Man, being the executive Directors, has entered into a service contract with the Company for an initial term of three years commencing from the date of their appointment as the executive Directors.

Mr. Liu Yung Kan, being the non-executive Director, has entered into a service contract with the Company for an initial term of three years commencing from the date of his appointment as a non-executive Director.

Each of Mr. Xu Gang, Mr. Lo Chi Chiu and Mr. Li Jiatong, being the independent non-executive Directors, has entered into a letter of appointment with the Company for an initial term of three years commencing from the date of their appointment as the independent non-executive Directors.



Save as disclosed above, none of the Directors has or is proposed to have entered into any service agreement or letter of appointment with any member of the Group (excluding agreements expiring or determinable by any member of the Group within one year without payment of compensation other than statutory compensation).

In accordance with the Articles of Association, all Directors are subject to retirement by rotation at least once every three years and any new Director appointed to fill a casual vacancy shall submit himself/herself for election by Shareholders at the first general meeting of the Company after appointment and any new Director appointed as an addition to the Board shall submit himself/herself for re-election by the Shareholders at the next following annual general meeting of the Company after appointment.

The procedures and process of appointment, re-election and removal of directors are set out in the Articles of Association. The Nomination Committee is responsible for reviewing the Board composition, monitoring and making recommendations to the Board on the appointment, re-election and succession planning of Directors, in particular the chairman of the Board and the chief executive officer of the Company.

(10) Board Meetings and Committee Meetings

The Company became listed on 16 July 2019. The Company adopts the practice of holding Board meetings regularly, at least four times a year, and at approximately quarterly intervals. Both the Nomination Committee and the Remuneration Committee shall meet at least once every year and the Audit Committee shall meet at least twice a year. Notices of not less than fourteen days are given for all regular Board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for a regular meeting. For other Board and committee meetings, reasonable notice is generally given. The agenda and accompanying Board papers are dispatched to the Directors or committee members at least three days before the intended date of the meeting to ensure that they have sufficient time to review the papers and be adequately prepared for the meeting. When Directors or committee members are unable to attend a meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the chairman of the Board or the committee members prior to the meeting. Minutes of meetings are kept by the Company Secretary with copies circulated to relevant Board or Board Committee for comments and records.

Minutes of the Board meetings and committee meetings are recorded in sufficient detail the matters considered by the Board and the committees and the decisions reached, including any concerns raised by the Board or committee members and dissenting views expressed. Draft minutes of each Board meeting and committee meeting are sent to the relevant Board or committee members for comments within a reasonable time after the date on which the meeting is held. The minutes of the Board meetings are open for inspection by Directors.

Apart from the regular Board Meetings, the chairman of the Board also held a meeting on 10 November 2020 with all independent non-executive Directors without the presence of executive Directors.

Corporate Governance Report

During the year ended 31 August 2020, the Board held 5 regular meetings at about quarterly intervals and 4 additional meetings. As regards general meetings, the Company held an annual general meeting on 21 January 2020 and an extraordinary general meeting on 20 July 2020 to consider the matters regarding approval of the grant of share options to Mr. Liu and Ms. Liu Yi Man under the Post-IPO Share Option Scheme to subscribe for 2,695,072 Shares and 1,617,043 Shares respectively at the exercise price of HK\$4.954 per Share. A table summary with regard to the Directors' participation at the various Board meetings and Board Committee meetings and the Company's general meetings is set out below:

Meetings Held during the year ended 31 August 2020

	Regular Board Meetings	Additional Board Meetings concerning Special Matters requiring the Board's Decisions	Audit Committee Meetings	Remuneration Committee Meetings	Nomination Committee Meetings	Executive Committee Meetings (Note 1)	LTI Committee Meetings (Note 2)	General Meetings
Executive Directors								
LIU Yung Chau	5/5	4/4	N/A	N/A	N/A	1/1	N/A	2/2
Chen Yuan, Rita	4/5	4/4	N/A	N/A	N/A	1/1	N/A	2/2
LIU Yi Man	5/5	4/4	N/A	N/A	N/A	1/1	1/1	2/2
Non-Executive Directors								
LIU Yung Kan	5/5	4/4	N/A	N/A	N/A	N/A	N/A	2/2
Independent non-executive Directors								
Xu Gang	5/5	4/4	2/2	2/2	1/1	N/A	N/A	2/2
Lo Chi Chiu	5/5	4/4	2/2	2/2	1/1	N/A	N/A	2/2
Li Jiatong	5/5	4/4	2/2	2/2	1/1	N/A	N/A	2/2

Notes:

- The Executive Committee of the Company was established on 5 November 2019; and during the year ended 31 August 2020 and as at the date of this annual report, it comprises Mr. LIU Yung Chau as the chairman and Ms. CHEN Yuan, Rita and Ms. LIU Yi Man as members.
- The LTI Committee of the Company was established on 16 January 2020 for the purpose of, among other things, implementing and handling matters related to the Post-IPO Share Option Scheme and Share Award Scheme; and during the year ended 31 August 2020 and as at the date of this annual report, it comprises Ms. LIU Yi Man and Mr. Wong Shing Mun (company secretary and chief financial officer of the Company) as members.



The Board and each director, upon reasonable request, have access to independent professional advice to assist them in performing their duties to the Company, at the Company's expense. When needed and upon making request to the Board, directors may obtain independent professional advice at the Company's expense in carrying out their duties.

According to the current Board practice, any transaction, which involves a conflict of interests between a substantial shareholder or a director and the Company, will be considered and dealt with by the Board at a duly convened Board meeting with the presence of the independent non-executive directors who have no material interest in the said transaction. Directors are abstained from voting and not be counted in the quorum at meetings for approving transactions in which such directors or any of their associates have a material interest.

In the Board meeting held on 16 January 2020, the Board considered, among other things, the grant of share options and award shares to 17 grantees (which include the following Directors: Mr. Liu Yung Chau, Ms. Chen Yuan, Rita, Ms. Liu Yi Man, Mr. Liu Yung Kan, Mr. Xu Gang, Mr. Li Jiatong and the following associates of Directors: Mr. Liu Yung Kwong, Mr. Liu Chi Hin and Mr. Liu Chi Wai) pursuant to the Post-IPO Share Option Scheme and the Share Award Scheme. Details of such grant are set out on pages 60 to 79 of this annual report. In this meeting, the relevant Directors have duly declared their interest in the resolution and abstained from voting and were not counted in the quorum at the board meeting for approving the grant in which such Directors or any of their associate have interest.

The Company has maintained appropriate insurance cover in respect of legal action against its directors and officers arising out of corporate activities.

After the reporting period, 6 Board meetings were held on 10 September 2020, 20 October 2020, 6 November 2020, 10 November 2020, 12 November 2020 and 24 November 2020 and the attendance record of the Board members is set out in the table below:

Directors	Attended/Eligible to attend
LIU Yung Chau	5/6
Chen Yuan, Rita	6/6
LIU Yi Man	6/6
LIU Yung Kan	6/6
Xu Gang	6/6
Lo Chi Chiu	6/6
Li Jiatong	6/6

(11) Model Code for Securities Transactions

The Company has adopted the Model Code as its own code of conduct regarding Directors' securities transactions. Specific enquiry has been made of all the Directors and each of the Directors has confirmed that he/she has complied with the Model Code since the Listing Date and up to the date of this annual report.

(12) Delegation by the Board

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

The daily management, administration and operation of the Group are delegated to the senior management. The delegated functions and responsibilities are periodically reviewed by the Board to ensure that they remain appropriate to the Company's needs. Approval has to be obtained from the Board prior to any significant transactions entered into by the management on the Company's behalf.

(13) Corporate Governance Function

The Board recognizes that corporate governance should be the collective responsibility of Directors and has delegated the corporate governance duties to the Audit Committee which include:

- (a) to develop and review the Group's policies and practices on corporate governance and make recommendations to the Board;
- (b) to review and monitor the training and continuous professional development of Directors and senior management of the Group;
- (c) to review and monitor the Group's policies and practices on compliance with legal and regulatory requirements;
- (d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors of the Group; and
- (e) to review the Group's compliance with the CG Code from time to time adopted by the Group and the disclosure in the Corporate Governance Report to be contained in the Company's annual reports.

• BOARD COMMITTEES

(1) Nomination Committee

As at the date of this annual report, the Nomination Committee comprises three members and all are independent non-executive Directors, namely Mr. Xu Gang, Mr. Lo Chi Chiu and Mr. Li Jiatong. Mr. Xu Gang is the chairman of the Nomination Committee.



The principal duties of the Nomination Committee include the followings:

- To review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and to make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- To develop the criteria for identifying and assessing the qualification of and evaluating candidates for directorship;
- To identify individuals who are suitably qualified to become a member of the Board and to select or make recommendations to the Board on the selection of individuals nominated for directorships;
- To assess the independence of independent non-executive Directors;
- To make recommendations to the Board on the appointment or re-appointment of directors and succession planning for Directors, in particular the chairman of the Board and the chief executive of the Company; and
- To develop a policy concerning diversity of Board members, and disclose the policy or a summary of the policy in the corporate governance report.

The Nomination Committee will assess the candidate or incumbent on criteria such as integrity, experience, skill and ability to commit time and effort to carry out the duties and responsibilities. The recommendations of the Nomination Committee will then be put to the Board for decision.

Their written terms of reference are available on the respective websites of the Stock Exchange and the Company.

The Nomination Committee held one meeting during the year ended 31 August 2020. Individual attendance records of each member of the Nomination Committee are set out in the table on page 38 of this annual report.

After the reporting period, one meeting of the Nomination Committee was held on 9 November 2020 and the attendance record of the Nomination Committee members is set out in the table below:

Directors	Attended/ Eligible to attend
Mr. Xu Gang (<i>Chairman</i>)	1/1
Mr. Lo Chi Chiu	1/1
Mr. Li Jiatong	1/1

In the meeting, the Nomination Committee reviewed and discussed the policy, procedure and criteria for nomination of the Directors, reviewed and discussed the Board diversity policy and discussed all measurable objectives set for implementing the Board diversity policy and the progress made towards meeting the measurable objective in the policy, assessed the independence of independent non-executive Directors, considered the re-appointment of the retiring Directors, reviewed the time commitment required from the non-executive Director and fulfilled duties as aforesaid required.

(2) Nomination Policy

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

In assessing potential candidates for the Board, the Nomination Committee considers with reference including but not limited to gender, age, cultural and educational background, professional qualifications and skills (including knowledge and experience), reputation for integrity, potential commitment in respect of available time and relevant interest, independence, Director succession plan, Board diversity policy and any measurable objectives for achieving diversity on the Board. The recommendations of the Nomination Committee are then put to the entire Board for decision. For the details of Board diversity policy and the measurable objectives, please refer to the paragraph headed “THE BOARD — (4) Board Diversity Policy and (5) Measurable Objectives” above.

(3) Remuneration Committee

As at the date of this annual report, the Remuneration Committee currently comprises three members and all are independent non-executive Directors, namely Mr. Xu Gang, Mr. Lo Chi Chiu and Mr. Li Jiatong. Mr. Xu Gang is the chairman of the Remuneration Committee.

The Remuneration Committee has adopted the second model described in paragraph B.1.2(c) under Appendix 14 to the Listing Rules (i.e. make recommendation to the Board on the remuneration packages of individual executive Director and senior management member).

The principal duties of the Remuneration Committee include the followings:

- To make recommendations to the Board on the Company's policy and structure for the remuneration of all the Directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policy;
- 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;
- To make recommendations to the Board on the remuneration packages of individual executive Directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and approve the individual executive Directors' service contracts;
- To assess the performance of executive Directors;
- To make recommendations to the Board on the remuneration of non-executive Directors;
- To consider factors such as the level of remuneration paid by comparable companies, the time commitment and responsibilities of Directors and senior management, and the employment conditions of the Company and its subsidiaries;
- To consider the level of remuneration required to attract and retain Directors to manage the Company successfully;



- To ensure that no Director or any of his/her associates is involved in deciding his/her own remuneration. For the avoidance of doubt, members of the Remuneration Committee must not be involved in deciding his/her own remuneration;
- To review and approve compensation payable to Directors and senior management for any loss or termination of office or appointment and compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that it is consistent with contractual terms, is otherwise fair and not excessive, reasonable and appropriate; and
- To advise Shareholders on how to vote in respect of any service contracts of Directors that requires Shareholders' approval in accordance with the Listing Rules.

Their written terms of reference are available on the respective websites of the Stock Exchange and the Company.

The Remuneration Committee held two meetings during the year ended 31 August 2020. Individual attendance records of each member of the Remuneration Committee are set out in the table on page 38 of this annual report.

After the reporting period, one meeting of the Remuneration Committee was held on 9 November 2020 and the attendance record of the Remuneration Committee members is set out in the table below:

Directors	Attended/ Eligible to attend
Mr. Xu Gang (<i>Chairman</i>)	1/1
Mr. Lo Chi Chiu	1/1
Mr. Li Jiatong	1/1

In the meeting, the Remuneration Committee discussed and reviewed the remuneration policy for Directors and senior management of the Company, assessed performance of executive Directors, made recommendations to the Board on the remuneration packages of individual executive Directors and senior management and fulfilled duties as aforesaid required.

Details of the Directors' remuneration for the year ended 31 August 2020 are set out in the Note 13 to the consolidated financial statements.

Details of the remuneration by band of the members of the senior management (excluding one Director) of the Company for the year ended 31 August 2020 are set out below:

Remuneration band (HK\$'000)	Number of individual
HK\$1,000,001 to HK\$1,500,000	1
HK\$1,500,001 to HK\$2,000,000	1

(4) Audit Committee

As at the date of this annual report, the Audit Committee currently comprises three members and all are independent non-executive Directors, namely Mr. Lo Chi Chiu, Mr. Xu Gang and Mr. Li Jiatong. Mr. Lo Chi Chiu is the chairman of the Audit Committee.

The main duties of the Audit Committee include the following:

- To be primarily responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal;
- To review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards. The Audit Committee should discuss with the auditor the nature and scope of the audit and reporting obligations before the audit commences;
- To develop and implement policies on engaging an external auditor to supply non-audit services. For this purpose, an "external auditor" includes any entity that is under common control, ownership or management with the audit firm or any entity that a reasonable and informed third party knowing all relevant information would reasonably conclude to be part of the audit firm nationally or internationally. The Audit Committee should report to the Board, identifying and making recommendations on any matters where action or improvement is needed;
- To monitor the integrity of the Company's financial statements, annual reports, accounts, half-yearly reports and, if prepared for publication, quarterly reports, and to review significant financial reporting judgments contained in them. In reviewing these reports before submission to the Board, the Audit Committee should focus particularly on:
 - (a) any changes in accounting policies and practices;
 - (b) major judgmental areas;
 - (c) significant adjustments resulting from the audit;
 - (d) the going concern assumptions and any qualifications;
 - (e) compliance with accounting standards; and
 - (f) compliance with the Listing Rules and legal requirements in relation to financial reporting;

Regarding the above paragraph:

1. members of the Audit Committee should liaise with the Board and senior management and the Committee must meet, at least twice a year, with the Company's auditor; and



2. the Audit Committee should consider any significant or unusual items that are, or may need to be, reflected in the report and accounts, and the Audit Committee should give due consideration to any matters that have been raised by the Company's staff responsible for the accounting and financial reporting function, compliance officer or auditor;
- To review the Company's financial controls, risk management and internal control systems;
 - To discuss the risk management and internal control systems with management to ensure that management has performed its duty to have effective systems. This discussion should include the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function;
 - To consider major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and management's response to these findings;
 - Where an internal audit function exists, to ensure co-ordination between the internal and external auditor, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness;
 - To review the Company and its subsidiaries' financial and accounting policies and practices;
 - To review the external auditor's management letter, any material queries raised by the auditor to management about accounting records, financial accounts or systems of control and management's response;
 - To ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;
 - To report to the Board on the matters in the CG Code;
 - To review arrangements employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters and to ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action;
 - To act as the key representative body for overseeing the Company's relations with the external auditor;
 - To review continuing connected transactions of the Company and ensure compliance with terms approved by shareholders of the Company; and
 - To perform the Company's corporate governance functions with details set out in the paragraph headed "THE BOARD — (13) Corporate Governance Function" above.

The Audit Committee held two meetings during the year ended 31 August 2020. Individual attendance records of each member of the Audit Committee are set out in the table on page 38 of this annual report.

Corporate Governance Report

After the reporting period, one meeting of the Audit Committee was held on 9 November 2020 and the attendance record of the Audit Committee members is set out in the table below:

Directors	Attended/ Eligible to attend
Mr. Lo Chi Chiu (<i>Chairman</i>)	1/1
Mr. Xu Gang	1/1
Mr. Li Jiatong	1/1

In the meeting, the Audit Committee reviewed the Group's policies on corporate governance and discussed the same with the Board, reviewed the financial reporting system, compliance procedures, internal control and risk management systems (including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting functions) and associated processes and the reappointment of the external auditor and fulfilled duties as required aforesaid. The Board had not deviated from any recommendation given by the Audit Committee on the selection, appointment, resignation or dismissal of external auditor.

The Audit Committee also reviewed the annual results of the Company and its subsidiaries for the year ended 31 August 2020 as well as the audit report prepared by the external auditor relating to accounting issues and major findings in course of audit.

There are proper arrangements for employees, in confidence, to raise concerns about possible improprieties in financial reporting, internal control and other matters. The Audit Committee's written terms of reference are available on the respective websites of the Company and the Stock Exchange.

• **DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF FINANCIAL STATEMENTS**

The Directors acknowledge their responsibility for preparing the consolidated financial statements of the Company for the year ended 31 August 2020 which give a true and fair view of the affairs of the Company and the Group and of the Group's results and cash flows.

The management has provided to the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Company's financial statements, which are put to the Board for approval. The Company provides all members of the Board with monthly updates on Company's performance, positions and prospects.

The Directors were not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group's ability to continue as a going concern.

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



• RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibility for maintaining proper and effective risk management and internal control systems and reviewing their effectiveness. Such systems are designed to identify, evaluate and manage risk exposures that may impact the efficiency and effectiveness of the Group's operations and provide reasonable assurance but not a guarantee about whether they are free from material misstatement, rather than to eliminate the risk of failure to achieve business objectives.

The management is primarily in charge of designing, implementing and monitoring the risk management and internal control systems. The Board has the overall responsibilities for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and overseeing the management in the design, implementation and monitoring of the risk management and internal control systems. Such duties have been carried out and performed with the assistance of the management and the Audit Committee.

The Company has engaged an independent internal control advisor for providing the internal audit function and performing independent review of the adequacy and effectiveness of the internal control systems annually, including reviewing guidelines and policies which are implemented throughout our operation, and risk management practices with an aim to, among other matters, improve our Group's corporate governance. The independent internal control advisor is also responsible for providing its findings and any recommendations, in respect of enhancing the Group's systems as appropriate, to the Audit Committee. Based on the findings and comments by the independent internal control advisor and the Audit Committee, the Board considered the internal control and risk management systems effective and adequate and was of the opinion that there were no significant areas of concern that might affect the Company's shareholders for the year ended 31 August 2020.

The Company will continue to engage external independent professionals to review the Group's systems of internal control and risk management annually and further enhance the Group's system as appropriate.

In terms of management of liquidity risk, the Board monitors and maintains levels of cash and cash equivalents deemed adequate to finance the Group's operations with the assistance of the Group's management. In order to minimise the credit risk on receivables, the Board has adopted credit risk management policies and procedures by making periodic collective as well as individual assessments on the recoverability of receivables based on historical settlement records and past experience. Besides, the Board manages to formulate conservative strategies for mitigating other financial risks of the Group, which include overseeing the interest rate risk and currency risk.

The Group has established internal control procedures which provide the Board and employees with guidelines on assessing, reporting and disseminating inside information. In addition, inside information is disseminated to relevant personnel on a need-to-know basis, and the Group will review the existing policy and practice from time to time to ensure full compliance with the regulatory requirements.

There is currently no internal audit function within the Group. The Directors have reviewed the need for an internal audit function and are of the view that in light of the size, nature and complexity of the business of the Group, it would be more cost effective to appoint external independent professionals to perform internal audit functions for the Group in order to carry out the analysis and independent appraisal of the adequacy and effectiveness of the Group's risk management and internal control systems. Nevertheless, the Directors will continue to review at least annually the need for an internal audit function.

• AUDITOR'S REMUNERATION

For the year ended 31 August 2020, professional fees paid or payable to Messrs. Deloitte Touche Tohmatsu, the Company's external auditor, for audit and non-audit services provided to the Group are as follows:

Services	Fees charged RMB'000
Audit services	
Audit services	3,000
Non-audit services	
Interim review	1,200
Total	4,200

• COMPANY SECRETARY

In compliance with Rule 3.29 of the Listing Rules, Mr. Wong Shing Mun undertook not less than 15 hours of relevant professional training to update his skills and knowledge during the year ended 31 August 2020.

• GENERAL MEETING

During the year ended 31 August 2020, the Company held an annual general meeting on 21 January 2020 and an extraordinary general meeting on 20 July 2020 to consider the matters regarding approval of the grant of share options to Mr. Liu and Ms. Liu Yi Man under the Post-IPO Share Option Scheme to subscribe for 2,695,072 Shares and 1,617,043 Shares respectively at the exercise price of HK\$4.954 per Share.

• COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

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



The AGM provides opportunity for Shareholders to communicate directly with the Directors. The chairman of the Board, and the chairmen of the Board Committees will attend the AGM to answer Shareholders' questions. The external auditor of the Company will also attend the AGM to answer questions about the conduct of the audit, the preparation and content of the auditor's report and auditor independence.

To promote effective communication, the Company adopts a Shareholders' communication policy which aims at establishing a two-way relationship and communication between the Company and its Shareholders and maintains a website at <http://www.edvantagegroup.com.hk>, where up-to-date information on the Company's business operations and developments, financial information, corporate governance practices and other information are available for public access. The Board will review the Shareholders' communication policy regularly to ensure its effectiveness.

• SHAREHOLDERS' RIGHTS

To safeguard shareholders' interests and rights, a separate resolution will be proposed by the chairman of that meeting for each substantially different issue at Shareholder meetings, including nomination and election of individual directors.

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

(1) Procedures for Shareholders to convene an extraordinary general meeting

In accordance with Article 12.3 of the Articles of Association, the Board may, whenever it thinks fit, convene an extraordinary general meeting. General meetings shall also be convened on the written requisition of any two or more members deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitionists, provided that such requisitionists held as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company. General meetings may also be convened on the written requisition of any one member which is a recognised clearing house (or its nominee(s)) deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitionist, provided that such requisitionist held as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company. If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company.

(2) Procedures for putting forward proposals at general meeting

There are no provisions allowing Shareholders to propose new resolutions at the general meetings under the Companies Law of the Cayman Islands. However, Shareholders who wish to propose resolutions may follow Article 12.3 of the Articles of Association for requisitioning an extraordinary general meeting and including a resolution at such meeting. The requirements and procedures of Article 12.3 are set out above.

As regards proposing a person for election as a Director, the procedures are available on the website of the Company.

(3) Enquiries to the Board

Shareholders and investors may send written enquiries or requests to the company secretary of the Company as follows:

Address: Room 1115, 11/F, Wing On Plaza, 62 Mody Road, Tsim Sha Tsui, Kowloon, Hong Kong
Tel: +852 3168 6668
Fax: +852 3168 6678

Enquiries will be dealt with in a timely and informative manner.

• CHANGE IN CONSTITUTIONAL DOCUMENTS

The Articles of Association has been amended and restated with effect from the Listing Date, and are available on the respective websites of the Stock Exchange and the Company.

Save as disclosed above, there is no other change in constitutional documents of the Company during the reporting period.

The Board is pleased to present this annual report together with the audited consolidated financial statements of the Group for the year ended 31 August 2020.

GLOBAL OFFERING

The Company was incorporated in the Cayman Islands on 18 October 2018 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The Company's ordinary shares were listed on the Stock Exchange on 16 July 2019.

PRINCIPAL ACTIVITIES

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

The activities and particulars of the Company's principal subsidiaries are shown under Note 43 to the consolidated financial statements.

BUSINESS REVIEW

A review of the Group's business during the year, which includes a discussion of the principal risks and uncertainties faced by the Group, an analysis of the Group's performance using financial key performance indicators and an indication of likely future developments in the Group's business, could be found in the sections headed "Chairman's Statement", "Management Discussion and Analysis" and "Corporate Governance Report" in this annual report. In addition, a discussion on relationships with its key stakeholders is included in the section headed "Management Discussion and Analysis". The review and discussion form part of this directors' report.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is highly aware of the importance of environment protection and has not noted any material incompliance with all relevant laws and regulations in relation to its business including health and safety, workplace conditions, employment and the environment. The Group has implemented environmental protection measures and has also encouraged staff to be environmental friendly at work by consuming the electricity and paper according to actual needs, so as to reduce energy consumption and minimize unnecessary waste. Further details of the Group's environmental policies and performance will be disclosed in the environmental, social and governance report of the Company for the year ended 31 August 2020 to be published in due course.

ANNUAL GENERAL MEETING

The forthcoming AGM will be held on 25 January 2021. Notice of the AGM will be published and issued to the shareholders in due course.

RESULTS AND DIVIDEND

The results of the Group for the year ended 31 August 2020 are set out in the consolidated statement of profit or loss and other comprehensive income on pages 101 to 102 of this annual report.

The Board has resolved to recommend payment of a final dividend in respect of the year ended 31 August 2020 of HK4.90 cents (2019: HK1.00 cent) per ordinary Share, in an aggregate amount of approximately HK\$49,900,000 (2019: HK\$10,184,000) which is calculated based on the number of issued shares of the Company at the end of the reporting period to Shareholders whose names appear on the register of members of the Company on 8 February 2021. It is subject to approval by the Shareholders at the AGM of the Company, and, if approved, will be paid in cash on or around 19 February 2021.

CLOSURE OF REGISTER OF MEMBERS

Entitlement to attend and vote at the AGM

The register of members of the Company will be closed during the period from 20 January 2021 to 25 January 2021, both days inclusive and during which period no share transfer will be effected, for the purpose of ascertaining shareholders' entitlement to attend and vote at the AGM. In order to be eligible to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 19 January 2021.

Entitlement to the proposed final dividend

The register of members of the Company will be closed during the period from 4 February 2021 to 8 February 2021, both days inclusive and during which period no share transfer will be effected, for the purpose of ascertaining shareholders' entitlement to the proposed final dividend. In order to establish entitlements to the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 3 February 2021.

DIVIDEND POLICY

The Company has adopted a dividend policy (the “**Dividend Policy**”), details of which are disclosed as follows:

1. PURPOSE

The Dividend Policy aims to set out the principles and guidelines that Board intends to apply in relation to the declaration, payment and distribution of dividends to the Shareholders.



2. PRINCIPLES AND GUIDELINES

- 2.1 Subject to the Cayman Islands Companies Law and the Articles of Association, the Board has absolute discretion on whether to declare and distribute dividends.
- 2.2 In addition, the Shareholders in general meeting may declare dividends but no dividend may be declared in excess of the amount recommended by the Board. In either case, a dividend may only be declared and paid out of the profits and reserves of the Company that are lawfully available for distribution (including share premium), and in no circumstances may a dividend be paid if this would result in the Company being unable to pay its debts as they fall due in the ordinary course of business. Even if the Board decides to pay dividends, the form, frequency and amount of dividends will depend on the Company's future operations and earnings, capital requirements, statutory fund reserve requirements, cash flows, general financial condition, contractual restrictions and other factors that the Board considers relevant.
- 2.3 Any future dividend payments to the Shareholders will also depend upon the availability of dividends received from the subsidiaries of the Company. Regulations in China may restrict the ability of the Company's Chinese subsidiaries to pay dividends to the Company.
- 2.4 The Board currently intends to recommend an annual dividend of approximately 30% of the Company's profits available for distribution generated in each financial year.
- 2.5 If the Company pays any dividends on the Shares, unless and to the extent that the rights attached to the Shares or the terms of issue thereof otherwise provide: (i) all dividends will be declared and paid according to the amounts paid up on the Shares in respect of which the dividend is paid, but no amount paid up on Shares in advance of calls may for this purpose be treated as paid up on the Shares; and (ii) all dividends will be apportioned and paid pro rata according to the amounts paid up on the Shares during any portion or portions of the period in respect of which the dividend is paid. The Board may deduct from any dividend or other monies payable to any of the Shareholders all sums of money (if any) presently payable by such Shareholders to the Company on account of calls, instalments or otherwise.

3. REVIEW OF THE POLICY

The Dividend Policy reflects the Board's current views on the Company's financial and cash flow position. The Board will continue to review the Dividend Policy from time to time and there can be no assurance that dividends will be paid in any particular amount, if at all, for any given period.

FINANCIAL SUMMARY

A summary of the published results and assets and liabilities of the Group for the last five financial years is set out on page 208 of this report.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the year ended 31 August 2020 are set out in Note 16 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements in share capital of the Company during the year ended 31 August 2020 are set out in Note 31 to the consolidated financial statements.

DISTRIBUTABLE RESERVES OF THE COMPANY

Details of the movements in the reserves of the Company during the year ended 31 August 2020 are set out in Note 44 to the consolidated financial statements.

As at 31 August 2020, the Company's reserves available for distribution to the Shareholders consisted of share premium of approximately RMB556.1 million and retained profits of approximately RMB61.3 million. Under the Companies Law of the Cayman Islands and subject to compliance with the Articles of Association, the share premium account may be applied by the Company for paying distributions or dividend if, after such distributions or dividend is paid, the Company will be able to pay off its debts as they fall due in the ordinary course of business.

BORROWINGS

As at 31 August 2020, the Group had outstanding bank borrowings of approximately RMB747.1 million. Details of the borrowings are set out in Note 28 to the consolidated financial statements.

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

Neither the Company, nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 August 2020.

Separately, the trustee of the Post-IPO Share Award Scheme, pursuant to the terms of the trust deed of the Post-IPO Share Award Scheme, purchased on the Stock Exchange a total of 3,500,000 shares of the Company at a total consideration of approximately RMB17.1 million during the reporting period.

PRE-EMPTIVE RIGHTS

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

USE OF PROCEEDS FROM THE COMPANY'S INITIAL PUBLIC OFFERING

The net proceeds from the Company's issue of new Shares at the time of its listing on the Stock Exchange on 16 July 2019 and pursuant to the partial exercise of the over-allotment option on 8 August 2019 amounted to approximately RMB583.0 million, after deducting underwriting commissions and other listing expenses paid and payable by the Group in the global offering. Such net proceeds are intended to be or have been applied in accordance with the proposed applications as set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus. During the year ended 31 August 2020, there has been no change in the intended use of net proceeds as previously disclosed in the Prospectus.

On 4 December 2020, the Board resolved to reallocate the unutilised proceeds originally allocated for the use of “Supporting existing overseas operations in Australia and overseas expansions” to “Investments in new education institutions or acquisitions of other education institutions”. Please refer to the announcement of the Company dated 4 December 2020 for details of the change in use of proceeds. Breakdown of the unutilised proceeds as of the date of this annual report and the proposed reallocation are set out as follows:

Purpose	Percentage of total net proceed	Net proceeds (RMB'million)	Utilised	Utilised	Unutilised amount as at 31 August 2020 (RMB'million)	Status/Expected timeline for intended use of unutilised amount as at the date of this annual report
			amount during the period from the Listing Date to 31 August 2019 (RMB'million)	amount during the year ended 31 August 2020 (RMB'million)		
Establishment and development of Huashang College Sihui Campus	30%	174.9	3.8	171.1		– Has been fully utilised as at 31 August 2020
Construction of a science and technology centre	7%	40.8	0.1	40.7		– Has been fully utilised as at 31 August 2020
Construction of an international conference centre	3%	17.4	9.1	8.3		– Has been fully utilised as at 31 August 2020
Investments in new education institutions or acquisitions of other education institutions	30%	174.9	—	10.6	164.3	Unused balance of approximately RMB164.3 million will be utilised in payment of the consideration for the Acquisition (<i>Note 1</i>) — no change in use of proceeds (<i>Note 2</i>)
Supporting existing overseas operations in Australia and overseas expansions, as detailed below:						
– Supporting existing overseas operations in Australia and other overseas expansions	10%	58.3	0.2	9.1	49.0	Unused balance of approximately RMB47.5 million will be utilised in payment of the consideration for the Acquisition (<i>Note 1</i>) — change in use of proceeds (<i>Note 2</i>)

Directors' Report

Purpose	Percentage of total net proceed	Net proceeds (RMB'million)	Utilised	Utilised	Unutilised amount as at 31 August 2020 (RMB'million)	Status/Expected timeline for intended use of unutilised amount as at the date of this annual report
			amount during the period from the Listing Date to 31 August 2019 (RMB'million)	amount during the year ended 31 August 2020 (RMB'million)		
- Establishment of the education institutions in the United Kingdom	5%	29.2	—	—	29.2	Unused balance of approximately RMB29.2 million will be utilised in payment of the consideration for the Acquisition (Note 1) — change in use of proceeds (Note 2)
- Establishment of the education institutions in Singapore	5%	29.2	—	3.0	26.2	Unused balance of approximately RMB25.5 million will be utilised in payment of the consideration for the Acquisition (Note 1) — change in use of proceeds (Note 2)
Working capital and for general corporate purposes	10%	58.3	48.9	9.4	—	Not applicable
Total	100%	583.0	62.1	252.2	268.7	

Notes:

- On 4 December 2020, Guangzhou Zhiheng Education Development Co., Ltd.* (廣州智薈教育發展有限公司) ("**Guangzhou Zhiheng Education**" or "**Zhiheng Education**") and Guangzhou Huagang Enterprise Management Co., Ltd.* (廣州市華港企業管理有限公司) ("**Guangzhou Huagang**"), both indirectly wholly-owned subsidiaries of the Company, entered into an acquisition agreement (股權收購協議) (the "**Acquisition Agreement**") between, among others, Nanning Zhuowen Education Consulting Services Co., Ltd.* (南寧市卓文教育諮詢服務有限公司) ("**Nanning Zhuowen Education**"), Shenzhen Hongtao Education Group Co., Ltd.* (深圳洪濤教育集團有限公司) ("**Shenzhen Hongtao Education**"), Sichuan New Concept Education Investment Co., Ltd. (四川新概念教育投資有限公司) (the "**Target Company**"), Sichuan City Technician College* (四川城市技師學院) ("**Sichuan Technician College**"), Sichuan City Vocational College* (四川城市職業學院) ("**Sichuan Vocational College**") (Nanning Zhuowen Education, together with the Target Company, Sichuan Technician College and Sichuan Vocational College as the "**OPCO Group**"), Chengdu Yude Logistics Management Co., Ltd.* (成都育德後勤管理有限公司) ("**Chengdu Yude Logistics**") and Chengdu Chengyuan Technology Co., Ltd.* (成都市成苑科技有限責任公司) ("**Chengdu Chengyuan Technology**"), pursuant to which Guangzhou Zhiheng Education shall acquire 51% of the entire equity interest in the Target Company, and Guangzhou Huagang shall acquire 51% of the entire equity interest in Chengdu Yude Logistics subject to the terms and conditions of the Acquisition Agreement (the "**Acquisition**") for an aggregate consideration of RMB750,000,001. For details of the Acquisition, please refer to the announcement of the Company dated 4 December 2020.
- For details regarding the change in use of proceeds, please refer to the announcement of the Company dated 4 December 2020.



DIRECTORS

The Board currently consists of the following seven Directors:

Executive Directors

Mr. Liu Yung Chau (*Chairman*)
Ms. Chen Yuan, Rita
Ms. Liu Yi Man (*Chief Executive Officer*)

Non-executive Director

Mr. Liu Yung Kan

Independent non-executive Directors

Mr. Xu Gang
Mr. Lo Chi Chiu
Mr. Li Jiatong

BIOGRAPHICAL DETAILS OF THE DIRECTORS AND THE SENIOR MANAGEMENT

Biographical details of the Directors and the senior management of the Group as at the date of this annual report are set out on pages 13 to 17 in the section headed "Profile of Directors and Senior Management" to this annual report.

DIRECTORS' SERVICE CONTRACTS

Each of Mr. Liu Yung Chau, Ms. Chen Yuan, Rita, Ms. Liu Yi Man and Mr. Liu Yung Kan has entered into a service contract with the Company on 6 June 2019. The initial term of their service contract shall commence from the date of their appointment as an executive or a non-executive Director (as the case may be) and continue for a period of three years after or until the third annual general meeting of the Company since the Listing Date, whichever is earlier, and shall be automatically renewed for successive periods of three years (subject always to re-election as and when required under the Articles of Association), 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 Mr. Xu Gang, Mr. Lo Chi Chiu and Mr. Li Jiatong, the independent non-executive Directors, has entered into an appointment letter with the Company on 6 June 2019. The initial term for their appointment letters shall be three years from the date of their appointment as the independent non-executive Directors or until the third annual general meeting of the Company since the Listing Date, whichever is sooner, (subject always to re-election as and when required under the Articles of Association) until 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 respective appointment letters, each of the independent non-executive Directors is entitled to a fixed Director's fee.

Directors' Report

The appointment of the Directors is subject to the provisions of retirement and rotation of Directors under the Articles of Association.

Save as disclosed above, none of the Directors has entered into any service contract with the Company or any of its subsidiaries (excluding contracts expiring or determinable by the Company within one year without payment of compensation, other than statutory compensation).

CONTRACT WITH CONTROLLING SHAREHOLDERS

Other than disclosed in the sections headed "Connected Transactions", "Related Party Transactions" and Notes 29 and 42 to the consolidated financial statements contained in this annual report, no contract of significance was entered into between the Company or any of its subsidiaries and the Controlling Shareholders or any of its subsidiaries during the year ended 31 August 2020 or subsisted at the end of the year and no contract of significance for the provision of services to the Company or any of its subsidiaries by a Controlling Shareholder or any of its subsidiaries was entered into during the year ended 31 August 2020 or subsisted at the end of the year.

DIRECTOR'S INTEREST IN TRANSACTIONS, ARRANGEMENT OR CONTRACT OF SIGNIFICANCE

Other than disclosed in the sections headed "Connected Transactions", "Related Party Transactions" and Note 29 to the consolidated financial statements contained in this annual report, no transaction, arrangement or contract of significance to the business of the Group which the Company or any of its subsidiaries was a party, and in which a Director or any entity connected with such a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended 31 August 2020.

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

The emoluments of the Directors and senior management of the Group are decided by the Board with reference to the recommendation given by the Remuneration Committee, having regard to the Group's operating results, individual performance and comparable market statistics.

Details of the Directors' emoluments and emoluments of the five highest paid individuals in the Group are set out in Note 13 to the consolidated financial statements.

For the year ended 31 August 2020, no emoluments were paid by the Group to any Director or any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the Directors has waived or agreed to waive any emoluments for the year ended 31 August 2020.

The Company has also adopted the Post-IPO Share Option Scheme and Share Award Scheme as incentive for Directors and eligible employees. Details of the said schemes are set out under the section headed "Post-IPO Share Option Scheme and Share Award Scheme" in this annual report.

Except as disclosed above, no other payments have been made or are payable, for the year ended 31 August 2020, by the Group to or on behalf of any of the Directors.



DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year ended 31 August 2020, none of the Directors or their respective close associates (as defined in the Listing Rules) had any interest in a business that competed or was likely to compete, either directly or indirectly, with the business of the Group, other than being a director of the Company and/or its subsidiaries.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

Save as disclosed in this annual report, the Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

NON-COMPETITION UNDERTAKING

Mr. Liu, Ms. Chen and BVI Holdco, our Controlling Shareholders, have entered into a non-competition undertaking (the “**Non-competition Undertaking**”) dated 24 June 2019 in favour of our Company. Pursuant to the Non-competition Undertaking, our Controlling Shareholders have undertaken to our Company that they shall not, and shall procure that none of their respective close associates (other than any members of our Group) shall, during the Restricted Period (as defined in the Prospectus), directly or indirectly, either on their own account or in conjunction with or on behalf of any person or company, carry on, participate or be interested or engaged in or acquire or hold (in each case whether as a shareholder, partner, agent or otherwise) any business which is or is likely to be in competition with the businesses of our Group, which are higher education in the PRC and higher education and vocational training outside of the PRC. Details of the Non-competition Undertaking are set out in the section headed “Relationship with our Controlling Shareholders — Non-competition Undertaking” in the Prospectus.

The Controlling Shareholders confirmed that they have complied with the Non-competition Undertaking for the year ended 31 August 2020. The independent non-executive Directors have conducted such review for the year ended 31 August 2020 and also reviewed the relevant undertakings and are satisfied that the Non-competition Undertaking has been fully complied with.

MANAGEMENT CONTRACTS

Other than the Directors' service contracts and appointment letters as disclosed in the section headed “Directors' service contracts” in this annual report, no contract concerning the management and administration of the whole or any substantial part of the business of the Group was entered into or in existence as at the end of the year or at any time during the year ended 31 August 2020.

MATERIAL LEGAL PROCEEDINGS

The Group was not involved in any material legal proceeding during the year ended 31 August 2020.

LOAN AND GUARANTEE

Save as disclosed in Note 29 to the consolidated financial statements in this annual report, during the year ended 31 August 2020, the Group had not made any loan or provided any guarantee for loan, directly or indirectly, to the Directors, senior management of the Company, the Controlling Shareholders or their respective associates (as defined in the Listing Rules).

POST-IPO SHARE OPTION SCHEME AND SHARE AWARD SCHEME

Post-IPO Share Option Scheme

The Company conditionally approved and adopted the Post-IPO Share Option Scheme pursuant to the resolutions of the Shareholders passed on 6 June 2019.

(a) Purpose

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

(b) Eligible Persons

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 our Group or any of our Group's affiliates who the Board or its delegate(s) considers, in their sole discretion, to have contributed or will contribute to our Group is entitled to be offered and granted options ("**Eligible Person(s)**").

However, no individual who is resident in a place where the grant, acceptance, vesting or exercise of options pursuant to the Post-IPO Share Option Scheme is not permitted under the laws and regulations of such place or where, in the view of the Board or its delegate(s), compliance with applicable laws and regulations in such place makes it necessary or expedient to exclude such individual, is eligible to be offered or granted options.

(c) Maximum number of Shares

The total number of 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 100,000,000, being no more than 10% of the Shares in issue on the date the Shares commence trading on the Stock Exchange (the "**Option Scheme Mandate Limit**"), which represented approximately 9.8% of the Shares in issue as at the date of this annual report. Options which have lapsed in accordance with the terms of the rules of the Post-IPO Share Option Scheme (or any other share option schemes of our Company) shall not be counted for the purpose of calculating the Option Scheme Mandate Limit.



The overall limit on the number of 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 our 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 “**Option Scheme Limit**”). No options may be granted under any schemes of our Company (or its subsidiaries) if this will result in the Option Scheme Limit being exceeded.

The Option Scheme Mandate Limit may be refreshed at any time subject to prior approval of the Shareholders in general meeting and/or such other requirements prescribed under the Listing Rules from time to time. However, the Option Scheme Mandate Limit as refreshed cannot exceed 10% of the Shares in issue as at the date of such approval. Options previously granted under the Post-IPO Share Option Scheme and any other share option schemes of our Company (and to which the provisions of Chapter 17 of the Listing Rules are applicable) (including those outstanding, cancelled or lapsed in accordance with its terms or exercised), shall not be counted for the purpose of calculating the refreshed Option Scheme Mandate Limit.

Our Company may also seek separate approval of the Shareholders in general meeting for granting options beyond the Option Scheme Mandate Limit, provided such grant is to Eligible Person specifically identified by our Company before the aforesaid Shareholders' meeting where such approval is sought.

(d) Maximum entitlement of a grantee

Unless approved by the Shareholders, the total number of 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 our Company to each Eligible Person (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 options to an Eligible Person 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 Eligible Person (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 the Shareholders in general meeting with Eligible Persons and his associates abstaining from voting.

(e) Performance target

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 Board or its delegate(s) 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.

(f) Subscription price

The price per Share at which a grantee may subscribe for Shares on the exercise of an option (the "**Subscription Price**") shall be such price determined by the Board in its absolute discretion and shall be no less than the higher 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 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.

(g) Rights are personal to grantee

An option is personal to the grantee and shall not be transferable or assignable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or otherwise dispose of or create any interest in favour of or enter into any agreement with any other person over or in relation to any option, except for the transmission of an option on the death of the grantee to his personal representative(s) on the terms of the Post-IPO Share Option Scheme.

(h) Options granted to directors or substantial shareholders of our Company

Each grant of options to any director of our Company, the chief executive (as defined in the Listing Rules) or substantial Shareholder of our Company (or any of their respective associates) shall be subject to the prior approval of by the independent non-executive Directors of our Company (excluding any independent non-executive Director who is a proposed recipient of the grant of options).

Where any grant of options to a substantial Shareholder or an independent non-executive Director of our Company (or any of their respective associates) would result in the number of 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 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 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 subject to the prior approval by the Shareholders (voting by way of poll) in general meeting. Our Company shall send a circular to the Shareholders in accordance with and containing such information as is required under the Listing Rules. All connected persons of our Company shall abstain from voting at such general meeting, except that any connected person may vote against the relevant resolution at the general meeting provided that his intention to do so has been stated in the circular to be sent to the Shareholders in connection therewith.

At the extraordinary general meeting held on 20 July 2020, ordinary resolutions were passed to (i) approve the grant of Share Options to Mr. Liu under the Post-IPO Share Option Scheme to subscribe for 2,695,072 Shares at the exercise price of HK\$4.954 per Share; and (ii) approve the grant of Share Options to Ms. Liu under the Post-IPO Share Option Scheme to subscribe for 1,617,043 Shares at the exercise price of HK\$4.954 per Share. For details, please refer to circular of the Company dated 29 June 2020.

(i) Grant offer letter and notification of grant of options

An offer shall be made to Eligible Persons by a letter in duplicate which specifies the terms on which the option is to be granted. Such terms may include 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 or its delegate(s) such other terms either on a case basis or generally.

An offer shall be deemed to have been accepted and the option to which the offer relates shall be deemed to have been granted and to have taken effect when the duplicate of the offer letter comprising acceptance of the offer duly signed by the grantee with the number of Shares in respect of which the offer is accepted clearly stated therein, together with a remittance in favour of our Company of HK\$1.00 by way of consideration for the grant thereof, is received by our Company within 20 business days from the date on which the letter containing the offer is delivered to the Eligible Person.

Any offer may be accepted in respect of less than the number of Shares for which it is offered provided that it is accepted in respect of a board lot for dealing in Shares or a multiple thereof. To the extent that the offer is not accepted within 20 business days from the date on which the letter containing the offer is delivered to that Eligible Person, it shall be deemed to have been irrevocably declined.

(j) Restriction of grant of options

No offer shall be made and no option shall be granted to any Eligible Person in circumstances prohibited by the Listing Rules or at a time when the Eligible Person would or might be prohibited from dealing in the Shares by the Listing Rules or by any applicable rules, regulations or law. No offer shall be made and no option shall be granted to any Eligible Person where the Company or such persons are in possession of any unpublished inside information in relation to our Company until such inside information has been published in an announcement in accordance with the Listing Rules. Furthermore, no offer shall be made and no option shall be granted:

- (i) during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and
- (ii) during the period of 30 days immediately preceding the publication date of the half-year results or, if shorter, the period from the end of the relevant half-year period up to the publication date of the results.

Such period will also cover any period of delay in the publication of any results announcement.

(k) Time of exercise of an option

An option may, subject to the rules of the Post-IPO Share Option Scheme and the terms and conditions upon which such option is granted, be exercised in whole or in part by the grantee giving notice in writing to our Company in such form as our Board may from time to time determine stating that the option is thereby exercised and the number of Shares in respect of which it is exercised.

(l) Cancellation of options granted

Any breaches of the rules of the Post-IPO Share Option Scheme by a grantee may result in the options granted to such grantee being cancelled by our Company. Any options granted but not exercised may be cancelled if the grantee so agrees. Issuance of new options to the same grantee may only be made if there are unissued options available under the Post-IPO Share Option Scheme (excluding the cancelled options) and in compliance with the terms of the Post-IPO Share Option Scheme.



(m) Lapse of an option

Without prejudice to the additional situations provided by our Board or its delegates(s), an option shall lapse automatically (to the extent not already exercised) on the earliest of:

- (i) the expiry of the period within which an option may be exercised, which is to be determined and notified by the Board to each grantee at the time of making an offer, and shall not expire later than 10 years from the date of grant (the "**Option Period**");
- (ii) the expiry of any of the periods for exercising the option as referred to in the paragraphs headed "(o) Retirement, death or permanent physical or mental disability of an Eligible Person", "(p) Termination of employment of an Eligible Person", "(q) Rights on takeover and schemes of compromise or arrangement" and "(r) Rights on a voluntary winding up" below; and
- (iii) the date on which the grantee commits a breach of the rules detailed under the heading "(g) Rights are personal to grantee" above.

(n) Effects of alterations in the capital structure of our Company

In the event of an alteration in the capital structure of our Company whilst any option remains exercisable by way of capitalisation of profits or reserves, rights issue, subdivision or consolidation of shares, or reduction of the share capital of our Company in accordance with legal requirements and requirements of the Stock Exchange (other than any alteration in the capital structure of our Company as a result of an issue of Shares as consideration in a transaction to which our Company is a party), such corresponding alterations (if any) shall be made to:

- (i) the number or nominal amount of Shares comprised in each option so far as unexercised;
- (ii) the Subscription Price;
- (iii) the method of exercise of the option; or
- (iv) any combination thereof,

as the auditor or a financial adviser engaged by our Company for such purpose shall, at the request of our Company, certify in writing, either generally or as regards any particular grantee, to be in their opinion fair and reasonable, provided always that any such adjustments should give each grantee the same proportion of the equity capital of our Company (or as nearly as possible but not greater than the same proportion of the equity capital of our Company) as that to which that grantee was previously entitled prior to such adjustments, and no adjustments shall be made which will enable a Share to be issued at less than its nominal value. The capacity of the auditor or financial adviser (as the case may be) is that of experts and not of arbitrators and their certification shall, in the absence of manifest error, be final and binding on our Company and the grantees. The costs of the auditor or financial adviser (as the case may be) shall be borne by our Company.

(o) Retirement, death or permanent physical or mental disability of an Eligible Person

If a grantee ceases to be an Eligible Person by reason of (i) death of the grantee, (ii) termination of the grantee's employment or contractual engagement with our Group or our Group's affiliate by reason of his/her permanent physical or mental disablement, or (iii) retirement of the grantee, the option may be exercised within the Option Period, or such other period as the Board or its delegate(s) may decide in their sole discretion.

In the case of death of a grantee, the option may be exercised within that period by the personal representatives of the grantee. In the case where a grantee no longer has any legal capacity to exercise the option, the option may be exercised within that period by the persons charged with the duty of representing the grantee under the relevant laws in Hong Kong.

If the option is not exercised within the times mentioned above, the option shall lapse.

(p) Termination of employment of an Eligible Person

If a grantee, being an employee whose employment is terminated by our Group or its affiliate by reason of the employer terminating the contract of employment without notice or payment in lieu of notice, or the grantee having been convicted of any criminal offence involving his integrity or honesty, the option shall immediately lapse.

If a grantee is declared bankrupt or becomes insolvent or makes any arrangements or composition with his/her creditors generally, the option shall immediately lapse.

If a grantee being an employee ceases to be an Eligible Person due to termination of his/her employment or contractual engagement with our Group by reason of redundancy, the option may be exercised within three months of such cessation or within the Option Period, whichever is the shorter, or such other period as the Board or its delegate(s) may decide in their sole discretion.

If a grantee ceases to be an Eligible Person other than in any of the circumstances described above, unless otherwise provided in the letter containing the offer, a grantee may exercise his/her option within three months of such cessation or within the Option Period, whichever is the shorter, or such other period as the Board or its delegate(s) may decide in their sole discretion.

(q) Rights on takeover and schemes of compromise or arrangement

If a general offer by way of takeover or otherwise (other than by way of scheme of arrangement) is made to all our Shareholders (other than the offeror and/or any person controlled by the offeror and/or any person acting in concert with the offeror) and such offer becomes or is declared unconditional prior to the expiry date of the relevant option, our Company shall forthwith give notice thereof to the grantee and the grantee shall be entitled to exercise the option to its full extent or, if our Company shall give the relevant notification, to the extent notified by our Company, at any time within such period as shall be notified by our Company.



If a general offer for Shares by way of scheme of arrangement is made to all our Shareholders and has been approved by the necessary number of Shareholders at the requisite meetings, our Company shall forthwith give notice thereof to the grantee and the grantee may at any time thereafter (but before such time as shall be notified by our Company) exercise the option to its full extent or, if our Company shall give the relevant notification, to the extent notified by our Company.

If a compromise or arrangement between our Company and our members or creditors is proposed, our Company shall give notice to the grantee on the same date as we despatch the notice to each member or creditor of our Company summoning the meeting to consider such a compromise or arrangement, and thereupon the grantee (or his personal representatives) may until the expiry of the period commencing with such date and ending with the earlier of the date 2 calendar months thereafter or the date on which such compromise or arrangement is sanctioned by the court exercise any of his options (to the extent not already exercised) whether in full or in part, but the exercise of an option as aforesaid shall be conditional upon such compromise or arrangement being sanctioned by the court and becoming effective, and upon such compromise or arrangement becoming effective, all options shall lapse except insofar as previously exercised under the Post-IPO Share Option Scheme. Our Company may require the grantee to transfer or otherwise deal with the Shares issued as a result of the exercise of options in these circumstances so as to place the grantee in the same position, as nearly as possible, as would have been the case had such Shares been subject to such compromise or arrangement. If the option is not exercised within the time specified, the option shall lapse.

(r) *Rights on a voluntary winding up*

In the event a notice is given by our Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up our Company, our Company shall on the same date as or soon after it despatches such notice to each member of our Company give notice thereof to all grantees (together with a notice of the existence of the provisions of this rule) and thereupon, each grantee (or his personal representatives) shall be entitled to exercise all or any of his options (to the extent not already exercised) at any time not later than 2 business days prior to the proposed general meeting of our Company by giving notice in writing to our Company, accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given whereupon our Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the grantee credited as fully paid. If the option is not exercised within the time specified, the option shall lapse.

(s) *Ranking of Shares*

The Shares to be allotted and issued upon the exercise of an option shall be identical to the then existing issued shares of our Company and subject to all the provisions of the Memorandum and Articles of Association and will rank *pari passu* with fully paid Shares in issue on the date the name of the grantee is registered on the register of members of our Company or if that date falls on a day when the register of members of our Company is closed, the first day of the re-opening of the register of members, save that the grantee shall not have any voting rights, or rights to participate in any dividends or distributions (including those arising on a liquidation of our Company) declared or recommended or resolved to be paid to the Shareholders on the register on a date prior to such registration.

(t) Duration

The Post-IPO Share Option Scheme shall be valid and effective for the period of ten years commencing on the Listing Date, i.e. until 15 July 2029, (after which, no further options shall be offered or granted), 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 options granted prior thereto or otherwise as may be required in accordance with the provisions of the rules of the Post-IPO Share Option Scheme.

(u) Alteration of the Post-IPO Share Option Scheme

The Board may amend or vary any of the provisions of the Post-IPO Share Option Scheme (including without limitation amendments in order to comply with changes in legal or regulatory requirements and amendments in order to waive any restrictions, imposed by the provisions of the Post-IPO Share Option Scheme, which are not found in Chapter 17 of the Listing Rules) at any time (but not so as to affect adversely any rights which have accrued to any grantee at that date).

Those specific provisions of the Post-IPO Share Option Scheme which relate to the matters set out in Rule 17.03 of the Listing Rules cannot be altered to the advantage of Eligible Person, and no changes to the authority of the administrator of the Post-IPO Share Option Scheme in relation to any alteration of the terms of the Post-IPO Share Option Scheme shall be made, without the prior approval of Shareholders in general meeting. Any alterations to the terms of the Post-IPO Share Option Scheme which are of a material nature, or any change to the terms and conditions of Options granted, must also, to be effective, be approved by the Shareholders in general meeting and the Stock Exchange, except where the alterations take effect automatically under the existing terms of the Post-IPO Share Option Scheme. The options and the Post-IPO Share Option Scheme so altered must comply with Chapter 17 of the Listing Rules. Any change to the authority of the Directors or scheme administrators in relation to any alteration to the terms of the Post-IPO Share Option Scheme must be approved by Shareholders of our Company in general meeting.

Notwithstanding any provisions to the contrary in the Post-IPO Share Option Scheme, if on the relevant date of exercise there are restrictions or conditions imposed by the relevant laws and regulations to which the grantee is subject and the grantee has not obtained approval, exemption or waiver from the relevant regulatory authorities for the subscription of and dealing in the Shares, the grantee may sell the options to such transferee, subject to the approval by the Board, which shall not unreasonably withhold or delay such approval. In the event that the options are transferred to a connected person of our Company, no Shares shall be allotted and issued upon the exercise of the options by a connected person of our Company unless the Board is satisfied that the allotment and issue of Shares will not result in any breach of the Listing Rules, the Articles of Association, the Companies Law or the Takeovers Code.

(v) Termination

The Shareholders by ordinary resolution in general meeting or the Board may at any time resolve to terminate the operation of the Post-IPO Share Option Scheme prior to the expiry of the Post-IPO Share Option Scheme and in such event no further options will be offered or granted but the provisions of the Post-IPO Share Option Scheme shall remain in full force to the extent necessary to give effect to the exercise of any options granted prior thereto or otherwise as may be required in accordance with the provisions of the Post-IPO Share Option Scheme. Options complying with the provisions of Chapter 17 of the Listing Rules which are granted during the life of the Post-IPO Share Option Scheme and remain unexercised and unexpired immediately prior to the termination of the operation of the Post-IPO Share Option Scheme shall continue to be valid and exercisable in accordance with their terms of issue after the termination of the Post-IPO Share Option Scheme.

The Directors who have been granted options under the Post-IPO Share Option Scheme, have undertaken to the Company that they will not exercise the options granted to them under the Post-IPO Share Option Scheme if as a result of which the Company would not be able to comply with the public float requirements of the Listing Rules.

A summary of the terms (including the terms of the scheme, the calculation method of the exercise price and vesting periods and conditions) of the Post-IPO Share Option Scheme has been set out in the section headed "D. Post-IPO Share Option Scheme and Share Award Scheme" in Appendix V of the Prospectus.

The following tables disclose movements in the Company's share options under the Post-IPO Share Option Scheme during the reporting period:

Option type	Date of grant	Exercise price HK\$	Exercise period (note 1)	Outstanding at 1 September 2019	Granted during the period	Lapsed during the period	Exercised during the period	Outstanding at 31 August 2020
Directors								
Mr. Liu	21 January 2020	4.954	10 December 2020 – 30 January 2026	—	449,178	—	—	449,178
	21 January 2020	4.954	29 March 2021 – 30 January 2026	—	449,178	—	—	449,178
	21 January 2020	4.954	10 December 2021 – 30 January 2026	—	449,178	—	—	449,178
	21 January 2020	4.954	29 March 2022 – 30 January 2026	—	449,178	—	—	449,178
	21 January 2020	4.954	9 December 2022 – 30 January 2026	—	449,178	—	—	449,178
	21 January 2020	4.954	29 March 2023 – 30 January 2026	—	449,182	—	—	449,182

Directors' Report

Option type	Date of grant	Exercise price HK\$	Exercise period (note 1)	Outstanding at 1 September 2019	Granted during the period	Lapsed during the period	Exercised during the period	Outstanding at 31 August 2020
Ms. Chen	21 January 2020	4.954	10 December 2020 – 30 January 2026	—	89,835	—	—	89,835
	21 January 2020	4.954	29 March 2021 – 30 January 2026	—	89,835	—	—	89,835
	21 January 2020	4.954	10 December 2021 – 30 January 2026	—	89,835	—	—	89,835
	21 January 2020	4.954	29 March 2022 – 30 January 2026	—	89,835	—	—	89,835
	21 January 2020	4.954	9 December 2022 – 30 January 2026	—	89,835	—	—	89,835
	21 January 2020	4.954	29 March 2023 – 30 January 2026	—	89,839	—	—	89,839
Ms. Liu	21 January 2020	4.954	10 December 2020 – 30 January 2026	—	269,507	—	—	269,507
	21 January 2020	4.954	29 March 2021 – 30 January 2026	—	269,507	—	—	269,507
	21 January 2020	4.954	10 December 2021 – 30 January 2026	—	269,507	—	—	269,507
	21 January 2020	4.954	29 March 2022 – 30 January 2026	—	269,507	—	—	269,507
	21 January 2020	4.954	9 December 2022 – 30 January 2026	—	269,507	—	—	269,507
	21 January 2020	4.954	29 March 2023 – 30 January 2026	—	269,508	—	—	269,508
Mr. Liu Yung Kan	21 January 2020	4.954	10 December 2020 – 30 January 2026	—	62,885	—	—	62,885
	21 January 2020	4.954	29 March 2021 – 30 January 2026	—	62,885	—	—	62,885
	21 January 2020	4.954	10 December 2021 – 30 January 2026	—	62,885	—	—	62,885
	21 January 2020	4.954	29 March 2022 – 30 January 2026	—	62,885	—	—	62,885
	21 January 2020	4.954	9 December 2022 – 30 January 2026	—	62,885	—	—	62,885
	21 January 2020	4.954	29 March 2023 – 30 January 2026	—	62,885	—	—	62,885
Mr. Xu Gang	21 January 2020	4.954	10 December 2020 – 30 January 2026	—	17,967	—	—	17,967
	21 January 2020	4.954	29 March 2021 – 30 January 2026	—	17,967	—	—	17,967
	21 January 2020	4.954	10 December 2021 – 30 January 2026	—	17,967	—	—	17,967
	21 January 2020	4.954	29 March 2022 – 30 January 2026	—	17,967	—	—	17,967
	21 January 2020	4.954	9 December 2022 – 30 January 2026	—	17,967	—	—	17,967
	21 January 2020	4.954	29 March 2023 – 30 January 2026	—	17,968	—	—	17,968

Option type	Date of grant	Exercise price HK\$	Exercise period (note 1)	Outstanding at 1 September 2019	Granted during the period	Lapsed during the period	Exercised during the period	Outstanding at 31 August 2020
Mr. Li Jiatong	21 January 2020	4.954	10 December 2020 – 30 January 2026	—	17,967	—	—	17,967
	21 January 2020	4.954	29 March 2021 – 30 January 2026	—	17,967	—	—	17,967
	21 January 2020	4.954	10 December 2021 – 30 January 2026	—	17,967	—	—	17,967
	21 January 2020	4.954	29 March 2022 – 30 January 2026	—	17,967	—	—	17,967
	21 January 2020	4.954	9 December 2022 – 30 January 2026	—	17,967	—	—	17,967
	21 January 2020	4.954	29 March 2023 – 30 January 2026	—	17,968	—	—	17,968
Directors in aggregate				—	5,444,045	—	—	5,444,045
Associates of directors and substantial shareholders (note 2)								
Mr. Liu Yung Kwong (brother of Mr. Liu and Mr. Liu Yung Kan)	21 January 2020	4.954	10 December 2020 – 30 January 2026	—	26,950	—	—	26,950
	21 January 2020	4.954	29 March 2021 – 30 January 2026	—	26,950	—	—	26,950
	21 January 2020	4.954	10 December 2021 – 30 January 2026	—	26,950	—	—	26,950
	21 January 2020	4.954	29 March 2022 – 30 January 2026	—	26,950	—	—	26,950
	21 January 2020	4.954	9 December 2022 – 30 January 2026	—	26,950	—	—	26,950
	21 January 2020	4.954	29 March 2023 – 30 January 2026	—	26,954	—	—	26,954
Mr. Liu Chi Hin (son of Mr. Liu and Ms. Chen)	21 January 2020	4.954	10 December 2020 – 30 January 2026	—	89,835	—	—	89,835
	21 January 2020	4.954	29 March 2021 – 30 January 2026	—	89,835	—	—	89,835
	21 January 2020	4.954	10 December 2021 – 30 January 2026	—	89,835	—	—	89,835
	21 January 2020	4.954	29 March 2022 – 30 January 2026	—	89,835	—	—	89,835
	21 January 2020	4.954	9 December 2022 – 30 January 2026	—	89,835	—	—	89,835
	21 January 2020	4.954	29 March 2023 – 30 January 2026	—	89,839	—	—	89,839
Mr. Liu Chi Wai (son of Mr. Liu and Ms. Chen)	21 January 2020	4.954	10 December 2020 – 30 January 2026	—	71,868	—	—	71,868
	21 January 2020	4.954	29 March 2021 – 30 January 2026	—	71,868	—	—	71,868
	21 January 2020	4.954	10 December 2021 – 30 January 2026	—	71,868	—	—	71,868
	21 January 2020	4.954	29 March 2022 – 30 January 2026	—	71,868	—	—	71,868
	21 January 2020	4.954	9 December 2022 – 30 January 2026	—	71,868	—	—	71,868
	21 January 2020	4.954	29 March 2023 – 30 January 2026	—	71,871	—	—	71,871
Associates of directors and substantial shareholders in aggregate				—	1,131,929	—	—	1,131,929

Directors' Report

Option type	Date of grant	Exercise price HK\$	Exercise period (note 1)	Outstanding at 1 September 2019	Granted during the period	Lapsed during the period	Exercised during the period	Outstanding at 31 August 2020
Employees (non-connected persons)	21 January 2020	4.954	10 December 2020 – 30 January 2026	—	700,716	—	—	700,716
	21 January 2020	4.954	29 March 2021 – 30 January 2026	—	700,716	—	—	700,716
	21 January 2020	4.954	10 December 2021 – 30 January 2026	—	700,716	—	—	700,716
	21 January 2020	4.954	29 March 2022 – 30 January 2026	—	700,716	—	—	700,716
	21 January 2020	4.954	9 December 2022 – 30 January 2026	—	700,716	—	—	700,716
	21 January 2020	4.954	29 March 2023 – 30 January 2026	—	700,733	—	—	700,733
Employees (non-connected persons) in aggregate				—	4,204,313	—	—	4,204,313
Total				—	10,780,287	—	—	10,780,287
Weighted average exercise price				—	HK\$4.954	—	—	HK\$4.954
Exercisable at the end of the period								—

notes:

- (1) The vesting period commences on the date when the share options become exercisable.
- (2) Mr. Liu Yung Kwong, Mr. Liu Chi Hin and Mr. Liu Chi Wai are consultant/employees of the Group.

During the year ended 31 August 2020, 10,780,287 share options were granted on 21 January 2020. The estimated fair value of the share options granted on the date was HK\$21,006,000.

The closing price of the Company's shares immediately before the grant of share options on 21 January 2020 was HK\$4.870 per share.

Save as disclosed above, no share options had been granted, exercised, lapsed or cancelled under the Share Option Scheme during the reporting period.

Share Award Scheme

On 6 June 2019, the Company adopted the Share Award Scheme with effective from the Listing Date. The Share Award Scheme is not a share option scheme and is not subject to the provisions of Chapter 17 of the Listing Rules.

(a) Purpose

The purpose of the Share Award Scheme is to align the interests of eligible persons with those of our 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 eligible persons to make contributions to the long-term growth and profits of our Group.



(b) Eligible Persons

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 our 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 our Group is eligible to receive an Award (as defined below). However, no individual who is resident in a place where the grant, acceptance or vesting of an Award pursuant to the Share Award Scheme is not permitted under the laws and regulations of such place or where, in the view of the Board, compliance with applicable laws and regulations in such place makes it necessary or expedient to exclude such individual, shall be entitled to participate in the Share Award Scheme.

(c) Awards

An Award gives a selected participant a conditional right, when the Shares vest, 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 ("**Grant Date**") to the date the Award vests ("**Vesting Date**"). For the avoidance of doubt, the Board at its discretion may from time to time determine that any dividends declared and paid by our Company in relation to the Shares be paid to the selected participant even though the Shares have not yet vested.

(d) Grant of Award

The Board or the committee of the Board or person(s) to which the Board has delegated its authority may, from time to time, at their absolute discretion, grant an Award to a selected participant (in the case of the Board & delegate(s), to any selected participant other than a director or an officer of our Company) by way of an award letter ("**Award Letter**"). The Award Letter will specify the Grant Date, the number of Shares underlying the Award, the vesting criteria and conditions, the Vesting Date and such other details as the Board or its delegate(s) may consider necessary.

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

The Board and its delegate(s) may not grant any Shares to any selected participant in certain circumstances, including the following:

- (i) where any applicable approval from any applicable regulatory authorities has not been granted;
- (ii) where any member of our Group will be required under applicable securities laws, rules or regulations to issue a prospectus or other offer documents in respect of such Award or the Share Award Scheme, unless the Board determines otherwise;

Directors' Report

- (iii) where such Award would result in a breach by any member of our Group or its directors of any applicable securities laws, rules or regulations in any jurisdiction;
- (iv) where such grant of Award would result in a breach of the Share Award Scheme Limit (as defined below) or would otherwise cause our Company to issue Shares in excess of the permitted amount in the mandate approved by the Shareholders;
- (v) where any Director is in possession of unpublished inside information in relation to our Company or where dealings by Directors are prohibited under any code or requirement of the Listing Rules and all applicable laws, rules or regulations, from time to time;
- (vi) during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and
- (vii) during the period of 30 days immediately preceding the publication date of the half-year results or, if shorter, the period from the end of the relevant half-year period up to the publication date of the results.

(e) Maximum number of Shares to be granted

The maximum aggregate number of Shares underlying all grants made pursuant to the Share Award Scheme (excluding Shares which have been forfeited in accordance with the Share Award Scheme) will not exceed 20,000,000 Shares (representing approximately 2% of the total issued Shares immediately after completion of the Global Offering, assuming the Over-allotment Option and options granted under the Post-IPO Share Option Scheme are not exercised and no Shares are granted under the Share Award Scheme) without further Shareholders' approval (the "**Share Award Scheme Limit**").

Under the current Share Award Scheme Limit, new Shares (up to 20,000,000 Shares) may be issued by our Company within ten years of the Listing Date (the "**Award Period**").

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 Scheme.

(f) Scheme Mandate

To the extent that the Share Award Scheme Limit is subsequently increased by way of alteration of the Share Award Scheme and our Company is required to issue and allot new shares to satisfy any Awards in excess of any amount previously approved by our Shareholders (as the case may be), our Company shall at a general meeting propose, and the Shareholders shall consider and, if thought fit, pass an ordinary resolution approving a mandate specifying:

- (i) the maximum number of new Shares that may be issued for this purpose;
- (ii) that the Board has the power to issue, allot, procure the transfer of and otherwise deal with the Shares in connection with the Share Award Scheme; and



(iii) the mandate will remain in effect during the period from the passing of the ordinary resolution granting the mandate until the variation or revocation of such mandate by an ordinary resolution of the Shareholders in a general meeting.

(g) Rights attached to the Award

Save that the Board at its discretion may from time to time determine that any dividends declared and paid by our 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, nor does he/she have any rights to any cash or non-cash income until the Shares and related income vest.

(h) Rights attached to the Shares

Any Shares transferred to a selected participant in respect of any Awards will be subject to all the provisions of the Memorandum and Articles of Association and will form a single class with the fully paid Shares in issue on the relevant date.

(i) Assignment of Awards

Any Shares granted under the Share Award Scheme but not yet vested are personal to the selected participants to whom they are granted and cannot be assigned or transferred. A selected participant shall not in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any other person over or in relation to any Award, or enter into any agreement to do so.

(j) Vesting of Awards

The Board or its delegate(s) may from time to time while the Share Award Scheme is in force and subject to all applicable laws, determine such vesting criteria and conditions or periods for the Award to be vested.

If there is an event of change in control of our Company by way of a merger, a privatisation of our Company by way of a scheme or by way of an offer, the Board or the committee of the Board or person(s) to which the Board has delegated its authority shall at their sole discretion determine whether the Vesting Dates of any Awards will be accelerated to an earlier date.

(k) Consolidation, subdivision, bonus issue and other distribution

In the event our Company undertakes a subdivision or consolidation of the Shares, corresponding changes will be made to the number of outstanding Shares that have been granted provided that the adjustments shall be made in such manner as the Board or its delegate(s) determines to be fair and reasonable in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Share Award Scheme for the selected participants. All fractional shares (if any) arising out of such consolidation or sub-division in respect of the Shares of a selected participant shall be deemed as returned shares ("**Returned Shares**") and shall not be transferred to the relevant selected participant on the relevant Vesting Date.

Directors' Report

In the event of any non-cash distribution or other events not referred to above by reason of which the Board or its delegate(s) considers an adjustment to an outstanding Award to be fair and reasonable, an adjustment shall be made to the number of outstanding Shares of each selected participant as the Board or its delegate(s) shall consider as fair and reasonable, in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Share Award Scheme for the selected participants.

(l) Retirement, death or permanent physical or mental disability of an eligible person

If a selected participant ceases to be an eligible person by reason of retirement of the selected participant, any outstanding Shares and related income not yet vested shall continue to vest in accordance with the Vesting Dates set out in the Award Letter, unless the Board or its delegate(s) determines otherwise at their absolute discretion.

If a selected participant ceases to be an eligible person by reason of (i) death of the selected participant; (ii) termination of the selected participant's employment or contractual engagement with our Group or an affiliate by reason of his/her permanent physical or mental disablement; or (iii) termination of the selected participant's employment or contractual engagement with our Group by reason of redundancy, any outstanding Shares and related income not yet vested shall be immediately forfeited, unless the Board or its delegate(s) determines otherwise at their absolute discretion.

If a selected participant, being an employee whose employment is terminated by our Group or an affiliate by reason of the employer terminating the contract of employment without notice or payment in lieu of notice, or the selected participant having been convicted of any criminal offence involving his or her integrity or honesty, any outstanding Shares and related income not yet vested shall be immediately forfeited, unless the Board or its delegate(s) determines otherwise at their absolute discretion.

(m) Grant of Shares under the Share Award Scheme

As of the date of this annual report, 1,848,048 Shares have been granted or agreed to be granted under the Share Award Scheme.

Application has been made to the Listing Committee for the listing of, and permission to deal in, the Shares which may be issued pursuant to the Share Award Scheme.

(n) Duration and termination

The Share Award Scheme shall be valid and effective for the Award Period (after which no Awards will be granted), and thereafter for so long as there are any non-vested Shares granted prior to the expiration of the Share Award Scheme, in order to give effect to the vesting of such Shares or otherwise as may be required in accordance with the rules of the Share Award Scheme. Subject to the foregoing, the Share Award Scheme shall terminate on the earlier of:

- (i) the end of the Award Period except in respect of any non-vested Shares granted prior to the expiration of the Share Award Scheme, for the purpose of giving effect to the vesting of such Shares or otherwise as may be required in accordance with the provisions of the Share Award Scheme; and



- (ii) such date of early termination as determined by our Board provided that such termination shall not affect any subsisting rights in respect of the Shares granted to a selected participant under the Share Award scheme.

(o) Administration by trustee

Without prejudice to the Board's general power of administration, to the extent not prohibited by applicable laws and regulations, the Board or the committee of the Board or persons to which the Board has delegated its authority may from time to time appoint one or more trustees in respect of granting administration or vesting of any Shares under the Share Award Scheme.

Subject to the rules of the Share Award Scheme:

- (i) our Company shall, as soon as reasonably practicable and no later than 30 business days from the Grant Date, for the purposes of satisfying the grant of awards, issue and allot Shares to the trustee and/or transfer to the trust the necessary funds and instruct the trustee to acquire Shares through on-market transactions at the prevailing market price; and
- (ii) our Company shall instruct the trustee whether or not to apply any Returned Shares to satisfy any grant of Awards made, and if the Returned Shares, as specified by our Company, are not sufficient to satisfy the Awards granted, our Company shall as soon as reasonably practicable and no later than 30 business days from the Grant Date, for purposes of satisfying the Awards granted, issue and allot further Shares to the trustee and/or transfer to the trust the necessary funds and instruct the trustee to acquire further Shares through on-market transactions at the prevailing market price.

Where the trustee has received instructions from our Company to acquire shares through on-market transactions, the trustee shall acquire such number of Shares as instructed by our Company on-market at the prevailing market price as soon as reasonably practicable after receiving the necessary funds from our Company. The trustee shall only be obliged to transfer Shares granted (and the related income derived from such Shares) to selected participants on vesting to the extent that Shares granted (and the related income derived from such Shares) are comprised in the trust.

Share Award Scheme does not fall within the ambit of, and are not subject to, the regulations under Chapter 17 of the Listing Rules.

A summary of the terms of the Share Award Scheme has been set out in the section headed "D. Post-IPO Share Option Scheme and Share Award Scheme" in Appendix V of the Prospectus.

Directors' Report

The following tables disclose movements in the Company's share awards under the Share Award Scheme during the reporting period:

	Date of grant	Vesting date	Number of share awards outstanding at 1 September 2019	Granted during the period	Lapsed/ cancelled during the period	Number of share awards outstanding at 31 August 2020
Directors						
Mr. Liu	21 January 2020	10 December 2020	—	77,002	—	77,002
	21 January 2020	29 March 2021	—	77,002	—	77,002
	21 January 2020	10 December 2021	—	77,002	—	77,002
	21 January 2020	29 March 2022	—	77,002	—	77,002
	21 January 2020	9 December 2022	—	77,002	—	77,002
	21 January 2020	29 March 2023	—	77,002	—	77,002
Ms. Chen	21 January 2020	10 December 2020	—	15,400	—	15,400
	21 January 2020	29 March 2021	—	15,400	—	15,400
	21 January 2020	10 December 2021	—	15,400	—	15,400
	21 January 2020	29 March 2022	—	15,400	—	15,400
	21 January 2020	9 December 2022	—	15,400	—	15,400
	21 January 2020	29 March 2023	—	15,402	—	15,402
Ms. Liu	21 January 2020	10 December 2020	—	46,201	—	46,201
	21 January 2020	29 March 2021	—	46,201	—	46,201
	21 January 2020	10 December 2021	—	46,201	—	46,201
	21 January 2020	29 March 2022	—	46,201	—	46,201
	21 January 2020	9 December 2022	—	46,201	—	46,201
	21 January 2020	29 March 2023	—	46,202	—	46,202
Mr. Liu Yung Kan	21 January 2020	10 December 2020	—	10,780	—	10,780
	21 January 2020	29 March 2021	—	10,780	—	10,780
	21 January 2020	10 December 2021	—	10,780	—	10,780
	21 January 2020	29 March 2022	—	10,780	—	10,780
	21 January 2020	9 December 2022	—	10,780	—	10,780
	21 January 2020	29 March 2023	—	10,782	—	10,782
Mr. Xu Gang	21 January 2020	10 December 2020	—	3,080	—	3,080
	21 January 2020	29 March 2021	—	3,080	—	3,080
	21 January 2020	10 December 2021	—	3,080	—	3,080
	21 January 2020	29 March 2022	—	3,080	—	3,080
	21 January 2020	9 December 2022	—	3,080	—	3,080
	21 January 2020	29 March 2023	—	3,080	—	3,080
Mr. Li Jiatong	21 January 2020	10 December 2020	—	3,080	—	3,080
	21 January 2020	29 March 2021	—	3,080	—	3,080
	21 January 2020	10 December 2021	—	3,080	—	3,080
	21 January 2020	29 March 2022	—	3,080	—	3,080
	21 January 2020	9 December 2022	—	3,080	—	3,080
	21 January 2020	29 March 2023	—	3,080	—	3,080
Directors in aggregate			—	933,263	—	933,263



	Date of grant	Vesting date	Number of share awards outstanding at 1 September 2019	Granted during the period	Lapsed/cancelled during the period	Number of share awards outstanding at 31 August 2020
Associates of directors and substantial shareholders (note 1)						
Mr. Liu Yung Kwong	21 January 2020	10 December 2020	—	4,620	—	4,620
(brother of Mr. Liu	21 January 2020	29 March 2021	—	4,620	—	4,620
and Mr. Liu Yung	21 January 2020	10 December 2021	—	4,620	—	4,620
Kan)	21 January 2020	29 March 2022	—	4,620	—	4,620
	21 January 2020	9 December 2022	—	4,620	—	4,620
	21 January 2020	29 March 2023	—	4,621	—	4,621
Mr. Liu Chi Hin	21 January 2020	10 December 2020	—	15,400	—	15,400
(son of Mr. Liu	21 January 2020	29 March 2021	—	15,400	—	15,400
and Ms. Chen)	21 January 2020	10 December 2021	—	15,400	—	15,400
	21 January 2020	29 March 2022	—	15,400	—	15,400
	21 January 2020	9 December 2022	—	15,400	—	15,400
	21 January 2020	29 March 2023	—	15,402	—	15,402
Mr. Liu Chi Wai	21 January 2020	10 December 2020	—	12,320	—	12,320
(son of Mr. Liu	21 January 2020	29 March 2021	—	12,320	—	12,320
and Ms. Chen)	21 January 2020	10 December 2021	—	12,320	—	12,320
	21 January 2020	29 March 2022	—	12,320	—	12,320
	21 January 2020	9 December 2022	—	12,320	—	12,320
	21 January 2020	29 March 2023	—	12,322	—	12,322
Associates of directors and substantial shareholders in aggregate			—	194,045	—	194,045
Employees (non-connected persons)	21 January 2020	10 December 2020	—	120,120	—	120,120
	21 January 2020	29 March 2021	—	120,120	—	120,120
	21 January 2020	10 December 2021	—	120,120	—	120,120
	21 January 2020	29 March 2022	—	120,120	—	120,120
	21 January 2020	9 December 2022	—	120,120	—	120,120
	21 January 2020	29 March 2023	—	120,140	—	120,140
Employees (non-connected persons) in aggregate			—	720,740	—	720,740
Total			—	1,848,048	—	1,848,048

note:

(1) Mr. Liu Yung Kwong, Mr. Liu Chi Hin and Mr. Liu Chi Wai are consultant/employees of the Group.

The closing price of the Company's shares immediately before the grant of share awards on 21 January 2020 was HK\$4.870 per share.

Save as disclosed above, no share awards had been granted, lapsed or cancelled under the Share Award Scheme during the reporting period.

INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE IN SHARES

As at 31 August 2020, the interests or short positions of the Directors and chief executive of the Company in the Shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Name of Director	Capacity/ Nature of interest	Number of Shares interested⁽¹⁾	Approximate percentage of the Company's issued share capital⁽²⁾
Mr. Liu ⁽³⁾	Interest in controlled corporation	754,278,500 (L)	74.07% (L)
Ms. Chen ⁽³⁾	Interest in controlled corporation	754,278,500 (L)	74.07% (L)

Notes:

- (1) The letter "L" denotes the person's long position in the Shares.
- (2) The calculation is based on the total number of 1,018,362,000 Shares in issue as at 31 August 2020.
- (3) Mr. Liu and Ms. Chen are spouses to each other. BVI Holdco is directly owned by Mr. Liu as to 50% and Ms. Chen as to 50%. Therefore, under the SFO, Mr. Liu and Ms. Chen are deemed to be interested in all the Shares held by BVI Holdco.

Save as disclosed above and to the best knowledge of the Directors, as at 31 August 2020, none of the Directors or the chief executive of the Company has any interests and/or short positions in the Shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.



SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

So far as is known to any Director or chief executive of the Company, as at 31 August 2020, the following corporations/persons (other than Directors or the chief executive of the Company) had interests of 5% or more in the issued shares of the Company according to the register of interests required to be kept by the Company under section 336 of the SFO:

Name	Capacity/ Nature of interest	Number of ordinary shares interested ⁽¹⁾	Approximate percentage of the Company's issued share capital ⁽²⁾
BVI Holdco	Beneficial owner	750,490,000 (L)	73.70% (L)

Notes:

(1) The letter "L" denotes the person's long position in the Shares.

(2) The calculation is based on the total number of 1,018,362,000 Shares in issue as at 31 August 2020.

Save as disclosed above and to the best knowledge of the Directors, as at 31 August 2020, no person (other than the Directors or chief executives of the Company) had registered an interest or a short position in the Shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than the Post-IPO Share Option Scheme and the Share Award Scheme as disclosed under the section headed "Post-IPO Share Option Scheme and Share Award Scheme" in this annual report, at no time during the year under review was the Company, its holding company, or any of its subsidiaries, a party to any arrangement to enable the Directors or their respective spouse or children under 18 years of age to acquire benefits by means of the acquisition of Shares in, or debt securities including debentures of, the Company or any other body corporate.

MAJOR SUPPLIERS AND CUSTOMERS

Our customers are primarily our students. For the year ended 31 August 2020, the goods and services (as the case may be) provided by our Group to our five largest customers accounted for less than 30% of our revenue.

Our suppliers primarily comprise Guangdong University of Finance and Economics, suppliers of textbooks, consumables and teaching materials and equipment, and construction companies for the maintenance and repair of campus facilities. For the year ended 31 August 2020, the purchases of goods and services (as the case may be) from our five largest suppliers accounted for less than 30% of our cost of revenue.

None of the Directors or any of their close associates (as defined under the Listing Rules) or any Shareholders (which, to the best knowledge of the Directors, owns more than 5% of the Company's issued share capital) has any beneficial interest in the Group's five largest suppliers or the Group's five largest customers.

TAX RELIEF AND EXEMPTION OF HOLDERS OF LISTED SECURITIES

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

HUMAN RESOURCES

As at 31 August 2020, the Group had approximately 2,800 employees. The Group offers competitive remuneration packages to the employees, which are determined in accordance with the relevant laws and regulations of the local jurisdictions where the Group operates and the individual qualification, experience and performance of the relevant employees, as well as the prevailing salary levels in the market. In addition, the Group provides other comprehensive fringe benefits to the employees, including social insurance and mandatory provident funds, complying with the applicable laws and regulations. For the year ended 31 August 2020, the staff costs (including Directors' remuneration) of the Group were approximately RMB267.5 million.

Moreover, the Post-IPO Share Option Scheme and Share Award Scheme were adopted as incentive for Directors and eligible employees. Details of the said schemes and grant of share options and share award under the said schemes are set out under the section headed "Post-IPO Share Option Scheme and Share Award Scheme" in this annual report.

Besides, the Group provides relevant training programs for the employees based on their respective personal career development.

RETIREMENT BENEFIT SCHEMES

Employees located in China are covered by the mandatory social security schemes required by local practice and regulations of the PRC, which are essentially defined contribution schemes. The Group is required by the PRC laws to contribute a certain percentage of the average salaries of the employees to various schemes in accordance with the respective regulatory requirements of each city. The PRC government is directly responsible for the payment of the benefits to these employees.

In Hong Kong, the Group participates in a mandatory provident fund scheme established under the Mandatory Provident Fund Schemes Ordinance. The Group and its employees are each required to contribute 5.0% of the employees' relevant income to the mandatory provident fund scheme.

In Australia, the Group pays superannuation contributions to a number of Australian superannuation funds under relevant rules and regulations in Australian. The Group's Australian subsidiaries are required to contribute a minimum of 9.5% of the employee's ordinary time earnings for all qualifying employees in Australia to any complying super funds of employees' own choice.

In Singapore, the Group fulfils the Central Provident Fund obligations and contributes 7.5% to 17% of the ordinary wages for all qualifying employees in Singapore to set aside funds for retirement and address healthcare, home ownership, family protection, and asset enhancement.

In the PRC, Hong Kong, Australia and Singapore, no forfeited contributions (by employers on behalf of employees who leave the scheme prior to vesting fully in such contributions) were used to reduce both years' level of contributions and no forfeited contribution was available at 31 August 2020 and 2019 to reduce future years' contributions.



EQUITY-LINKED AGREEMENTS

During the year ended 31 August 2020, other than the Post-IPO Share Option Scheme and the Share Award Scheme as set out in the section under “Post-IPO Share Option Scheme and Share Award Scheme”, the Company has not entered into any equity-linked agreement.

CONNECTED TRANSACTIONS

Partially-exempt continuing connected transactions with each connected person (whose relationship with the Group is set out in Note 29 to the consolidated financial statements contained herein):

1. Lease of GBCA school premises

The Australia Lease Framework Agreement

During the years ended 31 August 2019 and 2020, GBCA leased certain properties in Australia for its school campus from Global Move and Triple Way. On 24 June 2019, GBCA, Global Move and Triple Way entered into a framework agreement (the “**Australia Lease Framework Agreement**”), pursuant to which Global Move and Triple Way agreed to enter into new leases with GBCA in respect of properties in the central business district in Melbourne, Australia (the “**Australian Properties**”) for a term commencing on the Listing Date and expiring on 31 August 2021. If GBCA does not give notice of a contrary intention and subject to compliance with any regulatory requirements (including the Listing Rules), the term shall be automatically renewed for a further term of three years upon expiry. The current Australian Properties leased to the Group are:

(a) *338 Queen Street, Melbourne*

Lessee:	GBCA
Lessor:	Global Move
Property:	part of the ground floor and level 1 to level 3 of 338 Queen Street, Melbourne, VIC 3000, Australia
GFA:	722 sq.m.
Use:	GBCA's school campus

(b) *337–339 La Trobe Street, Melbourne*

Lessee:	GBCA
Lessor:	Triple Way
Property:	part ground floor and level 1 and level 2 of 337–339 La Trobe Street (including the exterior of the building), Melbourne, VIC 3000, Australia
GFA:	508 sq.m.
Use:	GBCA's school campus

Reasons for the transactions

GBCA has occupied the Australian Properties since the school was established in 2015. These leases enable GBCA to continue to secure suitable premises at a fair market price. The continuation of these arrangements will avoid unnecessary disruptions to our students and our business, and avoid the costs associated with identifying other suitable premises, relocating our school, and re-complying with regulatory requirements on educational establishments for the new premises.

Historical amount, annual cap, and basis for annual cap

For the year ended 31 August 2020, the annual cap for the Australian Lease Framework Agreement is determined to be AU\$506,000. The actual amount of the rent under the Australian Lease Framework Agreement for the year ended 31 August 2020 was approximately RMB2,366,000 (equivalent to approximately AU\$499,000).

For the year ending 31 August 2021, the annual cap for the Australian Lease Framework Agreement is determined to be AU\$524,000.

When determining the annual caps, our Directors have considered:

- (i) the rental expenses incurred prior to our Listing under the existing rental arrangement for the Australian Properties leased to the Group; and
- (ii) the rental expenses to be incurred after our Listing under the Australian Lease Framework Agreement with reference to the opinion given by our independent property valuer.

Pricing policy

The rents under the Australian Lease Framework Agreement are determined based on arm & length negotiations between the parties with reference to the prevailing market rental quotations of similar properties in the same vicinity from Independent Third Parties.

Listing Rules implications

The transactions under the Australian Lease Framework Agreement are entered into on normal commercial terms or better that are fair and reasonable, and one or more of the applicable percentage ratios in respect of such transactions on an annual basis under Chapter 14A of the Listing Rules will exceed 0.1% but will be lower than 5%. Pursuant to Rule 14A.76(2)(a) of the Listing Rules, these transactions will be exempt from the circular and shareholders' approval requirements under Chapter 14A of the Listing Rules, but will still be subject to the reporting, annual review, and announcement requirements.



2. Lease of premises for Huashang Vocational College and office units for administrative uses

The PRC Lease Framework Agreement

During the years ended 31 August 2019 and 2020, our Group leased certain properties in China from Mr. Liu, Ms. Chen, Mr. Liu Yung Kan and their respective associates. On 24 June 2019, our Company (for itself and on behalf of our subsidiaries) and Mr. Liu, Ms. Chen and Mr. Liu Yung Kan (for themselves and on behalf of their respective associates) (the “**Lessors**”) entered into a framework agreement (the “**PRC Lease Framework Agreement**”), pursuant to which the Lessors agreed to lease land, buildings and ancillary facilities in the PRC (the “**PRC Properties**”) to our Group for a term commencing on the Listing Date and expiring on 31 August 2021. If we do not give notice of a contrary intention and subject to compliance with any regulatory requirements (including the Listing Rules), the term shall be automatically renewed for a further term of three years upon expiry, taking into account the then market rates supported by an independent property valuer. The current PRC Properties leased to the Group are:

(a) 151 Guangshen Road and 86 Weishan North 2nd Road

Lessee:	Huashang Vocational College
Lessor:	Sun City Hotel
Property:	No. 151, Guangshen Road, Xintang Town, Zengcheng District, Guangzhou, China and No. 86, Weishan North 2nd Road, Xintang Town, Zengcheng District, Guangzhou, China
GFA:	Shared spaces and common areas of 9,638 sq.m.
Use:	Facilities of Huashang Hospitality Management School, used for trainings and internships as scheduled from time to time

(b) 128 Tongyuan Middle Road, Licheng Street

Lessee:	Huashang Vocational College
Lessor:	Weijia Vehicle
Property:	No. 128, Tongyuan Middle Road, Licheng Street, Zengcheng District, Guangzhou, China
GFA:	5,694 sq.m.
Use:	One of the facilities of Huashang Auto Engineering School, used for trainings and student accommodation

Directors' Report

(c) Unit 418 at Sun City Hotel

Lessee: Woguan Education

Lessor: Sun City Hotel

Property: Unit 418, Sun City Hotel, No. 151 Guangshen Avenue, Xintang Town, Zengcheng District, Guangzhou, China

GFA: 40 sq.m.

Use: Office space

(d) Unit 409 at Sun City Hotel

Lessee: Zhiheng Education

Lessor: Sun City Hotel

Property: Unit 409, Sun City Hotel, No. 151 Guangshen Avenue, Xintang Town, Zengcheng District, Guangzhou, China

GFA: 40 sq.m.

Use: Office space

(e) Unit 306 at No. 160 Jiefang North Road

Lessee: Huagang Enterprise Management

Lessor: Mr. Liu and Ms. Chen

Property: Unit 306, No.160 Jiefang North Road, Xintang Town, Zengcheng, Guangzhou, China

GFA: 30 sq.m.

Use: Office space

(f) Unit 408 at Sun City Hotel

Lessee: Huajia Renovation

Lessor: Sun City Hotel

Property: Unit 408, Sun City Hotel, No. 1 Qunxing Road, Xintang Town, Zengcheng District, Guangzhou, China

GFA: 20 sq.m.

Use: Office space

(g) Administrative office, 3rd Floor of Sun City Hotel

Lessee:	Sun City Development
Lessor:	Sun City Hotel
Property:	Administrative office, 3rd Floor, Sun City Hotel, No. 1, Qunxing Road, Xintang Town, Zengcheng District, Guangzhou, China
GFA:	30 sq.m.
Use:	Office space

Reasons for the transactions

Huashang Hospitality Management School and Huashang Auto Engineering School, the schools within Huashang Vocational College, and our certain subsidiaries occupied the PRC Properties during the years ended 31 August 2019 and 2020. The premises described in paragraphs (a) and (b) above form part of the learning facilities of Huashang Hospitality Management School and Huashang Auto Engineering School, respectively, providing space for trainings, internships or accommodation. The premises described in paragraphs (c) to (g) above were office units used by certain of our subsidiaries for administrative purposes.

The lease of these premises allows us to secure suitable premises at a fair market value. The continuation of these lease arrangements will avoid unnecessary disruptions to our students and our business, and avoid the costs associated with identifying other suitable premises and relocating certain facilities of our schools.

Historical amount, annual cap, and basis for annual cap

For the year ended 31 August 2020, the annual cap for the PRC Lease Framework Agreement is determined to be RMB1,916,000. The actual amount of the rent under the PRC Lease Framework Agreement for the year ended 31 August 2020 was approximately RMB1,357,000.

For the year ending 31 August 2021, the annual cap for the PRC Lease Framework Agreement is determined to be RMB1,916,000.

When determining the annual caps, our Directors have considered the rental expenses incurred prior to our Listing under the existing rental arrangement for the PRC Properties leased to the Group and the rental expenses to be incurred after our Listing under the PRC Lease Framework Agreement with reference to the opinion given by our independent property valuer.

Pricing policy

The rents under the PRC Lease Framework Agreement are determined based on arm's length negotiations between the parties with reference to the prevailing market rental quotations of similar properties with reference to the above arrangements in the same vicinity from Independent Third Parties.

Listing Rules implications

The transactions under the PRC Lease Framework Agreement are entered into on normal commercial terms or better that are fair and reasonable, and one or more of the applicable percentage ratios in respect of such transactions on an annual basis under Chapter 14A of the Listing Rules will exceed 0.1% but will be lower than 5%. Pursuant to Rule 14A.76(2)(a) of the Listing Rules, these transactions will be exempt from the circular and shareholders' approval requirements under Chapter 14A of the Listing Rules, but will still be subject to the reporting, annual review, and announcement requirements.

3. Procurement of hotel services

The Hotel Service Framework Agreement

On 24 June 2019, our Company (for itself and on behalf of our subsidiaries) and Sun City Hotel entered into a framework agreement (the "**Hotel Service Framework Agreement**"), pursuant to which Sun City Hotel will (i) provide to our Group various hotel services, which are accommodation, catering, and meeting and conference services and (ii) provide course materials to Huashang Hospitality Management School (the "**Hotel Services**") for a term commencing on the Listing Date and expiring on 31 August 2021.

Reasons for the transactions

During the years ended 31 August 2019 and 2020, Sun City Hotel had provided the Hotel Services for our students, staff and guests participating in our schools' activities (including school celebrations and academic conferences) and for the teaching operations of Huashang Hospitality Management School. In view of the reliability of the Hotel Services provided by Sun City Hotel, the proximity of Sun City Hotel to our schools and the resulting convenience for our guests, students and teaching staff, the procurement of the Hotel Services is in line with the business and economic interests of our Group.

Historical amount, annual cap, and basis for annual cap

For the year ended 31 August 2020, the annual cap for the Hotel Service Framework Agreement is determined to be RMB5,321,000. The actual amount of the total cost of the Hotel Services for the year ended 31 August 2020 was approximately RMB515,000.

For the year ending 31 August 2021, the annual cap for the Hotel Service Framework Agreement is determined to be RMB6,026,000.

When determining the annual caps, our Directors have considered:

- (i) the aforementioned historical amounts;
- (ii) the expected volume of our students, staff and guests participating in, and the number and scale of, our schools' activities (including school celebrations and academic conferences) in the relevant years; and
- (iii) the expected amount of course materials Huashang Hospitality Management School will need for its teaching operations in the relevant years.



Pricing policy

The fees for the Hotel Services shall be determined after arm's length negotiations between the parties with reference to the type of hotel services required and the estimated number of guests involved in a particular event. The service fees and calculation method shall be agreed between the parties based on the specific type of services provided in each transaction. In all instances, the fees for the Hotel Services shall be based on comparable market rates charged by Independent Third Parties for similar hotel services with comparable proximity. The terms shall be no less favourable to us than those which our Group could obtain from Independent Third Parties with comparable proximity.

Listing Rules implications

The transactions under the Sun City Hotel Framework Agreement are entered into on normal commercial terms or better that are fair and reasonable, and one or more of the applicable percentage ratios in respect of such transactions on an annual basis under Chapter 14A of the Listing Rules will exceed 0.1% but will be lower than 5%. Pursuant to Rule 14A.76(2)(a) of the Listing Rules, these transactions will be exempt from the circular and shareholders' approval requirements under Chapter 14A of the Listing Rules, but will still be subject to the reporting, annual review, and announcement requirements.

4. Purchase, repair, and servicing of our vehicles

The Vehicle Service Framework Agreement

On 24 June 2019, our Company (for itself and on behalf of its subsidiaries) and Weijia Vehicle entered into a framework agreement (the "**Vehicle Service Framework Agreement**"), pursuant to which Weijia Vehicle will provide maintenance and repair services for the vehicles owned by our two schools and assist in our procurement of new vehicles (the "**Vehicle Services**") for a term commencing on the Listing Date and expiring on 31 August 2021.

Reasons for the transactions

During the years ended 31 August 2019 and 2020, Weijia Vehicle had provided the Vehicle Services to our Group. In view of the reliability of the Vehicle Services provided by Weijia Vehicle and its proximity to our schools, the procurement of the Vehicle Services is in line with the business and economic interests of our Group.

Historical amount, annual cap, and basis for annual cap

For the year ended 31 August 2020, the annual cap for the Vehicle Service Framework Agreement is determined to be RMB651,000. The actual amount of the total cost of the Vehicle Services for the year ended 31 August 2020 was approximately RMB399,000.

For the year ending 31 August 2021, the annual cap for the Vehicle Service Framework Agreement is determined to be RMB696,000.

Directors' Report

When determining the annual caps, our Directors have considered:

- (i) the aforementioned historical amounts; and
- (ii) our anticipated needs for the Vehicle Services in the relevant years with reference to the age of our vehicles and our anticipated replacement schedule.

Pricing policy

The fees for the Vehicle Services shall be determined after arm's length negotiations between the parties with reference to the nature of the services and type of vehicles involved. The service fees and calculation method shall be agreed between the parties based on the specific type of services provided in each transaction. In all instances, the fees for the Vehicle Services shall be based on comparable market rates available to us from Independent Third Parties for similar services. The terms shall be no less favourable to us than those which our Group could reasonably obtain from Independent Third Parties.

Listing Rules implications

The transactions under the Vehicle Service Framework Agreement are entered into on normal commercial terms or better that are fair and reasonable, and one or more of the applicable percentage ratios in respect of such transactions on an annual basis under Chapter 14A of the Listing Rules will exceed 0.1% but will be lower than 5%. Pursuant to Rule 14A.76(2)(a) of the Listing Rules, these transactions will be exempt from the circular and shareholders' approval requirements under Chapter 14A of the Listing Rules, but will still be subject to the reporting, annual review, and announcement requirements.

5. Procurement of travel agent services

The Travel Framework Agreement

On 24 June 2019, our Company (for itself and on behalf of our subsidiaries) and Yizhong Travel entered into a framework agreement (the "**Travel Framework Agreement**"), pursuant to which Yizhong Travel, as our travel agent, would assist us in making travel arrangements such as flights, ground transport and hotel reservations (the "**Booking Services**") for the staff and teachers of our schools when they travel for work purposes for a term commencing on the Listing Date and expiring on 31 August 2021.

Reasons for the transactions

During the years ended 31 August 2019 and 2020, Yizhong Travel had provided the Booking Services to our Group. In view of its reliability and understanding of our business needs acquired through years of cooperation, the procurement of the Booking Services is in line with the business and economic interests of our Group.

**Historical amount, annual cap, and basis for annual cap**

For the year ended 31 August 2020, the annual cap for the Travel Framework Agreement is determined to be RMB610,000. The actual amount of the total cost of the Booking Services of the Travel Framework Agreement for the year ended 31 August 2020 was approximately RMB313,000.

For the year ending 31 August 2021, the annual cap for the Travel Framework Agreement is determined to be RMB652,000.

When determining the annual caps, our Directors considered:

- (i) the aforementioned historical amounts chargeable on a basis reflecting the cost of, and the commission for, the Booking Services up to 28 February 2019;
- (ii) the estimated service fees chargeable on a commission basis with effect from 1 March 2019; and
- (iii) the travel frequency of our staff and teachers in the relevant years.

Pricing policy

The fees for the Booking Services shall be determined after arm's length negotiations between the parties with reference to the type of bookings and the number of bookings involved. The service fees and calculation method shall be agreed between the parties based on the specific type of services provided in each transaction. In all instances, the fees for the Booking Services shall be based on comparable market rates charged by Independent Third Parties for similar services. The terms shall be no less favourable to us than those which our Group could obtain from Independent Third Parties.

Listing Rules implications

The transactions under the Travel Framework Agreement are entered into on normal commercial terms or better that are fair and reasonable, and one or more of the applicable percentage ratios in respect of such transactions on an annual basis under Chapter 14A of the Listing Rules will exceed 0.1% but will be lower than 5%. Pursuant to Rule 14A.76(2)(a) of the Listing Rules, these transactions will be exempt from the circular and shareholders' approval requirements under Chapter 14A of the Listing Rules, but will still be subject to the reporting, annual review, and announcement requirements.

6. Technical School Arrangements

The Technical School Trademark Agreement

On 24 June 2019, Sun City Development and Huashang Technical School entered into an agreement (the “**Technical School Trademark Agreement**”), pursuant to which Sun City Development granted Huashang Technical School rights to use the ‘’ trademark (the “**Huashang Trademark**”) in consideration for an annual licensing fees of 2% of operating profits of Huashang Technical School, subject to the annual monetary cap set out below, for a term commencing on the Listing Date and expiring on 31 August 2021.

The Lease and Property Management of the Technical School Premises

On 24 June 2019, Huashang Vocational College and Huashang Technical School entered into a lease agreement (the “**Technical School Lease Agreement**”), pursuant to which Huashang Vocational College will lease the property set out below (the “**Technical School Premises**”) to Huashang Technical School. On 24 June 2019, Yixiang Property Management and Huashang Technical School entered into a property management agreement (the “**Property Management Agreement**”), pursuant to which Yixiang Property Management will provide property management services to Huashang Technical School in respect of the Technical School Premises. Further details of the Technical School Lease Agreement and the Property Management Agreement are as follows:

Term:	commencing on the Listing Date and expiring on 31 August 2021
Property:	student dormitory E3 and teaching building J5-A zone at No. 1, Huashang Road, Zengcheng District, Guangzhou
GFA:	14,120 sq.m.
Use:	Huashang Technical School's campus

Reasons for the transactions

Our Group disposed of Sun City Industrial, which holds 100% of the sponsor interest in Huashang Technical School, in November 2018. For details of the disposal, see the section headed “History, Reorganisation and Corporate Structure — Corporate Reorganisation — 4. Disposals and deregistration — Disposal of Sun City Industrial” as described in the Prospectus. Prior to the disposal, Huashang Technical School had used the Huashang Trademark and the Technical School Premises for its school campus. Following the disposal, Huashang Technical School continues to use the Huashang Trademark and Technical School Premises for the continuity of its operation. We believe that the transactions contemplated under the Technical School Trademark Agreement, Technical School Lease Agreement and Property Management Agreement are in the interest of our Group, as they will generate a steady stream of income at a fair market rate by (i) monetising our Huashang Trademark in the education sector, (ii) facilitating the transition subsequent to the disposal and (iii) recovering part of our fixed cost of property management services.

**Historical amount, annual cap and basis annual cap**

For the year ended 31 August 2020, the annual cap for the Technical School Trademark Agreement, Technical School Lease Agreement and Property Management Agreement is determined to be RMB3,329,000. The actual amount of the fees for the year ended 31 August 2020 was approximately RMB2,398,000.

For the year ending 31 August 2021, the annual cap for the Technical School Trademark Agreement, Technical School Lease Agreement and Property Management Agreement is determined to be RMB3,345,000.

When determining the annual caps for the Technical School Trademark Agreement, our Directors considered the historical and the expected annual gross revenues of Huashang Technical School. Our Directors also considered the capacity of the student dormitory in determining the annual caps for the Technical School Trademark Agreement. When determining the annual caps for the Technical School Lease Agreement and Property Management Agreement, our Directors considered the fee arrangements contemplated under such Agreements, together with the relevant information from an independent valuer.

Pricing policy

The licensing fee payable for the Huashang Trademark is determined following arm's length negotiations between the parties with reference to the historical and the expected annual gross revenues of Huashang Technical School.

The aggregate fees under the Technical School Lease Agreement and Property Management Agreement were determined based on arm's length negotiations between the parties with reference to (i) the prevailing market rates of rent for similar premises in the same vicinity used for similar purposes and (ii) the prevailing market rates of various property management services for premises in the same vicinity used for similar purposes.

Listing Rules implications

The transactions under the Technical School Trademark Agreement, Technical School Lease Agreement and Property Management Agreement are entered into on normal commercial terms or better that are fair and reasonable, and one or more of the applicable percentage ratios in respect of such transactions on an annual basis under Chapter 14A of the Listing Rules will exceed 0.1% but will be lower than 5%. Pursuant to Rule 14A.76(2)(a) of the Listing Rules, these transactions will be exempt from the circular and shareholders' approval requirements under Chapter 14A of the Listing Rules, but will still be subject to the reporting, annual review, and announcement requirements.

APPLICATION FOR WAIVERS

We have applied for, and the Stock Exchange has granted us, waivers from strict compliance with the announcement requirements under the Listing Rules in respect of the partially-exempt continuing connected transactions described above.

Directors' Report

In addition, our Directors confirm that our Company would comply with the relevant requirements pursuant to Chapter 14A of the Listing Rules and would immediately inform the Stock Exchange if any of the proposed annual caps set out above are exceeded or when there is a material change in the terms of the transactions. Save for the requirements relating to continuing connected transactions for which a written waiver by the Stock Exchange has been granted, our Company would comply with the relevant requirements pursuant to Chapter 14A of the Listing Rules.

ANNUAL REVIEW OF CONTINUING CONNECTED TRANSACTIONS

The independent non-executive Directors have confirmed that the partially exempt continuing connected transactions were entered into: (i) in the ordinary and usual course of the Group's business; (ii) in accordance with the terms of the respective agreements governing such transactions on terms that were fair and reasonable and in the interests of the Shareholders of the Company as a whole; and (iii) either on normal commercial terms or on terms no less favourable to the Group than those available to or from independent third parties.

The Company's independent auditor was engaged to report on the above 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. The independent auditor has issued an unqualified report containing its findings and conclusions in respect of the above continuing connected transactions and confirmed that nothing has come to their attention in relation to the above continuing connected transactions with regard to the matters set out in rule 14A.56 of the Listing Rules.

Save as disclosed above, during the year ended 31 August 2020, the Group has not entered into any connected transaction or continuing connected transaction which should be disclosed pursuant to the requirements of Rule 14A.71 of the Listing Rules.

Save as disclosed under the section headed "Related Party Disclosures" stated in Note 42 to the consolidated financial statements contained in this annual report, no contract of significance in relation to the Group's business to which the Group was a party and in which a Director had a material interest, whether directly or indirectly, subsisted during the year ended 31 August 2020.

RELATED PARTY TRANSACTIONS

Details of the related party transactions of the Group for the year ended 31 August 2020 are set out in Note 42 to the consolidated financial statements contained herein.

With regard to the related party transactions which constitute connected transactions or continuing connected transactions, the Company has complied with the annual review and disclosure requirements in accordance with Chapter 14A of the Listing Rules.



MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its code of conduct regarding dealings in the securities of the Company by the Directors and the Group's senior management who, because of his/her office or employment, is likely to possess inside information in relation to the Group or the Company's securities.

Upon specific enquiry, all Directors confirmed that they have complied with the Model Code during the period from the Listing Date and up to the date of this annual report. In addition, the Company is not aware of any non-compliance of the Model Code by the senior management of the Group during the period from the Listing Date and up to the date of this annual report.

EVENT AFTER REPORTING PERIOD

On 6 November 2020, the Group entered into a construction agreement with Guangdong Wuchuan Construction and Installation Engineering Co., Ltd.* (廣東吳川建築安裝工程有限公司) ("**Guangdong Wuchuan Construction**") at a total consideration of approximately RMB293,646,000, pursuant to which Guangdong Wuchuan Construction agreed to undertake the construction work of the teaching facilities to be constructed at Phase I of the campus of Huashang Vocational College located in Xinhui District, Jiangmen City, Guangdong Province, the PRC. Details are set out in the announcement of the Company dated 6 November 2020.

On 4 December 2020, Guangzhou Zhiheng Education Development Co., Ltd.* (廣州智蕙教育發展有限公司) ("**Guangzhou Zhiheng Education**") and Guangzhou Huagang Enterprise Management Co., Ltd.* (廣州市華港企業管理有限公司) ("**Guangzhou Huagang**"), both indirectly wholly-owned subsidiaries of the Company, entered into an acquisition agreement (股權收購協議) (the "**Acquisition Agreement**") between, among others, Nanning Zhuowen Education Consulting Services Co., Ltd.* (南寧市卓文教育諮詢服務有限公司) ("**Nanning Zhuowen Education**"), Shenzhen Hongtao Education Group Co., Ltd.* (深圳洪濤教育集團有限公司) ("**Shenzhen Hongtao Education**"), Sichuan New Concept Education Investment Co., Ltd. (四川新概念教育投資有限公司) (the "**Target Company**"), Sichuan City Technician College* (四川城市技師學院) ("**Sichuan Technician College**"), Sichuan City Vocational College* (四川城市職業學院) ("**Sichuan Vocational College**") (Nanning Zhuowen Education, together with the Target Company, Sichuan Technician College and Sichuan Vocational College as the "**OPCO Group**"), Chengdu Yude Logistics Management Co., Ltd.* (成都育德後勤管理有限公司) ("**Chengdu Yude Logistics**") and Chengdu Chengyuan Technology Co., Ltd.* (成都市成苑科技有限責任公司) ("**Chengdu Chengyuan Technology**"), pursuant to which Guangzhou Zhiheng Education shall acquire 51% of the entire equity interest in the Target Company, and Guangzhou Huagang shall acquire 51% of the entire equity interest in Chengdu Yude Logistics subject to the terms and conditions of the Acquisition Agreement (the "**Acquisition**") for an aggregate consideration of RMB750,000,001. For details of the Acquisition, please refer to the announcement of the Company dated 4 December 2020.

SUFFICIENCY OF PUBLIC FLOAT

According to the information that is publicly available to the Company and within the knowledge of the Board, as at the date of this annual report, the Company has maintained the public float as required under the Listing Rules.

INDEMNITY OF DIRECTORS

A permitted indemnity provision (as defined in the Hong Kong Companies Ordinance) in relation to the director's and officer's liability insurance is currently in force and was in force during the year.

CORPORATE GOVERNANCE

The Company recognises the importance of good corporate governance for enhancing the management of the Company as well as preserving the interests of the Shareholders as a whole. The Company has adopted the code provisions set out in the CG Code as its own code to govern its corporate governance practices.

In the opinion of the Directors, the Company has complied with the relevant code provisions contained in the CG Code during the period from the Listing Date and up to the date of this annual report.

The Board will continue to review and monitor the practices of the Company with an aim to maintaining a high standard of corporate governance.

Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on page 32 to 50 of this annual report.

DONATIONS

During the year ended 31 August 2020, the Group did not make any charitable donations (2019: Nil).

AUDITOR

The consolidated financial statements for the year ended 31 August 2020 have been audited by Deloitte Touche Tohmatsu, Certified Public Accountants, who is proposed for reappointment at the forthcoming AGM.

COMPLIANCE WITH LAWS AND REGULATIONS

For the year ended 31 August 2020, the Company is in compliance with the relevant laws and regulations that have a significant impact on the Company.

On behalf of the Board

Liu Yung Chau

Chairman

Hong Kong, 10 November 2020

Deloitte.

德勤

TO THE SHAREHOLDERS OF EDVANTAGE GROUP HOLDINGS LIMITED
中滙集團控股有限公司
(incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of Edvantage Group Holdings Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 101 to 207, which comprise the consolidated statement of financial position as at 31 August 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 August 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (“**IFRSs**”) issued by the International Accounting Standards Board (“**IASB**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

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

Key Audit 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. This 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 (Continued)

Key audit matter	How our audit addressed the key audit matter
<p>Revenue recognition and contract liabilities related to tuition fees</p> <p>We identified the revenue recognition and contract liabilities related to tuition fees as a key audit matter due to the significance of the balances to the consolidated financial statements as a whole, combined with the high inherent risk of the occurrence of the Group's revenue for the large volume of tuition fees processed.</p> <p>Revenue mainly represents service income from tuition fees. For the year ended 31 August 2020, revenue related to tuition fees amounted to RMB762,744,000, the details of which are included in note 5 to the consolidated financial statements. At 31 August 2020, contract liabilities related to tuition fees amounted to RMB573,302,000 as disclosed in note 25 to the consolidated financial statements.</p>	<p>Our procedures in relation to revenue recognition and contract liabilities related to tuition fees included:</p> <ul style="list-style-type: none">• understanding of controls of the Group over recording of contract liabilities related to tuition fees and the relevant revenue recognition;• observing the attendance and checking the identity of students for their existence;• performing substantive analytical procedures to test the accuracy and reasonableness of the amount of revenue recognised for tuition fees, as well as tracing to supporting documents including payment remittance receipts of tuition fees, on a sampling basis; and• performing data analytics on tuition data, following up exceptions by: (i) inquiring management for the reasons and (ii) investigating and scrutinising the underlying supporting documents including payment remittance receipts of tuition fees.

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 issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors 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.

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 HKSAAs 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 HKSAAs, 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.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with 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 matter. We describe the matter 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 Lee Ka Kei.



Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 August 2020

	NOTES	2020 RMB'000	2019 RMB'000
Continuing operations			
Revenue	5	800,092	704,239
Cost of revenue		(403,848)	(361,877)
Gross profit		396,244	342,362
Other income	6	28,716	22,389
Investment income	7	19,542	4,565
Other gains and losses	8	(2,737)	29,413
Selling expenses		(7,512)	(7,221)
Administrative expenses		(110,220)	(81,697)
Listing expenses		—	(38,896)
Finance costs	9	(16,063)	(27,725)
Profit before taxation		307,970	243,190
Taxation	10	(16,483)	(28,136)
Profit for the year from continuing operations	11	291,487	215,054
Discontinued operation			
Profit for the year from discontinued operation	12	—	7,464
Profit for the year		291,487	222,518
Other comprehensive income (expense)			
Item that will not be reclassified to profit or loss:			
Fair value gain on buildings transferred to investment properties		—	4,856
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		202	(275)
Other comprehensive income for the year		202	4,581
Total comprehensive income for the year		291,689	227,099

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 August 2020

	NOTES	2020 RMB'000	2019 RMB'000
Profit for the year attributable to owners of the Company			
— from continuing operations		291,487	209,291
— from discontinued operation		—	7,471
		<u>291,487</u>	<u>216,762</u>
Profit (loss) for the year attributable to non-controlling interests			
— from continuing operations		—	5,763
— from discontinued operation		—	(7)
		<u>—</u>	<u>5,756</u>
		<u>291,487</u>	<u>222,518</u>
Total comprehensive income for the year attributable to			
— owners of the Company		291,689	220,954
— non-controlling interests		—	6,145
		<u>291,689</u>	<u>227,099</u>
From continuing and discontinued operations			
Earnings per share	15		
Basic (RMB cents)		<u>28.66</u>	<u>27.68</u>
Diluted (RMB cents)		<u>28.62</u>	<u>27.68</u>
From continuing operations			
Earnings per share	15		
Basic (RMB cents)		<u>28.66</u>	<u>26.72</u>
Diluted (RMB cents)		<u>28.62</u>	<u>26.72</u>

Consolidated Statement of Financial Position

At 31 August 2020



	NOTES	2020 RMB'000	2019 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	16	1,660,224	1,180,097
Right-of-use assets	17	458,857	—
Prepaid lease payments	18	—	198,955
Investment properties	19	45,700	44,900
Goodwill	20	1,554	—
Intangible assets	20	7,628	—
Deposits paid for acquisition of property, plant and equipment		13,920	2,457
Deferred tax asset	32	4,934	5,423
		2,192,817	1,431,832
CURRENT ASSETS			
Inventories		929	455
Trade receivables, deposits, prepayments and other receivables	23	57,855	31,805
Amounts due from related parties	29	2,981	2,330
Financial assets at fair value through profit or loss ("FVTPL")	22	88,118	252,666
Prepaid lease payments	18	—	5,288
Pledged bank deposits	24	—	50,000
Bank balances and cash	24	1,185,689	1,352,220
		1,335,572	1,694,764
CURRENT LIABILITIES			
Contract liabilities	25	623,379	681,756
Trade payables	26	4,606	6,642
Other payables and accrued expenses	27	104,873	106,374
Amounts due to related parties	29	780	3,131
Deferred income	25	13,051	6,458
Income tax payable		48,169	39,822
Bank borrowings	28	290,434	166,399
Lease liabilities	30	6,918	—
Dividend payable		—	8,232
		1,092,210	1,018,814
NET CURRENT ASSETS		243,362	675,950
TOTAL ASSETS LESS CURRENT LIABILITIES		2,436,179	2,107,782

Consolidated Statement of Financial Position

At 31 August 2020

	NOTES	2020 RMB'000	2019 RMB'000
NON-CURRENT LIABILITIES			
Bank borrowings	28	456,670	389,600
Lease liabilities	30	25,930	—
Deferred tax liabilities	32	118,651	112,522
		<u>601,251</u>	<u>502,122</u>
		1,834,928	1,605,660
CAPITAL AND RESERVES			
Share capital	31	70,005	70,005
Reserves		<u>1,764,923</u>	<u>1,535,655</u>
		1,834,928	1,605,660

The consolidated financial statements on pages 101 to 207 were approved and authorised for issue by the Board of Directors on 10 November 2020 and are signed on its behalf by:

Mr. Liu Yung Chau
DIRECTOR

Ms. Chen Yuan, Rita
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 August 2020



	Attributable to owners of the Company													Total RMB'000
	Share capital/ registered capital RMB'000	Share premium RMB'000	Merger reserve RMB'000	Other reserve RMB'000 (Note i)	Property revaluation reserve RMB'000 (Note ii)	Shares held under share award scheme RMB'000 (Note v)	Share award reserve RMB'000	Share option reserve RMB'000	Translation reserve RMB'000	Statutory surplus reserve RMB'000 (Note iii)	Retained profits RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	
At 1 September 2018	21	—	—	62,112	—	—	—	—	(122)	193,348	370,864	626,223	72,907	699,130
Profit for the year	—	—	—	—	—	—	—	—	—	—	216,762	216,762	5,756	222,518
Other comprehensive income for the year	—	—	—	—	4,467	—	—	—	(275)	—	—	4,192	389	4,581
Total comprehensive income for the year	—	—	—	—	4,467	—	—	—	(275)	—	216,762	220,954	6,145	227,099
Issuance of new shares (note 31)	70,005	653,901	—	—	—	—	—	—	—	—	—	723,906	—	723,906
Repurchase of share (note 31)	—	(51,535)	—	—	—	—	—	—	—	—	—	(51,535)	—	(51,535)
Transaction costs attributable to issue of new shares	—	(46,257)	—	—	—	—	—	—	—	—	—	(46,257)	—	(46,257)
Effect of reorganisation	(21)	—	21	—	—	—	—	—	—	—	—	—	—	—
Release of a financial guarantee contract	—	—	—	53,257	—	—	—	—	—	—	—	53,257	—	53,257
Disposal of partial interest in a subsidiary	—	—	—	74	—	—	—	—	—	—	—	74	26	100
Change in equity interests in a subsidiary (Note iv)	—	—	—	79,059	—	—	—	—	—	—	—	79,059	(79,059)	—
Disposal of subsidiaries (note 38)	—	—	—	(74)	—	—	—	—	—	—	74	—	(19)	(19)
Acquisition of entities under common control	—	—	(21)	—	—	—	—	—	—	—	—	(21)	—	(21)
Transfer	—	—	—	—	—	—	—	—	—	54,514	(54,514)	—	—	—
At 31 August 2019	70,005	556,109	—	194,428	4,467	—	—	—	(397)	247,862	533,186	1,605,660	—	1,605,660
Profit for the year	—	—	—	—	—	—	—	—	—	—	291,487	291,487	—	291,487
Other comprehensive income for the year	—	—	—	—	—	—	—	—	202	—	—	202	—	202
Total comprehensive income for the year	—	—	—	—	—	—	—	—	202	—	291,487	291,689	—	291,689
Dividends recognised as distribution (note 14)	—	—	—	—	—	—	—	—	—	—	(54,803)	(54,803)	—	(54,803)
Purchase of shares under share award scheme	—	—	—	—	—	(17,082)	—	—	—	—	—	(17,082)	—	(17,082)
Recognition of share-based payments	—	—	—	—	—	—	2,844	6,620	—	—	—	9,464	—	9,464
Transfer	—	—	—	—	—	—	—	—	—	55,700	(55,700)	—	—	—
At 31 August 2020	70,005	556,109	—	194,428	4,467	(17,082)	2,844	6,620	(195)	303,562	714,170	1,834,928	—	1,834,928

Consolidated Statement of Changes in Equity

For the year ended 31 August 2020

Notes:

- i. The other reserve represents (i) the deemed distribution to controlling shareholders which represents the difference between the fair value of the lower-than-market interest rate advances to 廣州市太陽城集團有限公司 (Guangzhou Sun City Group Co., Ltd.) ("**Sun City Group**") and the principal amount of the advances at initial recognition; (ii) the deemed contribution from controlling shareholders which represents the differences between the nominal value and fair value of the lower-than-market interest rate advances on the inception date and settlement date upon early repayment; (iii) the difference between the principal amounts of consideration paid/received and the relevant share of carrying value of the subsidiaries' net assets acquired from/disposed to the non-controlling interests; (iv) the deemed distribution to the controlling shareholders arising from financial guarantee provided to 廣州太陽城大酒店有限公司 (Guangzhou Sun City Hotel Co., Ltd.) ("**Sun City Hotel**"); and (v) the adjustments to non-controlling interests in respect of change in equity interests in a subsidiary.
- ii. The property revaluation reserve of the Group represents the gain on revaluation of certain properties for own use of the Group as a result of transfers of those properties for own use from properties, plant and equipment to investment properties.
- iii. Pursuant to the relevant laws in the People's Republic of China (the "**PRC**"), the Company's subsidiaries in the PRC shall make appropriations from after-tax profit to non-distributable reserve funds as determined by the board of directors of the relevant PRC subsidiaries. These reserves include (i) general reserve of the limited liabilities companies and (ii) the development fund of schools.
 - (i) 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 PRC entity's registered capital.
 - (ii) According to the relevant PRC laws and regulations, for private school that does not require for reasonable return, it is required to appropriate to development fund of not less than 25% of the net income of the relevant schools as determined in accordance with generally accepted accounting principles in the PRC. The development fund shall be used for the construction or maintenance of the schools or procurement or upgrading of educational equipment.
- iv. On 22 December 2018, the shareholders of 廣州市增城太陽城發展有限公司 (Guangzhou Zengcheng Sun City Development Co., Ltd.) ("**Sun City Development**") passed resolutions pursuant to which (i) the articles of associations of Sun City Development was amended to effect that 廣州智衡教育發展有限公司 (Guangzhou Zhiheng Education Development Co., Ltd.) ("**Zhiheng Education**") would be entitled to 100% of any distribution from Sun City Development to its shareholders as well as the entire equity interest in Sun City Development, whereas Ms. Liao Xiaorong (廖笑容) and Mr. Yang Gan Biao ("**Mr. Yang**"), who held non-controlling equity interests in Sun City Development prior to the effect of aforementioned resolutions, would not be entitled to any distribution from Sun City Development and any equity interest in Sun City Development with effect from 22 December 2018. As a result, the entire balance of the relevant non-controlling interest was derecognised at 22 December 2018.
- v. Shares held under share award scheme comprises the consideration paid for the treasury shares held for the share award scheme, including any attributable incremental costs for the purchase of shares under the share award scheme.

Consolidated Statement of Cash Flows

For the year ended 31 August 2020



	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
OPERATING ACTIVITIES		
Profit for the year	291,487	222,518
Adjustments for:		
Taxation	16,483	28,136
Amortisation of prepaid lease payments	—	4,460
Depreciation of property, plant and equipment	58,394	59,753
Depreciation of right-of-use assets	13,005	—
Fair value change on financial assets at fair value through profit or loss	(4,728)	(12,405)
Finance costs	16,063	27,725
Financial guarantee income	—	(5,024)
Foreign exchange loss (gain), net	8,819	(14,140)
Gain from changes in fair value of investment properties	(800)	(500)
Gain on disposal of subsidiaries	—	(8,112)
Impairment loss recognised on trade receivables	236	97
Interest income from banks	(19,542)	(4,565)
Recognition of share-based payments	9,464	—
Write off of property, plant and equipment	—	5,485
Operating cash flows before movements in working capital	388,881	303,428
(Increase) decrease in inventories	(474)	39
Increase in trade receivables, deposits, prepayments and other receivables	(25,808)	(11,024)
Increase in amounts due from related parties	(651)	(1,342)
(Decrease) increase in contract liabilities	(58,537)	117,749
Decrease in trade payables	(2,063)	(1,209)
Increase in other payables and accrued expenses	663	25,307
Increase in deferred income	6,593	675
(Decrease) increase in amounts due to related parties	(2,351)	230
Cash generated from operations	306,253	433,853
Income tax paid	(1,377)	(10,740)
NET CASH FROM OPERATING ACTIVITIES	304,876	423,113

Consolidated Statement of Cash Flows

For the year ended 31 August 2020

	NOTES	2020 RMB'000	2019 RMB'000
INVESTING ACTIVITIES			
Purchase of financial assets at fair value through profit or loss		(1,223,830)	(3,822,720)
Payments for acquisition of property, plant and equipment		(321,352)	(101,547)
Payments of right-of-use assets		(230,766)	—
Deposits paid for acquisition of property, plant and equipment		(217,797)	(734)
Acquisition of a business	37	(9,460)	—
Payments for rental deposits		(750)	—
Redemption of financial assets at fair value through profit or loss		1,387,860	4,438,730
Withdrawal of pledged bank deposits		50,000	—
Interest income from banks		19,542	4,565
Interest income from financial assets at fair value through profit or loss		5,246	12,988
Proceeds from disposal of property, plant and equipment		635	—
Advances to related parties		—	(201,914)
Acquisition of prepaid lease payments		—	(152,887)
Placement of pledged bank deposits		—	(50,000)
Advance to directors		—	(6)
Repayment from related parties		—	302,040
Net cash inflow on disposal of subsidiaries	38	—	4,320
NET CASH (USED IN) FROM INVESTING ACTIVITIES		(540,672)	432,835
FINANCING ACTIVITIES			
Repayment of bank borrowings		(307,299)	(326,800)
Dividend paid		(63,035)	(9,159)
Interest paid		(25,240)	(37,077)
Purchase of shares under share award scheme		(17,082)	—
Repayment of lease liabilities		(4,825)	—
Interest paid on lease liabilities		(1,526)	—
Issue costs paid		(1,835)	(43,755)
New bank borrowings raised		498,404	99,791
Repayments to directors		—	(31,310)
Repayments to related parties		—	(16,544)
Payment for acquiring entities under common control		—	(18)
Issuance of new shares		—	672,371
Advances from related parties		—	20,593
Advances from directors		—	3,596
Proceeds from disposal of partial interest in a subsidiary		—	100
NET CASH FROM FINANCING ACTIVITIES		77,562	331,788



Consolidated Statement of Cash Flows

For the year ended 31 August 2020

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(158,234)	1,187,736
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	1,352,220	148,763
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(8,297)	15,721
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, REPRESENTING BANK BALANCES AND CASH	1,185,689	1,352,220

Notes to the Consolidated Financial Statements

For the year ended 31 August 2020

1. GENERAL INFORMATION

Edvantage Group Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) 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 18 October 2018. Its immediate and ultimate holding company is Debo Education Investments Holdings Limited (德博教育投資控股有限公司) (“**BVI Holdco**”). The ultimate controlling shareholders of the Group are Mr. Liu Yung Chau (“**Mr. Liu**”) and Ms. Chen Yuan, Rita (“**Ms. Chen**”), the spouse of Mr. Liu (“**Controlling Shareholders**”). Mr. Liu is the chairman and an executive director of the Company, and Ms. Chen is an executive director of the Company. The shares of the Company had been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 16 July 2019 (the “**Listing**”). The addresses of the Company’s registered office and the principal place of business are PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands and Room 1115, 11/F, Wing On Plaza, 62 Mody Road, Tsim Sha Tsui, Kowloon, Hong Kong, respectively.

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

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

In preparation of the Listing, the Group underwent the reorganisation (“**Reorganisation**”) that involves the following stages during the year ended 31 August 2019:

(a) Incorporation of investment holding companies in the BVI

Huashang Overseas Education Holdings Limited (華商海外教育控股有限公司) (“**Huashang Overseas Education (BVI)**”) was incorporated in the BVI on 19 March 2018 with a share capital of US\$50,000 divided into 50,000 shares with par value of US\$1.00 each with 1,000 shares allotted and issued to Huashang Education Holdings Limited (“**Huashang Education Holdings (BVI)**”) at par value. On 20 November 2018, the Controlling Shareholders transferred their 100% equity interests in Huashang Education Holdings (BVI) to the Company for an aggregate consideration of US\$1,000.

(b) Transfer of equity interests in Orient Fortune Inc Limited (“**Orient Fortune**”)

On 22 October 2018, Ms. Liu Yi Man (廖伊曼) (“**Ms. Liu**”), daughter of the Controlling Shareholders, at the instruction of the Controlling Shareholders, exercised the transfer of her 50% equity interests in Orient Fortune held on trust to Huashang Overseas Education (BVI).

On 2 January 2019, Mr. Liu had completed the probate proceedings for the estate of the late Ms. Liu Yi Lam (廖伊琳), daughter of the Controlling Shareholders, who held 50% equity interest in Orient Fortune on trust, for which, the relevant equity interest had been transferred to Huashang Overseas Education (BVI) as part of the Reorganisation.



1. GENERAL INFORMATION (Continued)

(b) Transfer of equity interests in Orient Fortune Inc Limited (“Orient Fortune”) (Continued)

Pursuant to the completion of the Reorganisation, the Company became the holding company of the companies now comprising the Group. The companies now comprising the Group are under the common control of the Controlling Shareholders prior to and after the Reorganisation. The Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity.

The consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows which include the results, changes in equity and cash flows of the companies comprising the Group for the year ended 31 August 2019, had been prepared as if the Company had always been the holding company of the Group and the current group structure had been in existence throughout the period, or since their respective dates of incorporation or establishment, where it is a shorter period.

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

New and amendments to IFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to IFRSs issued by the International Accounting Standards Board (“IASB”) for the first time in the current year:

IFRS 16	Leases
IFRIC 23	Uncertainty over Income Tax Treatments
Amendments to IFRS 9	Prepayment Features with Negative Compensation
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to IFRSs	Annual Improvements to IFRSs 2015–2017 Cycle

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

Notes to the Consolidated Financial Statements

For the year ended 31 August 2020

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

New and amendments to IFRSs that are mandatorily effective for the current year (Continued)

2.1 IFRS 16 Leases

The Group has applied IFRS 16 for the first time in the current year. IFRS 16 superseded IAS 17 *Leases* (“IAS 17”), and the related interpretations.

Definition of a lease

The Group has elected the practical expedient to apply IFRS 16 to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 *Determining whether an Arrangement contains a Lease* and has not applied this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 September 2019, the Group applies the definition of a lease in accordance with the requirements set out in IFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied IFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 September 2019.

When applying the modified retrospective approach under IFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under IAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

- i. relied on the assessment of whether leases are onerous by applying IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* as an alternative of impairment review;
- ii. elect not to recognise right-of-use assets and lease liabilities for lease term ends within 12 months at the date of initial application;
- iii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application; and
- iv. used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension and termination options.



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

New and amendments to IFRSs that are mandatorily effective for the current year (Continued)

2.1 IFRS 16 Leases (Continued)

As a lessee (Continued)

On transition, the Group has made the following adjustments upon application of IFRS 16:

Other than the reclassification of prepaid lease payments of RMB204,243,000 and adjustments on rental deposits of RMB55,000 and accrued lease liabilities relating to rent-free period of RMB1,597,000, the Group recognised lease liabilities of RMB24,412,000 and related right-of-use assets of RMB24,412,000 at 1 September 2019 by applying IFRS 16.C8(b)(ii) transition. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rates applied by the relevant group entities ranged from 4.90% to 7.50%.

	At 1 September 2019 RMB'000
Operating lease commitments disclosed as at 31 August 2019	21,257
Add: Extension options reasonably certain to be exercised	<u>7,787</u>
	<u>29,044</u>
Lease liabilities discounted at relevant incremental borrowing rates as at 1 September 2019	<u>24,412</u>
Analysed as:	
Current portion	3,587
Non-current portion	<u>20,825</u>
	<u>24,412</u>

Notes to the Consolidated Financial Statements

For the year ended 31 August 2020

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

New and amendments to IFRSs that are mandatorily effective for the current year (Continued)

2.1 IFRS 16 Leases (Continued)

As a lessee (Continued)

The carrying amount of right-of-use assets as at 1 September 2019 comprises the following:

	Notes	Right-of-use assets RMB'000
Right-of-use assets relating to operating leases recognised upon application of IFRS 16		24,412
Adjustments on rental deposits at 1 September 2019	(a)	55
Reclassified from prepaid lease payments	(b)	204,243
Less: Accrued lease liabilities relating to rent-free period at 1 September 2019	(c)	<u>(1,597)</u>
		<u>227,113</u>
By class:		
Leasehold lands		204,243
School premises and offices		<u>22,870</u>
		<u>227,113</u>

Notes:

- Before the application of IFRS 16, the Group considered refundable rental deposits paid as rights and obligations under leases to which IAS 17 applied. Based on the definition of lease payments under IFRS 16, such deposits are not payments relating to the right to use of the underlying assets and were adjusted to reflect the discounting effect at transition. Accordingly, RMB55,000 was adjusted to refundable rental deposits paid and right-of-use assets.
- Upfront payments for leasehold land in the PRC were classified as prepaid lease payments as at 31 August 2019. Upon application of IFRS 16, the current and non-current portion of prepaid lease payments amounting to RMB5,288,000 and RMB198,955,000, respectively, were reclassified to right-of-use assets.
- These relate to accrued lease liabilities for leases of school premises and offices in which the lessors provided rent-free period. The carrying amount of the lease incentive liabilities under other payables and accrued expenses of RMB1,597,000 as at 1 September 2019 was adjusted to right-of-use assets at transition.



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

New and amendments to IFRSs that are mandatorily effective for the current year (Continued)

2.1 IFRS 16 Leases (Continued)

As a lessee (Continued)

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 September 2019. Line items that were not affected by the changes have not been included:

	Notes	Carrying amounts previously reported at 31 August 2019 RMB'000	Adjustments RMB'000	Carrying amounts under IFRS 16 at 1 September 2019 RMB'000
Non-current Assets				
Prepaid lease payments	(b)	198,955	(198,955)	—
Right-of-use assets		—	227,113	227,113
Current Assets				
Trade receivables, deposits, prepayments and other receivables				
— Rental deposits	(a)	410	(55)	355
Prepaid lease payments	(b)	5,288	(5,288)	—
Current Liabilities				
Other payables and accrued expenses				
— Accrued lease liabilities	(c)	1,597	(1,597)	—
Lease liabilities		—	3,587	3,587
Non-current Liabilities				
Lease liabilities		—	20,825	20,825

Note: For the purpose of reporting cash flows from operating activities under indirect method for the year ended 31 August 2020, movements in working capital have been computed based on opening consolidated statement of financial position as at 1 September 2019 as disclosed above.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2020

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

New and amendments to IFRSs that are mandatorily effective for the current year (Continued)

2.1 IFRS 16 Leases (Continued)

As a lessor

In accordance with the transitional provisions in IFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with IFRS 16 from the date of initial application and comparative information has not been restated. The application of IFRS 16 by the Group as a lessor in the current period has had no material impact on the Group’s financial position as at 31 August 2020 and the results for the year ended 31 August 2020.

2.2 Impacts and changes in accounting policies of application on IFRIC 23 Uncertainty over Income Tax Treatments

IFRIC 23 sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The interpretation requires the Group to determine whether uncertain tax positions are assessed separately or as a group; and assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by individual group entities in their respective 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 either the most likely amount or the expected value.

Although the Implementation Rules for the Law for Promoting Private Education (the “**Implementation Rules**”) has been announced, the details underlying the Implementation Rules has not been finalised, the educational institution of the Group in the PRC has not yet elected to be for-profit or not-for-profit schools, there will be uncertainty whether the schools could continue to follow previous PRC Enterprise Income Tax (“**EIT**”) exemption treatment for the tuition related income, when facts and circumstances change or new information become available. The current tax having considered the current income tax exemption granted for tuition related income from relevant local tax authorities represented the most likely amount. The management would reassess any judgements and estimates if the facts and circumstances change or new information becomes available.



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

IFRS Standards

IFRS 17	Insurance Contracts and the related Amendments ¹
Amendment to IFRS 16	Covid-19-Related Rent Concessions ⁴
Amendments to IFRS 3	Reference to the Conceptual Framework ²
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform — Phase 2 ⁵
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to IAS 1	Classification of Liabilities as Current or Non-current ¹
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use ²
Amendments to IAS 37	Onerous Contracts — Cost of Fulfilling a Contract ²
Amendments to IFRS Standards	Annual Improvements to IFRS Standards 2018–2020 ²

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

² Effective for annual periods beginning on or after 1 January 2022

³ Effective for annual periods beginning on or after a date to be determined

⁴ Effective for annual periods beginning on or after 1 June 2020

⁵ Effective for annual periods beginning on or after 1 January 2021

In addition to the above new and amendments to IFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, the Amendments to References to the Conceptual Framework in IFRS Standards, will be effective for annual periods beginning on or after 1 January 2020.

The directors of the Company anticipate that the application of the 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 2020

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with IFRSs issued by the IASB. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain investment properties and 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.

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 is 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 (since 1 September 2019) or IAS 17 (before application of IFRS 16), 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*.

For financial instruments and investment properties which are transacted at fair value and a valuation technique that unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equal the transaction prices.

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.

The principal accounting policies are set out below.



3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation

The consolidated financial statements incorporates the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- (i) has power over the investee;
- (ii) is exposed, or has rights, to variable returns from its involvement with the investee; and
- (iii) 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.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year 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 in line with the Group's accounting policies.

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.

Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant component of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and non-controlling interests' proportionate interests.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2020

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation (Continued)

Changes in the Group's interests in existing subsidiaries (Continued)

Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair values, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* (“**IAS 12**”) and IAS 19 *Employee Benefits* respectively; and
- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in IFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.



3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combinations (Continued)

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. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds 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 interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Merger accounting for business combination involving entities under common control

The consolidated financial statements incorporate the financial statements items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are combined using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or bargain purchase gain at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statement of profit or loss and other comprehensive income includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period.

The comparative amounts in the consolidated financial statements are presented as if the businesses had been combined at the end of the previous reporting period or when they first came under common control, whichever is shorter.

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 units (or groups of cash-generating units) 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.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2020

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Goodwill (Continued)

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) 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 cash-generating units).

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained.

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 obligation representing tuition and boarding are transferred to the customers.

A performance obligation represents a goods 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.



3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue from contract with customers (Continued)

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to the customers for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

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

Output method

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

The Group's major revenue-generating operations, representing tuition, university cooperation programme and boarding (each being single performance obligation) are recognised under output methods. Output method is used when determining progress towards complete satisfaction of the performance obligation of the courses and programs, which is to recognise revenue on the basis of direct measurements of the value of services transferred to the customers to date relative to the remaining services promised under the contract, that best depict the Group's performance in transferring control of services. Accordingly, revenue is recognised on a straight-line basis during the service period.

The Group's other income including management fee income, non-regular training fee income and system maintenance and other service income (each being single performance obligation) are recognised under output method. Output method is used when determining progress towards complete satisfaction of the performance obligation of the system maintenance service and course, which is to recognise revenue on the basis of direct measurements of the value of services transferred to the customers to date relative to the remaining services promised under the contract, that best depict the Group's performance in transferring control of services.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2020

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases

Definition of a lease (upon application of IFRS 16 in accordance with transitions in note 2)

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

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee (upon application of IFRS 16 in accordance with transitions in note 2)

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components

The Group applies practical expedient, not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

Short-term leases

The Group applies the short-term lease recognition exemption to leases of school premises and offices that have a lease term of 12 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

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.



3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

The Group as a lessee (upon application of IFRS 16 in accordance with transitions in note 2) (Continued)

Right-of-use assets (Continued)

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

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Leasehold land and building

For payments of a property interest which includes both leasehold land and building elements, the entire property is presented as property, plant and equipment of the Group when the payments cannot be allocated reliably between the leasehold land and building elements.

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

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.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable.

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

Notes to the Consolidated Financial Statements

For the year ended 31 August 2020

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

The Group as a lessee (prior to 1 September 2019)

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating lease payments, including the cost of acquiring land held under operating leases, are recognised as an expense on a straight-line basis over the lease term.

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

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 the reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).



3. SIGNIFICANT ACCOUNTING POLICIES (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.

Effective 1 September 2019, 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.

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

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Retirement benefit costs

Payments to defined contribution retirement benefit plan (state-managed retirement benefit scheme, Mandatory Provident Fund Scheme (“**MPF Scheme**”) and defined contribution superannuation plans) are charged as expenses when employees have rendered services entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2020

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share-based payments

Equity-settled share-based payment transactions

Share options granted to employees under share option scheme

The Group operates a share option scheme which allows it to grant share options to selected 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 option reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessments of all relevant non-marketing 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 share option reserve.

When share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained profits.

When shares granted are vested, the amount previously recognised in share option reserve will be transferred to retained profits.

Shares granted to employees under share award scheme

The Group operates share award scheme which allows it to grant shares to selected employees. For the shares granted to the employees, the fair value of the employee services received in exchange for the grant of the shares is recognised as an expense over the vesting period. The total amount to be expensed over the vesting period is determined by reference to the fair value of the shares granted.

At the end of each reporting period, the Group revises its estimate of the number of award shares that are expected to vest. The impact of the revision of original estimates, if any, is recognised in profit or loss, such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share award reserve.

At the time when the award shares are vested, the amount previously recognised in shares held under share award scheme and the amount of the share award reserve will be transferred to retained profits.



3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before taxation as reported in the consolidated statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. 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 is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with interests in subsidiaries, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such interests is only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2020

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 requirements to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis. Excess of depreciation on right-of-use assets over the lease payments for the principal portion of lease liabilities resulting in net deductible temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss.

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 either the most likely amount or the expected value.

Property, plant and equipment

Property, plant and equipment including buildings and leasehold land and buildings (classified as finance leases) held for use in the production or supply of goods or services, or for administrative purposes (other than properties under construction as described below) are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Leasehold land and building

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition.

To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" (upon application of IFRS 16) or "prepaid lease payments" (before application of IFRS 16) in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.



3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment (Continued)

Leasehold land and building (Continued)

If a property becomes an investment property because its use has changed as evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item (including the relevant leasehold land under IFRS 16 or prepaid lease payments under IAS 17) at the date of transfer is recognised in other comprehensive income and accumulated in property revaluation reserve. On the subsequent sale or retirement of the property, the relevant revaluation reserve will be transferred directly to retained profits.

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 the reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Buildings under development for future owner-occupied purpose

When buildings are in the course of development for production or for administrative purposes, the depreciation of right-of-use assets provided during the construction period is included as part of costs of buildings under construction. Buildings under development for future owner-occupied purpose are carried at cost, less any identified impairment losses. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use (i.e. when they are in the location and condition necessary for them to be capable of operating in the manner intended by management).

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at fair values, adjusted to exclude any prepaid or accrued operating lease income. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2020

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

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

Impairment on property, plant and equipment, right-of-use assets, and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets with finite useful lives 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 asset is estimated in order to determine the extent of the impairment loss, if any. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

The recoverable amount of property, plant and equipment, right-of-use assets, and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.



3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment on property, plant and equipment, right-of-use assets, and intangible assets other than goodwill (Continued)

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) 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 cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. 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 cash-generating units. 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 cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) 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 cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

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).

Notes to the Consolidated Financial Statements

For the year ended 31 August 2020

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments

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

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

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.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income (“**FVTOCI**”):

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.



3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

All other financial assets are subsequently measured at fair value.

Except for trade receivables, deposits and other receivables, amounts due from related parties, pledged bank deposits and bank balances and cash which are subsequently measured at amortised costs, all other financial assets are subsequently measured at FVTPL.

Financial assets at amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant periods.

For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses (“ECL”), through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. For financial instruments other than purchased or originated credit-impaired financial assets, 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. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

Interest income is recognised in profit or loss using the effective interest method and is included in the “other income” line item.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2020

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured 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.

Impairment of financial assets and other items subject to impairment assessment under IFRS 9

The Group performs impairment assessment under ECL model on financial assets (including trade receivables, deposits and other receivables, amounts due from related parties, pledged bank deposits and bank balances) which are subject to impairment under IFRS 9. The amount of ECL is updated at the reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL (“**12m ECL**”) represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group recognises lifetime ECL for trade receivables arising from revenue from contracts with customers. The ECL on trade receivables from students are assessed collectively using a provision matrix, with estimate of the credit loss determined based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions. The ECL on receivables from education departments are assessed individually.

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, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.



3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Significant increase in credit risk

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

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initially recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default (i.e. no default history); ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definitions.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2020

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtain from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group also considers that default has occurred when the instrument is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, or in the case of trade receivables from students, when the students are dropped out from schools, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.



3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Measurement and recognition of 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. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the end of the reporting period. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the below basis:

- Nature of financial instruments (i.e. the Group's trade receivables from students (not credit-impaired) are each assessed as a separate group and the Group's trade receivables from students demonstrating credit-impaired characteristics and education departments, other receivables, amounts due from related parties, pledged bank deposits and bank balances are assessed for expected credit losses on an individual basis);
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

The Group applies the IFRS 9 simplified approach to measure ECL which uses a lifetime ECL for trade receivables arising from revenue from contracts with customers. To measure the ECL, trade receivables have been grouped based on ageing of receivables. In determining the ECL for receivables from education departments, they are assessed individually.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables where the corresponding adjustment is recognised through a loss allowance account.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2020

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments

Classification as debt or equity instruments

Debt and equity instruments issued by a group entity are classified either as financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into 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 group entities are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

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

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount (amortised cost) of a financial liability on initial recognition.

Derecognition

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.

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.



4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make 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.

The following are the key assumptions concerning the future, and 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.

Useful lives and impairment 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. In addition, management assesses impairment whenever events or changes in circumstances indicate that the carrying amount of an item of property, plant and equipment may not be recoverable. Management will increase the depreciation charge where useful lives are estimated to be shorter than previously estimated, or will write off or write down obsolete assets that have been abandoned or impaired. As at 31 August 2020, the carrying amount of property, plant and equipment are RMB1,660,224,000 (31 August 2019: RMB1,180,097,000). Any change in these estimates may have a material impact on the results of the Group.

Impairment assessment of goodwill and intangible assets with indefinite useful lives

Determine whether goodwill and intangible assets with indefinite useful lives are impaired requires an estimation of the recoverable amount of the cash-generating unit ("CGU") to which goodwill and intangible assets have 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 containing goodwill and intangible assets and a suitable discount rate in order to calculate the present value. 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. As at 31 August 2020, the carrying amounts of goodwill and intangible assets were RMB1,554,000 and RMB7,628,000 (2019: nil and nil), respectively. Details of the calculation of recoverable amounts are disclosed in note 21.

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4. KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Income taxes

Significant judgement is required in interpreting the relevant tax rules and regulation so as to determine whether the Group is subject to EIT. This assessment relies on estimates and assumptions about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of the tax liabilities. Such changes to tax liabilities will impact tax expense in the period that such determination is made. In addition, the Group provides deferred tax liabilities in relation to the earnings expected to be distributed from its subsidiaries in the PRC and overseas. Deferred tax liabilities have not been provided on the distributable profits of these entities as the Group plans to retain in the respective entities for their daily operations and future developments. In case where the actual distribution of profits are larger than expected, material tax liabilities will arise, which will be recognised in profit or loss in the period in which the distribution of profits are paid out or the future development plan of the Group is vanished, whichever is earlier.

5. REVENUE AND SEGMENT INFORMATION

Revenue from major services

The following is an analysis of the Group's revenue from continuing operations from its major service lines:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Tuition fees recognised overtime	762,744	647,220
Boarding fees recognised overtime	35,912	55,982
Fees from university cooperation programme recognised overtime	1,436	1,037
	800,092	704,239

The revenue of the Group comprises of the tuition fees and boarding fees from the Group's higher education and vocational education programmes and fees from university cooperation programme. The Group's contracts with students for higher education and vocational education programmes in the PRC are normally with duration of 1 year and renewed up to total duration of 2–4 years depending on the education programmes, while those for boarding fees are normally with duration of 1 year. The Group's contracts with students for higher education and vocational education programmes in overseas (including Diploma/Advanced Diploma/Certificate) are normally with duration of 12–76 weeks (2019: 24–76 weeks) while those contracts for university cooperation programme for bachelor's degree programmes are normally with duration of 1 year and renewed up to total duration of 3 years. Tuition and boarding fees and fees from university cooperation programme are charged at pre-determined fixed consideration.



5. REVENUE AND SEGMENT INFORMATION (Continued)

Transaction price allocated to the remaining performance obligation for contracts with customers

The contracts for tuition courses, boarding and university cooperation programme are for periods of one year or less. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

The Group is mainly engaged in the provision of private higher education and vocational education institution services in the PRC and overseas. Operating segments have been identified on the basis of internal management reports and prepared in accordance with the relevant accounting principles and financial regulations applicable in the PRC which conform with IFRSs, that are regularly reviewed by the chief operating decision makers (“**CODM**”), Mr. Liu and Ms. Chen, executive directors of the Company, for the purposes of resource allocation and assessment of segment performance focusing on types of services provided. Each category of education operation in the same location and under similar environment constitutes an operating segment.

Specifically, the Group’s reportable segments under IFRS 8 are as follows:

1. PRC higher education and vocational education — operation of higher and vocational education institutions in the PRC; and
2. Overseas higher education and vocational education — operation of higher and vocational education institutions in the regions other than the PRC.

No operating segments have been aggregated in arriving at the reportable segments of the Group. An operating segment regarding the technical education operation was discontinued in October 2018. The segment information reported does not include any amount for this discontinued operation, which is described in more details in note 12.

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5. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenue and results

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

For the year ended 31 August 2020

Continuing operations

	PRC higher education and vocational education RMB'000	Overseas higher education and vocational education RMB'000	Total RMB'000
Revenue			
External sales and segment revenue	788,770	11,322	800,092
Segment profit (loss)	347,354	(6,493)	340,861
Unallocated corporate expenses			(34,154)
Unallocated corporate income			9,382
Other gains and losses			(8,119)
Profit before taxation from continuing operations			307,970

For the year ended 31 August 2019

Continuing operations

	PRC higher education and vocational education RMB'000	Overseas higher education and vocational education RMB'000	Total RMB'000
Revenue			
External sales and segment revenue	694,441	9,798	704,239
Segment profit (loss)	286,927	(9,394)	277,533
Unallocated corporate expenses			(13,520)
Unallocated corporate income			1,042
Other gains and losses			17,031
Listing expenses			(38,896)
Profit before taxation from continuing operations			243,190



5. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment profit (loss) represent the profit earned by/loss incurred from each segment without allocation of certain administrative expenses, selling expenses, certain other income, certain investment income, certain other gains and losses and listing expenses. This is the measure reported to the CODM of the Group for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

No analysis of segment assets or segment liabilities is presented as they are not regularly provided to the CODM of the Group on making decision for resource allocation and performance assessment.

Geographical information

The Group operates in the PRC, Australia and Singapore.

Information about the Group's revenue from continuing operations from customers is presented based on the location of the operations and the Group's non-current assets is presented based on the geographical location of the assets.

	Revenue from customers		Non-current assets	
	31 August		31 August	
	2020	2019	2020	2019
	RMB'000	RMB'000	RMB'000	RMB'000
Australia	10,916	9,798	12,444	3,397
Singapore	406	—	8,986	—
The PRC	788,770	694,441	2,166,453	1,423,012
	800,092	704,239	2,187,883	1,426,409

Note: Non-current assets excluded deferred tax asset.

Information about major customers

No single customer contributes over 10% or more of total revenue of the Group during the years ended 31 August 2020 and 2019.

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6. OTHER INCOME

	2020 RMB'000	2019 RMB'000
Continuing operations		
Management fee and rental income	5,064	7,395
Government grants (<i>Note</i>)	4,878	1,453
Non-regular training fee income	15,135	9,109
System maintenance and other service income	2,794	3,835
Others	845	597
	<u>28,716</u>	<u>22,389</u>

Note: Government grants mainly represent subsidies from government for conducting educational programmes and are recognised upon usage of the funds in research projects.

During the year ended 31 August 2020, the Group recognised government grants of RMB3,167,000 in respect of Covid-19-related subsidies, of which RMB292,000, RMB2,662,000 and RMB213,000 relates to employment support scheme provided by the governments of Hong Kong, Australia and Singapore, respectively.

7. INVESTMENT INCOME

	2020 RMB'000	2019 RMB'000
Continuing operations		
Interest income from banks	<u>19,542</u>	<u>4,565</u>

8. OTHER GAINS AND LOSSES

	2020 RMB'000	2019 RMB'000
Continuing operations		
Fair value change on financial assets at FVTPL	4,728	12,405
Gain from changes in fair value of investment properties	800	500
Recovery of trade receivables previously written-off	90	35
Net foreign exchange (loss) gain	(8,119)	17,031
Impairment loss recognised on trade receivables	(236)	(97)
Financial guarantee income	—	5,024
Write off of property, plant and equipment	—	(5,485)
	<u>(2,737)</u>	<u>29,413</u>



9. FINANCE COSTS

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Continuing operations		
Interest expenses on bank borrowings	25,240	37,077
Interest on lease liabilities	1,526	—
Less: amounts capitalised in the cost of property, plant and equipment	<u>(10,703)</u>	<u>(9,352)</u>
	<u>16,063</u>	<u>27,725</u>

Borrowing costs capitalised during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of 4.81% (2019: 5.67%) per annum, to expenditure on property, plant and equipment (construction in progress).

10. TAXATION

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Continuing operations		
Current tax		
— Hong Kong Profits Tax	245	476
— EIT	5,161	19,589
Withholding tax	<u>5,000</u>	<u>1,774</u>
	<u>10,406</u>	<u>21,839</u>
Overprovision in prior years		
— EIT	(527)	—
— Corporate income tax	<u>(7)</u>	<u>—</u>
	<u>(534)</u>	<u>—</u>
Deferred tax (<i>note 32</i>)	<u>6,611</u>	<u>6,297</u>
Total	<u>16,483</u>	<u>28,136</u>

Notes to the Consolidated Financial Statements

For the year ended 31 August 2020

10. TAXATION (Continued)

The income tax expense can be reconciled to the profit before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Profit before taxation (from continuing operations)	307,970	243,190
Tax at PRC EIT rate of 25%	76,992	60,798
Tax effect of income not taxable for tax purposes	(225,864)	(146,925)
Tax effect of expenses not deductible for tax purposes	157,017	110,128
Withholding tax on undistributed earnings of PRC subsidiaries	5,000	1,428
Tax effect of tax losses not recognised	4,985	3,155
Utilisation of tax losses previously not recognised	(67)	—
Overprovision in prior years	(534)	—
Effect of tax charged at a predetermined tax rate on turnover entitled by certain subsidiaries operating in the PRC	12	(153)
Effect of different tax rates of subsidiaries operating in other jurisdictions	(1,058)	(295)
Tax charge for the year (relating to continuing operations)	16,483	28,136

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the years ended 31 August 2020 and 2019. In addition, certain subsidiaries of the Company operating in Hong Kong enjoyed tax concessions for years of assessment 2019/20 and 2018/19 under which the Hong Kong Profits Tax were reduced by 75%, subject to a ceiling of HK\$20,000 and HK\$20,000, respectively.

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, starting from the year of assessment 2018/19, the Hong Kong profits tax is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million for the qualifying group entity.



10. TAXATION (Continued)

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 PRC subsidiaries is 25% during the years ended 31 August 2020 and 2019.

Pursuant to the EIT Law of PRC and the Detailed Implementation Rules, distribution of the profits earned by the PRC subsidiaries since 1 January 2008 to holding companies incorporated in Hong Kong is subject to the PRC withholding tax at the applicable tax rates of 5% or 10%.

According to the Implementation Rules, private schools for which the school sponsors do not require reasonable returns are eligible to enjoy the same preferential tax treatment as public schools. As a result, private schools, which are providing academic qualification education, are eligible to enjoy income tax exemption treatment if the school sponsors of such schools do not require reasonable returns. Certain private higher education and vocational education institutions have been granted enterprise income tax exemption for the tuition related income from relevant local tax authorities. During the year ended 31 August 2020, the non-taxable tuition related income amounted to RMB788,929,000 (2019: RMB517,351,000), and the related non-deductible expense amounted to RMB575,835,000 (2019: RMB363,411,000).

All group entities incorporated in Australia and Singapore are subject to corporate income tax rate of 30% and 17%, respectively, during the years ended 31 August 2020 and 2019.

11. PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Profit for the year from continuing operations has been arrived at after charging:		
Staff costs, including directors' remuneration		
— salaries and other allowances	239,997	189,582
— retirement benefit scheme contributions	18,062	19,903
— share-based payments	9,464	—
Total staff costs	<u>267,523</u>	<u>209,485</u>
Depreciation of property, plant and equipment	58,394	59,650
Depreciation of right-of-use assets	13,005	—
Amortisation of prepaid lease payments	—	4,460
Auditor's remuneration	4,651	3,258
Minimum operating lease rental expense in respect of rented premises	—	4,938
Short-term lease expenses	<u>482</u>	<u>—</u>

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12. DISCONTINUED OPERATION

During the year ended 31 August 2019, the Group completed disposal of its subsidiary, 廣東太陽城實業有限公司 (Guangdong Sun City Industrial Co., Ltd.) (“**Sun City Industrial**”) and its subsidiaries (collectively referred to as “**Sun City Industrial Group**”), which were mainly engaged in provision of technical education and other services in the PRC. The disposals were consistent with the Group’s long-term policy to focus its activities on operation of private higher education and vocational education institutions.

The profit for the year from the discontinued operation was set out below.

	2019 RMB'000
Loss from discontinued operation for the year	(648)
Gain on disposal of discontinued operation (<i>note 38</i>)	8,112
	<u>7,464</u>

The results of the discontinued operation were as follows:

	2019 RMB'000
Revenue	840
Cost of revenue	(1,468)
Other income	88
Investment income	2
Administrative expenses	(110)
	<u>(648)</u>

Loss for the year from discontinued operation included the following:

Staff costs, including directors' remuneration	
— salaries and other allowances	812
— retirement benefit scheme contribution	134
	<u>946</u>
Depreciation of property, plant and equipment	103
Auditor's remuneration	1
	<u>104</u>



12. DISCONTINUED OPERATION (Continued)

The net cash outflow from discontinued operation were as follows:

	2019 RMB'000
Operating activities	(1,285)
Investing activities	(176)
Financing activities	568
Net cash outflow	(893)

13. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

Directors

Details of the emoluments paid or payable by the entities comprising the Group to the directors and chief executive of the Company (including emolument for services as employees/directors of the group entities prior to becoming the directors of the Company) are as follows:

	Directors' fee RMB'000	Salaries and other allowances RMB'000	Share-based payments RMB'000	Retirement benefit scheme contribution RMB'000	Total RMB'000
For the year ended 31 August 2020					
Executive directors:					
Mr. Liu	—	1,327	2,380	—	3,707
Ms. Liu	—	2,001	1,428	28	3,457
Ms. Chen	—	1,193	476	—	1,669
Non-executive director:					
Mr. Liu Yung Kan	90	—	333	—	423
Independent non-executive directors:					
Mr. Xu Gang	90	—	95	—	185
Mr. Lo Chi Chiu	108	—	—	—	108
Mr. Li Jiatong	90	—	95	—	185
	378	4,521	4,807	28	9,734

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13. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

(Continued)

Directors (Continued)

	Directors' fee <i>RMB'000</i>	Salaries and other allowances <i>RMB'000</i>	Share-based payments <i>RMB'000</i>	Retirement benefit scheme contribution <i>RMB'000</i>	Total <i>RMB'000</i>
For the year ended 31 August 2019					
Executive directors:					
Mr. Liu (<i>Note i</i>)	—	365	—	3	368
Ms. Liu (<i>Note ii</i>)	—	1,159	—	30	1,189
Ms. Chen (<i>Note iii</i>)	—	370	—	3	373
Non-executive director:					
Mr. Liu Yung Kan (<i>Note iv</i>)	11	—	—	—	11
Independent non-executive directors:					
Mr. Xu Gang (<i>Note v</i>)	11	—	—	—	11
Mr. Lo Chi Chiu (<i>Note v</i>)	13	—	—	—	13
Mr. Li Jiatong (<i>Note v</i>)	11	—	—	—	11
	46	1,894	—	36	1,976

The executive directors' emoluments shown above were paid for their services in connection with the management of affairs of the Company and the Group. The non-executive director and independent non-executive directors' emoluments shown above were for their services as directors of the Company.

Notes:

- i. Mr. Liu was appointed as an executive director and chairman of the board of directors of the Company on 18 October 2018.
- ii. Ms. Liu was appointed as executive director of the Company on 20 November 2018. Ms. Liu is also the chief executive of the Company and her emoluments disclosed above included those for services rendered by her as an employee of the Group.
- iii. Ms. Chen was appointed as an executive director of the Company on 2 January 2019.
- iv. Mr. Liu Yung Kan was appointed as non-executive director of the Company on 20 November 2018.
- v. All independent non-executive directors were appointed on 4 July 2019.



13. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

(Continued)

Employees

The five highest paid individuals of the Group included three directors for the year ended 31 August 2020 (2019: one director) whose emoluments are included in the disclosures above. The emoluments of the remaining two individuals for the year ended 31 August 2020 (2019: four individuals) are as follows:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Salaries and other benefits	2,437	3,985
Share-based payments	1,025	—
Retirement benefit scheme contributions	32	200
	<u>3,494</u>	<u>4,185</u>

The number of the highest paid individuals, other than directors of the Company, whose emoluments fell within the following bands is as follows:

	2020	2019
Nil to HK\$1,000,000	—	2
HK\$1,000,001 to HK\$1,500,000	1	2
HK\$1,500,001 to HK\$2,000,000	1	—

During the year, no emoluments were 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.

None of the directors of the Company or the chief executive of the Company waived or agreed to waive any emolument during the year.

14. DIVIDENDS

During the reporting period, the Company recognised the following dividend as distribution:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Final dividend for the preceding financial year ended 31 August 2019 of HK1 cent per ordinary share (preceding financial year ended 31 August 2018: nil)	9,152	—
Interim dividend for the six months ended 29 February 2020 of HK4.90 cents per ordinary share (six months ended 28 February 2019: nil)	45,651	—
	<u>54,803</u>	<u>—</u>

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 August 2020 of HK4.90 cents (2019: HK1.00 cent) per ordinary share, in an aggregate amount of HK\$49,900,000 (2019: HK\$10,184,000) which is calculated based on the number of issued shares of the Company at the end of the reporting period, has been proposed by the board of the directors of the Company and is subject to approval by the shareholders at the forthcoming annual general meeting.

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15. EARNINGS PER SHARE

For continuing operations

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Earnings:		
Profit for the year from continuing operations attributable to owners of the Company for the purpose of calculating basic and diluted earnings per share	<u>291,487</u>	<u>209,291</u>
	2020	2019
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,017,073,907	783,147,611
Effect of dilutive potential ordinary shares:		
Over-allotment options	—	60,955
Unvested and treasury shares held under share award scheme	<u>1,288,093</u>	<u>—</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>1,018,362,000</u>	<u>783,208,566</u>

The computation of diluted earnings per share does not assume the exercise of the Company's share options because the exercise prices of those share options were higher than the average market prices of shares of the Company during the year ended 31 August 2020.

The weighted average number of ordinary shares shown above has been arrived at after deducting shares held by share award scheme trust as set out in note 34.

For continuing and discontinued operations

The calculation of the basic and diluted earnings per share from continuing and discontinued operations attributable to owners of the Company during the year ended 31 August 2020 was based on the consolidated profit for the year from continuing and discontinued operations attributable to owners of the Company of RMB291,487,000 (2019: RMB216,762,000) and the denominators detailed above for basic and diluted earnings per share.

For discontinued operation

During the year ended 31 August 2019, basic and diluted earnings per share from discontinued operation were RMB0.96 cent per share and RMB0.96 cent per share, respectively, based on the profit for the year from discontinued operation attributable to owners of the Company of RMB7,471,000 and the denominators detailed above for both basic and diluted earnings per share.

16. PROPERTY, PLANT AND EQUIPMENT

	Owned properties RMB'000	Leasehold land and buildings RMB'000	Leasehold improvements RMB'000	Motor vehicles RMB'000	Furniture, fixtures and equipment RMB'000	Construction in progress RMB'000	Total RMB'000
COST							
At 1 September 2018	1,157,110	14,189	73,993	10,254	292,798	83,452	1,631,796
Additions	1,634	—	3,920	235	18,234	87,447	111,470
Transfer	13,733	—	2,530	—	—	(16,263)	—
Write off	(6,000)	—	(1,681)	(118)	(1,770)	—	(9,569)
Disposal of subsidiaries	—	—	—	(252)	(7,398)	—	(7,650)
Transfer to investment properties (Note)	(47,760)	—	—	—	—	—	(47,760)
Exchange realignment	—	—	(121)	—	(62)	—	(183)
At 31 August 2019	1,118,717	14,189	78,641	10,119	301,802	154,636	1,678,104
Additions	488	—	8,264	871	44,298	484,993	538,914
Acquisition of a business (note 37)	—	—	—	—	61	—	61
Transfer	121,031	—	1,568	—	—	(122,599)	—
Disposal	—	—	—	—	(876)	—	(876)
Exchange realignment	—	—	192	—	104	—	296
At 31 August 2020	1,240,236	14,189	88,665	10,990	345,389	517,030	2,216,499
DEPRECIATION							
At 1 September 2018	175,031	—	57,991	7,326	215,705	—	456,053
Provided for the year	27,648	270	6,627	1,155	24,053	—	59,753
Eliminated on write off	(692)	—	(1,597)	(112)	(1,683)	—	(4,084)
Disposal of subsidiaries	—	—	—	(239)	(5,226)	—	(5,465)
Transfer to investment properties (Note)	(8,216)	—	—	—	—	—	(8,216)
Exchange realignment	—	—	(9)	—	(25)	—	(34)
At 31 August 2019	193,771	270	63,012	8,130	232,824	—	498,007
Provided for the year	29,731	270	4,980	937	22,476	—	58,394
Eliminated on disposal	—	—	—	—	(241)	—	(241)
Exchange realignment	—	—	60	—	55	—	115
At 31 August 2020	223,502	540	68,052	9,067	255,114	—	556,275
CARRYING VALUES							
At 31 August 2020	1,016,734	13,649	20,613	1,923	90,275	517,030	1,660,224
At 31 August 2019	924,946	13,919	15,629	1,989	68,978	154,636	1,180,097

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16. PROPERTY, PLANT AND EQUIPMENT (Continued)

The above items of property, plant and equipment, other than construction in progress, after taking into account their estimated residual values, are depreciated on a straight-line basis at the following useful life:

Owned properties	Over the shorter of 20–50 years or the terms of the leases
Leasehold land and buildings	Over the shorter of 50 years or the terms of the leases
Leasehold improvements	Over the shorter of 2–10 years or the terms of the leases
Motor vehicles	4–5 years
Furniture, fixtures and equipment	4–5 years

Note: On 26 October 2018, the Group changed the use of certain of its school premises for rental purpose. These properties were revalued at fair value with a gain on revaluation of RMB4,856,000, upon the transfer from properties, plant and equipment to investment properties, which has been credited to the property revaluation reserve.

17. RIGHT-OF-USE ASSETS

	Leasehold lands <i>RMB'000</i>	School premises and offices <i>RMB'000</i>	Total <i>RMB'000</i>
As at 1 September 2019			
Carrying amount	204,243	22,870	227,113
As at 31 August 2020			
Carrying amount	428,260	30,597	458,857
For the year ended 31 August 2020			
Depreciation charge	7,053	5,952	13,005
Expense relating to short-term leases and other leases with lease terms end within 12 months of the date of initial application of IFRS 16			482
Total cash outflow for leases			237,599
Additions to right-of-use assets			244,398



17. RIGHT-OF-USE ASSETS (Continued)

For both years, the Group leases various school premises and offices for its operations. Lease contracts are entered into for fixed term of 2 to 20 years, but may have extension and termination options 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.

The Group regularly entered into short-term leases for temporary offices. As at 31 August 2020, 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 a number of leases for school premises. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension options held are exercisable only by the Group and not by the respective lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. In addition, the Group reassesses whether it is reasonably certain to exercise an extension option upon the occurrence of either a significant event or a significant change in circumstances that is within the control of the lessee. During the year ended 31 August 2020, there is no such triggering event.

Restrictions or covenants on leases

In addition, lease liabilities of RMB32,848,000 are recognised with related right-of-use assets of RMB30,597,000 as at 31 August 2020. 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 security for borrowing purposes.

18. PREPAID LEASE PAYMENTS

The Group's prepaid lease payments comprise leasehold land in the PRC and were analysed for reporting purposes as:

	2019 RMB'000
Non-current assets	198,955
Current assets	5,288
	<u>204,243</u>

Notes to the Consolidated Financial Statements

For the year ended 31 August 2020

19. INVESTMENT PROPERTIES

The Group leases out certain of its school premises under operating leases with rental payable monthly. The leases typically run for an initial period of three years.

The Group is not exposed to foreign currency risk as a result of the lease arrangement, as all leases are denominated in the respective functional currencies of group entities. The lease contracts do not contain residual value guarantee and/or lessee's option to purchase the property at the end of lease term.

	<i>RMB'000</i>
FAIR VALUE	
At 1 September 2018	—
Transfer from property, plant and equipment	44,400
Gain from changes in fair value recognised in profit or loss	500
	<hr/>
At 31 August 2019	44,900
Gain from changes in fair value recognised in profit or loss	800
	<hr/>
At 31 August 2020	45,700
	<hr/>
Unrealised gain on property valuation included in profit or loss (included in other gains and losses)	800
	<hr/>

In determining the fair value of the relevant properties, the Group engages third party qualified valuers to perform the valuation. The Chief Financial Officer works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The Chief Financial Officer reports to the board of directors of the Company regularly to explain the cause of fluctuations in the fair value of the investment properties.

The fair values of the Group's investment properties as at 31 August 2020 and 2019 have been arrived at on the basis of a valuation carried out on the respective date by Jones Lang LaSalle Corporate Appraisal and Advisory Limited ("JLL"), independent qualified professional valuers not connected to the Group.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.



19. INVESTMENT PROPERTIES (Continued)

Details of the Group's investment properties and information about the fair value hierarchy as at 31 August 2020 and 2019 are as follows:

	Valuation Technique	Significant unobservable inputs	Sensitivity
School premises located in the PRC — completed properties	Income capitalisation	Capitalisation rate of 4.5% (2019: 4.5%) and market rentals, taking into account the net rental income rates of the properties derived from existing lease and/or achievable in the existing market, ranging from RMB11 per m ² to RMB30 per m ² (2019: RMB11 per m ² to RMB25 per m ²).	A significant increase in the market rentals used would result in a significant increase in fair value, vice versa. A significant increase in capitalisation rate would result in a significant decrease in fair value, vice versa.
		2020	2019
		Carrying amount RMB'000	Fair value at Level 3 hierarchy RMB'000
		Carrying amount RMB'000	Fair value at Level 3 hierarchy RMB'000
School premises		45,700	45,700
		44,900	44,900

There were no transfers into or out of Level 3 during the year.

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For the year ended 31 August 2020

20. GOODWILL AND INTANGIBLE ASSETS

	Intangible assets			Total RMB'000
	Goodwill RMB'000 (Note i)	Brand name RMB'000 (Note ii)	Accreditations RMB'000 (Note ii)	
COST AND CARRYING VALUE				
At 1 September 2018 and 31 August 2019	—	—	—	—
Acquisition of a business (note 37)	1,592	2,566	5,252	7,818
Exchange realignment	(38)	(62)	(128)	(190)
At 31 August 2020	1,554	2,504	5,124	7,628

Notes:

- Particulars regarding impairment testing on goodwill are disclosed in note 21.
- Brand name and accreditations are considered by the management of the Group as having an indefinite useful lives because they are expected to contribute to net cash inflows indefinitely. The brand name and accreditations will not be amortised until their useful lives are determined to be finite. Instead they will be tested for impairment annually and whenever there is an indication that they may be impaired. Particulars of the impairment testing are disclosed in note 21.

21. IMPAIRMENT TESTING ON GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES

For the purposes of impairment testing, goodwill and intangible assets with indefinite useful lives set out in note 20 have been allocated to a CGU representing the business of vocational education operation. The carrying amounts of goodwill and intangible assets (net of accumulated impairment losses, if any) as at 31 August 2020 are approximately RMB1,554,000 and RMB7,628,000, respectively.

During the year ended 31 August 2020, the management of the Group determines that there is no impairment of CGU which contains goodwill and intangible assets with indefinite useful lives.



21. IMPAIRMENT TESTING ON GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES (Continued)

The basis of the recoverable amounts of the CGU and its major underlying assumptions are summarised below:

Singapore operation

The recoverable amount of this unit has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by the management covering a 5-year period, and discount rate of 13.68%. The CGU's cash flows beyond the 5-year period are extrapolated using a steady 2.5% growth rate. This growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include salary costs of teachers, growth rate of student number and growth rate of tuition fee, such estimation is based on the unit's past performance and the management's expectations for the market development.

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

At 31 August 2020 and 2019, the financial assets at fair value through profit or loss represented the structured deposits issued by banks in the PRC.

The structured deposits are with expected rates of return (not guaranteed), depending on the market price of underlying financial instruments, including listed shares, bonds, debentures and other financial assets, as follow:

	2020	2019
Structured deposits	<u>2.50% to 4.20%</u>	<u>2.10% to 4.20%</u>

At 31 August 2020, the Group has the rights to redeem the structured deposits at expected maturity dates ranging from 19 to 224 days (31 August 2019: 1 to 255 days), after the end of the reporting period or at any time with prior notice.

The management of the Group considers the fair values of the structured deposits are, by reference to the discounted cash flow, based on the estimated return and discounted rate as disclosed in note 36(c) at 31 August 2020 and 2019.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2020

23. TRADE RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2020 RMB'000	2019 RMB'000
Trade receivables (<i>Note i</i>)	572	393
Less: allowance for credit losses	<u>(236)</u>	<u>(81)</u>
	336	312
Receivables from education departments	97	306
Staff advances	231	369
Other receivables	6,026	3,898
Interest income receivables	583	1,730
Deposits	1,330	420
Prepayments	1,167	824
Advances to government (<i>Note ii</i>)	47,494	22,494
Other tax recoverable	<u>591</u>	<u>1,452</u>
Total	<u>57,855</u>	<u>31,805</u>

Rental deposits paid were adjusted upon the initial application of IFRS 16. Details of the adjustments are set out in Note 2.

Notes:

- i. The students are required to pay tuition fees, university cooperation programme fees and boarding fees in advance for the upcoming school years before the commencements of the courses. The outstanding receivables represent amounts related to students who have applied for the delayed payment of tuition fees, university cooperation programme 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 collateral or other credit enhancements over its trade receivable balances.
- ii. The amounts represent refundable advances to the municipal government to cover their expenses borne on revamp of the land ready to be used by the Group in the future. The refundable advances are interest-free and the management of the Group expected that the amount would be repayable within one year from the end of the reporting period.

As at 31 August 2020, trade receivables from contracts with customers amounted to RMB433,000 (31 August 2019: RMB618,000).



23. TRADE RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES (Continued)

The following is an analysis of trade receivables and receivables from education departments, net of allowance for credit losses, by age, presented based on debit note.

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
0–30 days	178	—
31–90 days	122	251
91–180 days	68	225
181–365 days	49	94
Over 365 days	16	48
Total	<u>433</u>	<u>618</u>

As at 31 August 2020, the Group's entire trade receivables and receivables from education departments balance with aggregate carrying amount of RMB433,000 (31 August 2019: RMB618,000) are all past due as at reporting date for which the Group has not provided for impairment loss. The Group considered the trade receivables overdue over 90 days for students that are not dropped out from schools are not default as the tuition fees, university cooperation programme fees and boarding fees are usually fully received upon the graduation of the students by reference to past experience. The Group also considered the receivables from education departments overdue over 90 days are not default as payments from education departments may take long administrative process based on historical experience.

Allowance for credit losses

The movement in the allowance for credit losses in respect of trade receivables during the year is as follow:

	<i>RMB'000</i>
At 1 September 2018	47
Impairment loss recognised during the year	97
Written off during the year	<u>(63)</u>
At 31 August 2019	81
Impairment loss recognised during the year	236
Written off during the year	<u>(81)</u>
At 31 August 2020	<u>236</u>

Details of impairment assessments on trade receivables from students and receivables from education departments are set out in note 36(b).

Notes to the Consolidated Financial Statements

For the year ended 31 August 2020

24. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

At 31 August 2019, the pledged bank deposits with maturity of less than one year were placed with a bank for a banking facility granted to a subsidiary of the Company and carried interest at fixed interest rate of 1.54% per annum. The pledge was subsequently released in its entirety during the year ended 31 August 2020.

Bank balances and cash comprise cash and short-term deposits held by the Group with an original maturity of three months or less. At 31 August 2020, the Group's bank deposits carried weighted-average interest rates of 0.42% (31 August 2019: 0.49%) per annum.

25. CONTRACT LIABILITIES/DEFERRED INCOME

The Group has recognised the following revenue-related contract liabilities:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Tuition fees	573,302	625,330
Boarding fees	50,077	56,426
	623,379	681,756

The following table shows how much of the revenue recognised in the current year related to contract liabilities previously recorded:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Revenue recognised that was included in the contract liabilities at the beginning of the year		
Tuition fees	625,330	519,865
Boarding fees	56,426	48,374
	681,756	568,239

No revenue recognised during the year related to performance obligation that were satisfied in respective prior periods.

Typical payment terms which impact on the amount of contract liabilities recognised related to tuition fee, boarding fees and university cooperation programme fees are as follows:

When the Group receives the prepayments before commencement of school terms, tuition courses, boardings or university cooperation programme, 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.



25. CONTRACT LIABILITIES/DEFERRED INCOME (Continued)

Deferred income represents subsidies receipt in advance from government mainly for conducting educational programmes. Specifically, government grants whose primary condition is that the Group should invest in research project is recognised as deferred income in the consolidated statement of financial position on receipt and transferred to profit or loss upon usage of the relevant funds.

26. TRADE PAYABLES

The credit period granted by suppliers 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 31 August 2020 and 2019.

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
0–60 days	1,653	1,799
61–180 days	592	1,008
181–365 days	868	607
Over 365 days	1,493	3,228
	4,606	6,642

27. OTHER PAYABLES AND ACCRUED EXPENSES

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Discretionary government subsidies receipt in advance (Note)	15,644	13,167
Receipt on behalf of ancillary services providers	34,305	40,271
Deposits received	3,443	5,667
Accrued staff benefits and payroll	18,661	18,189
Payable for construction of properties	4,436	3,911
Other payables and accruals	25,164	15,099
Accrued listing expenses and issue costs	—	7,971
Other tax payables	3,220	2,099
	104,873	106,374

Accrued lease liabilities relating to rent-free period were adjusted upon the initial application of IFRS 16. Details of the adjustments are set out in note 2.

Note: The amounts mainly represent scholarships and subsidies received from the government to be distributed to students of the university and vocational school.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2020

28. BANK BORROWINGS

	2020 RMB'000	2019 RMB'000
Bank borrowings:		
— Secured	462,295	253,999
— Unsecured	284,809	302,000
Total borrowings	747,104	555,999
Analysed as:		
— Variable rate	747,104	555,999
The carrying amounts of the above borrowings are repayable:		
Within one year	290,434	166,399
Within a period of more than one year but not exceeding two years	147,305	199,400
Within a period of more than two years but not exceeding five years	208,927	190,200
With a period of more than five years	100,438	—
	747,104	555,999
Less: Amounts due within one year shown under current liabilities	(290,434)	(166,399)
Amounts shown under non-current liabilities	456,670	389,600

Notes:

- i. The Group has variable-rate borrowings which carry interest with reference to the Benchmark Borrowing Rate of The People's Bank of China. The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings are as follows:

	2020	2019
Effective interest rate:		
Variable-rate bank borrowings	3.90%–5.88%	3.44%–5.88%

- ii. All of the borrowings are denominated in RMB which is the same as the functional currency of the relevant group entities.
- iii. The Group's bank borrowings were secured by the rights to receive the tuition fees and boarding fees of 廣州華商職業學院 (Guangzhou Huashang Vocational College) ("**Huashang Vocational College**") and 廣東財經大學華商學院 (Huashang College Guangdong University of Finance & Economics) ("**Huashang College**").



29. AMOUNTS DUE FROM (TO) RELATED PARTIES

- (a) During both years, the following parties are identified as related parties to the Group and the respective relationships are set out below:

Name of related party	Relationship
Mr. Liu Yung Kwong	Brother of Mr. Liu
Mr. Zhan Jianke (“ Mr. Zhan ”)	Key management personnel of Zhiheng Education
廣州市偉加汽車銷售有限公司 (Guangzhou Weijia Vehicle Sales Company Limited) (“ Weijia Vehicle ”)	An entity significantly influenced by Mr. Liu and Ms. Chen
廣州市海珠區天悅拓慧幼兒園 Guangzhou Haizhu District Tianyue Top Talent Kindergarten (“ Tianyue Top Talent ”)	An entity significantly influenced by Mr. Liu and Ms. Chen
Sun City Hotel	An entity controlled by Mr. Liu and Ms. Chen
Sun City Group	An entity controlled by Mr. Liu and Ms. Chen
拓慧教育控股有限公司 (Top Talent Education Holdings Limited) (“ Top Talent Education Holdings ”)	An entity significantly influenced by Mr. Liu and Ms. Chen
Lee Tsan Investments Limited (“ Lee Tsan ”)	An entity controlled by Mr. Liu and Ms. Chen
三川投資有限公司 (Triple Way Investments Limited) (“ Triple Way (HK) ”)	An entity controlled by Mr. Liu and Ms. Chen
拓慧教育集團有限公司 (Top Talent Education Group Limited) (“ Top Talent Education Group ”)	An entity significantly influenced by Mr. Liu and Ms. Chen
環球移動公司 (Global Move Pty. Ltd) (“ Global Move ”)	An entity controlled by Mr. Liu and Ms. Chen
環球大眾公司 (Global People Investment Pty. Ltd) (“ Global People ”)	An entity controlled by Mr. Liu and Ms. Chen
廣州怡眾旅行社有限公司 (Guangzhou Yizhong Travel Agency Co., Ltd.) (“ Yizhong Travel ”)	An entity controlled by Mr. Liu and Ms. Chen
霍爾果斯名道文化服務有限公司 (Huoer Guosi Mingdao Cultural Service Co., Ltd.) (“ Huoer Guosi Mingdao ”)	An entity controlled by Mr. Liu Yung Kwong
廣州市卓創教育信息科技有限公司 (Guangzhou Zhuochuang Information Technology Co., Ltd) (“ Guangzhou Zhuochuang ”)	An entity controlled by Mr. Liu Yung Kwong
深圳前海卓創信息科技有限公司 (Shenzhen Qianhai Zhuochuang Information Technology Co., Ltd.) (“ Shenzhen Qianhai Zhuochuang ”)	An entity controlled by Mr. Zhan
廣東華商技工學校 (Guangdong Huashang Technical School) (“ Huashang Technical School ”)	An entity controlled by the siblings of Mr. Liu
Triple Way Investments (Australia) Pty. Ltd (“ Triple Way ”)	An entity controlled by Mr. Liu and Ms. Chen

Notes to the Consolidated Financial Statements

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29. AMOUNTS DUE FROM (TO) RELATED PARTIES (Continued)

(b) The Group has the following balances with related parties at 31 August 2020 and 2019:

	Notes	At 31	At 31	At 1	Maximum amount	
		August	August	September	outstanding during the	
		2020	2019	2018	Year ended	Year ended
		RMB'000	RMB'000	RMB'000	31 August	31 August
					2020	2019
					RMB'000	RMB'000
Amounts due from related parties						
Name of related parties						
Sun City Group	(i)	—	—	74,099	—	74,099
Yizhong Travel	(ii)	—	210	988	N/A	N/A
Lee Tsan	(i)	—	—	105	—	105
Top Talent Education Group	(i)	—	—	1	—	1
Top Talent Education Holdings	(i)	—	—	1,274	—	1,274
Global People	(i)	—	—	1,530	—	1,530
Triple Way (HK)	(i)	—	—	5,798	—	5,798
Guangzhou Zhuochuang	(i)	—	—	266	—	266
Shenzhen Qianhai Zhuochuang	(i)	—	—	30,500	—	30,500
Huoer Guosi Mingdao	(i)	—	—	527	—	527
Huashang Technical School	(ii)	2,981	2,120	—	N/A	N/A
		2,981	2,330	115,088		
Analysed for reporting purpose as:						
Current assets		2,981	2,330	115,088		



29. AMOUNTS DUE FROM (TO) RELATED PARTIES (Continued)

	<i>Note</i>	2020 RMB'000	2019 <i>RMB'000</i>
Amounts due to related parties			
Name of related parties			
Weijia Vehicle	(ii)	618	968
Sun City Hotel	(ii)	157	1,776
Yizhong Travel	(ii)	5	—
Global Move	(ii)	—	124
Triple Way	(ii)	—	263
		780	3,131

Notes:

- i. As at 1 September 2018, all the amounts are non-trade in nature, unsecured, non-interest bearing and repayable on demand.
- ii. The following amounts due from related parties are trade in nature and the aged analysis of the trade balances is presented based on the dates of debit note at 31 August 2020 and 2019:

	2020 RMB'000	2019 <i>RMB'000</i>
0–90 days	2,981	2,330

The following amounts due to related parties are trade in nature and the aged analysis of the trade balances is presented based on the dates of invoice at 31 August 2020 and 2019:

	2020 RMB'000	2019 <i>RMB'000</i>
0–90 days	780	3,131

- iii. The English name of the entities above established in the PRC are included for identification purpose only.

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30. LEASE LIABILITIES

	2020 RMB'000
Lease liabilities payable:	
Within one year	6,918
Within a period of more than one year but not more than two years	6,479
Within a period of more than two years but not more than five years	13,951
Within a period of more than five years	5,500
	<u>32,848</u>
Less: Amount due for settlement with 12 months shown under current liabilities	<u>(6,918)</u>
Amount due for settlement after 12 months shown under non-current liabilities	<u>25,930</u>

31. SHARE CAPITAL

	Notes	Number of shares	Amount US\$	Shown in the consolidated financial statements RMB'000
Ordinary share of US\$1.00 each				
Authorised				
At date of incorporation	(i)	50,000	50,000	
Increased during the year	(iii)	1,500,000,000	15,000,000	
Cancelled during the year	(iv)	<u>(50,000)</u>	<u>(50,000)</u>	
At 31 August 2019 and 2020		<u>1,500,000,000</u>	<u>15,000,000</u>	
Issued and fully paid:				
At date of incorporation	(ii)	1	1	—*
Allotment of shares	(iv)	750,000,000	7,500,000	51,535
Repurchase of shares	(iv)	(1)	(1)	(—)*
Issue of new shares upon listing	(v)	250,000,000	2,500,000	17,178
Issue of new shares upon exercise of the over-allotment options	(vi)	<u>18,362,000</u>	<u>183,620</u>	<u>1,292</u>
At 31 August 2019 and 2020		<u>1,018,362,000</u>	<u>10,183,620</u>	<u>70,005</u>

* Less than RMB1,000



31. SHARE CAPITAL (Continued)

Notes:

- i. The Company was incorporated on 18 October 2018 with an authorised share capital of US\$50,000 divided into 50,000 ordinary shares of US\$1.00 each.
- ii. On 18 October 2018, BVI Holdco, which is incorporated in the British Virgin Islands, acquired one ordinary share in the Company at par value.
- iii. On 6 June 2019, the authorised share capital of the Company was increased by US\$15,000,000 divided into 1,500,000,000 ordinary shares of par value US\$0.01 each.
- iv. On 6 June 2019, the Company allotted and issued 750,000,000 shares to BVI Holdco for a subscription price of US\$7,500,000. Immediately following the allotment and issue of the 750,000,000 shares, the Company repurchased and cancelled 1 share of par value of US\$1.00 from BVI Holdco at an aggregate consideration of US\$7,500,000 which was paid out of the proceeds of the subscription of the aforesaid 750,000,000 shares; and the authorised share capital of the Company was reduced by US\$50,000 divided into 50,000 shares of par value of US\$1.00 each.
- v. On 16 July 2019, the Company issued 250,000,000 ordinary shares of par value US\$0.01 each pursuant to the Listing at the price of HK\$2.85 per ordinary share.
- vi. On 13 August 2019, the Company allotted and issued 18,362,000 ordinary shares of par value US\$0.01 each at the price of HK\$2.85 per share pursuant to the exercise of over-allotment options by BNP Paribas Securities (Asia) Limited.

32. DEFERRED TAX ASSET/LIABILITIES

	2020	2019
	RMB'000	RMB'000
Deferred tax asset	(4,934)	(5,423)
Deferred tax liabilities	118,651	112,522
	113,717	107,099

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32. DEFERRED TAX ASSET/LIABILITIES (Continued)

The following are the deferred tax (asset) liabilities recognised and movement thereon during the current and prior years:

	Accelerated tax depreciation <i>RMB'000</i>	Fair value adjustments on investment properties <i>RMB'000</i>	Undistributed profit of subsidiaries <i>RMB'000</i>	Unrealised profit on property, plant and equipment <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 September 2018	105,101	—	645	(4,944)	100,802
Charged (credited) to profit or loss	6,997	125	1,428	(479)	8,071
Reversal upon payment	—	—	(1,774)	—	(1,774)
At 31 August 2019	112,098	125	299	(5,423)	107,099
Charged to profit or loss	5,825	200	5,097	489	11,611
Acquisition of a business (note 37)	7	—	—	—	7
Reversal upon payment	—	—	(5,000)	—	(5,000)
At 31 August 2020	117,930	325	396	(4,934)	113,717

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008.

At the end of the reporting period, the Group has unused tax losses of RMB42,201,000 (31 August 2019: RMB22,527,000), available for offset against future profits. No deferred tax asset has been recognised in respect of the entire tax losses due to the unpredictability of future profit streams. Included in the unrecognised tax losses at 31 August 2020 are losses of RMB6,757,000 (31 August 2019: RMB625,000), that will expire in 5 years. Other losses may be carried forward indefinitely.



33. RETIREMENT BENEFIT PLANS

Hong Kong

The Group participates in the MPF Scheme established under the Mandatory Provident Fund Schemes Ordinance for all qualifying employees in Hong Kong. The Group and its employees are each required to contribute 5.0% of the employees' relevant income to the mandatory provident fund scheme. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of an independent trustee. During the year ended 31 August 2020, the retirement benefit scheme contributions arising from the MPF Scheme charged to profit or loss were approximately RMB182,000 (2019: RMB91,000).

The PRC

In accordance with the relevant rules and regulations of the PRC, the Group's PRC subsidiaries are required to make contributions to the retirement fund administered by the PRC government ranging from 10% to 22% of the total monthly basic salaries of the current employees. In addition, the Group's PRC subsidiaries are required by law to contribute 2% to 15% of basic salaries of the employees for social insurance in relating to staff welfare, housing, medical and education benefits. During the year ended 31 August 2020, the costs charged under such arrangements for the Group's PRC subsidiaries amounted to approximately RMB16,756,000 (2019: RMB18,679,000).

Australia

In accordance with the relevant rules and regulations in Australia, the Group's Australian subsidiaries are required to contribute a minimum of 9.5% of the employee's ordinary time earnings for all qualifying employees in Australia to any complying superannuation funds of employees' own choice. During the year ended 31 August 2020, the Group has made contributions to a number of defined contribution superannuation plans with the amount recognised as an expense for the year of approximately RMB1,056,000 (2019: RMB1,133,000).

Singapore

In accordance with the relevant rules and regulations in Singapore, the Group's Singapore subsidiaries are required to fulfil the Central Provident Fund obligations and contribute 7.5% to 17% of the ordinary wages for all qualifying employees in Singapore to set aside funds for retirement and address healthcare, home ownership, family protection, and asset enhancement. During the year ended 31 August 2020, the costs charged under such arrangements for the Group's Singapore subsidiaries amounted to approximately RMB68,000 (2019: N/A).

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34. SHARE-BASED PAYMENTS

(a) Share Option Scheme

The Company's share option scheme (the "**Share Option Scheme**") was adopted pursuant to a shareholders' resolution passed on 6 June 2019 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 Board of directors of the Company consider, in its 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 Share Option Scheme, the total number of ordinary shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes is 100,000,000, 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 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 "**Option Scheme Limit**"). The Option Scheme Limit may be refreshed at any time by obtaining prior approval of the shareholders of the Company in general meeting. However, the 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 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 ordinary shares in issue (the "**Individual Limit**"). Any further grant of options to a selected participant which would result in the aggregate number of ordinary 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 12 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.

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 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 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 grantee, his/her associates and all core connected persons (within the meaning as ascribed to it under the Listing Rules) of the Company must abstain from voting in favour of such grant at such general meeting.



34. SHARE-BASED PAYMENTS (Continued)

(a) Share Option Scheme (Continued)

An offer shall be deemed to have been accepted and the option to which the offer relates shall be deemed to have been granted and to have taken effect when the duplicate of the offer letter comprising acceptance of the offer duly signed by the grantee with the number of ordinary shares in respect of which the offer is accepted clearly stated therein, together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof, is received by the Company within 20 business days from the date on which the letter containing the offer is delivered to the eligible person.

Any offer may be accepted in respect of less than the number of ordinary shares for which it is offered provided that it is accepted in respect of a board lot for dealing in ordinary shares or a multiple thereof. To the extent that the offer is not accepted within 20 business days from the date on which the letter containing the offer is delivered to that eligible person, it shall be deemed to have been irrevocably declined.

The Share Option Scheme does not set out any performance targets that must be achieved before the options may be exercised. However, the board of directors of the Company may at its 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 board of 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 ten years from the date of grant of the option.

The exercise price shall be determined by the board of directors of the Company, but shall be not less than the highest 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 an ordinary share on the date of grant.

At 31 August 2020, the number of shares that could be issued upon the exercise of all share options that had been granted and remained outstanding under the Share Option Scheme was 10,780,287 (31 August 2019: N/A), representing 1.06% (31 August 2019: N/A) of the ordinary shares of the Company in issue at that date; whereas the Company may grant further share options under the Share Option Scheme to subscribe for a maximum of 89,219,713 shares, representing approximately 8.76% of the ordinary shares of the Company in issue as at 31 August 2020.

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34. SHARE-BASED PAYMENTS (Continued)

(a) Share Option Scheme (Continued)

The following tables disclose movements in the Company's share options under the Share Option Scheme during the reporting period:

Option type	Date of grant	Exercise price HK\$	Exercise period (Note i)	Outstanding at 1 September 2019	Granted during the year	Lapsed during the year	Exercised during the year	Outstanding at 31 August 2020
Directors								
Mr. Liu	21 January 2020	4.954	10 December 2020 - 30 January 2026	—	449,178	—	—	449,178
	21 January 2020	4.954	29 March 2021 - 30 January 2026	—	449,178	—	—	449,178
	21 January 2020	4.954	10 December 2021 - 30 January 2026	—	449,178	—	—	449,178
	21 January 2020	4.954	29 March 2022 - 30 January 2026	—	449,178	—	—	449,178
	21 January 2020	4.954	9 December 2022 - 30 January 2026	—	449,178	—	—	449,178
	21 January 2020	4.954	29 March 2023 - 30 January 2026	—	449,182	—	—	449,182
Ms. Chen	21 January 2020	4.954	10 December 2020 - 30 January 2026	—	89,835	—	—	89,835
	21 January 2020	4.954	29 March 2021 - 30 January 2026	—	89,835	—	—	89,835
	21 January 2020	4.954	10 December 2021 - 30 January 2026	—	89,835	—	—	89,835
	21 January 2020	4.954	29 March 2022 - 30 January 2026	—	89,835	—	—	89,835
	21 January 2020	4.954	9 December 2022 - 30 January 2026	—	89,835	—	—	89,835
	21 January 2020	4.954	29 March 2023 - 30 January 2026	—	89,839	—	—	89,839
Ms. Liu	21 January 2020	4.954	10 December 2020 - 30 January 2026	—	269,507	—	—	269,507
	21 January 2020	4.954	29 March 2021 - 30 January 2026	—	269,507	—	—	269,507
	21 January 2020	4.954	10 December 2021 - 30 January 2026	—	269,507	—	—	269,507
	21 January 2020	4.954	29 March 2022 - 30 January 2026	—	269,507	—	—	269,507
	21 January 2020	4.954	9 December 2022 - 30 January 2026	—	269,507	—	—	269,507
	21 January 2020	4.954	29 March 2023 - 30 January 2026	—	269,508	—	—	269,508

34. SHARE-BASED PAYMENTS (Continued)**(a) Share Option Scheme** (Continued)

Option type	Date of grant	Exercise price HK\$	Exercise period (Note i)	Outstanding at 1 September 2019	Granted during the year	Lapsed during the year	Exercised during the year	Outstanding at 31 August 2020
Mr. Liu Yung Kan	21 January 2020	4.954	10 December 2020 - 30 January 2026	—	62,885	—	—	62,885
	21 January 2020	4.954	29 March 2021 - 30 January 2026	—	62,885	—	—	62,885
	21 January 2020	4.954	10 December 2021 - 30 January 2026	—	62,885	—	—	62,885
	21 January 2020	4.954	29 March 2022 - 30 January 2026	—	62,885	—	—	62,885
	21 January 2020	4.954	9 December 2022 - 30 January 2026	—	62,885	—	—	62,885
	21 January 2020	4.954	29 March 2023 - 30 January 2026	—	62,885	—	—	62,885
Mr. Xu Gang	21 January 2020	4.954	10 December 2020 - 30 January 2026	—	17,967	—	—	17,967
	21 January 2020	4.954	29 March 2021 - 30 January 2026	—	17,967	—	—	17,967
	21 January 2020	4.954	10 December 2021 - 30 January 2026	—	17,967	—	—	17,967
	21 January 2020	4.954	29 March 2022 - 30 January 2026	—	17,967	—	—	17,967
	21 January 2020	4.954	9 December 2022 - 30 January 2026	—	17,967	—	—	17,967
	21 January 2020	4.954	29 March 2023 - 30 January 2026	—	17,968	—	—	17,968
Mr. Li Jiatong	21 January 2020	4.954	10 December 2020 - 30 January 2026	—	17,967	—	—	17,967
	21 January 2020	4.954	29 March 2021 - 30 January 2026	—	17,967	—	—	17,967
	21 January 2020	4.954	10 December 2021 - 30 January 2026	—	17,967	—	—	17,967
	21 January 2020	4.954	29 March 2022 - 30 January 2026	—	17,967	—	—	17,967
	21 January 2020	4.954	9 December 2022 - 30 January 2026	—	17,967	—	—	17,967
	21 January 2020	4.954	29 March 2023 - 30 January 2026	—	17,968	—	—	17,968
Directors in aggregate				—	5,444,045	—	—	5,444,045

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34. SHARE-BASED PAYMENTS (Continued)

(a) Share Option Scheme (Continued)

Option type	Date of grant	Exercise price HK\$	Exercise period (Note i)	Outstanding at 1 September 2019	Granted during the year	Lapsed during the year	Exercised during the year	Outstanding at 31 August 2020
Associates of directors and substantial shareholders (Note ii)								
Mr. Liu Yung Kwong (brother of Mr. Liu and Yung Kan)	21 January 2020	4.954	10 December 2020 - 30 January 2026	—	26,950	—	—	26,950
	21 January 2020	4.954	29 March 2021 - 30 January 2026	—	26,950	—	—	26,950
	21 January 2020	4.954	10 December 2021 - 30 January 2026	—	26,950	—	—	26,950
	21 January 2020	4.954	29 March 2022 - 30 January 2026	—	26,950	—	—	26,950
	21 January 2020	4.954	9 December 2022 - 30 January 2026	—	26,950	—	—	26,950
	21 January 2020	4.954	29 March 2023 - 30 January 2026	—	26,954	—	—	26,954
Mr. Liu Chi Hin (son of Mr. Liu and Ms. Chen)	21 January 2020	4.954	10 December 2020 - 30 January 2026	—	89,835	—	—	89,835
	21 January 2020	4.954	29 March 2021 - 30 January 2026	—	89,835	—	—	89,835
	21 January 2020	4.954	10 December 2021 - 30 January 2026	—	89,835	—	—	89,835
	21 January 2020	4.954	29 March 2022 - 30 January 2026	—	89,835	—	—	89,835
	21 January 2020	4.954	9 December 2022 - 30 January 2026	—	89,835	—	—	89,835
	21 January 2020	4.954	29 March 2023 - 30 January 2026	—	89,839	—	—	89,839
Mr. Liu Chi Wai (son of Mr. Liu and Ms. Chen)	21 January 2020	4.954	10 December 2020 - 30 January 2026	—	71,868	—	—	71,868
	21 January 2020	4.954	29 March 2021 - 30 January 2026	—	71,868	—	—	71,868
	21 January 2020	4.954	10 December 2021 - 30 January 2026	—	71,868	—	—	71,868
	21 January 2020	4.954	29 March 2022 - 30 January 2026	—	71,868	—	—	71,868
	21 January 2020	4.954	9 December 2022 - 30 January 2026	—	71,868	—	—	71,868
	21 January 2020	4.954	29 March 2023 - 30 January 2026	—	71,871	—	—	71,871
Associates of directors and substantial shareholders in aggregate				—	1,131,929	—	—	1,131,929



34. SHARE-BASED PAYMENTS (Continued)

(a) Share Option Scheme (Continued)

Option type	Date of grant	Exercise price HK\$	Exercise period (Note i)	Outstanding at 1 September 2019	Granted during the year	Lapsed during the year	Exercised during the year	Outstanding at 31 August 2020
Employees (non- connected persons)	21 January 2020	4.954	10 December 2020 - 30 January 2026	—	700,716	—	—	700,716
	21 January 2020	4.954	29 March 2021 - 30 January 2026	—	700,716	—	—	700,716
	21 January 2020	4.954	10 December 2021 - 30 January 2026	—	700,716	—	—	700,716
	21 January 2020	4.954	29 March 2022 - 30 January 2026	—	700,716	—	—	700,716
	21 January 2020	4.954	9 December 2022 - 30 January 2026	—	700,716	—	—	700,716
	21 January 2020	4.954	29 March 2023 - 30 January 2026	—	700,733	—	—	700,733
	Employees (non-connected persons) in aggregate				—	4,204,313	—	—
Total				—	10,780,287	—	—	10,780,287
Weighted average exercise price				—	HK\$4.954	—	—	HK\$4.954
Exercisable at the end of the year								—

Notes:

- i. The vesting period commences on the date when the share options become exercisable.
- ii. Mr. Liu Yung Kwong, Mr. Liu Chi Hin and Mr. Liu Chi Wai are consultant/employees of the Group.

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34. SHARE-BASED PAYMENTS (Continued)

(a) Share Option Scheme (Continued)

During the year ended 31 August 2020, 10,780,287 share options were granted on 21 January 2020. The estimated fair value of the share options granted on the date was HK\$21,006,000.

The closing price of the Company's shares immediately before the grant of share options on 21 January 2020 was HK\$4.870 per share.

Save as disclosed above, no share options had been granted, exercised, lapsed or cancelled under the Share Option Scheme during the year.

The following assumptions were used to calculate the fair value of share options:

	21 January 2020
Weighted average share price	HK\$4.954
Exercise price	HK\$4.954
Expected volatility	49.38%
Expected life	6.03 years
Risk-free rate	1.49%
Expected dividend yield	2.03%

Expected volatility was determined by using quoted prices of comparable companies in active markets. The expected life used in the model has been adjusted, based on the management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. Risk-free rate was determined based on the rate prevailing on debt securities issued by the Hong Kong Government Bonds. Expected dividend yield was determined based on historical dividends and expected payout ratio of the Company.

The Binomial model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate change in variables and assumptions may result in change in the fair value of the options.

(b) Share Award Scheme

The Company's share award scheme (the "**Share Award Scheme**") was adopted pursuant to a shareholders' resolution passed on 6 June 2019. 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 board of directors of the Company considers, in its 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.



34. SHARE-BASED PAYMENTS (Continued)

(b) Share Award Scheme (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 board of directors of the Company at its 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 board of directors of the Company at its 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 ordinary shares have not yet vested, the selected participant only has a contingent interest in the ordinary shares underlying an award unless and until such ordinary 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) will not exceed 20,000,000, being 2% of issued shares of the Company as of the date of the listing (i.e. 2% of 1,000,000,000 Shares), assuming the over-allotment option and options granted under the Share Option Scheme are not exercised and no ordinary shares are granted under the Share Award Scheme, without further shareholders' approval (the "**Share Award Scheme Limit**").

The board of 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.

During the year ended 31 August 2020, 3,500,000 ordinary shares of the Company were acquired for an aggregate cost of HK\$18,921,000 (equivalent to RMB17,082,000).

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34. SHARE-BASED PAYMENTS (Continued)

(b) Share Award Scheme (Continued)

The following tables disclose movements in the Company's share awards under the Share Award Scheme during the reporting period:

	Date of grant	Vesting date	Number of share awards outstanding at 1 September 2019	Granted during the year	Lapsed/cancelled during the year	Number of share awards outstanding at 31 August 2020
Directors						
Mr. Liu	21 January 2020	10 December 2020	—	77,002	—	77,002
	21 January 2020	29 March 2021	—	77,002	—	77,002
	21 January 2020	10 December 2021	—	77,002	—	77,002
	21 January 2020	29 March 2022	—	77,002	—	77,002
	21 January 2020	9 December 2022	—	77,002	—	77,002
	21 January 2020	29 March 2023	—	77,002	—	77,002
Ms. Chen	21 January 2020	10 December 2020	—	15,400	—	15,400
	21 January 2020	29 March 2021	—	15,400	—	15,400
	21 January 2020	10 December 2021	—	15,400	—	15,400
	21 January 2020	29 March 2022	—	15,400	—	15,400
	21 January 2020	9 December 2022	—	15,400	—	15,400
	21 January 2020	29 March 2023	—	15,402	—	15,402
Ms. Liu	21 January 2020	10 December 2020	—	46,201	—	46,201
	21 January 2020	29 March 2021	—	46,201	—	46,201
	21 January 2020	10 December 2021	—	46,201	—	46,201
	21 January 2020	29 March 2022	—	46,201	—	46,201
	21 January 2020	9 December 2022	—	46,201	—	46,201
	21 January 2020	29 March 2023	—	46,202	—	46,202
Mr. Liu Yung Kan	21 January 2020	10 December 2020	—	10,780	—	10,780
	21 January 2020	29 March 2021	—	10,780	—	10,780
	21 January 2020	10 December 2021	—	10,780	—	10,780
	21 January 2020	29 March 2022	—	10,780	—	10,780
	21 January 2020	9 December 2022	—	10,780	—	10,780
	21 January 2020	29 March 2023	—	10,782	—	10,782
Mr. Xu Gang	21 January 2020	10 December 2020	—	3,080	—	3,080
	21 January 2020	29 March 2021	—	3,080	—	3,080
	21 January 2020	10 December 2021	—	3,080	—	3,080
	21 January 2020	29 March 2022	—	3,080	—	3,080
	21 January 2020	9 December 2022	—	3,080	—	3,080
	21 January 2020	29 March 2023	—	3,080	—	3,080
Mr. Li Jiatong	21 January 2020	10 December 2020	—	3,080	—	3,080
	21 January 2020	29 March 2021	—	3,080	—	3,080
	21 January 2020	10 December 2021	—	3,080	—	3,080
	21 January 2020	29 March 2022	—	3,080	—	3,080
	21 January 2020	9 December 2022	—	3,080	—	3,080
	21 January 2020	29 March 2023	—	3,080	—	3,080
Directors in aggregate			—	933,263	—	933,263

34. SHARE-BASED PAYMENTS (Continued)**(b) Share Award Scheme** (Continued)

	Date of grant	Vesting date	Number of share awards outstanding at 1 September 2019	Granted during the year	Lapsed/cancelled during the year	Number of share awards outstanding at 31 August 2020
Associates of directors and substantial shareholders (Note i)						
Mr. Liu Yung Kwong	21 January 2020	10 December 2020	—	4,620	—	4,620
(brother of Mr. Liu and Mr. Liu Yung Kan)	21 January 2020	29 March 2021	—	4,620	—	4,620
	21 January 2020	10 December 2021	—	4,620	—	4,620
	21 January 2020	29 March 2022	—	4,620	—	4,620
	21 January 2020	9 December 2022	—	4,620	—	4,620
	21 January 2020	29 March 2023	—	4,621	—	4,621
Mr. Liu Chi Hin	21 January 2020	10 December 2020	—	15,400	—	15,400
(son of Mr. Liu and Ms. Chen)	21 January 2020	29 March 2021	—	15,400	—	15,400
	21 January 2020	10 December 2021	—	15,400	—	15,400
	21 January 2020	29 March 2022	—	15,400	—	15,400
	21 January 2020	9 December 2022	—	15,400	—	15,400
	21 January 2020	29 March 2023	—	15,402	—	15,402
Mr. Liu Chi Wai	21 January 2020	10 December 2020	—	12,320	—	12,320
(son of Mr. Liu and Ms. Chen)	21 January 2020	29 March 2021	—	12,320	—	12,320
	21 January 2020	10 December 2021	—	12,320	—	12,320
	21 January 2020	29 March 2022	—	12,320	—	12,320
	21 January 2020	9 December 2022	—	12,320	—	12,320
	21 January 2020	29 March 2023	—	12,322	—	12,322
Associates of directors and substantial shareholders in aggregate			—	194,045	—	194,045
Employees (non-connected persons)	21 January 2020	10 December 2020	—	120,120	—	120,120
	21 January 2020	29 March 2021	—	120,120	—	120,120
	21 January 2020	10 December 2021	—	120,120	—	120,120
	21 January 2020	29 March 2022	—	120,120	—	120,120
	21 January 2020	9 December 2022	—	120,120	—	120,120
	21 January 2020	29 March 2023	—	120,140	—	120,140
Employees (non-connected persons) in aggregate			—	720,740	—	720,740
Total			—	1,848,048	—	1,848,048

Note:

i. Mr. Liu Yung Kwong, Mr. Liu Chi Hin and Mr. Liu Chi Wai are consultant/employees of the Group.

The closing price of the Company's shares immediately before the grant of the share awards on 21 January 2020 was HK\$4.870 per share.

Save as disclosed above, no share awards had been granted, lapsed or cancelled under the Share Award Scheme during the reporting period.

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35. 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 years.

The capital structure of the Group consists of net debt, which includes borrowings disclosed in note 28, net of cash and cash equivalents, and equity attributable to owners of the Group, comprising share capital and reserves including 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 new share issues as well as the issue of new debts as well as the redemption of the existing debts.

36. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Financial assets		
FVTPL — Structured deposits	88,118	252,666
Financial assets at amortised cost	<u>1,244,767</u>	<u>1,434,079</u>
	<u>1,332,885</u>	<u>1,686,745</u>
Financial liabilities		
Amortised cost	<u>835,482</u>	<u>660,090</u>

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade receivables, deposits and other receivables, amounts due from (to) related parties, financial assets at FVTPL, pledged bank deposits, bank balances and cash, trade payables, other payables, bank borrowings, lease liabilities and dividend payable. 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 management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. These risks include market risk (interest rate risk, currency risk and other price risk), credit risk and liquidity risk.



36. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risk

(i) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed rate pledged bank deposits and lease liabilities (see notes 24 and 30 for details). The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances (see note 24 for details) and variable-rate bank borrowings (see note 28 for details). The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of Benchmark Borrowing Rate of the People's Bank of China. It is the Group's policy to keep certain borrowings at floating rate of interests so as to minimise the fair value interest rate risk.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for variable-rate bank balances and bank borrowings at the end of the reporting period and assumed that the amounts outstanding at the end of the reporting period were outstanding for the whole year. A 10 basis point increase or decrease for bank balances and 50 basis point increase or decrease for variable-rate bank 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 borrowings, respectively, and all other variables were held constant, the Group's post-tax profit for the year ended 31 August 2020 would decrease/increase by RMB1,913,000 (2019: RMB1,071,000). This is mainly attributable to the Group's exposure to interest rates on its bank balances and bank borrowings with variable rates.

In the management's opinion, the sensitivity analysis is unrepresentative of the inherent interest rate risk as the exposure at the end of the reporting period does not reflect the exposure during the year.

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36. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risk (Continued)

(ii) Currency risk

The Group has certain bank balances, amounts due from/to related parties and other payables and accrued expenses denominated in currencies other than the functional currency of the respective group entities (“**foreign currencies**”), which expose the Group to foreign currency risk. The carrying amounts of the Group’s monetary assets and monetary liabilities at the reporting date that are denominated in foreign currencies are as follows:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
HK\$ assets	425,234	642,041
HK\$ liabilities	<u>(7,073)</u>	<u>(73,160)</u>

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.

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% increase and decrease in the relevant foreign currency against the functional currency of the relevant group entities. 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 end of the reporting period for a 5% change in foreign currency rates. A positive number below indicates an increase in post-tax profit where the relevant foreign currency strengthens 5% against RMB. For a 5% weakening of the relevant foreign currency against RMB, there would be an equal and opposite impact on the profit.

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
HK\$ impact	<u>17,458</u>	<u>23,751</u>



36. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risk (Continued)

(ii) *Currency risk* (Continued)

Sensitivity analysis (Continued)

At 31 August 2020, the carrying amounts of the Group's net monetary assets and advances to foreign operations within the Group denominated in currencies other than the respective functional currencies of the relevant group entities include RMB711,000 (31 August 2019: RMB1,466,000), which are denominated in AU\$, and the carrying amount of the Group's net monetary liabilities and advances from foreign operations within the Group denominated in currencies other than the respective functional currencies of the relevant group entities include RMB36,969,000 (31 August 2019: RMB19,801,000), which are denominated in AU\$. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. On this basis, there will be a decrease/an increase in profit for the year ended 31 August 2020 by RMB1,269,000 (2019: RMB642,000), where AU\$ strengthens/weakens against RMB by 5%. Management has closely monitored foreign exchange exposure to mitigate the foreign currency risk.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the exposure at the end of the reporting period does not reflect the exposure during the year.

(iii) *Other price risk*

The Group is exposed to price risk through its investments in the structured deposits issued by the banks in the PRC (classified as financial assets at FVTPL) which is attributable to the changes in estimated return and discount rate.

The management considers the price risk of the Group on its investments in the structured deposits is limited as the maturity periods of these investments are short and the counterparties of these investments are those financial institutions with high credit ratings.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2020

36. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment

The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount 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 risk associated with its financial assets.

In order to minimise the credit risk on trade receivables, deposits and other receivables, amounts due from related parties, pledged bank deposits and bank balances, management makes periodic collective as well as individual assessments on the recoverability of receivables based on historical settlement records and past experience and the status of financial position of the guaranteed party. In addition, the Group performs impairment assessment under ECL model on the trade receivables from students (not credit-impaired) based on provision matrix, while assesses the ECL of receivables from amounts due from students demonstrating credit-impaired characteristics and those from education departments individually. The trade receivables from students that are credit-impaired with gross carrying amount of RMB34,000 as at 31 August 2019 was assessed individually.

Other than concentration of credit risk on pledged bank deposits and 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 in the PRC, Singapore and Australia.

Impairment assessments on trade receivables from students and receivables from education departments

The Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables from students. Trade receivables from students are considered to be credit-impaired when the students drop out from school and are assessed individually. Management assessed the expected loss on trade receivables 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 receivable from education departments on lifetime ECL basis individually. In determining the ECL for receivables from education departments, 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, strong financial background of municipal government and concluded that credit risk inherent in the Group's outstanding receivable from education departments are insignificant.



36. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Impairment assessments on trade receivables from students and receivables from education departments (Continued)

In addition, the directors of the Company are of the opinion that there has no default occurred for (i) trade receivables overdue 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) receivable from education departments overdue over 90 days are not default as payment from education departments may take long administrative process based on historical experience.

Provision matrix-trade receivables' (from students) ageing

As part of the Group's credit risk management, the Group uses debtors' aging to assess the impairment for trade receivables from students in relation to its private higher education and 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 following table provides information about the exposure to credit risk and ECL for trade receivables from students which are assessed collectively based on provision matrix at 31 August 2020 and 2019 within lifetime ECL (not credit-impaired).

At 31 August 2020	Average loss rate	Gross carrying amount RMB'000	Impairment loss allowance RMB'000
0-180 days past due	—	336	—
180-365 days past due	100%	236	236
		572	236
<hr/>			
At 31 August 2019	Average loss rate	Gross carrying amount RMB'000	Impairment loss allowance RMB'000
0-180 days past due	—	251	—
180-365 days past due	58%	108	63
		359	63

Notes to the Consolidated Financial Statements

For the year ended 31 August 2020

36. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Provision matrix-trade receivables' (from students) ageing (Continued)

The estimated average loss rates are estimated based on historical observed default rates over the expected life of the trade receivables from students and are adjusted for forward-looking information that is available without undue cost or effort.

The grouping is regularly reviewed by the management of the Group to ensure relevant information about trade receivables from students is updated.

During the year ended 31 August 2020, the Group provided RMB236,000 (2019: RMB63,000) impairment allowance for trade receivables, based on the provision matrix.

Impairment assessments on deposits and other receivables/amounts due from related parties/pledged bank deposits/bank balances

The Group assessed the loss allowances for deposits and other receivables, amounts due from related parties, pledged bank deposits, bank balances on 12m ECL basis. The management of the Group considers the pledged bank deposits and 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 pledged bank 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.

In determining the ECL for deposits and other receivables and amounts due from related parties, 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. The Group has considered the consistently low historical default rate in connection with payments, plan for repayment from related parties and concluded that credit risk inherent in the Group's outstanding balances of amounts due from related parties is insignificant.



36. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Impairment assessments on trade receivables from students and receivables from education departments (Continued)

The following table shows the movement in lifetime ECL that has been recognised for trade receivables from students under the simplified approach:

	Lifetime ECL (not credit- impaired) RMB'000	Lifetime ECL (credit- impaired) RMB'000	Total RMB'000
At 1 September 2018	32	15	47
Change due to financial instruments recognised at 1 September 2018:			
— Impairment losses recognised	—	16	16
— Transfer to credit-impaired	(32)	32	—
— Write-offs	—	(45)	(45)
New financial assets originated			
— Impairment losses recognised	63	18	81
— Write-offs	—	(18)	(18)
At 31 August 2019 and 1 September 2019	63	18	81
Change due to financial instruments recognised at 1 September 2019:			
— Transfer to credit-impaired	(63)	63	—
— Write-offs	—	(81)	(81)
New financial assets originated			
— Impairment losses recognised	236	—	236
At 31 August 2020	236	—	236

Notes to the Consolidated Financial Statements

For the year ended 31 August 2020

36. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Impairment assessments on trade receivables from students and receivables from education departments (Continued)

Changes in the loss allowance for trade receivables are mainly due to:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Provided by applying provision matrix		
— Lifetime ECL (not credit-impaired)	236	63
Provided by individual assessment		
— Lifetime ECL (credit-impaired)	—	34
Write-offs		
— Lifetime ECL (credit-impaired)	<u>(81)</u>	<u>(63)</u>

The Group writes off a trade receivable when there is information indicating that the student is in severe financial difficulty and there is no realistic prospect of recovery, or when the student is dropped out from the tuition programme, whichever occurs earlier. None of trade receivables that have been written off is subject to enforcement activities.



36. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk

In 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 loans 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'000	1-3 months RMB'000	3 months to 1 year RMB'000	1-2 years RMB'000	2-5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
Trade and other payables	—	87,598	—	—	—	—	—	87,598	87,598
Amounts due to related parties	—	780	—	—	—	—	—	780	780
Bank borrowings									
— variable rate	4.8	3,292	32,945	289,345	166,715	232,038	108,478	832,813	747,104
Lease liabilities	5.2	720	1,439	6,269	7,703	15,684	6,506	38,321	32,848
At 31 August 2020		<u>92,390</u>	<u>34,384</u>	<u>295,614</u>	<u>174,418</u>	<u>247,722</u>	<u>114,984</u>	<u>959,512</u>	<u>868,330</u>
Trade and other payables	—	92,728	—	—	—	—	—	92,728	92,728
Amounts due to related parties	—	3,131	—	—	—	—	—	3,131	3,131
Bank borrowings									
— variable rate	5.3	7,654	14,026	169,228	217,062	206,694	—	614,664	555,999
Dividend payable	—	8,232	—	—	—	—	—	8,232	8,232
At 31 August 2019		<u>111,745</u>	<u>14,026</u>	<u>169,228</u>	<u>217,062</u>	<u>206,694</u>	<u>—</u>	<u>718,755</u>	<u>660,090</u>

Notes to the Consolidated Financial Statements

For the year ended 31 August 2020

36. FINANCIAL INSTRUMENTS (Continued)

(c) Fair value measurements of financial instruments

(i) Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of the 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), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets	Fair value	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)
Financial assets at FVTPL (Structured deposits)	At 31 August 2020: RMB88,118,000 (31 August 2019: RMB252,666,000)	Level 3	Discounted cash flow — Future cash flows are estimated based on estimated return ranging from 2.50% to 4.20% (2019: 2.10% to 4.20%) per annum, and discounted at a rate of 3.28% (2019: 3.36%) for the year	Estimated return and discount rate

A significant increase in estimated return would not result in a significant increase in fair value measurement of the financial assets at FVTPL, and vice versa. If the estimated return is multiplied by 110%/90%, while all the other variables were held constant, the carrying amount of the financial assets at FVTPL would increase/decrease by RMB114,000 (31 August 2019: RMB147,000) at the end of the reporting period.

A significant increase in discount rate would not result in a significant decrease in fair value measurement of the financial assets at FVTPL, and vice versa. If the discount rate is multiplied by 110%/90%, while all the other variables were held constant, the carrying amount of the financial assets at FVTPL would decrease/increase by RMB70,000 (31 August 2019: RMB51,000) at the end of the reporting period.



36. 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 at FVTPL during the reporting period:

	<i>RMB'000</i>
At 1 September 2018	869,259
Purchase of structured deposits	3,822,720
Redemption of structured deposits	(4,438,730)
Net gain on structured deposits	12,405
Settlements of the interest income	(12,988)
	<hr/>
At 31 August 2019	252,666
Purchase of structured deposits	1,223,830
Redemption of structured deposits	(1,387,860)
Net gain on structured deposits	4,728
Settlements of the interest income	(5,246)
	<hr/>
At 31 August 2020	88,118

The total gains or losses for the year ended 31 August 2020 included an unrealised loss of RMB518,000 (2019: RMB583,000) relating to financial assets at FVTPL at the end of the reporting period. Such fair value gains or losses are included in “other gains and losses”.

The chief financial officer of the Company determines 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. The chief financial officer of the Company reports the findings 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 financial instruments 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.

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37. ACQUISITION OF A BUSINESS

In December 2019, the Group acquired 100% equity interest in NYU Language School Pte. Ltd. at a consideration of Singapore Dollar (“SGD”) 2,049,000 (equivalent to RMB10,600,000). This acquisition has been accounted for using the acquisition method. It is a private company incorporated in Singapore with principal activities of conducting the vocational education training. The consideration was fully settled in cash. NYU Language School Pte. Ltd. has been renamed to Edvantage Institute (Singapore) Pte. Ltd. (“**Edvantage Institute (Singapore)**”) in August 2020.

Consideration transferred

	<i>RMB'000</i>
Cash consideration	10,600

Assets acquired and liabilities recognised at the date of acquisition were as follows:

	<i>RMB'000</i>
Property, plant and equipment	61
Intangible assets	7,818
Trade and other receivables	263
Bank balances and cash	1,140
Contract liabilities	(51)
Other payables	(187)
Income tax payable	(29)
Deferred tax liabilities	(7)
	<u>9,008</u>

The fair values of intangible assets (representing brand name amounting to RMB2,566,000 and accreditations amounting to RMB5,252,000) were based on estimation used by the management of the Group with reference to valuation carried out by an independent valuer. Key assumptions and estimation used by the management included discount rates, growth rates and useful lives of the intangible assets.



37. ACQUISITION OF A BUSINESS (Continued)

Goodwill arising on acquisition

	<i>RMB'000</i>
Consideration transferred	10,600
Less: recognised amount of identifiable net assets acquired	<u>(9,008)</u>
Goodwill arising on acquisition	<u>1,592</u>

Goodwill arose in the acquisition of Edvantage Institute (Singapore) because the acquisition included the assembled workforce of Edvantage Institute (Singapore) and synergy from alignment with the Group's overseas establishment strategy. These benefits were not recognised separately from goodwill because they did not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising on this acquisition is expected to be deductible for tax purposes.

Net cash outflow arising on acquisition

	<i>RMB'000</i>
Consideration paid in cash	10,600
Less: cash and cash equivalent balances acquired	<u>(1,140)</u>
	<u>9,460</u>

No pro forma information for the acquisition of Edvantage Institute (Singapore) is prepared as the acquisition was completed in December 2019 and the directors of the Company are of the opinion that there is no significant changes to the Group's revenue or profit for the current year had the acquisition been completed on 1 September 2019.

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38. DISPOSAL OF SUBSIDIARIES

As referred to note 12, the Group discontinued the technical education operation at the time of disposal of Sun City Industrial Group on 26 October 2018. The net assets of Sun City Industrial Group at the date of disposal were as follows:

	<i>RMB'000</i>
Consideration received:	
Cash	9,900
Total consideration	<u>9,900</u>
Analysis of assets and liabilities over which the control was lost:	
Property, plant and equipment	2,185
Bank balances and cash	5,580
Amounts due from former related parties	407
Trade and other receivables	337
Trade payables	(210)
Other payables and accrued expenses	(2,405)
Contract liabilities	<u>(4,087)</u>
Net assets disposed of	<u>1,807</u>
Gain on disposal:	
Consideration received	9,900
Net assets disposed of	(1,807)
Non-controlling interests	<u>19</u>
	<u>8,112</u>
Net cash inflow arising on disposal:	
Cash consideration received	9,900
Less: bank balances and cash disposed of	<u>(5,580)</u>
	<u>4,320</u>



39. OPERATING LEASES

At the end of the reporting period, the Group's commitments for future minimum lease payments under non-cancellable operating leases fall due are as follows:

	2019 <i>RMB'000</i>
Within one year	4,758
In the second to fifth year inclusive	10,358
Over five years	6,141
	<u>21,257</u>

Operating lease payments represent rentals payable by the Group for certain of its academic and dormitory premises. Leases are negotiated and rentals are fixed for lease terms of one to twenty years.

40. CAPITAL COMMITMENTS

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of the acquisition of		
— property, plant and equipment	<u>376,049</u>	<u>69,705</u>

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For the year ended 31 August 2020

41. 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.

	Dividend payable RMB'000	Lease liabilities RMB'000	Bank borrowings RMB'000	Amounts due to directors RMB'000	Amounts due to related parties RMB'000	Amount due to an associate RMB'000	Accrued issue costs RMB'000	Total RMB'000
At 1 September 2018	17,391	—	781,600	28,330	8,801	200	1,132	837,454
Financing cash flows (Note i)	(9,159)	—	(264,086)	(27,714)	4,049	—	(43,755)	(340,665)
Interest expenses	—	—	37,077	—	—	—	—	37,077
Issue costs accrued	—	—	—	—	—	—	44,883	44,883
Foreign exchange translation	—	—	1,408	(613)	486	—	(424)	857
Non-cash changes (Note ii)	—	—	—	(3)	(13,336)	(200)	—	(13,539)
At 31 August 2019	8,232	—	555,999	—	—	—	1,836	566,067
Adjustment upon application of IFRS 16	—	24,412	—	—	—	—	—	24,412
At 1 September 2019 (restated)	8,232	24,412	555,999	—	—	—	1,836	590,479
Financing cash flows (Note i)	(63,035)	(6,351)	165,865	—	—	—	(1,835)	94,644
Dividend declared	54,803	—	—	—	—	—	—	54,803
New leases entered	—	13,254	—	—	—	—	—	13,254
Interest expenses	—	1,526	25,240	—	—	—	—	26,766
Foreign exchange translation	—	7	—	—	—	—	(1)	6
At 31 August 2020	—	32,848	747,104	—	—	—	—	779,952

Notes:

- (i) The cash flows represent (i) the addition of and repayment of bank borrowings and lease liabilities and interest paid, (ii) the proceeds from and repayment of amounts due to directors and related parties, (iii) payment of dividends and (iv) payment of issue costs in the consolidated statement of cash flows for the year.
- (ii) Pursuant to certain debt assignment deeds during the year ended 31 August 2019, amounts due from related parties amounting to RMB13,336,000 were set off against amounts due to related parties and amounts due from directors amounting to RMB3,000 were set off against amounts due to directors.



42. RELATED PARTIES DISCLOSURES

During the year, the Group entered into the following transactions with related parties which also constitute connected transactions of the Company under Chapter 14A of the Listing Rules:

Related party	Nature of transactions	2020 RMB'000	2019 RMB'000
Global Move	Short-term lease/rental expenses	1,418	1,333
Triple Way	Short-term lease/rental expenses	948	952
Sun City Hotel	Hotel service expenses paid	515	1,761
	Short-term lease/rental expenses	576	590
Yizhong Travel	Management fee income received	7	7
	Travel agency fees paid	313	1,600
Weijia Vehicle	Vehicle related expenses paid	399	318
	Short-term lease/rental expenses	781	781
Huashang Technical School	Income on sales of scrap materials	—	266
	Rental income (included in management fee and rental income)	2,398	1,978
Tianyue Top Talent	Training fee income	—	295

Transactions and balances with related parties are set out in the consolidated statement of financial position on pages 103 and 104 and in notes 12 and 29.

Compensation of key management personnel

The remuneration of directors of the Company and other members of key management of the Group are as follows:

	2020 RMB'000	2019 RMB'000
Short-term benefits	6,493	3,766
Post-employment benefits	70	79
	6,563	3,845

The remuneration of director and key executives is determined having regard to the performance of individuals and market trends.

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43. PARTICULARS OF PRINCIPAL SUBSIDIARIES

The Company has the following principal subsidiaries:

Name of subsidiary	Date and place of incorporation/ establishment/operation	Issued share capital/ registered capital		Equity interests attributable to the Group		Principal activities
		At 31 August		At 31 August		
		2020	2019	2020	2019	
Directly owned						
Huashang Education Holdings (BVI)	12 October 2016 BVI	US\$1,000	US\$1,000	100%	100%	Investment holding
Indirectly owned						
Huashang Overseas Education (BVI)	19 March 2018 BVI	US\$1,000	US\$1,000	100%	100%	Investment holding
Huashang Education Group Company Limited	21 September 2015 Hong Kong	HK\$10,000	HK\$10,000	100%	100%	Investment holding and provision of management services
廣州沃冠教育諮詢有限公司 (Guangzhou Woguan Education Consulting Co., Ltd.)	10 October 2016 PRC (note iii)	RMB10,000,000	RMB10,000,000	100%	100%	Provision of education consulting services
Zhiheng Education	4 December 2015 The PRC (note iv)	RMB20,100,000	RMB20,100,000	100%	100%	Provision of education consulting services
Sun City Development	9 December 2003 The PRC (note iv)	RMB150,000,000	RMB150,000,000	100%	100%	Provision of education investment (note i)
Huashang College	30 May 2006 The PRC (note iv)	RMB30,000,000	RMB30,000,000	100%	100%	Provision of private higher education
Huashang Vocational College	25 June 2009 The PRC (note iv)	RMB10,000,000	RMB10,000,000	100%	100%	Provision of vocational education
Edvantage Institute Australia Pty Ltd (formerly known as Global Higher Education Australia Pty Ltd)	8 February 2017 Australia	AUD2,610,000	AUD510,000	100%	100%	Provision of private higher education training in Australia
Global Business College of Australia Pty. Ltd.	26 June 2014 Australia	AUD1,810,000	AUD1,810,000	100%	100%	Provision of vocational education training in Australia
Orient Fortune	1 September 2015 Hong Kong	HK\$10,000	HK\$10,000	100%	100%	Investment holding
Huashang Education Service (BVI)	19 March 2018 BVI	US\$1,000	US\$1,000	100%	100%	Investment holding
Shiny World	3 January 2014 Hong Kong	HK\$10,000	HK\$10,000	100%	100%	Investment holding and provision of management services
Global Education Professional Advisory	4 October 2016 Hong Kong	HK\$10,000	HK\$10,000	100%	100%	Provision of management services

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Date and place of incorporation/ establishment/operation	Issued share capital/ registered capital		Equity interests attributable to the Group		Principal activities
		At 31 August		At 31 August		
		2020	2019	2020	2019	
Indirectly owned (Continued)						
廣州市華港企業管理有限公司 (Guangzhou Huagang Enterprise Management Co. Ltd.)	25 August 2014 The PRC (note iii)	RMB10,000,000	RMB10,000,000	100%	100%	Provision of hotel management and IT consultation services
廣州市昊軒信息科技有限公司 (Guangzhou Haoxuan Information Technology Co., Ltd.)	18 April 2011 The PRC (note iv)	RMB500,000	RMB500,000	100%	100%	Provision of IT consultation services and retail of software
廣州市毅翔物業管理有限公司 (Guangzhou Yixiang Property Management Co., Ltd.)	18 April 2011 The PRC (note iv)	RMB1,000,000	RMB1,000,000	100%	100%	Provision of property management and landscaping services
廣州市欣躍貿易有限公司 (Guangzhou Xinyue Trading Co., Ltd.)	28 September 2014 The PRC (note iv)	RMB500,000	RMB500,000	100%	100%	Procurement of school supplies
南寧市創培教育諮詢有限公司 (Nanning City Chuangpei Education Consulting Co., Ltd.) (" Chuangpei Consulting ")	31 July 2018 The PRC (note iv)	N/A	RMB1,000,000	N/A (note ii)	100%	Provision of educational consulting service
南寧市優索教育科技有限公司 (Nanning City Yousuo Education Technology Co., Ltd.) (" Yousuo Technology ")	31 July 2018 The PRC (note iv)	N/A	RMB1,000,000	N/A (note ii)	100%	Sales of educational equipment
廣州市華威教育諮詢有限公司 (Guangzhou Huawei Education Consulting Co., Ltd.)	18 November 2010 The PRC (note iv)	RMB1,000,000	RMB1,000,000	100%	100%	Provision of education consultancy and language training services
廣州市華嘉裝飾工程有限公司 (Guangzhou Huajia Renovation Co., Ltd.)	6 June 2012 The PRC (note iv)	RMB500,000	RMB500,000	100%	100%	Provision of estate decoration services
廣州市潤輝廣告有限公司 (Guangzhou Runhui Advertising Co., Ltd.)	28 September 2014 The PRC (note iv)	RMB500,000	RMB500,000	100%	100%	Provision of advertisement and activity planning services
新疆藍思信息科技有限公司 (Xinjiang Lanshi Information Technology Co., Ltd.)	28 February 2018 The PRC (note iii)	RMB1,000,000	RMB1,000,000	100%	100%	Provision of software development and IT consulting services
新疆卓種文化服務有限公司 (Xinjiang Zhuoyun Cultural Services Co., Ltd.)	28 February 2018 The PRC (note iii)	RMB1,000,000	RMB1,000,000	100%	100%	Provision of advertisement design services
西藏毅鴻科技發展有限公司 (Tibet Yihong Technology Development Co., Ltd.)	26 October 2018 The PRC (note iv)	RMB1,000,000	RMB1,000,000	100%	100%	Provision of software development and IT consulting services
西藏弘為信息技術有限公司 (Tibet Hongwei Information Technology Co., Ltd.)	26 October 2018 The PRC (note iv)	RMB1,000,000	RMB1,000,000	100%	100%	Provision of software development and IT consulting services

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For the year ended 31 August 2020

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Date and place of incorporation/ establishment/operation	Issued share capital/ registered capital		Equity interests attributable to the Group		Principal activities
		At 31 August		At 31 August		
		2020	2019	2020	2019	
Indirectly owned (Continued)						
London Arts and Business School Limited	19 August 2019 United Kingdom	Great British Pound 1	Great British Pound 1	100%	100%	Inactive
Huashang Education Pte. Ltd.	21 November 2019 Singapore	SGD1,000	N/A	100%	N/A	Investment holding and provision of management services
Edvantage Institute (Singapore)	5 June 1991 Singapore	SGD592,000	N/A	100%	N/A	Provision of vocational education training
Greater Bay Business School Limited	4 October 2019 Hong Kong	HK\$10,000	N/A	100%	N/A	Inactive

Notes:

- (i) Pursuant to certain shareholders resolutions of Sun City Development dated 22 December 2018, Ms. Liao Xiaorong and Mr. Yang, with effect from 22 December 2018 would not be entitled to any distribution from Sun City Development and any equity interest in Sun City Development. As a result of such resolutions, with effect from 22 December 2018, no profit or retained earnings of the Group is attributable to the non-controlling interests held by Ms. Liao Xiaorong and Mr. Yang but they are still in possession of their respective 7.2% and 0.8% voting rights in Sun City Development.
- (ii) Chuangpei Consulting and Yousuo Technology were deregistered on 26 August 2020 respectively.
- (iii) These subsidiaries are registered as wholly-foreign-owned enterprises under the laws of the PRC.
- (iv) These subsidiaries are registered as wholly-domestic-owned enterprises under the laws of the PRC.

The table below details of non-wholly owned subsidiary of the Group that have material non-controlling interests:

Name of subsidiary	Place of establishment and principal place of business	Proportion of ownership interests held by non-controlling interests		Total profit from continuing operations allocated to non-controlling interests		Accumulated non-controlling interests	
		At 31 August		For the year ended 31 August		At 31 August	
		2020	2019	2020	2019	2020	2019
				RMB'000	RMB'000	RMB'000	RMB'000
Sun City Development	The PRC	N/A	N/A	—	5,763	N/A	N/A

Note: Pursuant to certain shareholders resolutions of Sun City Development dated 22 December 2018, Ms. Liao Xiaorong and Mr. Yang, with effect from 22 December 2018 would not be entitled to any distribution from Sun City Development and any equity interest in Sun City Development. As a result of such resolutions, with effect from 22 December 2018, no profit or retained profits of the Group is attributable to the non-controlling interests held by Ms. Liao Xiaorong and Mr. Yang but they are still in possession of their respective 7.2% and 0.8% voting rights in Sun City Development.



43. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Summarised financial information in respect of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

Sun City Development and subsidiaries

	2019 RMB'000
Current assets	N/A
Non-current assets	N/A
Current liabilities	N/A
Non-current liabilities	N/A
Equity attributable to owners of the Company	N/A
Non-controlling interests of Sun City Development	N/A
	2019 RMB'000
Revenue	347,128
Expenses	(239,104)
Profit for the year	108,024
Profit attributable to owners of the Company	102,261
Profit attributable to the non-controlling interests	5,763
Other comprehensive income attributable to owners of the Company	4,467
Other comprehensive income attributable to the non-controlling interests	389
Total comprehensive income attributable to owners of the Company	106,728
Total comprehensive income attributable to the non-controlling interests	6,152
Net cash outflow from operating activities	(104,637)
Net cash inflow from investing activities	270,020
Net cash outflow from financing activities	(151,738)
Net cash inflow	13,645

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For the year ended 31 August 2020

44. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
NON-CURRENT ASSET		
Investment in a subsidiary	<u>7</u>	<u>7</u>
CURRENT ASSETS		
Other receivables and prepayments	3	944
Amounts due from subsidiaries	658,439	148,270
Bank balances and cash	<u>31,778</u>	<u>600,346</u>
	<u>690,220</u>	<u>749,560</u>
CURRENT LIABILITIES		
Other payables and accrued expenses	3,187	7,381
Amounts due to subsidiaries	7,218	37,491
Bank borrowings	<u>—</u>	<u>54,199</u>
	<u>10,405</u>	<u>99,071</u>
NET CURRENT ASSETS	<u>679,815</u>	<u>650,489</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>679,822</u>	<u>650,496</u>
CAPITAL AND RESERVES		
Share capital	70,005	70,005
Reserves	<u>609,817</u>	<u>580,491</u>
	<u>679,822</u>	<u>650,496</u>



44. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Movement in the Company's reserves

	Share premium RMB'000	Shares held under share award scheme RMB'000	Share award reserve RMB'000	Share option reserve RMB'000	Retained profits RMB'000	Total RMB'000
At date of incorporation	—	—	—	—	—	—
Profit and other comprehensive income for the period	—	—	—	—	24,382	24,382
Issuance of new shares	653,901	—	—	—	—	653,901
Repurchase of share	(51,535)	—	—	—	—	(51,535)
Expenses incurred in connection with the issuance of ordinary shares	(46,257)	—	—	—	—	(46,257)
At 31 August 2019	556,109	—	—	—	24,382	580,491
Profit and other comprehensive income for the year	—	—	—	—	91,747	91,747
Dividends recognised as distribution (<i>note 14</i>)	—	—	—	—	(54,803)	(54,803)
Repurchase of shares under share award scheme	—	(17,082)	—	—	—	(17,082)
Recognition of share-based payments	—	—	2,844	6,620	—	9,464
At 31 August 2020	556,109	(17,082)	2,844	6,620	61,326	609,817

45. EVENT AFTER THE END OF THE REPORTING PERIOD

On 6 November 2020, the Group entered into a construction agreement with Guangdong Wuchuan Construction and Installation Engineering Co., Ltd. ("**Guangdong Wuchuan Construction**") at a total consideration of approximately RMB293,600,000, pursuant to which Guangdong Wuchuan Construction agreed to undertake the construction of the teaching facilities to be constructed at Phase I of the campus of Huashang Vocational College located in Xinhui District, Jiangmen City, Guangdong Province, the PRC. Details are set out in the announcement of the Company dated 6 November 2020.

Financial Summary

RESULTS

	Year ended 31 August				
	2016 RMB'000	2017 RMB'000	2018 RMB'000	2019 RMB'000	2020 RMB'000
Continued operations					
Revenue	572,587	604,172	636,381	704,239	800,092
Cost of revenue	(325,599)	(332,910)	(345,947)	(361,877)	(403,848)
Gross profit	246,988	271,262	290,434	342,362	396,244
Profit before taxation	165,673	198,430	224,789	243,190	307,970
Profit for the year from continuing operations	<u>133,522</u>	<u>159,826</u>	<u>177,151</u>	<u>215,054</u>	<u>291,487</u>
Discontinued operation					
Profit (loss) for the year from discontinued operation	121	958	(1,703)	7,464	—
Profit for the year	133,643	160,784	175,448	222,518	291,487
Adjusted net profit (Note)	<u>133,971</u>	<u>159,011</u>	<u>181,461</u>	<u>236,919</u>	<u>309,070</u>

Note: Adjusted net profit is determined by adjusting profit for the year from continuing operations for the effect of net foreign exchange gain or loss, share-based payments and listing expenses, if any.

ASSETS AND LIABILITIES

	At 31 August				
	2016 RMB'000	2017 RMB'000	2018 RMB'000	2019 RMB'000	2020 RMB'000
Non-current assets	1,155,408	1,159,090	1,238,463	1,431,832	2,192,817
Current assets	392,999	509,042	1,157,733	1,694,764	1,335,572
Current liabilities	773,939	931,959	1,023,620	1,018,814	1,092,210
Net current (liabilities) assets	(380,940)	(422,917)	134,113	675,950	243,362
Total assets less current liabilities	<u>774,468</u>	<u>736,173</u>	<u>1,372,576</u>	<u>2,107,782</u>	<u>2,436,179</u>
Total equity	475,683	626,629	699,130	1,605,660	1,834,928
Non-current liabilities	298,785	109,544	673,446	502,122	601,251
Total equity and non-current liabilities	<u>774,468</u>	<u>736,173</u>	<u>1,372,576</u>	<u>2,107,782</u>	<u>2,436,179</u>