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XJ International Holdings Co., Ltd.

希教國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1765)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 AUGUST 2024

The Board of the Company is pleased to announce the annual results and the audited consolidated financial statements of the Group for the year ended 31 August 2024, together with the comparative figures for the year ended 31 August 2023.

HIGHLIGHTS

1. Increasing investment for the comprehensive enhancement of operating quality

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

2. Seizing employment opportunities and strengthening our capability to serve our society

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

3. Continuously promoting globalised development strategy and accelerating the cultivation of international talents

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

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW ON INDUSTRY POLICIES

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

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

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

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

Significant Events during the Reporting Period

1. On 26 September 2023, the Company granted an aggregate of 190,000,000 share options to 18 eligible participants pursuant to its share option scheme adopted on 18 March 2022. For details, please refer to the announcements of the Company dated 18 March 2022, 26 September 2023 and 3 October 2023.
2. With effect from 5 January 2024, Mr. He Shengli has resigned as the chairman of the Board and a non-executive Director of the Company due to a change in his work arrangement, and Mr. Zhang Bing has been appointed as the chairman of the Board and a non-executive Director of the Company. For details, please refer to the announcement of the Company dated 5 January 2024.
3. On 8 January 2024, Guilin Shanshui Vocational College (桂林山水職業學院) and Guilin Economic and Technological Development Zone Administration Committee (桂林經濟技術開發區管理委員會) entered into a project cooperation agreement, pursuant to which Guilin Economic and Technological Development Zone Administration Committee will transfer the land use right to a plot of land located at Guilin Economic and Technological Economic Zone, Guilin, China with a total area of approximately 350 mu. For details, please refer to the announcement of the Company dated 8 January 2024.
4. With effect from 16 January 2024, Mr. Lu Zhichao has resigned as a non-executive Director due to a change in his work arrangement. Meanwhile, Mr. Lu Zhichao has resigned from the audit committee and the strategy and development committee. For details, please refer to the announcement of the Company dated 16 January 2024.
5. During the period from 16 January 2024 to 29 February 2024, Mr. Wang Huiwu, an executive Director, the chief executive officer and a controlling shareholder of the Company, successively increased his shareholding in the Company through open market transactions. For details, please refer to the announcements of the Company dated 16 January 2024, 17 January 2024, 18 January 2024, 22 January 2024, 14 February 2024 and 29 February 2024.

6. With effect from 24 January 2024, Mr. Li Tao has been re-designated from an executive Director to a non-executive Director and has been appointed as a member of the audit committee, and Mr. Huang Zhongcai has been appointed as an executive Director and a member of the strategy and development committee. For details, please refer to the announcement of the Company dated 24 January 2024.
7. On 31 January 2024, Jiangxi Cultural Performance Investment Management Company Limited (江西文演投資管理有限公司, “Jiangxi Cultural Performance”) and Chengdu Maysunshine Education Management Company Limited (成都五月陽光教育管理有限公司, “Chengdu Maysunshine”) entered into a transfer agreement, pursuant to which, Chengdu Maysunshine has agreed to sell and Jiangxi Cultural Performance has agreed to acquire 100% equity interest in Jiangxi Changzhen Industrial Co., Ltd. (江西昌振實業有限公司) and Gongqing College of Nanchang University Logistics Services Company Limited (南昌大學共青學院後勤服務有限公司). For details, please refer to the announcement of the Company dated 1 February 2024.
8. On 5 February 2024, the English name of the Company has been changed from “Hope Education Group Co., Ltd.” to “XJ International Holdings Co., Ltd.” and the dual foreign name in Chinese of the Company has been changed from “希望教育集團有限公司” to “希教國際控股有限公司”. In addition, the stock short names of the Company for trading in the Shares on the Stock Exchange were changed from “HOPE EDU” to “XJ INTL HLDGS” in English and from “希望教育” to “希教國際控股” in Chinese with effect from 9:00 a.m. on 8 February 2024. The stock code of the Company remains as “1765”. For details, please refer to the announcements of the Company dated 15 November 2023, 5 January 2024 and 5 February 2024 and the circular of the Company dated 15 December 2023.
9. On 29 February 2024, disclosure was made by the Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance in relation to, among other matters, the issue of the zero coupon convertible bonds due 2026. For details, please refer to the announcement of the Company dated 29 February 2024.
10. On 4 March 2024, disclosure was made by the Company pursuant to Rules 13.09, 37.47, 37.47A, 37.47B(a) and 37.47E of the Listing Rules and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance in relation to the purported event of default occurred in respect of the convertible bonds on 2 March 2024. For details, please refer to the announcements of the Company dated 22 February 2021, 2 March 2021, 3 March 2021, 22 February 2024, 29 February 2024 and 4 March 2024.

11. On 5 March 2024, trading in the convertible bonds of the Company on the Stock Exchange was suspended with effect from 1:00 p.m. on 5 March 2024 until further notice. For details, please refer to the announcement of the Company dated 5 March 2024.
12. On 5 March 2024, the Company received a statutory demand from the legal representatives acting on behalf of the creditor of the convertible bonds. For details, please refer to the announcement of the Company dated 6 March 2024.
13. On 28 March 2024, the High Court of the Hong Kong Special Administrative Region received a winding-up petition filed by The Bank of New York Mellon, London Branch. For details, please refer to the announcements of the Company dated 28 March 2024 and 14 April 2024.
14. With effect from 26 April 2024, Mr. Huang Zhongcai has resigned as an executive Director, a member of the strategy and development committee and a joint company secretary of the Company due to change in work arrangement, and Ms. Lou Qunwei has been appointed as an executive Director of the Company. For details, please refer to the announcement of the Company dated 26 April 2024.
15. On 21 May 2024, the Company has applied for and was successfully granted a validation order by the High Court. For details, please refer to the announcement of the Company dated 21 May 2024.
16. On 12 June 2024, the Company has appointed Deloitte Advisory (Hong Kong) Limited as the restructuring advisor. For details, please refer to the announcement of the Company dated 12 June 2024.
17. With effect from 13 June 2024, Mr. He Di has been appointed as the joint company secretary of the Company. For details, please refer to the announcement of the Company dated 14 June 2024.
18. On 19 June 2024, the petition against the Company was heard before the High Court and has been adjourned to 24 June 2024 for a substantive hearing. For details, please refer to the announcement of the Company dated 19 June 2024.
19. On 24 June 2024, the petition against the Company was heard before the High Court and has been adjourned to a later date for a substantive hearing. For details, please refer to the announcement of the Company dated 24 June 2024.
20. On 27 June 2024, the hearing of the petition against the Company has been adjourned to 8 August 2024 at 10:00 a.m. For details, please refer to the announcement of the Company dated 27 June 2024.

21. On 17 July 2024, the Company provided an update to the market on the progress that has been made regarding the restructuring of its offshore liability. For details, please refer to the announcement of the Company dated 17 July 2024.
22. On 8 August 2024, the substantive hearing of the petition against the Company was heard with judgment reserved. For details, please refer to the announcement of the Company dated 8 August 2024.
23. On 28 August 2024, an order was made by the High Court that the petition against the Company be dismissed. For details, please refer to the announcement of the Company dated 28 August 2024.

Our Students

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

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

Note:

The enrolled student information is based on the official records of the relevant education authorities in China or the internal records of the Group's schools.

OUTLOOK

1. Focusing on quality by enhancing sustainable development capability

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

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

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

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

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

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

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

FINANCIAL REVIEW

Non-IFRS Measurement

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

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

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

Calculation of adjusted gross profit

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

Description:

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

Calculation of adjusted net profit

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

Description:

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

Overview

	2024 <i>(in millions of RMB)</i>	2023 <i>(in millions of RMB)</i>
Revenue	3,732.07	3,581.63
Adjusted gross profit	1,621.68	1,760.77
Adjusted gross profit margin	43.45%	49.16%
Adjusted net profit	693.18	874.81
Adjusted net profit margin	18.57%	24.42%

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

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

Revenue

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

Cost of Sales

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

Gross Profit and Gross Profit Margin

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

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

Selling Expenses

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

Administrative Expenses

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

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

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

Finance Costs

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

Profits for the Reporting Period

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

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

Capital Commitments

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

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

Liquidity, Financial Resources

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

Indebtedness

Bank Loans and Other Borrowings

The Group's bank loans and other borrowings primarily consist of short-term loans for working capital and long-term loans for construction of school buildings and facilities, merger and acquisitions and other projects. The Group supplements its working capital and finances its expenditure primarily through borrowings obtained from banks. As at 31 August 2024, the aggregate loan balance amounted to RMB3,237.36 million (31 August 2023: RMB3,473.01 million), mostly denominated in RMB. As at 31 August 2024, the Group's bank loans and other borrowings bore effective interest rates ranging from 3.8% to 10.67% per annum (31 August 2023: 3.9% to 10.65% per annum).

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

Current Ratio

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

Contingent Liabilities

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

Net Debt to Equity Ratio

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

Debt to Equity Ratio

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

OTHER EVENTS

Events after the Reporting Period

1. On 16 September 2024, the Petitioner filed a Notice of Appeal to the Court of Appeal against the order of dismissal of winding-up petition made by the High Court on 28 August 2024. For details, please refer to the announcement of the Company dated 16 September 2024.
2. With effect from 27 September 2024, Mr. Tang Jianyuan has resigned as a non-executive Director and a member of the audit committee of the Company for his personal matters; Mr. Xu Changjun has been re-designated from the position of an executive Director to a non-executive Director, ceased to be a member of the strategy and development committee of the Company and has been appointed as a member of the audit committee of the Board; and Mr. Deng Yi has been appointed as an executive Director and a member of the strategy and development committee. For details, please refer to the announcement of the Company dated 27 September 2024.
3. On 23 September 2024, the Group entered into supplemental agreements with Yunnan International Trust Co., Ltd. to rearrange the clause about the pledged deposits requested for the Group's asset-backed notes. According to the supplemental agreements, as at each 1 October before the borrowing fully repaid, deposits equivalent to the amounts of the principal and interest to be repaid within the following twelve months from each 1 October will be set aside as security for the repayment. As a result, part of the pledged and restricted deposits as at 31 August 2024 amounting to RMB179,892,000 will be released.
4. On 29 November 2024, the Group entered into a disposal agreement in relation to Hebei School and relevant entities. The disposal is subject to all requisite approval of the special general meeting of the Group. Upon completion of relevant approval procedures and the transaction, the financial results of relevant target entities will cease to be incorporated into the consolidated financial accounts of the Group. For details, please refer to the announcement of the Company dated 29 November 2024.

CORPORATE GOVERNANCE CODE

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

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

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

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

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

PAYMENT OF FINAL DIVIDEND

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

AUDIT COMMITTEE

The audit committee of the Company has reviewed the accounting principles and practices adopted by the Group and discussed matters in relation to auditing, internal control and financial reporting. The audit committee of the Company has reviewed the Group's annual results and consolidated financial statements for the year ended 31 August 2024.

SCOPE OF WORK FOR ANNUAL RESULTS ANNOUNCEMENT BY AUDITORS

The financial information set out in this announcement does not constitute the Group's audited accounts for the year ended 31 August 2024, but represents an extract from the consolidated financial statements for the year ended 31 August 2024 which have been audited by the auditor of the Company, Ernst & Young in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. The financial information has been reviewed by the audit committee of the Company and approved by the Board.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The following is an excerpt from the report of the external auditor of the Company:

Disclaimer of opinion

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

Basis for disclaimer of opinion

Multiple uncertainties relating to going concern

As set out in note 1 to the consolidated financial statements, as at 31 August 2024, (i) the Group recorded net current liabilities of approximately RMB3,411,830,000; (ii) the Group's total interest-bearing bank and other borrowings amounted to RMB3,237,361,000, out of which RMB2,054,779,000 will be due for repayment within the next twelve months; (iii) the Group's convertible bonds, which were measured at fair value through profit or loss, amounting to RMB1,976,664,000 will be due on 2 March 2026, and the Group needs to redeem the convertible bonds at 105.11 per cent of the principal amount once due, with a remaining outstanding amount of US\$331,202,000 (equivalent to approximately RMB2,355,638,000); while (iv) the Group's cash and cash equivalents with RMB2,549,299,000. These conditions, together with other matters set out in note 1 to the consolidated financial statements, indicate the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern.

The directors of the Company have been undertaking measures to improve the Group's liquidity and financial position, which are set out in note 1 to the consolidated financial statements. The validity of the going concern assumption on which the consolidated financial statements have been prepared depends on the outcome of these measures, which are subject to multiple uncertainties, including whether the Group can: (i) successfully complete the holistic restructuring of its convertible bonds before the maturity date on 2 March 2026; (ii) successfully satisfy the requirements of the guarantor of the medium term notes; (iii) successfully dispose of the Group's equity interests in certain subsidiaries when suitable; and (iv) successfully obtain additional new sources of financing as and when needed.

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

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement has been published on the websites of HKEXnews (www.hkexnews.hk) and the Company (www.hopeedu.com). The annual report of the Company for the year ended 31 August 2024 will be published on the above websites and will be dispatched to the Shareholders who have indicated their wish to receive a printed copy in due course and.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**

For the year ended 31 August 2024

		2024	2023
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
REVENUE	4	3,732,066	3,581,632
Cost of sales		<u>(2,158,501)</u>	<u>(1,901,450)</u>
Gross profit		1,573,565	1,680,182
Other income and gains	4	274,836	297,913
Selling expenses		(241,848)	(287,689)
Administrative expenses		(600,546)	(547,555)
Impairment losses on financial assets		(73,194)	(180,700)
Other expenses		(100,038)	(108,378)
Finance costs		(289,412)	(349,121)
Fair value gains/(losses) on convertible bonds		186,516	(228,654)
Share of profits of a joint venture		<u>27,182</u>	<u>29,285</u>
PROFIT BEFORE TAX	5	757,061	305,283
Income tax expense	6	<u>(143,974)</u>	<u>(94,514)</u>
PROFIT FOR THE YEAR		<u><u>613,087</u></u>	<u><u>210,769</u></u>
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		<u>61,220</u>	<u>28,940</u>
Total comprehensive income for the year		<u><u>674,307</u></u>	<u><u>239,709</u></u>
Profit attributable to:			
Owners of the Company		609,562	210,099
Non-controlling interests		<u>3,525</u>	<u>670</u>
		<u><u>613,087</u></u>	<u><u>210,769</u></u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME (continued)**

For the year ended 31 August 2024

	<i>Notes</i>	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Total comprehensive income attributable to:			
Owners of the Company		671,069	238,628
Non-controlling interests		3,238	1,081
		<u>674,307</u>	<u>239,709</u>
Earnings per share attributable to ordinary equity holders of the Company:			
Basic	8	<u>RMB7.41 cents</u>	<u>RMB2.60 cents</u>
Diluted		<u>RMB4.54 cents</u>	<u>RMB2.57 cents</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 August 2024

	Notes	2024 RMB'000	2023 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		11,603,331	11,024,746
Right-of-use assets		1,926,672	1,934,308
Interests in land held for property development		681,556	735,719
Investment properties		260,414	261,419
Goodwill	9	2,051,684	2,040,254
Other intangible assets		1,250,705	1,256,563
Investment in a joint venture		—	553,665
Prepayments, deposits and other receivables	11	430,281	318,136
Pledged and restricted deposits	12	7,520	7,520
Deferred tax assets		33,168	24,520
Contract cost assets		17,014	3,018
Total non-current assets		<u>18,262,345</u>	<u>18,159,868</u>
CURRENT ASSETS			
Trade receivables	10	83,683	104,591
Prepayments, deposits and other receivables	11	814,059	669,313
Amounts due from related parties		4,817	45,399
Contract cost assets		23,373	11,461
Assets classified as held for sale		—	390,563
Pledged and restricted deposits	12	543,935	92,488
Cash and cash equivalents	12	2,549,299	2,827,722
Total current assets		<u>4,019,166</u>	<u>4,141,537</u>
CURRENT LIABILITIES			
Contract liabilities		2,267,792	2,123,601
Trade payables	13	57,286	48,167
Other payables and accruals	14	2,662,982	2,826,225
Lease liabilities		37,271	33,091
Deferred income		78,752	77,956
Convertible bonds		—	2,183,887
Interest-bearing bank and other borrowings		2,054,779	1,638,351
Amounts due to related parties		67,175	83,573
Liabilities directly associated with the assets classified as held for sale		—	228,588
Dividends payable		550	—
Tax payable		204,409	167,542
Total current liabilities		<u>7,430,996</u>	<u>9,410,981</u>
NET CURRENT LIABILITIES		<u>(3,411,830)</u>	<u>(5,269,444)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>14,850,515</u>	<u>12,890,424</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)*31 August 2024*

	<i>Note</i>	2024 RMB'000	2023 <i>RMB'000</i>
NON-CURRENT LIABILITIES			
Other payables	14	809,818	845,956
Deferred income		1,511,201	1,536,440
Convertible bonds		1,976,664	—
Interest-bearing bank and other borrowings		1,182,582	1,834,662
Lease liabilities		96,553	116,735
Deferred tax liabilities		114,648	114,654
Contract liabilities		4,559	2,243
		<hr/>	<hr/>
Total non-current liabilities		5,696,025	4,450,690
		<hr/>	<hr/>
NET ASSETS		9,154,490	8,439,734
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Equity attributable to owners of the Company			
Issued capital		559	559
Reserves		9,150,974	8,438,906
		<hr/>	<hr/>
		9,153,533	8,439,465
Non-controlling interests		2,957	269
		<hr/>	<hr/>
Total equity		9,154,490	8,439,734
		<hr/> <hr/>	<hr/> <hr/>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 August 2024

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

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 August 2024

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	757,061	305,283
Adjustments for:		
Depreciation of items of property, plant and equipment	432,026	404,041
Depreciation of investment properties	5,613	1,776
Depreciation of right-of-use assets	71,643	66,317
Depreciation of land held for property development	12,870	12,889
Amortisation of contract cost assets	29,888	13,448
Amortisation of other intangible assets	40,754	34,823
Deferred income released to profit or loss	(73,200)	(66,525)
Interest income	(32,939)	(66,239)
Finance costs	289,412	349,121
(Gain)/loss on disposal of items of property, plant and equipment, other intangible assets and right-of-use assets, net	(5,384)	2,038
Gain on bargain purchase	—	(5,498)
Losses on disposal of subsidiaries, net	5,472	—
Gain on liquidation of a subsidiary	—	(19,226)
Gain on disposal of investment in a joint venture	—	(7,662)
Equity-settled share option expense	40,999	61,775
Share of profit of a joint venture	(27,182)	(29,285)
Fair value (gains)/losses on convertible bonds, net	(186,516)	228,654
Impairment losses on financial assets	73,194	180,700
Impairment losses on land held for property development	43,752	—
Gain on lease modification	—	(34)
Foreign exchange (gain)/loss, net	(16,864)	54,401
	1,460,599	1,520,797

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)*For the year ended 31 August 2024*

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Increase in prepayments, deposits and other receivables	(4,079)	(87,265)
Decrease in trade receivables	23,062	25,663
Increase in contract cost assets	(53,003)	(12,063)
Decrease in amounts due from related parties	25,609	11,830
Increase in contract liabilities	133,912	473,301
Increase/(decrease) in trade payables	7,555	(10,098)
Increase/(decrease) in amounts due to related parties	(287)	489
Decrease in other payables and accruals	(33,181)	(70,883)
Withdrawal/(placement) of restricted cash	2,305	(9,789)
Receipt of government grants related to expense items	16,920	17,075
	<hr/>	<hr/>
Cash generated from operations	1,579,412	1,859,057
Bank interest received	26,636	23,189
Income tax paid	(116,468)	(95,353)
	<hr/>	<hr/>
Net cash flows from operating activities	1,489,580	1,786,893

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)*For the year ended 31 August 2024*

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

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)*For the year ended 31 August 2024*

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

NOTES TO FINANCIAL STATEMENTS

31 August 2024

1. BASIS OF PREPARATION

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

Going concern

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

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

- (i) The Group will continue to explore a restructuring of the Bonds to secure the sustainable operations of the Group for the benefit of all of its stakeholders;
- (ii) The Group will continue to satisfy the requirements and negotiate with the guarantor of the medium term notes, which was issued by INTI Universal Holdings Sdn Bhd, a wholly-owned subsidiary of the Group, with aggregate principal amount of RM\$165,000,000 (equivalent to approximately RMB272,263,000) with a maturity date on 2 November 2028, to avoid the acceleration of repayment;
- (iii) The Group will continue to seek suitable opportunities to dispose of its equity interests in certain subsidiaries in order to generate additional cash inflows;
- (iv) The Group has been actively seeking other alternative financing and borrowings to finance the settlement of the existing financial obligations and future operating and capital expenditures; and
- (v) The Group will continue to take active measures to control administrative costs and capital expenditures and negotiate with the vendors to manage payment schedules.

1. BASIS OF PREPARATION (continued)

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

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

- (i) successfully complete the holistic restructuring of its convertible bonds before the maturity date on 2 March 2026;
- (ii) successfully satisfy the requirements of the guarantor of the medium term notes;
- (iii) successfully dispose of the Group's equity interests in certain subsidiaries when suitable; and
- (iv) successfully obtain additional new sources of financing as and when needed.

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

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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

3. OPERATING SEGMENT INFORMATION

For the year ended 31 August 2024

	Domestic education <i>RMB'000</i>	Global education <i>RMB'000</i>	Other <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue (note 4)				
Revenue from external customers	3,339,764	392,302	—	3,732,066
Intersegment sales	—	32,336	—	32,336
Total segment revenue	<u>3,339,764</u>	<u>424,638</u>	<u>—</u>	<u>3,764,402</u>
<i>Reconciliation:</i>				
Elimination of intersegment sales				<u>(32,336)</u>
Revenue from external customers				<u>3,732,066</u>
Segment results	887,069	9,742	(65,572)	831,239
<i>Reconciliation:</i>				
Interest income				32,939
Foreign exchange differences, net				16,330
Fair value change from convertible bonds				186,516
Non-lease-related finance costs				(279,716)
Unallocated corporate expenses				<u>(30,247)</u>
Profit before tax				<u>757,061</u>
Segment assets	16,696,701	1,649,525	908,133	19,254,359
<i>Reconciliation:</i>				
Elimination of intersegment receivables				(73,602)
Pledged and restricted deposits				551,455
Cash and cash equivalents				<u>2,549,299</u>
Total assets				<u>22,281,511</u>
Segment liabilities	7,401,630	583,715	1,253	7,986,598
<i>Reconciliation:</i>				
Elimination of intersegment payables				(73,602)
Interest-bearing bank and other borrowings				3,237,361
Convertible bonds				<u>1,976,664</u>
Total liabilities				<u>13,127,021</u>

3. OPERATING SEGMENT INFORMATION (continued)

For the year ended 31 August 2023

	Domestic education <i>RMB'000</i>	Global education <i>RMB'000</i>	Other <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue (note 4)				
Revenue from external customers	3,230,475	351,157	—	3,581,632
Intersegment sales	4,630	11,573	—	16,203
	<hr/>	<hr/>	<hr/>	<hr/>
Total segment revenue	<u>3,235,105</u>	<u>362,730</u>	<u>—</u>	<u>3,597,835</u>
<u>Reconciliation:</u>				
Elimination of intersegment sales				<u>(16,203)</u>
Revenue from external customers				<u>3,581,632</u>
Segment results	867,885	53,315	(21,819)	899,381
<u>Reconciliation:</u>				
Interest income				66,239
Foreign exchange differences, net				(55,014)
Fair value change from convertible bonds				(228,654)
Non-lease-related finance costs				(339,140)
Unallocated corporate expenses				<u>(37,529)</u>
Profit before tax				<u>305,283</u>
Segment assets	16,992,472	1,370,484	1,038,669	19,401,625
<u>Reconciliation:</u>				
Elimination of intersegment receivables				(27,950)
Pledged and restricted deposits				100,008
Cash and cash equivalents				<u>2,827,722</u>
Total assets				<u>22,301,405</u>
Segment liabilities	7,859,960	370,735	1,512	8,232,207
<u>Reconciliation:</u>				
Elimination of intersegment payables				(27,950)
Interest-bearing bank and other borrowings				3,473,013
Amounts due to related parties				514
Convertible bonds				<u>2,183,887</u>
Total liabilities				<u>13,861,671</u>

4. REVENUE, OTHER INCOME AND GAINS

Revenue

An analysis of revenue is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Revenue from contracts with customers	<u>3,732,066</u>	<u>3,581,632</u>

For the year ended 31 August 2024

Segments	Domestic education <i>RMB'000</i>	Global education <i>RMB'000</i>	Total <i>RMB'000</i>
Types of goods or services			
Tuition fees	2,881,581	341,827	3,223,408
Boarding fees	296,400	9,686	306,086
Sales of books and daily necessities	56,630	—	56,630
Others	<u>105,153</u>	<u>40,789</u>	<u>145,942</u>
Total	<u>3,339,764</u>	<u>392,302</u>	<u>3,732,066</u>

Timing of revenue recognition

Services transferred over time	3,283,134	392,302	3,675,436
Goods transferred at a point in time	<u>56,630</u>	—	<u>56,630</u>
Total	<u>3,339,764</u>	<u>392,302</u>	<u>3,732,066</u>

For the year ended 31 August 2023

Segments	Domestic education <i>RMB'000</i>	Global education <i>RMB'000</i>	Total <i>RMB'000</i>
Types of goods or services			
Tuition fees	2,733,142	320,725	3,053,867
Boarding fees	284,576	9,340	293,916
Sales of books and daily necessities	57,087	—	57,087
Others	<u>155,670</u>	<u>21,092</u>	<u>176,762</u>
Total	<u>3,230,475</u>	<u>351,157</u>	<u>3,581,632</u>

Timing of revenue recognition

Services transferred over time	3,173,388	351,157	3,524,545
Goods transferred at a point in time	<u>57,087</u>	—	<u>57,087</u>
Total	<u>3,230,475</u>	<u>351,157</u>	<u>3,581,632</u>

4. REVENUE, OTHER INCOME AND GAINS (continued)

Other income and gains

An analysis of other income and gains is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Other income		
Bank interest income	26,636	29,797
Interest income from loans to related parties	53	36,442
Earned finance income	<u>6,250</u>	<u>—</u>
 Total interest income	 32,939	 66,239
Deferred income released to profit or loss:		
— related to assets	59,212	49,381
— related to expenses	13,988	17,144
Government grants received	16,259	12,851
Rental income	12,421	15,895
Service income	64,966	62,223
Donation income	4,639	2,214
Others	<u>47,629</u>	<u>38,786</u>
 Total other income	 <u>252,053</u>	 <u>264,733</u>
Gains		
Gain on disposal of items of property, plant and equipment, other intangible assets and right-of-use assets	6,453	760
Gain on lease modification	—	34
Gain on liquidation of a subsidiary	—	19,226
Gain on disposal of investment in a joint venture, net	—	7,662
Gain on exchange differences, net	16,330	—
Gain on bargain purchase	<u>—</u>	<u>5,498</u>
 Total gains	 <u>22,783</u>	 <u>33,180</u>
 Total other income and gains	 <u>274,836</u>	 <u>297,913</u>
 Fair value gains/(losses) on convertible bonds	 <u>186,516</u>	 <u>(228,654)</u>

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2024	2023
	RMB'000	RMB'000
Cost of services provided	<u>2,158,501</u>	<u>1,901,450</u>
Employee benefit expense (including Directors' and chief executive's remuneration):		
Wages and salaries	1,302,430	1,127,557
Equity-settled share option expense	40,999	61,775
Pension scheme contributions (defined contribution schemes)	<u>230,278</u>	<u>208,555</u>
Total	<u>1,573,707</u>	<u>1,397,887</u>
Management fees	122,252	109,472
Depreciation of property, plant and equipment	432,026	404,041
Depreciation of right-of-use assets	71,643	66,317
Depreciation of land held for property development	12,870	12,889
Depreciation of investment properties	5,613	1,776
Amortisation of other intangible assets	40,754	34,823
Amortisation of contract cost assets	29,888	13,448
Losses on disposal of subsidiaries, net	5,472	—
Gain on liquidation of a subsidiary	—	(19,226)
Gain on bargain purchase	—	(5,498)
Lease payments not included in the measurement of lease liabilities	36,666	15,479
Foreign exchange differences, net	4,377	(28,305)
Auditors' remuneration	7,350	7,750
Losses on disposal of items of property, plant and equipment, other intangible assets and right-of-use assets	1,069	2,798
Impairment loss on prepayments, deposits and other receivables	73,194	180,700
Impairment loss on land held for property development	43,752	—
Gain on disposal of investment in a joint venture	—	(7,662)
Gain on lease modification, net	—	(34)

6. INCOME TAX

The major components of income tax expense of the Group are as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Current — Chinese Mainland		
Corporate income tax for the year	131,948	76,495
Underprovision/(overprovision) in prior years, net	11,315	(115)
Current — Elsewhere		
Corporate income tax for the year	14,377	16,213
Overprovision in prior years, net	(615)	(171)
Deferred	(13,051)	2,092
	<u>143,974</u>	<u>94,514</u>
Total tax charged for the year	<u>143,974</u>	<u>94,514</u>

7. DIVIDENDS

At the meeting of the Board of Directors held on 29 November 2024, the Directors resolved not to pay any dividend for the year ended 31 August 2024 (2023: Nil).

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculations of the basic and diluted earnings per share attributable to ordinary equity holders of the Company are based on the following data:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Earnings		
Profit attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation	609,562	210,099
Less: Fair value and foreign exchange gains on convertible bonds	(207,223)	—
Profit attributable to ordinary equity holders of the Company, before fair value and foreign exchange gains on convertible bonds used in the diluted earnings per share calculation	<u>402,339</u>	<u>210,099</u>

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY (continued)

	Number of shares	
	2024	2023
Shares		
Weighted average number of ordinary shares used in the basic earnings per share calculation	8,224,974,706	8,080,291,292
Effect of dilution — weighted average number of ordinary shares:		
Share options — 2022 Share Option Scheme	—	89,796,542
Convertible bonds	<u>634,545,925</u>	<u>—</u>
Weighted average number of ordinary shares used in the diluted earnings per share calculation	<u><u>8,859,520,631</u></u>	<u><u>8,170,087,834</u></u>

9. GOODWILL

The carrying amounts of goodwill as at 31 August 2024 and 2023 are as follows:

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Cost and net carrying amount at beginning of year	2,040,254	2,031,266
Acquisition of subsidiaries	—	6,581
Exchange realignment	<u>11,430</u>	<u>2,407</u>
Cost and net carrying amount at end of year	<u><u>2,051,684</u></u>	<u><u>2,040,254</u></u>

10. TRADE RECEIVABLES

An ageing analysis of the trade receivables as at the end of the Reporting Period, based on the transaction date and net of loss allowance, is as follows:

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Within 3 months	44,426	53,912
Over 3 months	<u>39,257</u>	<u>50,679</u>
Total	<u><u>83,683</u></u>	<u><u>104,591</u></u>

11. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Current portion:		
Loans to third parties, interest receivables included	458,029	471,260
Cash in transit	96,198	59,212
Deferred operating expenses	90,560	62,942
Deposits	114,227	27,595
Staff advances	22,657	26,334
Amounts due from the local finance department	—	78,735
Receivables arising from the disposal of items of property, plant and equipment, other intangible assets and right-of-use assets	20,000	—
Loans to the government	18,641	24,581
Rental receivables from third parties	21,296	19,642
Receivables arising from the disposal of subsidiaries	160,633	—
Other receivables	65,712	79,712
	<u>1,067,953</u>	850,013
Impairment allowance	<u>(253,894)</u>	<u>(180,700)</u>
Subtotal	<u>814,059</u>	<u>669,313</u>
Non-current portion:		
Prepayments for property, plant and equipment	108,945	36,833
Prepayments for intangible assets	2,840	969
Deferred operating expenses	37,057	—
Prepayments for land lease payments	36,419	174,917
Loans to a third party	—	15,000
Receivables arising from the disposal of subsidiaries	221,249	—
Prepayment for an equity investment	7,260	—
Deposits	16,511	90,417
Subtotal	<u>430,281</u>	<u>318,136</u>
Total	<u><u>1,244,340</u></u>	<u><u>987,449</u></u>

12. CASH AND CASH EQUIVALENTS AND PLEDGED AND RESTRICTED DEPOSITS

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Cash and bank balances	3,100,754	2,927,730
<i>Less:</i>		
<i>Pledged deposits for other borrowings — current</i>	(495,659)	—
<i>Restricted bank balances in escrow accounts</i>		
Current	(29,719)	(71,611)
Non-current	(7,520)	(7,520)
<i>Other restricted bank balances — current</i>	(18,557)	(20,877)
	<u>(551,455)</u>	<u>(100,008)</u>
Total pledged and restricted deposits		
	<u>(551,455)</u>	<u>(100,008)</u>
Cash and cash equivalents	<u>2,549,299</u>	<u>2,827,722</u>

13. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the Reporting Period, based on the invoice date, is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Within 3 months	26,252	27,625
Over 3 months	31,034	20,542
	<u>57,286</u>	<u>48,167</u>
Total		
	<u>57,286</u>	<u>48,167</u>

The trade payables are non-interest-bearing and are normally settled on terms of one to ten months.

14. OTHER PAYABLES AND ACCRUALS

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Current portion:		
Payables for purchase of property, plant and equipment	664,118	758,573
Payables for the acquisition of equity interests	471,332	629,591
Miscellaneous advances received from students	228,221	219,211
Accrued bonuses and other employee benefits	194,382	195,439
Government scholarship	236,173	229,562
Payables for purchase of teaching materials and operating expenditure	28,590	35,023
Payables for management fees	43,496	36,190
Rental payable	47,133	41,643
Deposits payable	61,589	64,537
Other taxes payable	77,025	120,748
Other payables and accrued expenses	290,102	253,890
Loans from third parties	124,387	30,003
Construction loan from the Mianzhu Education Bureau	75,832	75,832
Payables for conversion of certain independent colleges into fully private colleges	80,682	80,682
Advances received for disposal of Hebi Automotive	—	41,961
Payable for land lease payments	39,920	13,340
Subtotal	<u>2,662,982</u>	<u>2,826,225</u>
Non-current portion:		
Payables for conversion of certain independent colleges into fully private colleges	449,283	505,143
Liability of a put option granted to a minority shareholder	352,605	332,238
Other payables	7,930	8,575
Subtotal	<u>809,818</u>	<u>845,956</u>
Total	<u><u>3,472,800</u></u>	<u><u>3,672,181</u></u>

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the meanings set forth below:

“Board” or “Board of Directors”	The board of Directors of the Company
“China” or “PRC”	The People’s Republic of China excluding for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Company”, “our Company” or “XJ International”	XJ International Holdings Co., Ltd. (希教國際控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 13 March 2017
“Corporate Governance Code”	The Corporate Governance Code set out in Appendix C1 to the Listing Rules
“Director(s)”	The director(s) of our Company
“Group”, “our Group”, “we” or “us”	Our Company, its subsidiaries and the consolidated affiliated entities from time to time, or, where the context so requires in respect of the period before our Company became the holding company of our present subsidiaries, the entities which carried on the business of the present Group at the relevant time
“Hebi Automotive”	Hebi Automotive Engineering Vocational College (鶴壁汽車工程職業學院)
“IFRS Accounting Standards”	The International Financial Reporting Standard(s)
“Listing”	The listing of the Company’s Shares on the Main Board on 3 August 2018
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange as amended, supplemented or otherwise modified from time to time
“Model Code”	The Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules
“Reporting Period”	The year ended 31 August 2024

“RMB” or “Renminbi”	Renminbi, the lawful currency for the time being of the PRC
“Share(s)”	Ordinary share(s) of a nominal value of US\$0.00001 each in the share capital of our Company
“Shareholder(s)”	Holder(s) of the Share(s)
“State”	The central government of the PRC, including all governmental sub-divisions (such as provincial, municipal and other regional or local government entities)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary(ies)”	Has the meaning ascribed to it in the Listing Rules
“%”	Percent

By order of the Board
XJ International Holdings Co., Ltd.
Zhang Bing
Chairman

Hong Kong, 29 November 2024

As at the date of this announcement, the Board of the Company comprises Mr. Deng Yi, Mr. Wang Huiwu and Ms. Lou Qunwei as executive Directors; Mr. Zhang Bing, Mr. Xu Changjun and Mr. Li Tao as non-executive Directors; and Mr. Zhang Jin, Mr. Liu Zhonghui and Mr. Xiang Chuan as independent non-executive Directors.