Bojun Education Company Limited
博駿教育有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1758)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 AUGUST 2022

The board (the "**Board**") of directors (the "**Director(s)**") of Bojun Education Company Limited (the "**Company**", together with its subsidiaries and consolidated affiliated entities, the "**Group**") hereby announces the audited consolidated results of the Group for the year ended 31 August 2022. This announcement, containing the full text of the annual report of the Company for the year ended 31 August 2022, complies with the relevant requirements of the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") in relation to information to accompany preliminary announcements of the annual results. The printed version of the annual report will be despatched to the shareholders of the Company and available for viewing on the websites of the Stock Exchange at www.hkexnews.hk and of the Company at bojuneducation.com in due course in the manner as required by the Listing Rules.

By Order of the Board
Bojun Education Company Limited
Wang Jinglei
Chairman of the Board

Hong Kong, 30 November 2022

As at the date of this announcement, the executive Director is Mr. Wang Jinglei; the non-executive Director is Mr. Wu Jiwei; and the independent non-executive Directors are Mr. Cheng Tai Kwan Sunny, Mr. Mao Daowei, Ms. Luo Yunping and Mr. Yang Yuan.

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COMPANY PROFILE

We are one of the leading private education service groups in Sichuan Province, the PRC, with a proven record of more than 21 years in the private education services sector. We operate our own kindergartens and high schools and intend to enter the vocational education sector through acquisitions. We also provide education management services to school-age students and educational institutions, including kindergarten management services overseas education consulting service, and supplemental services etc.. As at 1 September 2022, we operated one kindergarten and one high school in Chengdu, Sichuan Province. As at 1 September 2022, we had an enrolment of approximately 840 students supported by 406 employees, including 68 teachers. As at the Latest Practicable Date, Riverside Kindergarten has been transformed to a for-profit kindergarten, in addition to the one kindergarten (Lidu Kindergarten) operated directly by the Group.

Since 2001, we have built the foundation of our business upon private preschool education and expanded our footprints to the private primary, middle school and high school education industry. In June 2001, we established Youshi Kindergarten, our first kindergarten cooperated with Chengdu Preschool Normal School, then Lidu Kindergarten, Riverside Kindergarten, Longquan Kindergarten, Qingyang Kindergarten and Peninsula Kindergarten. We established Jinjiang School in April 2012, followed by Longquan School and Tianfu School in successful replications of our business model for school management. In March 2021, we launched the Tianfu High School. Since September 2019, we established four Bojun Schools successively in Sichuan Province with a new brand "Bojun School" (博駿公學). As Regulations for the Implementation of the Private Education Promotion Law of the PRC (《中華人民共和國民辦教育促進法實施條例》) (the "**Implementation Regulations**") have been issued, with effect from 1 September 2021, we deconsolidate the Affected Entities as at 31 August 2021. Our remaining businesses principally involves operation of for-profit high school and kindergarten, and provision of education services to school-aged students and educational institutions in the PRC. In addition, we have started the layout of private vocational education sector. We have entered into equity transfer agreements with certain parties to acquire equity of entities in the vocational education sector in December 2021, subject to approval of the Shareholders.

We focus on providing quality education services with a strong emphasis on the all-round development of students, while keeping up with the national education strategic development plan and restructuring our business in a timely manner. With increasing demand for quality private education from parents in the PRC, we have made significant progress since opening our first school back in 2001. With the experience gained over the years and the dedication of our management team, we have built a strong reputation for quality in the industry, which will allow us to attract talented students and outstanding teachers and seize more opportunities to enhance and cement our market position in the private education sector in Sichuan Province.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Director

Mr. Wang Jinglei *(Chairman of the Board and Chief Executive Officer)*

Non-executive Director

Mr. Wu Jiwei

Independent Non-executive Directors

Mr. Cheng Tai Kwan Sunny
Mr. Mao Daowei
Ms. Luo Yunping
Mr. Yang Yuan

AUDIT COMMITTEE

Mr. Cheng Tai Kwan Sunny *(Chairman)*
Mr. Mao Daowei
Ms. Luo Yunping

NOMINATION COMMITTEE

Mr. Wang Jinglei *(Chairman)*
Mr. Mao Daowei
Ms. Luo Yunping

REMUNERATION COMMITTEE

Mr. Yang Yuan *(Chairman)*
Mr. Mao Daowei
Ms. Luo Yunping

COMPANY SECRETARY

Mr. Lam Wai Kei

AUTHORISED REPRESENTATIVES

Mr. Wu Jiwei
Mr. Lam Wai Kei

AUDITOR#

ZHONGHUI ANDA CPA Limited

LEGAL ADVISORS

As to Hong Kong law:

Loeb & Loeb LLP

As to PRC law:

DeHeng Law Offices (Chengdu)

PRINCIPAL BANKERS

Agricultural Bank of China, Hong Kong branch
Agricultural Bank of China, Chengdu Shahebao branch
Bank of China, Chengdu Jinsha branch
Bank of China (Hong Kong) Limited

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

No. 209 Sanse Road, Jinjiang District
Chengdu, Sichuan Province
The PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

2206-19, Jardine House
1 Connaught Place
Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE##

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

STOCK CODE

1758

COMPANY'S WEBSITE

http://bojuneducation.com

INVESTOR RELATIONS

Phone: +86-28-86006028
Email: BJJY@bojuneducation.com

\# PKF Hong Kong Limited resigned as the auditor of the Company with effect from 22 July 2022 and ZHONGHUI ANDA CPA Limited was appointed auditor of the Company with effect from 29 July 2022

\#\# with effect from 15 July 2022

FINANCIAL HIGHLIGHTS

A summary of the results and of the assets and liabilities of the Group for the last five financial years, as extracted from published audited financial statements, is set out below:

FIVE-YEAR COMPARISON OF KEY FINANCIAL FIGURES

Result of operation	For the year ended 31 August 2018 RMB'000 (Note 1)	2019 RMB'000 (Note 1)	2020 RMB'000 (Note 1)	2021 RMB'000 (Note 2)	**2022** **RMB'000** **(Note 2)**
Revenue	231,259	338,019	375,740	–	**33,604**
Gross profit	618,14	89,755	104,411	(23,699)	**16,766**
Profit/(loss) for the year	15,308	28,941	15,242	(629,017)	**(9,403)**
Adjusted net profit/(loss) (Note 3)	26,294	28,998	15,760	(82,690)	**(9,403)**
Profit and total comprehensive income/(expense) for the year attributable to owners of the Company	17,133	26,597	9,100	(629,017)	**(9,403)**
Basic earnings/(loss) per share (RMB)	0.03	0.03	0.01	(0.77)	**(0.01)**

Financial ratio	For the year ended 31 August 2018	2019	2020	2021	**2022**
Gross profit margin (%)	26.7%	26.6%	27.8%	N/A	**49.9%**
Net profit (loss) margin (%)	6.6%	8.6%	4.1%	N/A	**(28.0%)**
Adjusted net profit/(loss) margin (%)	11.4%	8.6%	4.2%	N/A	**(28.0%)**

Note 1: Financial results for continuing and discontinued operations.

Note 2: Financial results for continuing operations.

Note 3: The adjusted net profit, which is unaudited in nature, is presented because our management believes such information will be helpful for investors in assessing the level of our net profit by eliminating the effects of certain one-off or non-recurring items. For the details of reconciliation to the most directly comparable financial measure calculated and presented in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**"), which is profit for the year, please refer to the paragraph headed "Financial review" under the section headed "Management discussion and analysis" in this annual report.

FINANCIAL HIGHLIGHTS

Assets and liabilities	As at 31 August 2018 RMB'000	2019 RMB'000	2020 RMB'000	2021 RMB'000	**2022** **RMB'000**
Non-current assets	848,658	1,370,899	1,742,966	886,787	**877,072**
Current assets	631,127	437,467	463,435	308,974	**292,034**
Current liabilities	621,778	899,076	854,485	227,601	**115,666**
Net current assets/(liabilities)	9,349	(461,609)	(391,050)	81,373	**176,368**
Total assets less current liabilities	858,007	909,290	1,351,916	968,160	**1,053,440**
Non-current liabilities	45,634	69,720	496,586	884,136	**874,175**
Capital and reserves	812,373	839,570	855,330	84,024	**179,127**
Property, plant and equipment	671,226	1,106,119	1,311,630	658,889	**665,775**
Bank balances and cash	607,062	336,647	426,772	93,214	**155,072**
Contract liabilities (Deferred revenue)	280,481	350,837	369,348	7,296	**36,810**
Borrowings	60,000	140,000	416,500	179,000	**160,120**

Financial ratio	As at 31 August 2018	2019	2020	2021	**2022**
Current ratio	1.02	0.49	0.54	1.36	**2.52**
Gearing ratio (Note)	7.4%	16.7%	48.7%	213.0%	**89.4%**

Note: Gearing ratio is calculated by dividing total debts (which equal interest-bearing borrowings and obligation under finance leases) by total equity attributable to owners of the Company as of the respective year end date.

Cash flows	For the year ended 31 August 2018 RMB'000	2019 RMB'000	2020 RMB'000	2021 RMB'000	**2022** **RMB'000**
Net cash from operating activities	126,931	103,870	125,515	127,681	**25,855**

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board, I am pleased to present the annual report of the Company, covering the consolidated results of the Group for the year ended 31 August 2022.

RESULTS OVERVIEW

Compared with the corresponding period in the previous year, the Group's total revenue for the year ended 31 August 2022 amounted to approximately RMB33.6 million. Loss for the year amounted to approximately RMB9.4 million, representing an increase of RMB619.6 million as compared to the loss of approximately RMB629.0 million for the year ended 31 August 2021.

SUMMARY OF BUSINESS

We have been running private schools in Sichuan Province, China for more than 20 years and have built a strong reputation in the region. The overwhelming number of applications for enrolment received, outstanding examination results achieved by our graduates and the positive responses and supports made to our school network expansion on the part of local governments, all bear vivid testimonies to the Group's sufficient influence in the field of private education in Sichuan Province. As the Implementation Regulations have been effective from 1 September 2021, we deconsolidate the affected entities as at 31 August 2021. The Group no longer engage in compulsory school sector from 1 September 2021. We will continue to provide quality non-compulsory school services, mainly including kindergarten, high school, vocational education services and education management services. As at 1 September 2022, we had a student enrolment of 840. Since our high school has enrolled freshmen for the 2022/23 school year and there is no graduating classes yet, the number of students of high schools significantly increased.

We adhere to the concepts of "Fusion of Chinese and Western, Combination of Arts and Science" (融貫中西，文理並蓄) and "Learn Intently in Pursuit of Knowledge and Caring for the World" (靜學問道，天下關懷). We strengthen the study of basic subjects according to the education rules and the law of growth of people. Meanwhile, we provide high-quality and comprehensive education services to our students through customised courses. We follow the development trend of education and create teaching methodology that adapts to the development of students. We believe the success of our education services not only facilitates the development of our students' skills in communication, creativity and collaboration, but also helps them obtain academic excellence and other achievements. In the past, our students have achieved excellent results in various academic competitions.

DEVELOPMENT PLANS

Looking forward, the PRC government's vigorous promotion on and regulated development of private education creates both opportunities and challenges, offering us the possibility to further enhance and expand our market position as a high quality private education operator in the southwest region. On one hand, the Group ceased to have control over the Affected Entities to comply with the PRC laws and regulations, as a result of the Implementation Regulations effective from 1 September 2021. On the other hand, riding on the PRC government's promotion of vocational education, the Group leverages its experience accumulated from school operation over the years as a starting point to actively and rapidly develop new businesses, particularly in private kindergartens, independent high schools and private vocational education institutes, subject to the compliance with the PRC laws and regulations. The Group will continue to focus on the expansion of independent kindergartens, high schools and vocational education in Sichuan Province and proactively seek more opportunities to continuously expand our educational services.

Vocational education has supplied a substantial number of talents to support the economic and social development of the PRC. As the PRC enters into a new stage of development, the pace of industrial upgrading and economic restructuring continues to accelerate, and the demand for technically skilled personnel in various industries is becoming more and more urgent. We believe that the core of vocational education lies in the high matching between talents and market demand. With the promulgation of various government policies, vocational education, as a promising area advocated by the government, will be a golden opportunity open to private education service providers.

Based on our years of experience in school management, we will be looking for opportunities to cooperate with more schools in Sichuan province, providing services including but not limited to preschool brand output, management output and staff recruitment. Currently, we have signed management service agreements with five connected kindergartens and four independent kindergartens. We will also actively participate in the "兩自一包" project in local public schools to provide school care services to public schools, with a view to enhancing the management, teaching and research of public schools.

APPRECIATION

On behalf of the Board, I would like to extend heartfelt gratitude to all shareholders and stakeholders of the Company for their ongoing trust and confidence in us. Sincere appreciation is also due to the management and staff for the professionalism, loyalty and dedication demonstrated in the execution of the Group's development strategy. The Group will step up with its strategic business plans with full diligence and concentrate on increasing shareholders' return.

Bojun Education Company Limited
Wang Jinglei
Chairman and chief executive officer

Chengdu, the PRC, 21 November 2022

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Our Schools

We are a leading private education service group in Sichuan Province, the PRC, previously operated 13 schools in Sichuan Province. On 14 May 2021, the State Council of the PRC promulgated the Implementation Regulations which became effective on 1 September 2021. For details please refer to the paragraph headed "Latest Regulatory Developments" below. The Implementation Regulations imposes significant uncertainties and restrictions on the Group's control over the affiliated entities operating private schools offering compulsory education and non-profit kindergartens. The Group has lost its control over the Affected Entities since 31 August 2021, and the Affected Business has been classified as the discontinued operations. Currently, the Group's subsidiaries comprise of one high school and one kindergarten.

The following sets out the types of education provided by each of our schools as at 31 August 2022:

	Kindergartens	Primary school section	Middle school section	High school section
Tianfu High School				✓
Lidu Kindergarten	✓			

Our Students

As at 1 September 2022, we had an enrolment of 840 students, including 239 kindergarten students and 601 high school students. Since our high school have enrolled freshmen in the 2022/23 school year and there have been no graduating classes in the same year, the number of students of high schools significantly increased.

Number of students by school sections	Student enrolment As at 1 September			
	2022	2021	**Change**	**Change in percentage**
Kindergarten	**239**	–	–	–
High school	**601**	151	+450	+298.1%

The student numbers did not include those covered under the educational management services agreements.

Tuition and Boarding Fees

For high schools, our annual tuition fees for the 2021/2022 school year was RMB42,000 per student, while boarding fees of RMB1,200 per school year was charged for each boarding student. The fees charged remained unchanged when compared to the 2020/2021 school year. For kindergartens, our annual tuition fees for the 2021/2022 school year ranged from RMB44,160 to RMB45,360 per student. The fees charged remained unchanged when compared to the 2020/2021 school year.

In general, our high school has an increase in tuition fees every three years to reflect our operating costs. There has been no significant increase in the operating costs of our kindergartens and we do not have a plan to adjust the tuition fees at the moment so that we can maintain our competitiveness in the preschool market.

Our Objectives in Education

We adhere to the concepts of "Combination of Chinese and Western, Arts and Science" (融貫中西，文理並蓄) and "Learn Intently in Pursuit of Knowledge and Caring for the World" (靜學問道，天下關懷). We strengthen the study of basic subjects according to the education rules and the law of growth of people. Meanwhile, we provide high-quality and all-round education services to our students through customised course design. We follow the future development trend of education and create education that adapts to the development of students. We believe our quality education services facilitates the development of our students' skills in communication, creativity and collaboration, and thereby helps them acquire academic excellence and other achievements.

Teachers and Teacher Recruitment

We believe that teachers are the key to maintain our high standards of educational programmes and services as well as safeguard the reputation of our schools. We consider that teachers should act as role models for our students and, therefore, they should be competent in teaching and dedicated to their teaching profession and the well-being of students. Hiring teachers who meet the recruitment requirements and thrive in our schools is essential for the development of our students and the success of our schools.

School sections	Number of teachers As at 1 September 2022
Kindergarten	21
High school	47

Overseas Education Consulting Service

Adhering to the original intention of education and with the core concept of cultivating talents with international vision and sound personality, Bojun delivers a wide range of high-end international education services to students of all ages. Our overseas planning and application process is personalised and supervised by our education director. Our excellent writing and education teaching guidance team can also help students better represent their strengths and personal characteristics to help them get the suitable admissions for themselves and escort each student throughout the learning journey.

The Group launched an overseas education consultancy business in late financial year 2021 and built up an excellent service team in financial year 2022, with core members who have over 10 years of professional services in overseas education consultancy, admissions to top schools and English exams (TOEFL, IELTS, SAT, etc.). Such business has been operating since 2022 and started to generate income.

We are currently providing admission services for high school students from our schools and external schools and university students in Sichuan to apply for bachelor's and master's degrees at leading institutions around the world. With over 20 years of experience in the education sector, the Group has successfully established partnerships with higher education institutions in the United States, the United Kingdom, Australia and other developed countries.

Our overseas education consulting services cover a wide range of areas including consultancy, planning, academic counselling, writing, background enhancement, interview counselling and later visa application. Students and parents can compare and choose a one-stop solution that suits their personal interests, personality traits, academic strengths, background and professional achievements.

Education Management Services

Since 2001, Sichuan Boai and Chengdu Youshi Education Companies have successfully established six kindergartens in Chengdu, Sichuan Province with a high starting point, high level and high standards by combining modern preschool education philosophy, strong teams of experts and abundant teaching resources. After decades of development, "Youshi Kindergarten" has become a professional kindergarten brand. Its school quality has been highly recognised by education authorities, parents and kindergarten peers, and has won many awards for teaching achievements at national, provincial and municipal levels, sustaining a high media exposure and market appeal in the province.

During the year, the Group provides Kindergarten Education Management Services to five connected kindergartens and four independent kindergartens. Under the Kindergarten Education Management Services Agreements, the Group is generally entrusted with providing educational services and teaching resources, including curriculum design and consultation, relevant training to teaching staff and management, campus maintenance, and administrative services etc. For Kindergarten Education Management Services Agreements with connected kindergartens, the Group is also entrusted with providing teaching staff required for the kindergartens.

OUTLOOK

Development Trends in the Private Education Industry in Sichuan and Chengdu

Due to the promulgation of the Implementation Regulations, the Group ceased to have control over the Affected Entities observing the PRC laws and regulations. Meanwhile, based on years of experiences in school operation and subject to the PRC laws and regulations, the Group actively and swiftly develops and expands its business, including private independent high school and private vocational education.

With the increase in household income of the PRC residents and the improvement of the educational level of the parents of the younger generation, parents have a greater demand for quality education resources, and the proportion of education expenditure in the overall household expenditure has steadily increased. Due to the easing restrictions on One-Child Policy by the Chinese government, which reflected by the full implementation of the Two-Child Policy in 2016, the full implementation of Three-Child Policy in 2021 and the universal implementation of compulsory education nationwide, there will be an ongoing rise in demand for high school and vocational education in the future. These factors will potentially help our existing schools recruit more students and raise service price in due course, and are beneficial to building the vocational education business. In recent years, private schools in Sichuan and Chengdu have continued to improve their teaching quality and quality of education, which attracts more students to apply to private schools. In view of our good reputation in school operation, the Group is optimistic about the opportunities brought by the strong demand for quality private education in Southwest China.

Outlook for Vocational Education

On 12 October 2021, the General Office of the Central Committee of the Communist Party of China and the General Office of the State Council issued the Opinions on Promoting the High-quality Development of Modern Vocational Education* (《關於推動現代職業教育高質量發展的實施意見》). On 20 April 2022, the newly amended Vocational Education Law of the People's Republic of China (《中華人民共和國職業教育法》) was passed at the 34th Session of the Standing Committee of the 13th National People's Congress. A series of government initiatives in recent years show the degree of importance the Party and the State attach to vocational education. The government's efforts to promote the reform and development of vocational education have never been greater.

The changes in the talent structure resulted from the upgrading of industries and the changes in the employment needs of enterprises have led to a huge shortage of skilled talents in China. With the strategic adjustment of economic structure and the acceleration of the digital transformation of industries in China, the demand for skilled talents will become more diversified and more robust. The structural contradiction between supply and demand in the market for skilled talents is prominent, and although there are more than 200 million skilled employees, the employment needs has never been satisfied. The development of vocational education is related to employment, people's livelihood and social stability, and the future policy direction of the country will certainly be favourable, allowing vocational education to develop in a more regulated, rational and orderly manner.

In the future, vocational education will take on important roles in nurturing diverse talents, passing on technologies and skills as well as promoting employment and entrepreneurship, and will become an integral part of the national education system. Vocational education enterprises should insist on technology-empowered, learner-centered and quality-based lifelines to build a new vocational education ecosystem in which the education, talent, industry and innovation chains are mutually beneficial to promoting industrial prosperity. Vocational skills education is an important safeguard to support the industrial transformation and the development of the digital economy of China in the future. The policies have explicitly encouraged enterprises to participate and work together with vocational institutions to resolve the conflict between supply and demand for highly skilled talents. Vocational education will embrace tremendous opportunities for development under the dual drive from the policies and demand.

OUR BUSINESS DEVELOPMENT STRATEGIES AND PLANS

Developing the Vocational Education Industry

Since the reform and opening-up of the PRC market, vocational education has provided a large number of talents to support the economic and social development of the PRC. As the PRC enters a new stage of development, the rate of industrial upgrade and economic restructuring are accelerating, and the demand for technically skilled personnel in various industries is becoming more and more urgent.

We believe that the key to vocational education lies in matching talents and market demands well. The Implementation Plan for the National Vocational Education Reform* (《國家職業教育改革實施方案》) in 2019 issued by the State Council emphasised that vocational education and general education are equally important. In October 2021, the General Office of the Central Committee of the Communist Party of China and the General Office of the State Council issued the Opinions on Promoting the High-quality Development of Modern Vocational Education* (《關於推動現代職業教育高質量發展的意見》) and a notice requesting all regions and departments to implement them in a conscientious manner with consideration of the actual situation. As a development project supported by the government, vocational education should be one of the development directions of private education. Therefore, the Group decided to optimise its operating structure and carry out a strategic transformation of vocational education. On 8 December 2021, the Company entered into equity transfer agreements with various parties for acquisition of equity interests in entities in the vocational education industry. For details of the transaction, please refer to the paragraph headed "Events after the Reporting Period" below.

In addition, Nanjiang School, Wangcang School and Lezhi School are also planning to launch vocational education and adopt the teaching model of Dual-System "普職融通" for integrated pattern of general and vocational education, which is a new education pattern integrating secondary vocational education and general high school education, sharing the curriculum under common design and teaching resources, implementing alternative credentials and status basis. Such teaching pattern can nurture students with a combination of learning and practical skills, and cultivate more talents for the society in China.

Extra-curricular Activities

Camp education originated in the United States and has been around for more than 150 years. The camp education programme is a useful supplement to classroom education, as it is the best way for young people to develop practical and collaborative skills. In 2021, the Group began exploring the camp education services industry, as both primary and middle schools need to provide extended education services to their students. Camp education provides a venue for students and enables schools to use the venue for extended education, such as organising educational camps and day camps. Together with the Group's past experience in school operation and educational resources, it is more feasible to operate camp education targeted for primary and middle school students and make profits.

Due to the COVID-19 pandemic, the Group was unable to hold any extra-curricular activities at a large scale resulted from various government controls and safety concerns. Therefore, the Group expects to launch camp education services in the 2022/23 school year, provided that safety and government control objectives are met.

Environment, Health and Safety

The Group's business has not violated applicable environmental laws and regulations of the PRC in any material aspect.

The Group is dedicated to protecting the health and safety of the students. The Group has on-site medical staff or health care personnel at each of the schools to deal with daily medical situations involving the students. For certain serious emergency medical situations, the Group will promptly send the students to local hospitals for medical treatment. Regarding security at the schools, the Group employed qualified property management companies to provide property security services at the Group's school premises.

As far as the Board and the Company's management are aware of, the Group is in compliance with the relevant laws and regulations that have a significant impact on the Group's businesses and operations in all material aspects. There was no material violation of or non-compliance with applicable laws and regulations by the Group during the year ended 31 August 2022.

Impact of the COVID-19 pandemic

After the outbreak of the COVID-19 pandemic in early 2020, the PRC government has implemented various epidemic prevention and control measures and achieved remarkable results. Our schools and kindergartens have implemented strict epidemic prevention and control measures in accordance with the instructions of relevant government agencies. As at 31 August 2022, none of our students and teachers has been infected with the COVID-19 virus.

The Group will continue to strictly implement the epidemic prevention and control measures issued by the PRC government, carry out such measures conscientiously, and resolutely build the defense line of epidemic prevention and control, so that all of our Affected Entities can operate normally.

LATEST REGULATORY DEVELOPMENTS

Regulations for the Implementation of the Private Education Promotion Law of the PRC* (《中華人民共和國民辦教育促進法實施條例》), i.e. the Implementation Regulations

On 14 May 2021, the State Council promulgated the Implementation Regulations, which became effective from 1 September 2021, mainly including: (1) no social organisation or individual shall control private schools that implement compulsory education or non-profit private schools that implement preschool education through merger and acquisition or control agreement; and (2) private schools that implement compulsory education shall not enter into transactions with stakeholders. Other private schools shall follow the principles of openness, fairness, equity, reasonable pricing, and standardised decision making, and shall not harm the interests of the state, the interest of our schools and the rights of our teachers and students when conducting transactions with stakeholders. Private schools shall establish an information disclosure system for transactions with stakeholders. Education, human resources and social security as well as and financial departments shall strengthen the supervision of agreements between non-profit private schools and stakeholders, and conduct annual reviews of related transactions.

The Group believes that there are still uncertainties in the interpretation and implementation of the Implementation Regulations. As at the date of this annual report, no concrete policies have been announced and launched. After detailed discussion with the PRC legal advisors and auditors, the management of the Group and the Directors are of the view that the Group has lost its control over the Affected Entities since 31 August 2021. Therefore, the Group has decided to exclude the Affected Business from the consolidated financial statements with effect from 31 August 2021 and the carrying value of the net assets of the Affected Business for the year ended 31 August 2021 has been deconsolidated in the Group's consolidated financial statements. The operations of the Affected Business have been classified as discontinued operations for the period ended 31 August 2021.

The Company will closely follow up the development of the Implementation Regulations and continuously assess the possible impact on the Company after its implementation. Meanwhile, the Company will continue to monitor developments of the above and other related laws and regulations, and will make further announcements in respect thereof in accordance with the Listing Rules as and when appropriate.

Compliance with the Qualification Requirement

According to the Regulations on Operating Sino-foreign Schools* (《中外合作辦學條例》), foreign investor in a Sino-Foreign Joint Venture Private School must be a foreign educational institution which has acquired relevant qualifications and experience in a foreign country (the "**Qualification Requirement**"). As part of our effort to fulfill the Qualification Requirement, we have adopted specific plans and taken concrete steps reasonably considered by us to be significant to indicate our compliance with the Qualification Requirement. On 19 August 2016, we established US Bojun as an operating entity in the USA. On 29 January 2018, we, through US Bojun, entered into a memorandum of understanding with the US Partner, an institution which had extensive experience in provision of private education services in the United States, to expand our school network abroad. Pursuant to the memorandum of understanding, our Group and the US Partner will set up a joint venture for the establishment of the US School in the Los Angeles area. The joint venture will be owned by our Group as to 70% and the US Partner as to 30%. We will provide funding to finance operations and the purchase of facilities, and will be involved in the design of the education programs to be offered by the US School. The US Partner will provide management services to the US School, assist our Group in identifying school premises and recruit teachers for the US School. We intend to allocate approximately US$3.2 million for the purpose of establishing the US School. We intend to meet part of such capital expenditure by utilising approximately RMB12.9 million (equivalent to approximately US$1.9 million) from the Global Offering and the remainder through equity and/or debt financing and/or with our internal funds, as and when we see fit. Due to impact of the COVID-19, our commencement plan of school in the USA may be suspended. Further announcement will be made by the Company as and when appropriate.

The Group's PRC legal advisor indicated to the Group that the relevant regulatory developments and guidance related to the qualification requirements have not changed.

FINANCIAL REVIEW

Revenue

We derive revenue from providing teaching and boarding service as well as education advisory and management service to our students. The following table sets forth the breakdown of major components of the revenue for the years indicated:

	For the year ended 31 August			
	2022		2021	
	RMB'000	**%**	RMB'000	%
Tuition fees and boarding fees	**10,946**	**32.6**	–	–
Education advisory and management service fees	**22,658**	**67.4**	–	–
Total	**33,604**	**100**	–	–

Revenue for the year ended 31 August 2022 was approximately RMB33.6 million. Due to the promulgation of the Implementation Regulations which came into effect on 1 September, 2021, the comprehensive private basic education business of all our Affected Entities in China ceased to be consolidated on 31 August 2021. In this regard, from 1 September 2021, the Group has been actively implementing a business restructuring plan, vigorously developing its profit-making high schools and profit-making kindergartens, and expanded its business to the area of education advisory and management service. As Tianfu High School commenced its operation in the fiscal year 2022, and Lidu Kindergarten and Riverside Kindergarten successfully transformed to for-profit ones in May and November 2022 respectively. Education management service came in to operation since September 2021. The comparable continuing income for the year ended 31 August 2021 is nil.

Number of students admitted to our schools for the year ended 31 August 2022 is 840.

Costs of services

Our costs of services primarily consist of staff costs, depreciation, leasing, office expenses and other costs. For the year ended 31 August 2022, our costs of services represented approximately 50.1% of our total revenue. The table below sets forth the breakdown of the major components of our costs of services for the years indicated:

	For the year ended 31 August	
	2022	2021
	RMB'000	RMB'000
Staff costs	**13,392**	–
Depreciation	**127**	23,699
Office expenses	**280**	–
Repair and maintenance	**60**	–
Utilities expenses	**60**	–
Training expenses	**34**	–
Canteen operating cost	**847**	–
Leasing	**401**	–
Others	**1,637**	–
Total	**16,838**	23,699

Service costs decreased by approximately RMB6.9 million (or 29.1%) to approximately RMB16.8 million for the year ended 31 August 2022 from approximately RMB23.7 million for the year ended 31 August 2021. The decrease was mainly due to the termination of consolidated accounting of all our Affected Entities providing comprehensive private basic education in China on 31 August 2021, which resulted in reclassification of depreciation expenses of fixed assets originally attributable to the Group from service costs to administrative expenses, of which:

(i) employee costs for the year ended 31 August 2022 were approximately RMB13.4 million. It mainly consists of salaries and benefits of teachers and the Group's employees; and

(ii) depreciation expenses decreased by approximately RMB23.6 million (or 99.6%) to approximately RMB0.1 million for the year ended 31 August 2022 from approximately RMB23.7 million for the year ended 31 August 2021. The decrease was mainly due to the reclassification of fixed asset depreciation expenses mentioned above.

In addition, our costs of services such as party and society activities and book purchase expenses increased in line with the expansion in scale of the schools operated by the Group.

Gross profit (loss) and gross profit (loss) margin

The following table sets forth the breakdown of the gross profit (loss) and gross profit (loss) margin for the years indicated:

	For the year ended 31 August					
	2022			2021		
	Segment revenue RMB'000	**Gross profit RMB'000**	**Gross profit margin %**	Segment revenue RMB'000	Gross profit (loss) RMB'000	Gross profit (loss) margin %
Tuition fees and boarding fees	**10,946**	**8,161**	**25.4**	–	–	–
Education advisory and management service fees	**22,658**	**8,677**	**61.7**	–	(23,699)	–
Total	**33,604**	**16,838**	**50.1**	–	(23,699)	–

For the year ended 31 August 2022, our gross profit margin for teaching and boarding service was approximately 25.4%, while that for education advisory and management service was approximately 61.7%. Given that our education advisory and management service rely on the education branding and integrated management service output formed by the Group's teaching accumulation and operation precipitation in the past years, including the connected transactions with its five connected kindergartens and four independent kindergartens as disclosed, its gross profit margin is relatively higher than that of our teaching and boarding service business.

Other income (expenses)

Other income increased by approximately RMB7.9 million or 464.7% to other income of approximately RMB9.6 million for the year ended 31 August 2022 from other income of approximately RMB1.7 million for the year ended 31 August 2021.

Other income (expenses) mainly includes (i) bank interest income (approximately RMB0.1 million for the year ended 31 August 2022, representing a decrease of RMB0.1 million from approximately RMB0.2 million for the year ended 31 August 2021); (ii) other loan income (approximately RMB5.6 million for the year ended 31 August 2022, while nil for the year ended 31 August 2021); (iii) realisation of assets related to government subsidy (approximately RMB1.5 million for both years ended 31 August 2022 and 31 August 2021); and (iv) others (approximately RMB2.3 million for the year ended 31 August 2022, while nil for the year ended 31 August 2021).

Income/(expenses) incurred from non-operational activities

	For the year ended 31 August	
	2022	2021
	RMB'000	RMB'000
Net exchange gain/(loss)	**302**	(9,668)
Gain arising on disposal of property, plant and equipment, net	**81**	33
Gain on bargain purchase arising on acquisition of Lidu Kindergarten business	**179**	–
Recognition of financial guarantee contracts	**(7,967)**	(19,171)
Amortisation of financial guarantee contracts	**14,048**	–
Loss allowance recognised for financial guarantee contracts	**(15)**	–
Impairment loss recognised on		
— property, plant and equipment	**–**	(480,164)
— right-of-use assets	**–**	(66,163)
Others	**101**	3,760
Total	**6,729**	(571,373)

Expenses incurred from non-operational activities decreased and changed to net income of non-operational activities of approximately RMB6.7 million for the year ended 31 August 2022 from net expenses of approximately RMB571.4 million for the year ended 31 August 2021 with a change of approximately RMB578.1 million, primarily due to (i) a decrease in net exchange loss of approximately RMB10.0 million; (ii) a net expense of financial guarantee contract of RMB8.0 million recognised for the year ended 31 August 2022, representing a decrease of approximately of RMB11.2 million from a net expense of financial guarantee contract of RMB19.2 million recognised for the year ended 31 August 2021; and (iii) an impairment loss recognised on property, plant and equipment of approximately RMB480 million and an impairment loss recognised on right-of-use assets of approximately RMB66.2 million for the year ended 31 August 2021, while nil for the year ended 31 August 2022, the sum of these two items accounted for approximately 95.6% of the total expense incurred from non-operational activities for the last financial year.

Administrative expenses

Administrative expenses primarily consist of administrative staff costs, office expenses, entertainment expenses, motor vehicle expenses, depreciation expenses for fixed assets, professional consultant charges, handling charges and certain other administrative expenses. Other administrative expenses generally include staff travel expenses, management meetings expenses and welfare expenses.

Administrative expenses increased by approximately RMB3.2 million (or 10.2%) from approximately RMB31.5 million for the year ended 31 August 2021 to approximately RMB34.7 million for the year ended 31 August 2022. As discussed in costs of services above, the depreciation expenses of fixed assets is reclassified from costs of services to administrative expenses due to the termination of consolidating our Affected Entities providing private compulsory education in China on 31 August 2021. Depreciation costs amounting to approximately RMB23.7 million and RMB8.6 million for the year ended 31 August 2021 and the year ended 31 August 2022 respectively. Leaving out the deprecation expense, the administrative expenses decreased by approximately RMB5.4 million (or 17.1%) from approximately RMB31.5 million for the year ended 31 August 2021 to about RMB26.1 million for the year ended 31 August 2022, mainly attributable to the optimization of personnel structure in the management team.

Finance costs

Finance costs primarily consist of bank borrowings, other borrowings and lease liabilities.

Finance costs increased by approximately RMB0.5 million (or 9.4%) from approximately RMB5.3 million for the year ended 31 August 2021 to approximately RMB5.8 million for the year ended 31 August 2022, mainly attributable to the increase of bank borrowing interest of approximately RMB1.2 million for the year ended 31 August 2022 as compared to that for the last financial year, of which the capitalised amount increased approximately RMB0.7 million.

Taxation

Income tax expenses amounted to approximately RMB2.1 million for the year ended 31 August 2022, and the deferred tax from operating loss for the year ended 31 August 2021 was approximately RMB1.1 million. Such difference was due to certain physical gains during the course of business reorganisation.

Loss for the year

Our loss for the year decreased by RMB619.6 million (or 98.5%) to a loss of approximately RMB9.4 million for the year ended 31 August 2022 from approximately RMB629.0 million for the year ended 31 August 2021, which was primarily attributable to (i) an increase in revenue of RMB33.6 million from tuition fees and boarding fees as well as the education advisory and management service fees for the year ended 31 August 2022; (ii) a decrease of service cost of approximately RMB6.9 million for the year ended 31 August 2022 as compared to that for the last financial year; and (iii) an impairment loss recognised on property, plant and equipment of approximately RMB480.2 million and an impairment loss recognised on right-of-use assets of approximately RMB66.2 million were recorded for the year ended 31 August 2021, which accounted as an one-off loss of RMB546.4 million in total. Such loss did not incur during the year ended 31 August 2022.

Contract liabilities

We accounted tuition fees and boarding fees collected initially as a liability under contract liabilities and recognised such amount as revenue proportionately over the relevant period of the applicable programme. Contract liabilities increased by approximately RMB29.5 million (or 404.1%) to approximately RMB36.8 million as of 31 August 2022 from approximately RMB7.3 million as of 31 August 2021. The increase was primarily due to the increase of number of students newly admitted to Tianfu High School.

Adjusted net loss

The adjusted net loss eliminates the effect of certain non-cash or one-off items, including imputed interest income from advances to related companies, imputed interest income from advances due to directors, impairment loss recognised on property, plant and equipment and right-of-use assets, loss on deconsolidation of Affected Entities, listing expenses and defined benefit obligations. The term "adjusted net loss" has not been defined under HKFRS. As a non-HKFRS measure, adjusted net loss will be presented as our management believes that such information will be helpful for our investors to assess our performance.

The following table reconciles our adjusted net loss presented during the years indicated to the most directly comparable financial measure calculated and presented in accordance with HKFRS:

	For the year ended 31 August	
	2022	2021
	RMB'000	RMB'000
Loss for the year	**(9,403)**	(629,017)
Add:		
Impairment loss recognised on property, plant and equipment and right-of-use assets	**–**	546,327
Adjusted net loss	**(9,403)**	(82,690)

For the year ended 31 August 2022, our adjusted net loss was approximately RMB9.4 million, while approximately RMB82.7 million was recorded during the year ended 31 August 2021.

Liquidity and Capital Resources

During the year ended 31 August 2022, we have principally financed our operations through a combination of internally generated cash flows from our operations, proceeds from the pre-IPO investment, proceeds from the Global Offering and short-term bank borrowings. The borrowings of the Group are denominated in RMB. The Group regularly reviews and monitors the borrowings level. As at 31 August 2022, the Group's total borrowings amounted to approximately RMB160.1 million, representing an decrease of approximately 10.6% as compared with that of approximately RMB179.0 million as at 31 August 2021. Out of the total borrowings, borrowings repayable (i) on demand or within a period not exceeding one year amounted to approximately RMB31.1 million, (ii) within a period of more than one year but not exceeding two years amounted to approximately RMB30.0 million, and (iii) within a period of more than two years but not exceeding five years amounted to approximately RMB99.0 million. Approximately all of these are at fixed interest rate of 7.0%. Bank borrowings of the Group were primarily used in financing the working capital requirement of its operations and school constructions. There is no seasonality in the borrowing needs of the Group. As at 31 August 2022, approximately RMB160.1 million (31 August 2021: approximately RMB179 million) of the Group's total borrowings were subject to fixed interest rates. Carrying amounts of borrowings of (i) approximately RMB31.1 million are repayable within one year; and (ii) approximately RMB30.0 million are repayable within a period more than one year but not exceeding two years, and approximately RMB99.0 million are repayable within a period more than two years but not exceeding five years. The Group's cash and bank balances are mainly denominated in RMB or HK$. Our cash and cash equivalents amounted to approximately RMB93.2 million and RMB155.1 million as at 31 August 2021 and 2022, respectively. We generally deposit our excess cash in interest bearing bank accounts.

Our cash have been principally used for funding working capital, purchase of property, campus buildings and equipment and other recurring expenses to support the expansion of our operations. Going forward, we believe our liquidity requirements will be satisfied by combination of internally generated cash, external borrowings and other funds raised from the capital markets from time to time.

We regularly monitor our liquidity requirements to ensure that we maintain sufficient cash resources for working capital and capital expenditure needs. For the year ended 31 August 2022, we had not experienced any difficulties in settling our obligations in the normal course of business, which would have had a material impact on our business, financial condition or results of operations.

The following table sets forth a summary of our cash flows for the periods indicated:

	For the year ended 31 August	
	2022	2021
	RMB'000	RMB'000
Net cash generated from operating activities	**25,855**	127,681
Net cash used in investing activities	**(53,745)**	(472,406)
Net cash generated from financing activities	**89,446**	20,835
Net increase (decrease) in cash and cash equivalents	**61,556**	(323,890)
Cash and cash equivalents at the beginning of the period	**93,214**	426,772
Effect of exchange rate changes	**302**	(9,668)
Cash and cash equivalents at the end of the period, represented by bank balances and cash	**155,072**	93,214

For the year ended 31 August 2022, our cash and cash equivalents increase RMB61.9 million, of which the net cash incurred from operating activities of approximately RMB25.9 million, the net cash used for investing activities of approximately RMB53.7 million, and the net cash incurred from financing activities of approximately RMB89.4 million. As compared to the year ended 31 August 2021, the significant changes occurred in investing activities as a one-off loss of approximately RMB135.2 million from discontinued operations due to the implementation of the ordinance was recorded in the previous financial year.

Capital Expenditures

Our capital expenditures were primarily related to (i) development and construction of new schools; (ii) purchase of leasehold land and buildings for our schools; (iii) maintenance, renovation, expansion and upgrade of our existing schools; and (iv) purchase of education facilities and equipment.

The following table sets forth both our additions and proceeds from disposals of property, plant and equipment, net cash outflow from loss of control of Affected Entities, net cash inflow from acquisition of Lidu Kindergarten Business, receipt of assets-related government grants, refund of investment funds in a former school, refund of deposits for acquisition of a parcel of land and deposit paid for acquisition of subsidiaries, for the years indicated:

	For the year ended 31 August	
	2022	2021
	RMB'000	RMB'000
Payment for property, plant and equipment	**(139,917)**	(199,858)
Net cash inflow from acquisition of Lidu Kindergarten Business	**61**	–
Proceeds from disposal of property, plant and equipment	**611**	168
Net cash outflow from loss of control of Affected Entities	**–**	(135,216)
Receipt of assets-related government grants	**–**	6,000
Refund of investment funds in a former school	**3,000**	–
Refund of deposits for acquisition of a parcel of land	**13,500**	–
Deposit paid for acquisition of subsidiaries	**–**	(73,500)

We plan to satisfy such capital expenditures with a combination of our existing cash, cash generated from our operations, proceeds from the pre-IPO investment, proceeds from the Global Offering and/or bank borrowing and other funds raised from the capital markets from time to time.

Gearing Ratio

Gearing ratio is calculated by dividing total debts (which equal to interest-bearing bank borrowings and obligation under finance leases) by the total equity as at the respective period end date.

Our gearing ratio decreased from approximately 213.0% as at 31 August 2021 to approximately 89.4% as at 31 August 2022, due to increase in the amounts of capital and reserves as a result of recognition of deemed contribution from the controlling shareholders for the year ended 31 August 2022.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to cash flow interest rate risk on the variable rate of interest earned on the bank balances and incurred by bank borrowings.

The Group currently does not use any financial instrument to hedge interest rate risk exposure. However, the management of the Group monitors interest rate risk and will consider hedging significant interest rate exposure should the need arise.

If interest rate of variable-rate bank balances had been 10 basis points higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 August 2022 would have decreased/increased by approximately RMB14,000 (2021: RMB70,000). The analysis is prepared assuming the financial instruments outstanding as at 31 August 2022 were outstanding for the whole year. In our opinion, the above sensitivity analysis is unrepresentative for the interest rate risk as the exposure at the end of reporting period does not reflect the exposure during the year.

Foreign Exchange Exposure

The majority of the Group's revenue and expenditures are denominated in RMB, the functional currency of the Company, except that certain expenditures are denominated in HK dollars.

On 31 August 2021 and 2022, the book value of the monetary asset of the Group denominated in foreign currency were as follows:

	For the year ended 31 August	
	2022	2021
	RMB'000	RMB'000
Bank balances and cash — HK$	**18,521**	17,843

The following shows the Group's sensitivity to 5% appreciation of HK$ against RMB which represents our assessment of the reasonable possible change in HK$ — RMB exchange rate. The sensitivity analysis of the Group includes the outstanding HK$ denominated balances as adjusted for 5% appreciation of HK$ as at 31 August 2021 and 2022. The analysis is prepared assuming the financial instruments outstanding as at the end of the reporting period were outstanding for the whole year ended 31 August 2021 and 2022.

	For the year ended 31 August	
	2022	2021
	RMB'000	RMB'000
Increase in post-tax profit	**926**	892

There would be an equal and opposite impact on the above post-tax results, should the HK$ be weakened against RMB in the above sensitivity analysis. In our opinion, the sensitivity analysis above is unrepresentative for the currency risk as the exposure as at 31 August 2022 does not reflect the exposure during the year. The Group has not used any financial instrument to hedge the foreign exchange risk that it is exposed to currently. However, the management of the Group monitors our foreign exchange exposure and will consider hedging significant foreign exchange risk should the need arise.

Charges on the Group's Assets

Except for the furniture, fixtures and equipment pledged for the other borrowing under sale and leaseback arrangement, there were no other material charges on the Group's assets as at 31 August 2022.

Contingent Liabilities

As at 31 August 2022, except for the financial guarantee provided to the Affected Entities as disclosed in note 28 to the consolidated financial statements, the Group did not have any material contingent liabilities.

Source and Use of Funds and Future Financial Policies

As at 31 August 2022, the Group recorded net current liabilities of approximately RMB292.0 million. In view of these circumstances, the Directors have given consideration of the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern. The Directors are of the opinion that the Group will have sufficient working capital to meet its financial obligations, including those capital expenditures committed in relation to the Capital Injection, by taking into account the Group's cash flow projection. The Directors are satisfied that the Group will have sufficient financial resources to meet its financial obligations as they fall due in the next twelve months.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Disposal of 51% Equity Interest of the Pengzhou School

On 8 September 2017, Chengdu Mingxian and Hongde Guanghua entered into a cooperation agreement (the "**Cooperation Agreement**"), pursuant to which the parties agreed to establish Pengzhou Bojun School, which commenced schooling in September 2018. On 27 August 2021, Chengdu Mingxian entered into a termination agreement (the "**Termination Agreement**") with Hongde Guanghua, Pengzhou Bojun School, Chengdu Qizheng Corporate Management Company Limited* (成都啓正企業管理有限公司) and Mr. Chen Lung* (陳龍) (the "**Guarantors**"), pursuant to which (i) Chengdu Mingxian has agreed to terminate the Cooperation Agreement, (ii) Hongde Guanghua and Pengzhou Bojun School shall refund to Chengdu Mingxian the total investment fund of RMB41,164,941.29 actually contributed by Chengdu Mingxian under the Cooperation Agreement; and (iii) Chengdu Mingxian shall grant to Hongde Guanghua and Pengzhou Bojun School a licence to use the "Bojun" and "Bojun School" brands for the ten months ended 30 June 2022, 2023 and 2024 (i.e. excluding the two months July and August in the relevant calendar year). Hongde Guanghua owns 49% interest of Pengzhou Bojun School, being a Consolidated Affiliated Entity, and therefore is a connected person of the Company at the subsidiary level under Rule 14A.06(9) of the Listing Rules. Accordingly, the Disposal constituted a connected transaction of the Company under Chapter 14A of the Listing Rules.

Such termination was approved on an extraordinary general meeting of the Company held on 26 October 2021. Pursuant to such termination, the Group ceased to own 51% equity interest in Pengzhou Bojun School and Chengdu Mingxian ceased to be the school sponsor of Pengzhou Bojun School with effect from 19 August 2022. As at the Latest Practicable Date, Pengzhou Bojun School is not a Consolidated Affiliated Entity. On 20 May 2022, Chengdu Liqiao Education Technology Company Limited* (成都立橋教育科技有限公司) ("**Liqiao**"), which is the shareholder of Hongde Guanghua, executed a guarantee letter (the "**Guarantee Letter**") in favour of Chengdu Mingxian pursuant to which Liqiao agreed to guarantee the financial obligations of Hongde Guanghua and Pengzhou School for a period of up to three years from the latest date of Hongde Guanghua and Pengzhou School obliged to fulfil their respective financial obligations towards Chengdu Mingxian in relation to the Termination Agreement and the relevant supplemental agreement. As at the Latest Practicable Date, Pengzhou Bojun School is not a Consolidated Affiliated Entity and the Group has received RMB3,000,000 out of the RMB41,164,941.29 funds to be refunded.

For further details, please refer to the announcements of the Company dated 27 August 2021, 6 September 2021, 26 October 2021, 20 May 2022 , 30 May 2022 and 10 June 2022, and circular of the Company dated 30 September 2021.

Lapsed Major Transaction in relation to Subscription of Equity by Capital Injection

On 11 September 2020, Chengdu Bojun, Pi County Langjing Industrial Company Limited* (郫縣朗經實業有限公司) and Shenzhen Hongyuan entered into a capital injection agreement, pursuant to which Chengdu Bojun agreed to subscribe for new capital of Shenzhen Hongyuan in the aggregate amount of RMB245.0 million. On 11 August 2021, such agreement lapsed and, as such, shall cease to have effect and no parties to which shall have any obligations and liabilities toward each other thereunder, except concerning the prepayment of RMB73.5 million (the "**Prepayment**") made by Chengdu Bojun to Shenzhen Hongyuan pursuant to such agreement. On 31 August 2021 and 25 November 2021, the parties agreed on extension of due date of refund of the Prepayment. For details, please refer to the announcements of the Company dated 11 September 2020, 16 October 2020, 30 November 2020, 19 August 2021, 31 August 2021 and 25 November 2021.

Acquisition of 51% Equity Interest in Two Companies Engaging in Provision of Vocational Training

On 8 December 2021, the Company entered into an equity transfer agreement with various parties in relation to acquisition of 51% equity interest in two companies engaging in provision of vocational training at an aggregate consideration of approximately RMB309.1 million. As at the Latest Practicable Date, the Group is in the process of preparing a circular in respect of the transaction. For details, please refer to the paragraph headed "Events after the Reporting Period" below.

Save for the above, for the year ended 31 August 2022, the Group did not have any material acquisitions and disposals of subsidiaries, associates or joint ventures.

USE OF PROCEEDS FROM THE LISTING

Net proceeds from the Listing (including the partial exercise of over-allotment option) of approximately HK$494.0 million (equivalent to approximately RMB428.9 million), after deducting the underwriting fees, commissions and expenses payable by us in connection with the Listing, will be applied in the manner as set out in the section headed "Future plans and use of proceeds" of the Company's prospectus dated 19 July 2018. As at 31 August 2022, the Company applied the net proceeds in the following manner:

Use of proceeds	% of the net proceeds	Proceeds allocated (RMB million)	Amount utilised (RMB million)	Unutilised balance (RMB million)
I. Establishing Nanjiang Bojun School	28%	120.1	120.1	–
II. Establishing Wangcang Bojun School	28%	120.1	120.1	–
III. Establishing the high school section of Tianfu School(1)	22%	94.4	94.4	–
IV. Establishing Pengzhou Bojun School	9%	38.6	38.6	–
V. Establishing Lezhi Bojun School	5%	21.4	21.4	–
VI. Establishing US School	3%	12.9	–	12.9
VII. As working capital and for general corporate purpose	5%	21.4	21.4	–
Total	100%	428.9	416.0	12.9

Note:

(1) The construction of the school premise of the high school section of Tianfu School was completed in 2019 with the proceeds and such buildings will be used as dormitories of the high school section of Tianfu School. The high school section of Tianfu School was opened in 2021.

Due to impact of the COVID-19, our commencement plan of school in the USA may be suspended. Further announcement will be made by the Company as and when appropriate. The unutilised net proceeds are generally placed in licensed financial institutions as short-term interest-bearing deposits. Due to impact of the COVID-19 and adjustment to the Group's development strategy, our commencement plan of the US School may be suspended, and we will make further announcement as and when appropriate.

SIGNIFICANT INVESTMENT HELD

As at 31 August 2022, the Group held approximately 33.3% equity interests in Chengdu Tongxing Wanbang Enterprise Management Centre LLP* (成都同興萬邦企業管理中心(有限合夥)) with investment amounting to RMB17.5 million. Such entity is primarily engaged in the business of providing cultural activities services including display services in conferences and exhibitions, organising large-scale events and corporate image planning services. As at 31 August 2022, the proposed investment project of the entity is still in the initial phase, and the entity has no income. As daily operational expenditure is incurred, the entity recorded a profit of approximately RMB97,000 in the year ended 31 August 2022. In the future, with the gradual progress of business operated by the company such entity has invested in, and the contracted service projects gradually be implemented, the income of such entity will grow steadily, and the Group will receive investment income pro rata to its shareholding in such entity.

SIGNIFICANT LEGAL PROCEEDINGS

For the year ended 31 August 2022, the Group had not been involved in any significant legal proceedings or arbitration. To the best of the knowledge and belief of the Directors, there are no significant legal proceedings or claims pending or threatened against the Group.

EVENTS AFTER THE REPORTING PERIOD

Acquisition of 51% equity interest in two companies engaging in provision of vocational training

On 8 December 2021:

(i) the Company, Sichuan Yunmao Education Management Company Limited* (四川沄懋教育管理有限公司) ("**Sichuan Yunmao**"), Chengdu Bomao Education Management Company Limited* (成都博懋教育管理有限公司) ("**Chengdu Bomao**"), Shenzhen Hongyuan, Sichuan Zhengzhuo Industrial Company Limited* (四川正卓實業有限公司) ("**Sichuan Zhengzhuo**"), Sichuan Zhengzhuo Education Investment Company Limited* (四川正卓教育投資有限公司) (the "**Target Company A**") and Chengdu Bojun entered into an equity transfer agreement, pursuant to which Sichuan Yunmao and Chengdu Bomao conditionally agreed to purchase, and Shenzhen Hongyuan and Sichuan Zhengzhuo conditionally agreed to sell 26.5% and 24.5% of the equity interest in the Target Company A, respectively, in the aggregate consideration of RMB283,050,000, out of which (a) RMB147,075,000 will be settled by cash, with the Prepayment used to set off part of such cash consideration to Shenzhen Hongyuan, and (b) RMB135,975,000 will be settled by allotment and issue of 195,371,993 consideration shares at the issue price of HK$0.85 per share by the Company to Sichuan Zhengzhuo (or its nominee); and

(ii) the Company, Sichuan Yunmao, Chengdu Bomao, Shenzhen Hongyuan, Sichuan Zhengzhuo and Sichuan Gaojiao Investment Company Limited* (四川高教投資有限公司) (the "**Target Company B**") entered into an equity transfer agreement, pursuant to which Sichuan Yunmao and Chengdu Bomao conditionally agreed to purchase, and each of Shenzhen Hongyuan and Sichuan Zhengzhuo conditionally agreed to sell 25.5% of the equity interest in the Target Company B, in the aggregate consideration of RMB26,010,000, out of which (i) RMB13,005,000 will be settled by cash to Shenzhen Hongyuan; and (ii) RMB13,005,000 will be settled by allotment and issue of 18,685,881 consideration shares at the issue price of HK$0.85 per share by the Company to Sichuan Zhengzhuo (or its nominee).

As at the Latest Practicable Date, the Group is in the process of preparing a circular in respect of the transaction.

For details, please refer to the announcements of the Company dated 8 December 2021, 31 January 2022 and 28 February 2022.

Company Suspension of Trading

Trading in shares of the Company on the Stock Exchange was suspended from 9:00 a.m. on 30 November 2021 and remained suspended as at the date of this report. For details, please refer to the announcement of the Company dated 30 November 2021.

EMPLOYEE BENEFITS

As at 31 August 2022, the Group had 406 employees (as at 31 August 2021: 279) regarding its continuing operation. The Group participates in various employee benefit plans, including provident fund, pension, medical insurance and unemployment insurance. The Company has also adopted a share option scheme for its employees and other eligible persons. Salaries and other benefits of the Groups' employees are generally reviewed on a regular basis in accordance with individual qualifications and performance, result performance of the Group and other relevant market conditions. The Group also provides internal and external training programs to its employees. For the year ended 31 August 2022, the staff costs (including directors' fees) amounted to approximately RMB20.8 million (2021: RMB12.5 million) as disclosed in note 11 to the consolidated financial statements.

SHARE OPTION SCHEME

On 12 July 2018, a share option scheme (the "**Share Option Scheme**") was conditionally approved and adopted pursuant to a written resolution passed by the shareholders. The Share Option Scheme will remain in force for a period of 10 years from the date of its adoption. On 13 May 2021, the Company granted 1,000,000 share options at an exercise price of HK$0.598 per share. The share options shall be valid for a period of 10 years commencing from the date of grant to 12 May 2031 (both days inclusive). As at 31 August 2022, 1,000,000 share options remained outstanding under the Share Option Scheme.

FINAL DIVIDENDS

The Board does not recommend the payment of final dividend for the year ended 31 August 2022.

DIVIDEND POLICY

Declaration and payment of dividends depend on (among others) the Group's financial position, profitability, cash flow, liquidity level, business prospects and other relevant factors. The Company will strive to increase values for shareholders by distributing dividends but cannot guarantee that any dividends will be paid to shareholders.

REPORT OF DIRECTORS

GLOBAL OFFERING

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 14 June 2016. The Shares of the Company were listed on the Main Board of the Stock Exchange on 31 July 2018.

PRINCIPAL ACTIVITIES AND CONSOLIDATED AFFILIATED ENTITIES

The Company is one of the leading providers of private education services in Chengdu, Sichuan Province, China. Analysis of the principal activities of the Group and particulars of its major subsidiaries and the Consolidated Affiliated Entities during the year ended 31 August 2022 are set out in Notes 1 and 2 to the consolidated financial statements.

FINANCIAL RESULTS

The results of the Group for the year ended 31 August 2022 are set out in the Consolidated Statement of Profit or Loss and Other Comprehensive Income of this annual report.

BUSINESS REVIEW

A review of the business of the Group during the year ended 31 August 2022, analysis by using financial key performance indicators and a discussion on the Group's future business development are set out in the section headed "Management Discussion and Analysis" in this annual report.

MAJOR RISKS AND UNCERTAINTIES

There are certain risks and uncertainties involved in our operations, some of which are beyond our control. Save as disclosed in the Notes to the Consolidated Financial Statements of this annual report, major risks we face include:

(i) our expansion plans may significantly drain our operational and financial resources;

(ii) we may be unable to implement our growth strategies or manage our growth effectively, which may materially and adversely affect our ability to capitalise on new business opportunities;

(iii) highly competitive PRC education sector could result in reduced profit margins and market shares, increased pricing pressure, departures of qualified teaching staff and increased spending; and

(iv) our business, operation and group structure may be affected by changes to regulatory requirements in China.

For details of the risk factors, please refer to the section headed "Risk Factors" in the Prospectus. Investors are advised to make their own judgement or consult their investment advisors before investing in the Shares.

ENVIRONMENT, HEALTH AND SAFETY

The Group's business has not violated applicable environmental laws and regulations of the PRC in any material aspect. The Group is committed to the long-term sustainability of the environment and communities in which it operates. In order to reduce the degree of environmental damage when developing the Group's business, the Group strictly complies with the local laws, rules and guidance in relation to environmental protection. For details, please refer to the Environmental, Social and Governance Report of the Group to be published.

The Group is dedicated to protecting the health and safety of our students and employees. The Group has on-site medical staff or health care personnel at each of our schools to deal with minor medical situations involving our students. For certain serious emergency medical situations, we will promptly send our students to local hospitals for medical treatment. Regarding security at the schools, we have employed qualified property management companies to provide property security services at our school premises.

So far as the Board and the Company's management are aware of, the Group is in compliance with the relevant laws and regulations that have a significant impact on the business and operations of the Group in all material aspects. There had been no material violation of or non-compliance with applicable laws and regulations by the Group during the year ended 31 August 2022.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

During the year ended 31 August 2022, the Group was not aware of material non-compliance with the relevant laws and regulations that have a significant impact on the business and operations of the Group.

ANNUAL GENERAL MEETING

The Company will hold an annual general meeting (the "**AGM**") on 16 February 2023 (Thursday). Notice of the AGM will be published and dispatched to the Shareholders in accordance with the Articles of Association and the Listing Rules as soon as practicable.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the AGM to be held on 16 February 2023 (Thursday), the register of members of the Company will be closed from 10 February 2023 (Friday) to 16 February 2023 (Thursday), both days inclusive, during which period no transfer of shares will be registered. In order to be qualified for attending and voting at the AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on 9 February 2023 (Thursday).

FINANCIAL SUMMARY

A summary of the Group's results, assets and liabilities for the most recent four financial years is set out in the section headed "Financial Highlights" in this annual report. This summary does not form part of the audited consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

Major customers

For the year ended 31 August 2022, the Group's customers primarily consist of the Group's students and their parents. The Group did not have any single customer who accounted for more than 10% of the Group's revenue.

Major suppliers

For the year ended 31 August 2022, the Group's five largest suppliers accounted for approximately 36.26% of the Group's total purchases and the Group's single largest supplier accounted for approximately 17.13% of the Group's total purchases.

For the year ended 31 August 2022, none of the Directors or any of their close associates or any Shareholders (which, to the best knowledge of the Directors, own more than 5% of the number of issued Shares) had any interest in the Group's five largest suppliers.

RELATIONSHIP WITH EMPLOYEES, SUPPLIERS AND CUSTOMERS

The Group understands the importance of maintaining a good relationship with its employees, suppliers and customers to meet its immediate and long-term goals. The Group maintains a good relationship with its employees, suppliers and customers. During the year ended 31 August 2022, the Group strived to satisfy the need of both the students and their parents by continuing to provide better education services. The Group also maintained ongoing communication with its suppliers to shorten the delivering cycle and to obtain better payment terms. There was no material and significant dispute between the Group and its employees, suppliers and/or customers during the year ended 31 August 2022.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year ended 31 August 2022 are set out in Note 16 to the Consolidated Financial Statements in this annual report.

SHARE CAPITAL

The Company issued 223,510,000 new Shares at the issue price of HK$2.36 per Share in connection with the Listing. The net proceeds, after deducting the underwriting fees, commissions and expenses payable by the Company in connection with the Listing, amounted to approximately HK$494.0 million (equivalent to approximately RMB428.9 million). The net proceeds has been applied in the manner as set out in the section headed "Future plans and use of proceeds" in the Prospectus. As at 31 August 2022, the Company has utilised approximately RMB416.0 million of the net proceeds. The unutilised net proceeds of approximately RMB12.9 million are generally placed in licenced financial institutions as short-term interest-bearing deposits.

Further, details of movements in the share capital of the Company during the year ended 31 August 2022 are set out in Note 30 to the Consolidated Financial Statements in this annual report.

RESERVES

Details of movements in the reserves of the Group and the Company during the year ended 31 August 2022 are set out in the Consolidated Statement of Changes in Equity of this annual report.

DISTRIBUTABLE RESERVES

As at 31 August 2022, the Company's reserve available for distribution was approximately RMB62.8 million. Details of movements in the reserves of the Company are set out in the Note 36 to the Consolidated Financial Statements in this report.

BANK BORROWINGS

Particulars of bank borrowings of the Group as at 31 August 2022 are set out in Note 26 to the Consolidated Financial Statements in this report.

DIRECTORS

The Directors during the year ended 31 August 2022 and up to the date of this report are:

Executive Director

Mr. Wang Jinglei (Chairman of the Board and chief executive officer)

Non-executive Director

Mr. Wu Jiwei

Independent Non-executive Directors

Mr. Cheng Tai Kwan Sunny
Mr. Mao Daowei
Ms. Luo Yunping
Mr. Yang Yuan

In accordance with article 84 of the Articles of Association, one-third of the Directors shall retire from office by rotation at each annual general meeting and shall then be eligible for re-election. Accordingly, Mr. Cheng Tai Kwan Sunny and Mr. Wu Jiwei shall retire by rotation, and being eligible, have offered themselves for re-election at the AGM.

Details of the Directors to be re-elected at the AGM will be set out in the circular to the Shareholders.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and senior management of the Company are set out in the section headed "Directors and Senior Management" in this annual report.

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules from each of the independent non-executive Directors and the Company considers such Directors to be independent throughout the year ended 31 August 2022 and remain so as of the date of this annual report.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors and non-executive Directors has entered into a service agreement or a letter of appointment with the Company, pursuant to which each of them agreed to act as an executive Director or a non-executive Director (as the case may be) for an initial term of three years commencing from the appointment date.

Each of the independent non-executive Directors has been appointed for an initial term of two years commencing from the appointment date. Save for directors' fees, none of the independent non-executive Directors is expected to receive any other remuneration for holding their office as an independent non-executive Director.

Save as aforesaid, none of the Directors has or is proposed to have a service contract with the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

DIRECTORS' AND CONTROLLING SHAREHOLDERS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in the section headed "Report of Directors — Connected Transactions" and otherwise disclosed in this annual report, no Directors or their connected entity (within the meaning in section 486 of the Companies Ordinance) had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company or any of its subsidiaries or fellow subsidiaries was a party during the year ended 31 August 2022.

Save as disclosed in the section headed "Report of Directors — Connected Transactions" and otherwise disclosed in this annual report, none of the Controlling Shareholders had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company or any of its subsidiaries or fellow subsidiaries was a party during the year ended 31 August 2022.

No contract of significance for the provision of services to the Company or any of its subsidiaries or fellow subsidiaries by the Controlling Shareholders or any of their subsidiaries was entered into during the year ended 31 August 2022.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 August 2022.

EMOLUMENT POLICY

A remuneration committee was set up for reviewing the Group's emolument policy and structure for all remuneration of the Directors and senior management of the Group, having regard to the Group's operating results, individual performance of the Directors and senior management and comparable market practices.

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

Details of the emoluments of the Directors and five highest paid individuals during the year ended 31 August 2022 are set out in Note 12 to the Consolidated Financial Statements in this annual report.

RETIREMENT AND EMPLOYEE BENEFITS SCHEME

Details of the retirement and employee benefits scheme of the Company are set out in Notes 31 and 27 to the Consolidated Financial Statements of this annual report.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITION IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 August 2022, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which have been 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 were taken or deemed to have taken under such provisions of the SFO), or which were recorded in the register required to be kept pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix 10 to the Listing Rules were as follows:

Director/ Chief executive	Capacity/Nature of interest held	Number of shares	Long position/ Short position	Approximate percentage of shareholding held in the Company
Mr. Wang Jinglei (Note 1)	Interest in a controlled corporation	233,920,000	Long position	28.46%
Mr. Wu Jiwei	Beneficial owner	46,000	Long position	0.01%

Note:

1. On 25 March 2020, Mr. Wang Jinglei was appointed as an executive Director. Mr. Wang Jinglei is the sole shareholder and sole director of Act Best and Act Glory is wholly-owned by Act Best. Thus, Mr. Wang Jinglei and Act Best are deemed to be interested in the 233,920,000 Shares held by Act Glory by virtue of the SFO.

Save as disclosed above, as at 31 August 2022, none of the Directors or the chief executive of the Company had or was deemed to have any interest or short position in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was 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 were taken or deemed to have taken under such provisions of the SFO), or required to be recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section headed "Report of the Directors — Share Option Scheme" of this annual report, at no time during the year ended 31 August 2022 was the Company or any of its subsidiaries a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

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

As at 31 August 2022, to the best knowledge of the Directors, the following persons (other than being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name	Capacity/Nature of interest held	Number of shares	Long position/ Short position	Approximate percentage of shareholding held in the Company
Act Glory (Note 1)	Beneficial owner	233,920,000	Long position	28.46%
Act Best (Note 1)	Interest in a controlled corporation	233,920,000	Long position	28.46%
Ms. Duan Ling (Note 2)	Interest of spouse	233,920,000	Long position	28.46%
Mr. Xiong Tao (Note 3)	Interest in a controlled corporation	82,853,550	Long position	10.08%
Cosmic City Holdings Limited (Note 4)	Beneficial owner	82,853,550	Long position	10.08%
Chen Junchao	Interest in a controlled corporation	150,000,000	Long position	18.25%
Shenzhen Jingxi Ruihe Investment Development Company limited* (深圳經世瑞合投資發展有限公司) (Note 5)	Interest in a controlled corporation	150,000,000	Long position	18.25%
Honesty Virtue International Limited (Note 5)	Beneficial owner	150,000,000	Long position	18.25%
Wuxi First Capital Equity Investment Fund Management Centre (Limited Partnership)* (無錫首控股權投資基金管理中心(有限合夥)) (Note 6)	Beneficial owner	140,000,000	Long position	17.03%

Name	Capacity/Nature of interest held	Number of shares	Long position/ Short position	Approximate percentage of shareholding held in the Company
Chongqing First Capital Education Investment Equity Investment Fund Management Company Limited* (重慶首控育投股權投資基金管理有限公司) (Note 6)	Interest in a controlled corporation	140,000,000	Long position	17.03%
First Capital Fund Management Company Limited* (首控基金管理有限公司) (Note 6)	Interest in a controlled corporation	140,000,000	Long position	17.03%
Shanghai Shenlian Investment Management Company Limited* (上海申聯投資管理有限公司) (Note 6)	Interest in a controlled corporation	140,000,000	Long position	17.03%
Shanghai Jintang Investment Consultancy Company Limited* (上海錦塘投資諮詢有限公司) (Note 6)	Interest in a controlled corporation	140,000,000	Long position	17.03%
Brilliant Rich International Holdings Limited (錦地國際控股有限公司) (Note 6)	Interest in a controlled corporation	140,000,000	Long position	17.03%
Brilliant Rich Holdings Limited (錦豐控股有限公司) (Note 6)	Interest in a controlled corporation	140,000,000	Long position	17.03%
China First Capital Group Limited (Note 6)	Interest in a controlled corporation	140,000,000	Long position	17.03%
Zhongyuan Bank Co., Ltd.* (中原銀行有限公司) (Note 7)	Interest in a controlled corporation	150,000,000	Long position	18.25%

Notes:

(1) Act Glory is an investment holding company incorporated in the BVI, and is solely and beneficially owned by Act Best, which is solely and beneficially owned by Mr. Wang Jinglei. Therefore, Mr. Wang Jinglei and Act Best are deemed to be interested in the Shares held by Act Glory by virtue of SFO.

(2) Ms. Duan Ling is the wife of Mr. Wang Jinglei, and is therefore deemed to be interested in the 233,920,000 Shares indirectly held by Mr. Wang Jinglei through Act Best and Act Glory by virtue of the SFO.

(3) Mr. Xiong Tao was the sole shareholder and sole director of Cosmic City Holdings Limited, and was therefore deemed to be interested in the 82,853,550 Shares held by Cosmic City by virtue of the SFO. Mr. Xiong Tao passed away on 18 August 2020.

(4) Cosmic City is an investment holding company incorporated in the BVI, and is solely and beneficially owned by Mr. Xiong Tao. Therefore, Mr. Xiong Tao is deemed to be interested in shares held by Cosmic City by virtue of the SFO.

(5) Honesty Virtue International Limited is an investment holding company incorporated in the BVI, and is solely and beneficially owned by Shenzhen Jingxi Ruihe Investment Development Company Limited* (深圳經世瑞合投資發展有限公司), a limited company established in the PRC, which is in turn owned by Mr. Chen Junchao as to 80%. Therefore, Mr. Chen is deemed to be interested in shares held by Honesty Virtue International Limited by virtue of the SFO.

(6) Wuxi First Capital Equity Investment Fund Management Centre (Limited Partnership) ("**Wuxi FC**") is a limited partnership established in the PRC and its general partner is Chongqing First Capital Education Investment Equity Investment Fund Management Company Limited ("**Chongqing Education**"), a limited liability company established in the PRC. Chongqing Education is owned as to 51% by First Capital Fund Management Company Limited ("**First Capital Fund**"), a limited liability company established in the PRC. First Capital Fund is wholly-owned by Shanghai Shenlian Investment Management Company Limited ("**Shanghai Investment Management**"), a limited liability company established in the PRC. Shanghai Investment Management is wholly-owned by Shanghai Jintang Investment Consultancy Company Limited ("**Shanghai Jintang**"), a limited liability company established in the PRC. Shanghai Jintang is wholly-owned by Brilliant Rich International Holdings Limited ("**Brilliant Rich International**"), a limited liability company incorporated in Hong Kong. Brilliant Rich International is wholly-owned by Brilliant Rich Holdings Limited ("**Brilliant Rich**"), a limited liability company incorporated in BVI. Brilliant Rich is wholly-owned by China First Capital Group Limited ("**CFC**"), a limited liability company incorporated in the Cayman Islands and the issued shares of which are listed on the Stock Exchange (stock code: 1269). Thus, Wuxi FC, Chongqing Education, First Capital Fund, Shanghai Investment Management, Shanghai Jintang, Brilliant Rich International, Brilliant Rich and CFC are deemed to be interested in the Shares held by Wuxi FC under the SFO.

(7) On 24 September 2020, Wuxi Guolian, as mortgagor, executed a deed of share mortgage in favour of Zhongyuan Bank Co., Ltd., as mortgagee, pursuant to which Wuxi Guolian agreed to mortgage the 140,000,000 Shares it holds in favour of Zhongyuan Bank Co., Ltd..

Save as disclosed above, as at 31 August 2022, the Directors were not aware of any persons (who were not Directors or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

SHARE OPTION SCHEME

We adopted the Share Option Scheme conditionally by a resolution in writing on 12 July 2018. The following is a summary of the principal terms of the Share Option Scheme:

(i) Purpose of the Scheme

The purpose of the Share Option Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group.

(ii) Who may join

(aa) any employee of the Company, any of our subsidiaries or any entity in which the Group holds an equity interest;

(bb) any non-executive director (including independent non-executive director) of the Company, any subsidiary or any invested entity;

(cc) any supplier of goods or services to any member of the Group or any invested entity;

(dd) any customer of any member of the Group or any invested entity;

(ee) any person or entity that provides research, development or other technological support to any member of the Group or any invested entity;

(ff) any shareholder of any member of the Group or any invested entity or any holder of any securities issued by any member of the Group or any invested entity;

(gg) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any invested entity; and

(hh) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group.

(iii) Maximum number of shares

(aa) The maximum number of Shares which may be allotted and issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme adopted by the Group shall not exceed 30% of the Shares in issue from time to time.

(bb) The total number of Shares which may be allotted and issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option scheme of the Group) to be granted under the Share Option Scheme and any other share option scheme of the Group must not in aggregate exceed 10% of the Shares in issue on the day on which dealings in the Shares first commence on the Stock Exchange (i.e. not exceeding 80,000,000 Shares).

(iv) Maximum entitlement of each participant

The total number of Shares issued and to be issued upon exercise of the options granted under the Share Option Scheme and any other share option scheme of the Group (including both exercised or outstanding options) to each grantee in any 12-month period shall not exceed 1% of the Shares in issue of the Company for the time being.

(v) Grant of options to connected persons

Any offer to grant of options under the Share Option Scheme to a Director, chief executive or substantial shareholder of the Company or any of their respective associates must be approved by the independent non-executive Directors.

Any change in the terms of options granted to a substantial shareholder or an independent non-executive Director of the Company or any of their respective associates must be approved by the Shareholders in general meeting. The grantee, his associates and all core connected persons of the Company must abstain from voting in favour at such general meeting.

(vi) Time of acceptance and exercise of option

An option may be accepted by a participant within 21 days from the date of the offer of grant of the option. An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by our Directors to each grantee, which period may commence on the date on which the offer for the grant of option is made but shall end in any event not later than 10 years from the date on which the offer for the grant of the option is made subject to the provisions for early termination thereof. Unless otherwise determined by our Directors and stated in the offer of the grant of options to a grantee, there is no minimum period required under the Share Option Scheme for the holding of an option before it can be exercised.

(vii) Performance targets

Unless our Directors otherwise determined and stated in the offer of the grant of options to a grantee, a grantee is not required to achieve any performance targets before the exercise of an option granted to him under the Share Option Scheme.

(viii) Subscription price for Shares and consideration for the option

The subscription price per Share under the Share Option Scheme shall be determined at the absolute discretion of our Directors, provided that it shall not be less than the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date on which the offer for the grant of option is made, which must be a Business Day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations for the five Business Days immediately preceding the date on which the offer for the grant of option is made; and (iii) the nominal value of the Shares. A nominal consideration of HK$1 is payable on acceptance of the grant of an option.

(xi) Period of the Share Option Scheme

The Share Option Scheme will remain in force for a period of 10 years commencing on the date on which the Share Option Scheme is adopted. The remaining life of the Share Option Scheme is approximately 6 years as at 31 August 2022.

During the year ended 31 August 2022, no share options had been exercised, lapsed or cancelled by the Company under the Share Option Scheme. On 13 May 2021, the Company granted 1,000,000 share options at an exercise price of HK$0.598 per Share. The share options shall be valid for a period of 10 years commencing from the date of grant to 12 May 2031 (both days inclusive). As at 31 August 2021 and 2022, 1,000,000 share options remained outstanding under the Share Option Scheme, respectively. As at the date of this report, a total of 79,000,000 Shares (representing approximately 9.61% of the existing issued Shares) may be granted under the Share Option Scheme and a total of 1,000,000 Shares (representing approximately 0.12% of the existing issued Shares) may be issued upon exercise of all options which had been granted and yet to be exercised under the Share Option Scheme.

EQUITY-LINKED AGREEMENTS

Save as disclosed in the section headed "Report of the Directors — Share Option Scheme" of this annual report, during the year ended 31 August 2022, neither the Company nor any of its subsidiaries had entered into (i) any agreement that will or may result in the Company issuing Shares; or (ii) any agreement requiring the Company to enter into any agreement specified in (i).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 August 2022, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands that would oblige the Company to offer new Shares on a pro rata basis to existing Shareholders.

DIRECTORS' INTEREST IN COMPETING BUSINESS

During the year ended 31 August 2022, none of the Directors or their respective associates had engaged in or had any interest in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

CONNECTED TRANSACTIONS

In relation to the connected transaction and the continuing connected transactions of the Group, except the Arrangement (as defined below) (for details of which, please refer to the announcement of the Company dated 30 May 2022), the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

Non-exempt connected transaction

Termination of Cooperation Agreement

On 27 August 2021 (after trading hours), Chengdu Mingxian entered into the Termination Agreement with Hongde Guanghua, Pengzhou Bojun School and the Guarantors, pursuant to which (i) Chengdu Mingxian has agreed to terminate the Cooperation Agreement dated 8 September 2017; (ii) Hongde Guanghua and Pengzhou Bojun School shall refund funds of RMB41,164,941.29 actually contributed by Chengdu Mingxian under the Cooperation Agreement to Chengdu Mingxian; and (iii) Chengdu Mingxian shall grant to Hongde Guanghua and Pengzhou Bojun School a licence to use the "Bojun" and "Bojun School" brands for the ten months ended/ending 30 June 2022, 2023 and 2024 (i.e. excluding the two months July and August in the relevant calendar year). The purpose of the transaction was for the Group to devote more resources and efforts to developing schools providing non-compulsory education.

Such termination was approved at an extraordinary general meeting of the Company held on 26 October 2021. Pursuant to such termination, the Group ceased to own 51% equity interest in Pengzhou Bojun School and Chengdu Mingxian ceased to be the school sponsor of Pengzhou Bojun School with effect from 19 August 2022. For further details, please refer to the announcements of the Company dated 27 August 2021, 6 September 2021, 26 October 2021, 20 May 2022 , 30 May 2022 and 10 June 2022, and the circular of the Company dated 30 September 2021.

Listing Rules Implications

The entry into the Termination Agreement constitutes a disposal of 51% interest in Pengzhou Bojun School. As the highest applicable percentage ratio in respect of the Disposal exceeds 25% but below 75%, it constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under the Listing Rules. Hongde Guanghua owns 49% interest in Pengzhou Bojun School, being a Consolidated Affiliated Entity, and is therefore a connected person of the Company at the subsidiary level under Rule 14A.06(9) of the Listing Rules. Accordingly, the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. The Directors (including the independent non-executive Directors) have approved the Disposal and confirmed that the terms of the Disposal are fair and reasonable, and the Disposal is on normal commercial terms or better and in the interests of the Shareholders and the Company as a whole. Pursuant to Rule 14A.101 of the Listing Rules, the Disposal is subject to the reporting and announcement requirements but is exempted from the circular, independent financial advice and shareholders' approval requirements.

Exempt Continuing Connected Transactions

Office lease

On 1 September 2016, Chengdu Bojun entered into a lease agreement ("**Office Lease Agreement**") with Chengdu Hengyu Industrial Company Limited*（成都恒宇實業有限公司）("**Chengdu Hengyu**"), pursuant to which Chengdu Bojun leased from Chengdu Hengyu an office located in Chengdu, Sichuan Province with an aggregate gross floor area of 408.85 sq.m. The term of the lease shall be three years and the monthly rent payable shall be approximately RMB16,354 (equivalent to RMB40.0 per sq.m.).

On 1 September 2019, Chengdu Bojun renewed the Office Lease Agreement (the "**Renewed Agreement**") with Chengdu Hengyu. The office has an aggregate gross floor area of 360 sq.m. with a lease term of three years and a monthly rent payable of RMB14,400 (RMB40 per sq.m.).

The fixed rent payable by us for the year ended 31 August 2021 and 2022 were approximately RMB0.2 million and RMB0.2 million, respectively, under the Office Lease Agreement and the Renewed Agreement.

Listing Rules Implications

Chengdu Hengyu, which is held as to 95% by Mr. Xiong Tao, is an associate of Mr. Xiong Tao and a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Renewed Agreement constitute continuing connected transactions for the Company under the Listing Rules.

Based on the current annual rent payable by us, we expect that each of the applicable percentage ratios (other than profit ratio) for the Office Lease Agreement will be less than 5% and the total consideration is less than HK$3,000,000. Thus, the continuing connected transactions contemplated under the Renewed Agreement constitute de minimis connected transactions under Rule 14A.76 of the Listing Rules and is fully exempt from the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Directors (including our independent non-executive Directors) have confirmed that the transactions under the Renewed Agreement are in the ordinary course of business of the Group, on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

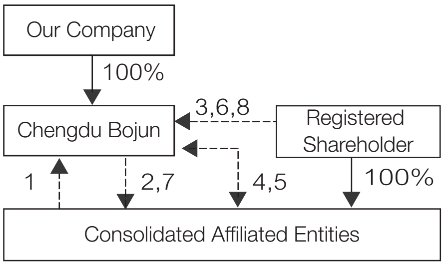
NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Structured contracts

A. OVERVIEW

The Group conducted its private education business through the Consolidated Affiliated Entities in the PRC which has laws and regulations in place prohibiting foreign ownership of primary and middle schools in the PRC and restricting operation of preschools and high schools by sino-foreign ownership with qualification requirements imposed on the foreign owners. Although the Company and its subsidiaries do not hold any equity interest in the Consolidated Affiliated Entities, Chengdu Bojun has control over and derive economic benefits from the Consolidated Affiliated Entities through the provision of services by Chengdu Bojun and receipt of service fees in return in accordance with the Structured Contracts. According to the Group's PRC legal advisors, no current PRC laws or regulations restrict or prohibit Chengdu Bojun's contractual rights to receive service fees from the Consolidated Affiliated Entities for the services provided under the Structured Contracts.

The following simplified diagram illustrates the flow of economic benefits from the Consolidated Affiliated Entities to the Group under the Structured Contracts:



- - - - denotes direct legal and beneficial ownership in the equity interest

——— denotes the Structured Contracts

Notes:

1. Payment of service fees. Please refer to the section headed "The New Structured Contracts — (1) New Exclusive Business Cooperation Agreement" in the announcement of the Company dated 19 June 2020 for details.

2. Provision of exclusive technical and management consultancy services. Please refer to the section headed "The New Structured Contracts — (1) New Exclusive Business Cooperation Agreement" in the announcement of the Company dated 19 June 2020 for details.

3. Exclusive call option to acquire all or part of the equity interest in the School Sponsors and their school sponsor's interest in the PRC Operating Schools (where applicable). Please refer to the section headed "The New Structured Contracts — (2) New Exclusive Call Option Agreement" in the announcement of the Company dated 19 June 2020 for further details.

4. Entrustment of school sponsors' rights in the PRC Operating Schools by the School Sponsors including school sponsors' powers of attorney. Please refer to the sections headed "The New Structured Contracts — (3) New School Sponsors' and Directors' (Council Members') Rights Entrustment Agreement, the New School Sponsors' Powers of Attorney and the New Directors' (Council Members') Power of Attorney" and "Structured Contracts — Operation of the Structured Contracts — Summary of the material terms of the Structured Contracts — (4) School Sponsors' Powers of Attorney" in the Prospectus for further details.

5. Entrustment of directors' and council members' rights in the PRC Operating Schools by directors and council members of the PRC Operating Schools appointed by the School Sponsors including directors' (council members') powers of attorney. Please refer to the announcement of the Company dated 19 June 2020 for further details.

6. Pledge of equity interest by the Registered Shareholder of its equity interest in Chengdu Mingxian, and pledge of equity interest by Chengdu Mingxian of its equity interest in the School Sponsors (except Lezhi Bojun). Please refer to the section headed "The New Structured Contracts — (4) New Equity Pledge Agreement" in the announcement of the Company dated 19 June 2020 for further details.

7. Provision of loans by Chengdu Bojun to our Consolidated Affiliated Entities for the operations of the Consolidated Affiliated Entities. Please refer to the section headed "The New Structured Contracts — (5) New Loan Agreement" in the announcement of the Company dated 19 June 2020 for further details.

8. Entrustment of shareholders' rights in the School Sponsors by Chengdu Bojun, the Registered Shareholder and Chengdu Mingxian including shareholder's powers of attorney. Please refer to the section headed "The New Structured Contracts — (6) New Shareholder's Rights Entrustment Agreement and the New Shareholder's Powers of Attorney" in the announcement of the Company dated 19 June 2020 for further details.

B. SUMMARY OF THE MATERIAL TERMS OF THE STRUCTURED CONTRACTS

(1) Exclusive Business Cooperation Agreement

Pursuant to the Exclusive Business Cooperation Agreements entered into by and among Chengdu Bojun, the Registered Shareholder and the Consolidated Affiliated Entities, Chengdu Bojun agreed to provide exclusive technical service, management support and consulting service necessary for the education business to the Consolidated Affiliated Entities which, shall in return make payments to Chengdu Bojun in accordance with the Structured Contracts.

To ensure the due performance of the Structured Contracts, each of the Consolidated Affiliated Entities agreed to comply with, and procure its subordinate enterprises, units and legal entities established from time to time (including its subsidiaries, branches and other entities) to comply with, and the Registered Shareholder agreed to procure the Consolidated Affiliated Entities to comply with the following obligations as prescribed under the Exclusive Business Cooperation Agreement.

In order to prevent the leakage of assets and values of the Consolidated Affiliated Entities, the Registered Shareholder and each of the Consolidated Affiliated Entities have undertaken that, without prior written consent of Chengdu Bojun or its designated party, they shall not conduct or cause to conduct any activity or transaction which may have actual impact (i) on the assets, business, staff, rights, obligations or operations of the Consolidated Affiliated Entities or (ii) on the ability of the Registered Shareholder and each of the Consolidated Affiliated Entities to perform their obligations under the Structured Contracts.

In addition, the Registered Shareholder irrevocably undertakes to Chengdu Bojun that, unless with its written waiver, the Registered Shareholder shall not (i) directly or indirectly invest, operate, engage, participate in, conduct, acquire or hold any business or activities, which compete or may potentially compete with the business of Chengdu Bojun, the Company, the Consolidated Affiliated Entities or their respective subordinate enterprises, units or legal entities, within or outside of the PRC, whether independently or with other party or as a representative of other party (the "**Competing Business**") or have any interest in the Competing Business, (ii) use information obtained from any of the Consolidated Affiliated Entities or their respective subordinate enterprises, units or legal entities for the Competing Business, (iii) obtain any benefit from any Competing Business, and (iv) procure the Consolidated Affiliated Entities to engage in any other businesses. The Registered Shareholder further consented and agreed that, in the event that the Registered Shareholder directly or indirectly engage, participate in or conduct any Competing Business, Chengdu Bojun and/or other entities as designated by us shall be granted an option to (i) require the entity engaging in the Competing Business to enter into an arrangement similar to that of the Structured Contracts; or (ii) require the entity engaging in the Competing Business to cease operation of the Competing Business within a reasonable time.

(2) Exclusive Call Option Agreement

Pursuant to the Exclusive Call Option Agreement entered into by and among Chengdu Bojun, the Registered Shareholder, and the Consolidated Affiliated Entities, the Registered Shareholder and the School Sponsors have irrevocably granted Chengdu Bojun or its designated purchaser an exclusive option to purchase all or part of the equity interest in our School Sponsors and their school sponsor's interest in the PRC Operating Schools (where applicable) (the"**Interest**") (the "**Equity Call Option**"). In relation to the transfer of the Interest upon exercise of the Equity Call Option, the purchase price payable by Chengdu Bojun shall be the lowest price permitted under the PRC laws and regulations. Chengdu Bojun or its designated purchaser shall have the right to purchase such proportion of the equity interest and/or school sponsor's interest in our Consolidated Affiliated Entities as it decides at any time.

If Chengdu Bojun is allowed to directly hold all or part of the equity interest and/or school sponsor's interest in the Consolidated Affiliated Entities and operate private education business in the PRC under the PRC laws and regulations, Chengdu Bojun shall issue the notice of exercise of the Equity Call Option as soon as practicable, and the percentage of equity interest and/or sponsor's interest purchased upon exercise of the Equity Call Option shall not be lower than the maximum percentage then allowed to be held by Chengdu Bojun or us under the PRC laws and regulations (as the case may be).

(3) School Sponsors' and Directors' (Council Members') Rights Entrustment Agreement

According to the School Sponsors' and Directors' (Council Members') Rights Entrustment Agreement entered into by and among Chengdu Bojun, the School Sponsors, the PRC Operating Schools and their respective directors or council members (the "**Appointees**"), each of the School Sponsors has irrevocably authorised and entrusted Chengdu Bojun or its designated party to exercise all its rights as school sponsor of the relevant PRC Operating School to the extent permitted by the PRC laws.

Pursuant to the School Sponsors' and Directors' (Council Members') Rights Entrustment Agreement, each of the Appointees has irrevocably authorised and entrusted Chengdu Bojun to exercise all his/her rights as directors and/or council members of our relevant PRC Operating School as appointed by Chengdu Mingxian, Chengdu Youshi Preschool Investment, Chengdu Jinbojun, Sichuan Boai, Wangcang Bojun, Nanjiang Bojun or Lezhi Bojun and to the extent permitted by the PRC laws.

In addition, each of our School Sponsors and the Appointees has irrevocably agreed that (i) Chengdu Bojun may, without prior notice to or approval by the School Sponsors and the Appointees, delegate its rights under the School Sponsors' and Directors' (Council Members') Rights Entrustment Agreement to the directors of Chengdu Bojun or its designated party; and (ii) any person as successor of civil rights of Chengdu Bojun or liquidator as a result of subdivision, merger, liquidation of Chengdu Bojun or other circumstances shall have authority to replace Chengdu Bojun to exercise all rights under the School Sponsors' and Directors' (Council Members') Rights Entrustment Agreement.

(4) School Sponsors' Powers of Attorney

Pursuant to the School Sponsors' Powers of Attorney executed by each of our School Sponsors in favour of Chengdu Bojun, each of the School Sponsors authorised and appointed Chengdu Bojun, as its agent to act on its behalf to exercise or delegate the exercise of all its rights as school sponsor of our relevant PRC Operating School. For further information of the rights granted, please refer to the section headed "The New Structured Contracts — (3) New School Sponsors' and Directors' (Council Members') Rights Entrustment Agreement, the New School Sponsors' Powers of Attorney and the New Directors' (Council Members') Power of Attorney" in the announcement of the Company dated 19 June 2020.

Chengdu Bojun shall have the right to further delegate the rights so delegated to directors of Chengdu Bojun or other designated party. Chengdu Bojun confirms that it will not delegate any of these rights to anyone whose interest would potentially conflict with those of the Company. The School Sponsors irrevocably agreed that the authorisation and appointment in the School Sponsor's Powers of Attorney shall not be invalid, revoked, prejudiced or otherwise adversely affected by reason of the subdivision, merger, winding up, consolidation, liquidation or other similar events of our School Sponsors. The School Sponsors' Power of Attorney shall constitute a part and incorporate terms of the School Sponsors' and Directors' (Council Members') Rights Entrustment Agreement.

(5) Directors' (Council Members') Powers of Attorney

Pursuant to the Directors' (Council Members') Powers of Attorney executed by each of the Appointees in favour of Chengdu Bojun, each of the Appointees authorised and appointed Chengdu Bojun, as his/her agent to act on his/her behalf to exercise or delegate the exercise of all his/her rights as directors or council members of our relevant PRC Operating School. For further information of the rights granted, please refer to the section headed "The New Structured Contracts — (3) New School Sponsors' and Directors' (Council Members') Rights Entrustment Agreement, the New School Sponsors' Powers of Attorney and the New Directors' (Council Members') Power of Attorney" in the announcement of the Company dated 19 June 2020.

Chengdu Bojun shall have the right to further delegate the rights so delegated to directors of Chengdu Bojun or other designated party. Chengdu Bojun confirms that it will not delegate any of these rights to anyone whose interest would potentially conflict with those of the Company. Each of the Appointees irrevocably agreed that the authorisation and appointment in the Directors' (Council Members') Powers of Attorney shall not be invalid, revoked prejudiced or otherwise adversely affected by reason of his/her loss of or restriction on capacity, death or other similar events. The Directors' (Council Members') Power of Attorney shall constitute a part and incorporate terms of the School Sponsors' and Directors' (Council Members') Rights Entrustment Agreement.

The Directors' (Council Members') Power of Attorney shall constitute a part and incorporate terms of the School Sponsors' and Directors' (Council Members') Rights Entrustment Agreement.

(6) Equity Pledge Agreement

Pursuant to the Equity Pledge Agreement entered into by and among Chengdu Bojun, the Registered Shareholder and the School Sponsors (except Lezhi Bojun) (the "**Equity Pledge Agreement**"), the Registered Shareholder unconditionally and irrevocably agreed to pledge and grant first priority security interests over all of its equity interest in Chengdu Mingxian and Chengdu Mingxian unconditionally and irrevocably agreed to pledge and grant first priority security interests over all of its equity interests in Chengdu Youshi Preschool Investment, Chengdu Jinbojun, Sichuan Boai, Renshou Bojun, Zhongjiang Bojun, Bojun Lixing, Nanjiang Bojun and Wangcang Bojun together with all related rights thereto to Chengdu Bojun as security for performance of the Structured Contracts and all direct, indirect, consequential damages and foreseeable loss of interest incurred by Chengdu Bojun as a result of any event of default on the part of the Registered Shareholder or each of our Consolidated Affiliated Entities and all expenses incurred by Chengdu Bojun as a result of enforcement of the obligations of the Registered Shareholder and/or each of our Consolidated Affiliated Entities under the Structured Contracts (the "**Secured Indebtedness**").

According to the Equity Pledge Agreement, the Registered Shareholder and Chengdu Mingxian shall not transfer the pledged equity interests or create further pledge or encumbrance over the pledged equity interest without the prior written consent of Chengdu Bojun. Any unauthorised transfer shall be invalid, and the proceeds of any transfer of the equity interest shall be first used in the payment of the Secured Indebtedness or deposited to such third party as agreed to by Chengdu Bojun. The Registered Shareholder and Chengdu Mingxian also waived any pre-emptive rights upon enforcement and agreed to any transfer of the pledged equity pursuant to the Equity Pledge Agreement.

(7) Loan Agreement

Pursuant to the Loan Agreement entered into by and among Chengdu Bojun, the School Sponsors and the PRC Operating Schools, Chengdu Bojun agreed to provide interest-free loans to our Consolidated Affiliated Entities for their operations. Our School Sponsors also agreed to utilise the proceeds of such loans to contribute as capital of our PRC Operating Schools in their capacity as school sponsors of our PRC Operating Schools in accordance with our instructions as permitted by the PRC laws and regulations. The parties agreed that all such capital contribution can be directly settled by Chengdu Bojun on behalf of our School Sponsors.

The term of the loan agreement shall continue until all school sponsor's interest of our PRC Operating Schools are transferred to Chengdu Bojun or its designee and the required registration process has been completed with the relevant local authorities thereafter.

Each loan to be granted under the Loan Agreement will be for an infinite term until termination at the sole discretion of Chengdu Bojun. The loan will become due and payable upon demand of Chengdu Bojun under any of the following circumstances:

(i) the winding-up or liquidation of any of our Consolidated Affiliated Entities;

(ii) any of our Consolidated Affiliated Entities becoming insolvent or incurring any other significant personal debt which may affect its ability to repay the loan under the Loan Agreement, or

(iii) Chengdu Bojun exercising in full its option to purchase all school sponsor's interests to the extent permitted by PRC laws and regulations.

(8) Shareholder's Rights Entrustment Agreement and Shareholder's Powers of Attorney

Pursuant to the Shareholder's Rights Entrustment Agreement entered into by and among Chengdu Bojun, the Registered Shareholder and Chengdu Mingxian with effect from 16 June 2020 and the Shareholder's Powers of Attorney dated 19 June 2020 executed by the Registered Shareholder, the Registered Shareholder authorised and entrusted Chengdu Bojun, as its sole agent and authorised person to exercise Shareholder's rights to which the Registered Shareholder is entitled to in its capacity as the shareholder of the School Sponsors pursuant to the articles of association of the School Sponsors and the PRC Company Law. The Registered Shareholder and Chengdu Mingxian also agreed that Chengdu Bojun is authorised, as the sole agent and authorised person of Chengdu Mingxian, to exercise all of its shareholder's rights (which shall include the shareholders' rights as mentioned above) in Chengdu Youshi Preschool Investment, Chengdu Jinbojun, Sichuan Boai, Renshou Bojun, Wangcang Bojun, Nanjiang Bojun and Lezhi Bojun.

Chengdu Bojun shall have the right to further delegate the rights so delegated to its designated party. Chengdu Bojun confirms that it will not delegate any of these rights to anyone whose interest would potentially conflict with those of the Company. The Registered Shareholder irrevocably agreed that the authorisation and appointment in the Directors' (Council Members') Powers of Attorney shall not be invalid, revoked, prejudiced or otherwise adversely affected by reason of the subdivision, merger, winding up, consolidation, liquidation or other similar events of the Registered Shareholder or Chengdu Mingxian.

C. BUSINESS ACTIVITIES OF THE CONSOLIDATED AFFILIATED ENTITIES

The business activities of the Consolidated Affiliated Entities are primarily to offer private education services to kindergartens and primary, middle and high schools' students.

D. SIGNIFICANCE AND FINANCIAL CONTRIBUTIONS OF CONSOLIDATED AFFILIATED ENTITIES

Pursuant to the Structured Contracts, the Group obtains control over and derives the economic benefits from the Consolidated Affiliated Entities. The table below sets out the financial contribution of the Consolidated Affiliated Entities to the Group:

	Revenue For the year ended 31 August		Net loss For the year ended 31 August		Total assets As of 31 August	
	2022	2021	**2022**	2021	**2022**	2021
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Consolidated Affiliated Entities	**16,647**	398,774	**(536)**	(709,020)	**975,783**	1,022,866

E. REVENUE AND ASSETS INVOLVED IN STRUCTURED CONTRACTS

The table below sets out (i) the revenue and (ii) the total assets of the Consolidated Affiliated Entities, that are consolidated into the Group's financial statements pursuant to the Structural Contracts:

	Revenue For the year ended 31 August 2022 RMB'000	Total Assets As of 31 August 2022 RMB'000
Consolidated Affiliated Entities	**16,647**	**975,783**

F. REGULATORY FRAMEWORK

1. Primary and Middle School Education

On 15 March 2019, the National People's Congress of the PRC has passed and promulgated the Foreign Investment Law (《外商投資法》), which was effective on 1 January 2020. The Foreign Investment Law defines "foreign investment" as investment activities directly or indirectly carried out by foreign investors in the PRC, and has listed the examples of such foreign investments. Meanwhile, the Foreign Investment Law stipulates that the state implements the management scheme of pre-establishment national treatment along with a negative list with respect to foreign investment. For any field with investment restricted by the Negative List for foreign investment, foreign investors shall meet the management scheme of the Negative List; any field that does not fall within the Negative List shall be administered under the principle of consistency between domestic and foreign investment. The Foreign Investment Law did not explicitly mention "actual control" and "contractual arrangement". According to the effective Special Administrative Measures (Negative List) for the Access of Foreign Investment (2021) (《外商投資流入特別管理措施(負面清單) (2021)》), primary and middle schools offering compulsory education for students from grade one to nine in the PRC fall within the Negative List for foreign investment as prohibited foreign investment.

Due to the prohibitions on foreign ownership, foreign investors (including individuals, companies, partnerships, educational institutions and any other entities) are prohibited from owning primary and middle schools in the PRC, whether through direct investments or through wholly-owned subsidiaries in the PRC. Therefore, we do not hold any direct equity interest in any of Jinjiang School, Longquan School, Tianfu School (each of which offers middle school education), Pengzhou Bojun School, Nanjiang Bojun School, Wangcang Bojun School and Lezhi Bojun School (each of which offers primary and middle school education) and control each of them through the Structured Contracts.

2. Preschool and High School Education

The operation of preschool and high school in the PRC falls within the "restricted" catalogue for foreign investment and is explicitly restricted to Sino-foreign cooperation. Foreign investors may only operate preschool and high school through joint ventures with PRC-incorporated entities that are in compliance with the Sino-Foreign Regulation. Moreover, the Foreign Investment Catalogue also provides that the domestic party shall play a dominant role in the Sino-foreign cooperation, and it requires that (a) the principal or other chief executive officers shall be a PRC national (with which we had fully complied); and (b) the Chinese member of the representative of the domestic party shall account for no less than half of the total members of the board of directors, the executive council or the joint administration committee (the "**Foreign Control Restriction**").

According to the Implementing Rules for the Regulations on Operating Sino-foreign Schools of the PRC (《中華人民共和國中外合作辦學條例實施辦法》), if we were to apply for any of our kindergartens and high school to be reorganised as a Sino-foreign joint venture private school (a "**Sino-Foreign Joint Venture Private School**"), the foreign investor in the Sino-Foreign Joint Venture Private School must be a foreign educational institution with relevant qualification and high quality of education (i.e., the Qualification Requirement). Furthermore, according to the Implementation Opinions on Private Fund's Entry into the Education Sector (《民間資金流入教育領域的實施意見》), the foreign portion should be below 50% of the total investment in a Sino-Foreign Joint Venture Private School (the "**Foreign Ownership Restriction**") and the establishment of such school is subject to approval of education authorities at the provincial or national level.

3. Compliance with the Qualification Requirement

According to the Regulations on Operating Sino-foreign Schools (《中外合作辦學條例》), the foreign investor in a Sino-Foreign Joint Venture Private School must be a foreign educational institution which has acquired relevant qualifications and experience in a foreign country (i.e. the Qualification Requirement). As part of our effort to fulfil the Qualification Requirement, we have adopted specific plans and taken concrete steps reasonably considered by us to be significant to indicate our compliance with the Qualification Requirement. On 19 August 2016, we established US Bojun as an operating entity in the United States. On 29 January 2018, we entered through US Bojun into a memorandum of understanding with the US Partner, an institution which had extensive experience in provision of private education services in the United States, to expand our school network abroad. Pursuant to the memorandum of understanding, the Group and the US Partner will set up a joint venture for the establishment of the US School in the Los Angeles area. The joint venture will be owned by the Group as to 70% and the US Partner as to 30%. We will provide funding to finance operations and the purchase of facilities, and will be involved in the design of the education programmes to be offered by the US School. The US Partner will provide management services to the US School, assist the Group in identifying school premises and recruiting teachers for the US School. We intend to allocate approximately US$3.2 million for the purpose of establishing the US School. We intend to meet part of such capital expenditure by utilising approximately RMB12.9 million (equivalent to approximately US$1.9 million) of proceeds from the Global Offering and the remainder through equity and/or debt financing and/or with our internal funds, as and when we see fit. As of the date of this report, due to the impact of the new coronavirus epidemic, our plan to open schools in the United States may be postponed, and we will arrange further plans when appropriate.

G. RISKS ASSOCIATED WITH THE ARRANGEMENTS AND THE ACTIONS TAKEN TO MITIGATE THE RISKS

The Group may be subject to severe penalties if the PRC government finds that the Structured Contracts do not comply with applicable PRC laws and regulations. The Structured Contracts may not be as effective in providing control over the Consolidated Affiliated Entities as direct ownership. Moreover, the Registered Shareholder may have conflicts of interest with us, which may materially and adversely affect our business and financial condition. The exercise of the option to acquire equity interest of Chengdu Mingxian may be subject to certain limitations and we may incur substantial costs and expend significant resources to enforce the Structured Contracts if any of our Consolidated Affiliated Entities fails to perform its obligations thereunder. The Structured Contracts may be subject to scrutiny of PRC tax authorities and additional tax may be imposed, which may materially and adversely affect our results of operation and value of your investment. Certain terms of the Structured Contracts may not be enforceable under the laws of the PRC. The Group relies on funds from our subsidiary in the PRC to pay dividends and other cash distributions to the Shareholders. If any of the Consolidated Affiliated Entities becomes subject to winding up or liquidation proceedings, we may lose the ability to enjoy certain important assets, which could negatively impact our business and materially and adversely affect our ability to generate revenue. The Consolidated Affiliated Entities may be subject to limitations on their ability to operate private education business or make payments to related parties. For further information, please refer to the announcement of the Company dated 19 June 2020.

The Group has adopted the following measures to ensure the effective operation of the Group with the implementation of the Structured Contracts and its compliance with the Structured Contracts:

(a) major issues arising from the implementation and compliance with the Structured Contracts or any regulatory enquiries from government authorities will be submitted to our Board, for review and discussion where necessary;

(b) the Board will review the overall performance of and compliance with the Structured Contracts at least once a year;

(c) the Company will disclose the overall performance and compliance with the Structured Contracts in its annual reports and interim reports to update the Shareholders and potential investors;

(d) the Directors undertake to provide periodic updates in the annual and interim reports regarding the qualification requirement and our status of compliance with the Foreign Investment Law and other relevant rules and regulations and the implementation progress of the Foreign Investment Law and its accompanying explanatory notes as disclosed under the section headed "Structured Contracts — Development in the PRC legislation on foreign investment" in the Prospectus including the latest relevant regulatory development as well as our plan and progress in acquiring the relevant experience to meet the qualification requirement;

(e) the Company will engage external legal advisors or other professional advisors, if necessary, to assist the Board to review the implementation of the Structured Contracts, review the legal compliance of Chengdu Bojun and the Consolidated Affiliated Entities to deal with specific issues or matters arising from the Structured Contracts. Moreover, notwithstanding that our executive Director, Mr. Wang Jinglei, is also a shareholder of the Registered Shareholder, we believe that our Directors are able to perform their roles in the Group independently and the Group is capable of managing its business independently after the Listing under the following measures:

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

(ii) each of the Directors is aware of his or her fiduciary duties as a Director which requires, amongst other things, that he or she acts for the benefits and in the best interests of the Group;

(iii) with a view to promoting the interests of the Company and the Shareholders as a whole, we have appointed four independent non-executive Directors, comprising more than one-third of the Board so as to provide a balance of the number of interested and independent Directors; and

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

For the year ended 31 August 2022, the Board has reviewed the overall performance of the Structured Contracts and believed that the Group has complied with the Structured Contracts in all material respects.

H. MATERIAL CHANGES

On 14 May 2021, the State Council promulgated the Implementation Regulations, effective from 1 September 2021, which mainly includes: (1) no social organisation or individual shall control private schools that implement compulsory education or non-profit private schools that implement preschool education through merger and acquisition or control by agreement; and (2) private schools that implement compulsory education shall not enter into transactions with stakeholders. Other private schools shall follow the principles of openness, fairness, equity, reasonable pricing, and standardised decision making, and shall not harm the interests of the state, the interest of our schools and the rights of our teachers and students when conducting transactions with stakeholders. Private schools shall establish an information disclosure system for transactions with stakeholders. Education, human resources and social security, and financial departments shall strengthen the supervision of agreements between non-profit private schools and stakeholders, and conduct annual reviews of related transactions.

As advised by our PRC legal advisor, PRC laws and regulations do not have retrospective effect and the Company may continue to control the school sponsors and assets held by which (including and, properties and equipment) through the Structured Contracts upon the Implementation Regulations becoming effective on 1 September 2021. However, the Company and schools sponsors controlled by the Company may no longer control private schools offering compulsory education and not-for-profit schools through mergers and acquisitions and contractual agreements, and the Company (including connected persons of the Company) may no longer conduct connected transactions with such schools controlled by the Company through contractual arrangement. For the year ended 31 August 2022, the Group successfully established Tianfu High School which became a Consolidated Affiliated Entity. Given that the provision of high school education is not affected by the Implementation Regulations, the Group has control over Tianfu High School through the Contractual Arrangements. Meanwhile, Lidu Kindergarten has transformed into profitable kindergartens and the Group has the control of the two kindergartens through contractual arrangements.

I. UNWINDING OF THE STRUCTURED CONTRACTS

On 27 August 2021, Chengdu Mingxian entered into a termination agreement with Hongde Guanghua, Pengzhou Bojun School and Guarantors, pursuant to which, among others, Chengdu Mingxian has agreed to terminate the Cooperation Agreement. On 31 August 2022, Chengdu Tianfu Bojun, Chengdu Mingxian, Chengdu Junxian entered into an agreement with Pengzhou Bojun School, pursuant to which, Pengzhou Bojun School withdrew from Structured Contracts. As of the date of this annual report, there has been no failure to unwind any Structured Contracts when the restrictions that led to the adoption of the Structured Contracts are removed. If there are changes in applicable PRC laws and regulations and all of the Qualification Requirement, the Foreign Ownership Restriction and the Foreign Control Restriction are removed, Chengdu Bojun will exercise the Equity Call Option (as defined in the paragraph headed "Structured Contracts — Operation of the Structured Contracts — Summary of the material terms of the Structured Contracts — (2) Exclusive Call Option Agreement" in this section) in full to unwind the contractual arrangements so that we are able to operate our schools directly without using the Structured Contracts. For further details, please see the section headed "Structured Contracts — Termination of the Structured Contracts" in this report.

Contractual arrangements in place

Listing rules implications

As detailed in the section headed "Connected Transactions" of the Prospectus and the announcement of the Company dated 19 June 2020, our Consolidated Affiliated Entities and their shareholders are connected persons of the Company, and Mr. Wang Jinglei is an executive Director and a substantial Shareholder and therefore a connected person of the Company under Rule 14A.07(1) of the Listing Rules. Mr. Wang Jinglei held more than 30% of shareholding interests in the Registered Shareholder and, thus, the Registered Shareholder is an associate (as defined under the Listing Rules) and a connected person of the Company. The transactions contemplated under each of the Structured Contracts constitute continuing connected transactions of the Company under the Listing Rules upon Listing.

The Directors (including the independent non-executive Directors) are of the view that the Structured Contracts and the transactions contemplated thereunder are fundamental to the Group's legal structure and business operations, that such transactions are entered into in the ordinary course of business of the Group, are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, notwithstanding that the transactions contemplated under the Structured Contracts and any new transactions, contracts and agreements or renewal of existing agreements to be entered into between any of the Consolidated Affiliated Entities and any member of the Group technically constitute continuing connected transactions under Chapter 14A of the Listing Rules, the Directors consider that, given that the Group is placed in a special situation in relation to the connected transactions rules under the Structured Contracts, it would be unduly burdensome and impracticable, and would add unnecessary administrative costs to the Company if such transactions are subject to strict compliance with the requirements set out under Chapter 14A of the Listing Rules, including the announcement and independent shareholders' approval requirements.

Waiver from the Stock Exchange and Annual Review

The Stock Exchange has granted a waiver from strict compliance with (i) the announcement, circular and Shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the transactions contemplated under the original set of structured contracts in place at the time of Listing pursuant to Rule 14A.105 of the Listing Rules and (ii) the requirement of setting an annual cap for the transactions under such structured contracts under Rule 14A.53 of the Listing Rules, for so long as our Shares are listed on the Stock Exchange subject however to various conditions as disclosed in the section headed "Connected Transaction" in the Prospectus. The Stock Exchange confirmed that such waiver also applies to the current Structured Contracts. For details, please refer to the announcement of the Company dated 19 June 2020.

The waiver is subject to certain conditions including, among others, on the basis that the Structured Contracts provide an acceptable framework for the relationship between the Company and its subsidiaries in which our Company has direct shareholding, on the one hand, and the Consolidated Affiliated Entities, on the other hand, that the framework may be renewed and/or reproduced upon the expiry of the existing arrangements or in relation to any existing or new wholly foreign-owned enterprise or operating company (including branch company) engaging in the same business as that of our Group which our Group might wish to establish when justified by business expediency, without obtaining the approval of the Shareholders, and on substantially the same terms and conditions as the Structured Contracts.

Provision of Education Service to Various Kindergartens

On 31 May 2022, Chengdu Bojun and the School Sponsors (together the "**Service Providers**") and Peninsula Kindergarten, Longquan Kindergarten, Qingyang Kindergarten, Riverside Kindergarten and Youshi Kindergarten (collectively the "**Kindergartens**") entered into a management agreement with Service Providers providing various management services to the Kindergartens for 2021/22 school year. The aggregate annual cap proposed with respect to the transactions contemplated thereunder is RMB8,350,000.

Listing Rules Implications

Mr. Wang Jinglei is an executive Director and a controlling Shareholder, thus a connected person of the Company under Rule 14A.07(1) of the Listing Rules. The Kindergartens are ultimately owned as to (i) 93.26% by Mr. Wang Jinglei, an executive Director and a controlling Shareholder, thus a connected person, (ii) 4.90% by Mr. Xie Gang, (iii) 0.92% by Mr. Zeng Guang and (iv) 0.92% by Ms. Li Jingmei. All Kindergartens are therefore associate of Mr. Wang Jinglei and connected persons of the Company. All the applicable percentage ratios (other than the profits ratio) in respect of the transactions contemplated under the agreement are less than 25% and the aggregate annual cap proposed is less than HK$10,000,000. Accordingly, the above transactions are de minimis transactions pursuant to pursuant to Rule 14A.76(2) of the Listing Rules and are therefore subject to the reporting, announcement and annual review requirements but are exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

On 30 June 2022, such management agreement was renewed on an expanded service scope for 2022/25 school years. The aggregate annual caps proposed with respect to the transactions contemplated under the renewed agreement for the years ending 31 December 2023, 2024 and 2025 are RMB23,500,000, RMB23,500,000 and RMB24,400,000, respectively. The renewed agreement was approved by the Shareholders on an extraordinary general meeting held on 21 September 2022.

Listing Rules Implications

Mr. Wang Jinglei is an executive Director and a substantial Shareholder, holding an indirect interest in 233,920,000 Shares, representing approximately 28.46% of the issued shares of the Company, and, thus, a connected person of the Company under Rule 14A.07(1) of the Listing Rules. The Kindergartens are ultimately owned as to (i) 93.26% by Mr. Wang Jinglei, (ii) 4.90% by Mr. Xie Gang, (iii) 0.92% by Mr. Zeng Guang and (iv) 0.92% by Ms. Li Jingmei. All Kindergartens are therefore associate of Mr. Wang Jinglei and connected persons of the Company, and the transactions contemplated under the renewed agreement constitute continuing connected transactions for the Company. As the highest of the applicable percentage ratios of the aggregate annual caps proposed is more than 5%, transactions contemplated under the renewed agreement are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

For details, please refer to the announcements of the Company dated 31 May 2022, 30 June 2022 and 4 July 2022, and the circular of the Company dated 1 September 2022. In November 2022, Riverside Kindergarten has been transformed to a for-profit kindergarten, and it will be consolidated by the Group thereafter.

Provision of Financial Assistance to a Substantial Shareholder at Subsidiary Level

Since 31 July 2018, Hongde Guanghua has obtained interest free unsecured loans from Pengzhou Bojun School (the "**Arrangement**"). Pengzhou Bojun School also obtained interest free unsecured loans from Hongde Guanghua. Such loans were amounts due to/from between Pengzhou Bojun School and Hongde Guanghua to settle expenses of Pengzhou Bojun School and Hongde Guanghua incurred during their operation, including expenses on procurement of teaching equipment and materials, settlements of reimbursement and work-related expenses and payment of provident funds. The Directors are of the view that the advances between Pengzhou Bojun School and Hongde Guanghua helps ensure funds for convenient and efficient payment involved in the daily operation of Pengzhou Bojun School. On 19 August 2022, Chengdu Mingxian ceased to be a school sponsor of Penzhou Bojun School pursuant to the Termination Agreement approved by the Shareholders on 26 October. Immediately before change of school sponsor, a balance of approximately RMB18.9 million, which is repayable on demand, is due to Pengzhou Bojun School by Hongde Guanghua. Loans provided by Pengzhou Bojun School to Hongde Guanghua under the Arrangement were financed with earnings of Pengzhou Bojun School. The maximum balance of advances due to Pengzhou Bojun School from Hongde Guanghua between 31 July 2018 and immediately before change of school sponsor is RMB26,299,000.

Listing Rules Implications

As one of the applicable percentage ratios (as defined under the Listing Rules) of the Arrangement aggregated on a twelve-month basis is above 5% but all of them are less than 25%, the Arrangement constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules. Hongde Guanghua owns 49% interest of Pengzhou Bojun School, being a Consolidated Affiliated Entity at the time of the relevant transactions, and therefore is a connected person of the Company at the subsidiary level under Rule 14A.06(9) of the Listing Rules. Accordingly, the Arrangement constituted continuing a continuing connected transaction of the Company under Chapter 14A of the Listing Rules. Pursuant to Rule 14A.101 of the Listing Rules, the Arrangement is subject to the reporting and announcement requirements but is exempted from the circular, independent financial advice and shareholders' approval requirements. The provision of loans by Hongde Guanghua to Pengzhou Bojun School is exempt from the reporting, announcement, annual review and independent shareholders' approval requirements pursuant to Rule 14A.90 of the Listing Rules, as such, the transaction constituted a financial assistance received by the Group from a connected person, which is conducted on normal commercial terms and is not secured by the assets of the Group.

For details, please refer to the announcements of the Company dated 27 August 2021, 6 September 2021, 26 October 2021, 20 May 2022 , 30 May 2022 and 10 June 2022, and the circular of the Company dated 30 September 2021.

CONFIRMATION FROM INDEPENDENT NON-EXECUTIVE DIRECTORS

The independent non-executive Directors have reviewed the contractual arrangements and confirmed that (i) the transactions carried out during the year ended 31 August 2022 have been entered into in accordance with the relevant provisions of the contractual arrangements and have been operated so that the profit generated by the Consolidated Affiliated Entities has been substantially retained by the Group, (ii) no dividends or other distributions have been made by the Consolidated Affiliated Entities to the Registered Shareholders which are not otherwise subsequently assigned or transferred to the Group, (iii) the Structured Contracts and if any, any new transactions, contracts and agreements entered into, renewed or reproduced between the Group and the Consolidated Affiliated Entities during the relevant financial period are fair and reasonable, or are in the interests of the Group and the Shareholders as a whole; (iv) entered into in the ordinary and usual course of business of the Group; and (v) conducted on normal commercial terms or better. The independent non-executive Directors have reviewed the continuing connected transactions and confirmed that such transactions have been entered into: (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) according to the agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

CONFIRMATIONS FROM THE COMPANY'S INDEPENDENT AUDITOR

The auditor of the Company has confirmed in a letter to the Board that, with respect to (i) the contractual arrangements under the Structured Contracts and (ii) other continuing connected transactions entered into in the year ended 31 August 2022,

a. nothing has come to their attention that causes the Auditor of the Company to believe that the continuing connected transactions disclosed have not been approved by the Board;

b. were not, in all material respects, in accordance with the pricing policies of the Group;

c. were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions;

d. have exceeded the annual cap as set by the Company; and

e. with respect to the transactions with PRC Operating Entities under the Structured Contracts, dividends or other distributions have been made by PRC Operating Entities to the respective School Sponsors which are not otherwise subsequently assigned or transferred to the Group.

RELATED PARTY TRANSACTIONS

Other than the above-mentioned transactions, details of transactions entered into with related parties by the Group and do not constitute connected or continuing connected transactions during the year ended 31 August 2022 are set out in Note 32 to the consolidated financial statements.

SIGNIFICANT LEGAL PROCEEDINGS

For the year ended 31 August 2022, the Group had not been involved in any significant legal proceedings or arbitration. To the best of the knowledge and belief of the Directors, there are no significant legal proceedings or claims pending or threatened against the Group.

COMPLIANCE WITH LAWS AND REGULATIONS

During the year ended 31 August 2022 and up to the date of this annual report, the Group has complied with the relevant laws and regulations that have a significant impact on the Company. In particular, the Group is committed to minimising the impact on the environment from our business activities and the details of such effort will be set out in the "Environmental, Social and Governance Report" of the Group to be published.

PERMITTED INDEMNITY PROVISION

Pursuant to article 164(1) of the Articles of Association, the Directors shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of the Directors shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices or trusts; and none of them shall be answerable for the acts, receipts, neglects or defaults of the other or others of them or for joining in any receipts for the sake of conformity, or for any bankers or other persons with whom any moneys or effects belonging to the Company shall or may be lodged or deposited for safe custody, or for insufficiency or deficiency of any security upon which any moneys of or belonging to the Company shall be placed out on or invested, or for any other loss, misfortune or damage which may happen in the execution of their respective offices or trusts, or in relation thereto; provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of said persons.

IMPORTANT EVENTS SINCE THE YEAR END

Save for the change as detailed in the section headed "Management Discussion and Analysis — Events after the Reporting Period", the Group had no important events occurred since the year ended 31 August 2022.

SUFFICIENCY OF PUBLIC FLOAT

Based on information publicly available to the Company and to the best knowledge of the Directors, at least 25% of the Company's total issued shares, the prescribed minimum percentage of public float approved by the Stock Exchange and permitted under the Listing Rules, was held by the public at all times from the Listing Date and up to the date of this annual report.

AUDITOR

Deloitte Touche Tohmatsu ("**Deloitte**") resigned as the auditor with effect from 2 July 2020. The Board resolved to appoint PKF Hong Kong Limited ("**PKF**") as the new auditor with effect from 3 July 2020 to fill the casual vacancy following the resignation of Deloitte. For details, please refer to the announcement of the Company dated 3 July 2020.

PKF resigned as the auditor of the Company with effect from 22 July 2022 and ZHONGHUI ANDA CPA Limited was appointed auditor of the Company with effect from 29 July 2022 to fill the casual vacancy following the resignation of PKF. For details, please refer to the announcement of the Company dated 29 July 2022. A resolution to re-appoint ZHONGHUI ANDA CPA Limited as the auditor of the Company will be proposed for approval by the Shareholders at the forthcoming AGM.

TAX RELIEF

The Company is not aware of any relief from taxation available to the Shareholders by reason of their holding of the Shares.

RECOMMENDATION TO CONSULT PROFESSIONAL TAX ADVICE

If the Shareholders are not sure about the tax effect on the purchase, holding, sale, trading or exercise of any rights attached to the relevant shares of the Company, they are recommended to consult independent experts for advice.

On behalf of the Board
Wang Jinglei
Chairman

Chengdu, the PRC, 21 November 2022

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Director

Mr. Wang Jinglei (王愫雷), aged 50, has been appointed as the executive Director of the Company, the chairman of the Board and the chairman of the Nomination Committee on 25 March 2020. He was appointed as the chief executive officer of the Company with effect from 26 November 2020. Mr. Wang Jinglei is mainly responsible for the Group's overall business development and strategic planning.

Mr. Wang Jinglei has approximately 30 years of experience in the finance industry. He obtained a bachelor degree in accounting from the Open University of China* (國家開放大學) (formerly known as China Central Radio and TV University* (中央廣播電視大學)) in July 2008. He worked at the Dazhou branch of Bank of China Limited from December 1990 to April 2013, with his final position as company business department manager. From May 2013 to December 2019, Mr. Wang worked as a general manager at Sichuan Xinxing Financial Guarantee Company Limited* (四川鑫星融資擔保有限公司), a company principally engaged in guarantee-related business.

Since he joined the Group in March 2020, Mr. Wang Jinglei has been the legal representative, council member or director of certain members of the Group.

Mr. Wang is the sole shareholder and sole director of Act Best and Act Glory is wholly-owned by Act Best. Thus, Mr. Wang Jinglei and Act Best are deemed to be interested in the 233,920,000 Shares held by Act Glory under the SFO, representing approximately 28.46% of the total issued Shares, as at the Latest Practicable Date.

Non-executive Director

Mr. Wu Jiwei (吳繼偉), aged 51, was appointed as our non-executive Director on 1 September 2019. Mr. Wu is primarily responsible for giving independent advice to the Board.

Mr. Wu Jiwei has approximately 8 years of experience in the financial industry. He obtained a bachelor degree in finance in June 1994 and a master degree in investments and economics in June 1999 from the Central University of Finance and Economics (formerly known as Central Finance and Economics College* (中央財政金融學院)) in the PRC. He also obtained the securities practicing qualification certificate* (證券從業資格證書) from the Securities Association of China* (中國證券業協 會) in December 2001. He worked in Bank of China Group Investment Limited from February 2010 to July 2014. He served as an executive director and chief executive officer of Huajun International Group Limited (stock code: 377), the shares of which are listed on the Main Board of the Stock Exchange, from September 2014 to March 2018. Mr. Wu served as an independent non-executive director of Enviro Energy International Holdings Limited (stock code: 1102), the shares of which are listed on the Main Board of the Stock Exchange, from June 2020 to August 2020.

Mr. Wu Jiwei is the beneficial owner of 46,000 Shares, representing approximately 0.01% of the total issued Shares, as at the Latest Practicable Date.

Independent non-executive directors

Mr. Cheng Tai Kwan Sunny (鄭大鈞), aged 49, was appointed as our independent non-executive Director and chairman of the Audit Committee on 11 July 2018. Mr. Cheng is primarily responsible for giving independent advice to the Board.

Mr. Cheng Tai Kwan Sunny has over 19 years of experience in management, financial reporting and management accounting. He was an independent non-executive director of Champion Alliance International Holdings Limited (formerly known as Mengke Holdings Limited) (stock code: 1629), the shares of which are listed on the Main Board of the Stock Exchange, from November 2016 to December 2018. He has been appointed as an independent non-executive director of Hua Lien International (Holding) Company Limited (stock code: 969), the shares of which are listed on the Main Board of the Stock Exchange, since December 2017. Since January 2014, Mr. Cheng has also been a director of Jolly Kingdom Franchise International Limited.

Mr. Cheng obtained a degree of Bachelor of Business Administration in Accounting from The Hong Kong University of Science and Technology in November 1996 and a degree of Master of Science from The Chinese University of Hong Kong in December 2006. He completed the Kellogg-HKUST Executive MBA Programme and was awarded a degree of Master of Business Administration from Northwestern University and The Hong Kong University of Science and Technology in December 2009. He obtained a Juris Doctor degree from The Chinese University of Hong Kong in November 2017. Mr. Cheng was admitted as an associate and a fellow of The Association of Chartered Certified Accountants in July 1999 and July 2004, respectively. He was also admitted as a member of the Hong Kong Institute of Certified Public Accountants (previously known as Hong Kong Society of Accountants) in September 2001. Mr. Cheng was a member of the Chinese People's Political Consultative Conference of Enping City, Guangdong Province* (中國人民政治協商會議廣東省恩平市委員會) from November 2011 to November 2016.

Mr. Mao Daowei (毛道維), aged 71, was appointed as our independent non-executive Director on 11 July 2018. He is primarily responsible for giving independent advice to the Board. He is also a member of each of the Audit Committee, the Nomination Committee and the Remuneration Committee.

Mr. Mao was a professor in economic studies of Sichuan University* (四川大學) in the PRC from July 2001 to July 2015 and has been a tutor of doctorate students since 2004. Mr. Mao was an independent director of Sichuan Dikang Sci & Tech Pharmaceutical Industry Co., Ltd.* (四川迪康科技藥業股份有限公司) (currently known as Sichuan Languang Development Co., Ltd.* (四川藍光發展股份有限公司)), which is listed on the Shanghai Stock Exchange (stock code: 600466), from April 2001 to October 2008. Mr. Mao studied politics and economics and graduated at Chengdu Telecommunication Engineering College* (成都電訊工程學院) in January 1982. Mr. Mao also graduated from Sichuan University in the PRC with a master's degree in politics and economics studies in July 1987.

Ms. Luo Yunping (雒蘊平), aged 72, was appointed as our independent non-executive Director on 11 July 2018. She is also a member of each of the Audit Committee, the Nomination Committee and the Remuneration Committee. Ms. Luo is primarily responsible for giving independent advice to the Board.

Ms. Luo Yunping has accumulated approximately 47 years of working experience in the education industry. She worked at Chengdu Preschool Education Normal School* (成都幼兒師範學校) from July 1973 to February 2005. During her tenure from July 1973 to July 2004, she served as a teacher, supervisor, principal and secretary of the communist committee. Ms. Luo joined the Group from June 2001 to April 2009, and acted as a legal representative of a number of kindergartens of the Group.

Ms. Luo graduated from Sichuan Normal University* (四川師範大學) in the PRC with a bachelor's degree in chemical studies in June 1985. She completed a postgraduate programme in preschool education studies* (學前教育專業在職人員研究生課程進修班) from East China Normal University* (華東師範大學) in April 2003. Ms. Luo obtained the qualification as vice professor in chemistry from Chengdu Professional Title Reform Leading Group* (成都市職稱改革工作領導小組) in March 2007 and the qualification as higher education teacher* (高等學校教師) from the Education Department of Sichuan Province* (四川省教育廳) in May 2007.

Mr. Yang Yuan (楊玉安), aged 60, was appointed as our independent non-executive Director and the chairman of the Remuneration Committee on 1 September 2019. Mr. Yang is primarily responsible for giving independent advice to the Board.

Mr. Yang Yuan has over 37 years of experience in the education industry. He obtained a bachelor's degree in foreign language from Chongqing Normal University in the PRC in July 1983 and completed a master degree in education from Southwest University (formerly known as Southwest Normal University* (西南師範大學)) in the PRC in October 2000. He has been working at Sichuan Nanchong Institute of Educational Science* (四川省南充市教育科學研究所) since July 1983 and is currently serving as the deputy manager of the high school department. He obtained qualification of advanced teacher in high school English granted by Department of Human Resources and Social Security of Sichuan Province in the PRC and received credentials as a high school teacher issued by the Ministry of Education in the PRC (formerly known as the State Education Commission).

Senior management

Mr. Tang Peng (唐鵬) aged 41, has about 16 years of experience in financial and strategic management. Mr. Tang was appointed as the chief financial officer in the place of Mr. Wang Chunguo with effect from 31 May 2022. For details, please refer to the announcement of the Company dated 31 May 2022. He is the members of the Chinese Institute of Certified Public Accountants, Chartered Professional Accountants of Ontario and Association of Chartered Certified Accountants. Mr. Tang obtained the bachelor degree in Land Resources Management from Hebei GEO University in 2004 and master degree in international management from the University of Exeter in 2005.

Mr. Lam Wai Kei (林偉基) ("**Mr. Lam**"), aged 49, was appointed as a joint company secretary and authorised representative of the Company on 3 July 2018 and had become the company secretary and authorised representative of the Company since 30 August 2019. He has over 20 years of experience in accounting, corporate finance, auditing and company secretarial practices. He is a practicing and a fellow member of the Hong Kong Institute of Certified Public Accountants. Mr. Lam graduated from The Hong Kong University of Science and Technology with a Bachelor of Business Administration degree in accounting in November 1996 and obtained a Master of Science degree in financial engineering from City University of Hong Kong in November 2004. Mr. Lam also worked for PricewaterhouseCoopers for more than 9 years. Mr. Lam is currently the company secretary and authorised representative of China Sinostar Group Company Limited (stock code: 0485), PacRay International Holdings Limited (stock code: 1010) and Wai Hung Group Holdings Limited (stock code: 3321), the shares of which are listed on the Main Board of the Stock Exchange.

CORPORATE GOVERNANCE REPORT

The Board is pleased to present this corporate governance report for the purpose of inclusion in the Company's annual report for the year ended 31 August 2022.

Compliance with the Corporate Governance Code

The Board is committed to achieving high corporate governance standards in order to safeguard the interests of shareholders and to enhance corporate value and accountability.

Since the Listing Date, the Company has applied the Corporate Governance Code (the "**CG Code**") set out in Appendix 14 to the Listing Rules and has complied with all the applicable code provisions except for the code provision A.2.1 (provision renumbered as C.2.1 since 1 January 2022) since 26 November 2020 as more particularly described below. The Board will continue to review and monitor the corporate governance practises of the Company for the purpose of maintaining high corporate governance standards.

The Board will continue to review and monitor the corporate governance practices of the Company to ensure compliance with the CG Code and maintain high standard of corporate governance practices.

THE BOARD

Responsibilities

The Board is responsible for the overall leadership of the Group, overseeing the Group's strategic decisions and monitoring business and performance. The Board has delegated the authority and responsibility of day-to-day management and operation of the Group to the senior management of the Group.

All Directors have carried out duties in good faith and in compliance with applicable laws and regulations, and have acted in the interests of the Company and the Shareholders at all times. The Company has arranged appropriate liability insurance in respect of legal action against the Directors. The insurance coverage will be reviewed on an annual basis.

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 (collectively, the "**Board Committees**"). The Board has delegated to the Board Committees responsibilities as set out in their respective terms of reference.

BOARD COMPOSITION

As at the date of this annual report, the Board comprises one executive Director, one non-executive Director and four independent non-executive Directors as follows:

Executive Director

Mr. Wang Jinglei *(chairman of the Board and chief executive officer)*

Non-executive Director

Mr. Wu Jiwei

Independent non-executive Directors

Mr. Cheng Tai Kwan Sunny
Mr. Mao Daowei
Ms. Luo Yunping
Mr. Yang Yuan

The biographies of the Directors are set out in the section headed "Directors and Senior Management" in this annual report.

Change of Directors and Directors' information

There has been no changes to information which is required to be disclosed by the Directors pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules during the year ended 31 August 2022 and up to the date of this annual report.

Independent non-executive Directors

From 1 September 2021 to 31 August 2022, the Board has met at all times the requirements under Rules 3.10(1) and 3.10(2) 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.

The Company has also complied with Rule 3.10A of the Listing Rules relating to the appointment of independent non-executive Directors representing at least one-third of the Board. As each of the independent non-executive Directors has confirmed his/her independence pursuant to Rule 3.13 of the Listing Rules, the Company considers all of them to be independent parties.

Save as disclosed in the Directors' biographies set out in the section headed "Directors and Senior Management" and otherwise disclosed in this annual report, none of the Directors have any personal relationship (including financial, business, family or other material or relevant relationship) with any other Director and chief executive.

Board diversity

The Company believes that the diversity of the Board is immensely beneficial for the enhancement of the Company's performance. Therefore, the Company has adopted a Board diversity policy to ensure that the Company will, when determining the composition of the Board, consider Board diversity in terms of, among other things, age, cultural and educational background, professional experience, skills and knowledge. All Board appointments will be based on merits, and candidates will be considered against objective criteria with reference to the Company's business model and specific needs, including but not limited to gender, race, language, cultural background, educational background, industry experience and professional experience, having due regard to the benefits of diversity of the Board.

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 the identity of the public companies or organisations and the time devoted to the issuer, the Directors have agreed to disclose their commitments and any subsequent change to the Company in a timely manner.

Induction and continuous professional development

Each newly appointed Director is 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 the relevant statues, laws, rules and regulations. The Company also arranges regular seminars to provide Directors with updates on the latest development and changes in the Listing Rules and other relevant legal and regulatory requirements from time to time. The Directors are also provided with regular updates on the Company's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties.

Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The company secretary of the Company has from time to time updated and provided the Company with written training materials relating to the roles, functions and duties of a Director.

The principal approaches taken by the Directors for continuous professional development during the year ended 31 August 2022 are as follows:

Name of Directors	Joining training course/ seminar/conference	Reading books/ journals/articles
Mr. Wang Jinglei	✓	✓
Mr. Wu Jiwei	✓	✓
Mr. Yang Yuan	✓	✓
Mr. Cheng Tai Kwan Sunny	✓	✓
Mr. Mao Daowei	✓	✓
Ms. Luo Yunping	✓	✓

Chairman and chief executive officer

Under code provision A.2.1 (provision renumbered as C.2.1 since 1 January 2022) of the CG Code, the roles of chairman and chief executive officer should be separate and performed by different individuals.

The Group therefore does not have a separate chairman and chief executive officer as at the date of this report and Mr. Wang Jinglei currently performs these two roles. The Board believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider segregating the roles of chairman of the Board and chief executive officer of the Company at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole.

Appointment and re-election of Directors

Each of our executive Directors and non-executive Directors has entered into a service agreement or a letter of appointment with the Company pursuant to which each of them agreed to act as an executive Director or a non-executive Director (as the case may be) for an initial term of three years commencing from the Listing Date or the date of appointment.

Each of the independent non-executive Directors has been appointed for an initial term of two years commencing from the Listing Date or the date of 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 and making recommendations to the Board on the appointment or re-election of Directors and succession planning for Directors.

Pursuant to the Articles of Association, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years.

Board meetings

The Company adopts the practise of holding Board meetings regularly, at least four times a year, and at approximately quarterly intervals. 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 Board Committee meetings, reasonable notice is generally given. The agenda and accompanying board papers are dispatched to the Directors or Board Committee members at least three days before the meetings to ensure that they have sufficient time to review the papers and are adequately prepared for the meetings. When Directors or Board 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 Board Committees prior to the meeting. Minutes of meetings are kept by the company secretary of the Company with copies circulated to all Directors for information and records.

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

During the year ended 31 August 2022, eighteen Board meetings were held by the Company and the attendance of each Director at such meetings is set out in the table below:

Name of Directors	Attendance/ Number of meetings
Mr. Wang Jinglei	18/18
Mr. Wu Jiwei	18/18
Mr. Yang Yuan	18/18
Mr. Cheng Tai Kwan Sunny	18/18
Mr. Mao Daowei	18/18
Ms. Luo Yunping	18/18

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as the code of conduct for dealings in the Company's securities by the Directors. Having made specific enquiries to the Directors, all Directors confirmed that they had complied with the required standards set out in the Model Code for the period between 1 September 2021 and 31 August 2022.

Corporate governance function

The Board recognises that corporate governance should be the collective responsibility of the Directors which includes:

(a) to review and monitor the Company's policies and practises on compliance with legal and regulatory requirements;

(b) to review and monitor the training and continuous professional development of the Directors and senior management;

(c) to develop, review and monitor the code of conduct and compliance manual applicable to employees and the Directors;

(d) to develop and review the Company's policies and practises on corporate governance and make recommendations to the Board and report to the Board on related matters;

(e) to review the Company's compliance with the CG Code and disclosure in the corporate governance report; and

(f) to review and monitor the Company's compliance with the Company's whistleblowing policy.

Delegation by the Board

The Board reserves for its decision 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 to seek independent professional advice in performing their duties at the Company's expense and are encouraged to access and to consult with the Company's senior management independently.

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

BOARD COMMITTEES

Audit Committee

The Company established the Audit Committee in accordance with Rule 3.21 of the Listing Rules pursuant to a resolution of the Board passed on 12 July 2018 with written terms of reference in compliance with paragraph C.3 (paragraph updated and renumbered as D.3 since 1 January 2022) of the CG Code as set out in Appendix 14 of the Listing Rules.

At present, our Audit Committee comprises Mr. Cheng Tai Kwan Sunny, Mr. Mao Daowei and Ms. Luo Yunping, all being independent non-executive Directors. Mr. Cheng Tai Kwan Sunny is the chairman of the Audit Committee.

The primary duties of the Audit Committee are mainly to make recommendations to the Board on the appointment and removal of the external auditor, review the financial statements and provide advice in respect of financial reporting and oversee the internal control procedures of the Group. The written terms of reference of the Audit Committee are available on the websites of the Stock Exchange and the Company.

During the year ended 31 August 2022, two meetings were held by the Audit Committee.

The attendance of each Director at such meetings is set out in the table below:

Name of Directors	Attendance/ Number of meetings
Mr. Cheng Tai Kwan Sunny	2/2
Mr. Mao Daowei	2/2
Ms. Luo Yunping	2/2

The Audit Committee reviewed the interim results and interim report for the six months ended 28 February 2022 and the annual results and annual report for the year ended 31 August 2022, significant issues on the financial reporting and compliance procedures, internal control and risk management systems, effectiveness of the Company's internal audit function, scope of work and appointment of external auditor of the Company. Having reviewed the effectiveness of the internal and external audit process as well as the independence, the Audit Committee is satisfied with this relationship.

Nomination Committee

The Company established the Nomination Committee pursuant to a resolution passed by the Directors on 12 July 2018 with written terms of reference in compliance with paragraph A.5 (paragraph updated and renumbered as B.3 since 1 January 2022) of the CG Code as set out in Appendix 14 of the Listing Rules.

As at the date of this report, the Nomination Committee comprises Mr. Wang Jinglei, an executive Director, Mr. Mao Daowei and Ms. Luo Yunping, both being independent non-executive Directors. Mr. Wang Jinglei is the chairman of the Nomination Committee.

The primary functions of the Nomination Committee include reviewing the structure, size, and composition of the Board, assessing the independence of independent non-executive Directors and making recommendations to the Board on matters relating to the appointment of Directors. The written terms of reference of the Nomination Committee are available on the websites of the Stock Exchange and the Company.

The Nomination Committee assesses 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.

The Company recognises and embraces the benefits of having a diverse Board to enhance its performance and has adopted a board diversity policy aiming to set out the approach to achieve diversity of the Board. The implementation of the policy is monitored by the Nomination Committee. In designing the Board's composition, board diversity has been considered from a number of measurable objectives, including but not limited to, gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The Nomination Committee will continue to monitor the implementation of the board diversity policy and will review the board diversity policy periodically to ensure its continued effectiveness.

During the year ended 31 August 2022, two meetings were held by the Nomination Committee.

The attendance of each Director at such meetings is set out in the table below:

Name of Directors	Attendance/ Number of meetings
Mr. Wang Jinglei	2/2
Mr. Mao Daowei	2/2
Ms. Luo Yunping	2/2

The Nomination Committee has, amongst others, reviewed the structure, size and composition of the Board, as well as the Board Diversity Policy and Directors subject to re-election and retirement by rotation.

Remuneration Committee

The Company established the Remuneration Committee in accordance with Rule 3.25 of the Listing Rules pursuant to a resolution passed by the Directors on 12 July 2018 with written terms of reference in compliance with paragraph B.1 (paragraph updated and renumbered as E.1 since 1 January 2022) of the CG Code as set out in Appendix 14 of the Listing Rules.

At present, the Remuneration Committee comprises Mr. Yang Yuan, Mr. Mao Daowei and Ms. Luo Yunping, all being independent non-executive Directors. Mr. Yang Yuan is the chairman of the Remuneration Committee.

The primary duties of the Remuneration Committee are to make recommendations to the Board on the overall remuneration packages, remuneration policy and structure relating to all the Directors and senior management of the Group, assess performance of executive Directors, approve the terms of executive Directors' service contracts, review performance-based remuneration and ensure none of our Directors determine their own remuneration. The written terms of reference of the Remuneration Committee are available on the websites of the Stock Exchange and the Company.

During the year ended 31 August 2022, two meetings were held by the Remuneration Committee.

The attendance of each Director at such meetings is set out in the table below:

Name of Directors	Attendance/ Number of meetings
Mr. Yang Yuan	2/2
Mr. Mao Daowei	2/2
Ms. Luo Yunping	2/2

The Remuneration Committee has, amongst others, reviewed the structure of remuneration for executive Directors and the senior management of the Company and assessed their performance, and reviewed the terms of the executive Directors' service contracts, and made recommendations to the Board on related matters.

Remuneration of Directors and senior management

Details of the remuneration by band of the members of the Board and senior management of the Company for the year ended 31 August 2022 are set out below:

Remuneration band	Number of individuals
Nil to RMB1 million	8

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements for the year ended 31 August 2022 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 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 auditor regarding their reporting responsibilities on the consolidated financial statements of the Company is set out in the Independent Auditor's Report of this report.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges that it is its responsibility to ensure that the Company establishes and maintains sound risk management and internal control systems within the Group and to review the effectiveness of the systems. Such systems are designed to manage and mitigate risks inherent in the Group's business faced by the Group to an acceptable level, but not to eliminate the risk of failure to achieve business objectives, and can only provide reasonable assurance against material misstatement, loss or fraud. The Group has internal audit function.

The Board has entrusted the Audit Committee with the responsibility to oversee the risk management and internal control systems of the Group on an on-going basis and to review the effectiveness of the systems annually. The review covered all material controls, including financial, operational and compliance controls.

Under the Company's risk management and internal control structure, the management is responsible for the design, implementation and maintenance of risk management and internal control systems to ensure, amongst others, (i) appropriate policies and control procedures have been designed and established to safeguard the Group's assets against improper use or disposal; (ii) relevant laws, rules and regulations are adhered to and complied with; and (iii) reliable financial and accounting records are maintained in accordance with relevant accounting standards and regulatory reporting requirements.

With respect to the procedures and internal controls for the handling and dissemination of inside information, the Group has internal policy and procedures which strictly prohibit unauthorised use of inside information and has communicated that to all staff; the Board is aware of its obligations to announce any inside information in accordance with the Listing Rules and acts in accordance with the "Guidelines on Disclosure of Inside Information" issued by the Securities and Futures Commission in June 2012. In addition, only the Directors and delegated officers can act as the Group's spokesperson and respond to external enquiries about the Group's affairs.

During the financial year ended 31 August 2022, the Board has conducted its annual review of the effectiveness of our risk management and internal control systems, in particular, the operational and financial reports, compliance control and risk management reports, budgets and business plans provided by the management. The Audit Committee also performs regular review of the Group's performance, risk management and internal control systems and discusses with the Board, in order to ensure effective measures are in place to protect material assets and identify business risks of the Group. Such review during the financial year ended 31 August 2022 did not reveal any major issues and the Board considers the risk management and internal control systems effective and adequate.

Auditors' remuneration

The Company appointed ZHONGHUI ANDA CPA Limited as the independent auditor. During the year ended 31 August 2022, the total fees paid/payable, excluding disbursements, in respect of audit and non-audit services provided by the Group's independent auditor are set out below:

Type of services	Amount (RMB'000)
Audit services	1,300
Other services	20
Total	1,320

COMPANY SECRETARY

In order to uphold good corporate governance and ensure compliance with the Listing Rules and applicable Hong Kong ordinances, the Company engages Mr. Lam Wai Kei as a joint company secretary. During the year ended 31 August 2022, Mr. Lam Wai Kei has undertaken not less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

CHANGE IN CONSTITUTIONAL DOCUMENTS

The Company has adopted the amended and restated memorandum and articles of association of the Company on 12 July 2018, with effect from the same date and the Listing Date, respectively. There had been no change in the memorandum and articles of association of the Company during the year ended 31 August 2022.

SHAREHOLDERS' RIGHTS

To safeguard Shareholders' interests and rights, a separate resolution will be proposed for each issue at general meetings, including the election of individual Directors. All resolutions put forward at general meetings will be voted 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 general meeting.

Convening of extraordinary general meeting and putting forward proposals

Pursuant to article 58 of the Articles of Association, the Board may whenever it thinks fit call extraordinary general meetings. Any one or more members of the Company holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the company secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

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

Putting forward enquiries to the Board

For putting forward any enquiries to the Board, Shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

Contact Details:
Shareholders may send their enquiries or requests as mentioned above to the following:

Address:	No. 209 Sanse Road, Jinjiang District, Chengdu, Sichuan Province, the PRC
Telephone:	+86 28 8600 6028
Fax:	+86 28 8741 8063
Email:	BJJY@bojuneducation.com

For the avoidance of doubt, Shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address or send the copy of the same by fax or email on the fax number or at the email address above, and provide his/her full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

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

The annual general meetings of the Company provide opportunities for the Shareholders to communicate directly with the Directors. The chairmen of the Board Committees will attend the annual general meetings to answer shareholders' questions. The auditor of the Company will also attend the annual general meetings to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies 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 the Shareholders and maintains a website of the Company at http://bojuneducation.com, where up-to-date information on the Company's business operations and developments, financial information, corporate governance practises and other information are available for public access.

INDEPENDENT AUDITOR'S REPORT

中汇
ZHONGHUI

TO THE SHAREHOLDERS OF BOJUN EDUCATION COMPANY LIMITED

(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Bojun Education Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 69 to 74, which comprise the consolidated statement of financial position as at 31 August 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including 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 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") 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 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.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to Note 2 to the consolidated financial statements which mentions that the Group incurred loss attributable to owners of the Company of approximately RMB9,403,000 for the year ended 31 August 2022 and the uncertainty of the impact of Implementation Regulations. These conditions indicate a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. The Group is undertaking a number of measures as described in Note 2 to the consolidated financial statements in order to ensure it will have the ability to continue as going concern. Our opinion is not modified in respect of this matter.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

REVENUE RECOGNITION

Refer to Note 6 to the consolidated financial statements

Revenue represents service income from tuition fees, boarding fees, and education consultancy and management services fees less returns and discounts. For the year ended 31 August 2022, revenue from the continuing operations amounted to approximately RMB33,604,000. The recognition of the Group's revenue is significant to our audit because the amount of revenue is significant to the consolidated financial statements as a whole.

Our audit procedures in relation to the revenue recognition included, among others:

— Understanding of controls of the Group over the admission of students, collection of tuition fees and boarding fees;

— Obtaining an understanding of the revenue business processes and key controls, and testing the key manual controls for revenue recognition;

— Evaluating the accounting policy on revenue recognition and the related policy disclosure;

— Examining, on a sample basis, whether the revenue of tuition fees, boarding fees and education consultancy and management services fees are recognised in accordance with applicable HKFRSs and with reference to evidence to determine whether the services have been provided; and

— Performing substantive analytical procedures to test the reasonableness of the amount of revenue recognised.

We consider that the Group's revenue recognition is supported by the available evidence.

IMPAIRMENT ASSESSMENTS OF PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

Refer to Notes 16 and 17 to the consolidated financial statements

At 31 August 2022, the Group had property, plant and equipment and right-of-use assets with carrying amounts of approximately RMB665,775,000 and RMB97,780,000, respectively held by the Consolidated Affiliated Entities (as defined in Note 2 to the consolidated financial statements) of the Group and a majority of which were occupied by the Affected Entities.

The Group assessed the amount of property, plant and equipment and right-of-use assets for impairment. This impairment assessment is significant to our audit because the balances of property, plant and equipment and right-of-use assets as at 31 August 2022 are material to the consolidated financial statements. In addition, the Group's impairment assessments involve the application of judgement and are based on assumptions and estimates.

Our audit procedures in relation to the management's impairment assessments included, among others:

— Evaluating the independent professional external valuer's competence, capabilities and objectivity;

— Obtaining the external valuation reports and meeting with the external valuer to discuss and challenge the valuation process, methodologies used and market evidence to support significant judgments and assumptions applied in the valuation model;

— Checking key assumptions and input data in the valuation model to supporting evidence;

— Testing the mathematical accuracy of the underlying valuation model; and

— Assessing the adequacy of the disclosures related to the impairment assessment of property, plant and equipment and right-of-use assets in the context of the applicable financial reporting framework.

We consider that the Group's impairment assessments for property, plant and equipment and right-of-use assets are supported by the available evidence.

OTHER INFORMATION IN THE ANNUAL REPORT

The directors are responsible for the other information. The other information comprises all the information in the Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon. The other information is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will 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 identified above when it becomes available 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.

RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA 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.

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

A further description of our responsibilities for the audit of the consolidated financial statements is located at the HKICPA's website at: https://www.hkicpa.org.hk/en/Standards-setting/Standards/Our-views/auditre

This description forms part of our auditor's report.

ZHONGHUI ANDA CPA Limited
Certified Public Accountants
Sze Lin Tang
Audit Engagement Director
Practising Certificate Number P03614
Hong Kong, 30 November 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 August 2022

	Notes	2022 RMB'000	2021 RMB'000
CONTINUING OPERATIONS			
Revenue	6	**33,604**	–
Costs of services		**(16,838)**	(23,699)
Gross profit/(loss)		**16,766**	(23,699)
Other income	7	**9,598**	1,700
Other gains/(losses), net	8	**6,729**	(571,373)
Share of profit/(loss) of an associate		**32**	(6)
Administrative expenses		**(34,652)**	(31,472)
Finance costs	9	**(5,784)**	(5,303)
Loss before tax		**(7,311)**	(630,153)
Income tax (expenses)/credit	10	**(2,092)**	1,136
Loss for the year from continuing operations	11	**(9,403)**	(629,017)
Discontinued operations	13		
Loss for the year from discontinued operations, net of tax		**–**	(129,639)
Loss for the year		**(9,403)**	(758,656)
Other comprehensive expense:			
Income that will not be reclassified subsequently to profit or loss:			
— Remeasurement of defined benefit obligations	27	**–**	(576)
Total comprehensive expense for the year		**(9,403)**	(759,232)
Loss for the year attributable to:			
Owners of the Company			
— Continuing operations		**(9,403)**	(629,017)
— Discontinued operations		**–**	(133,684)
		(9,403)	(762,701)
Non-controlling interests			
— Continuing operations		**–**	–
— Discontinued operations		**–**	4,045
		–	4,045
Total comprehensive expense for the year attributable to:			
Owners of the Company			
— Continuing operations		**(9,403)**	(629,017)
— Discontinued operations		**–**	(134,260)
		(9,403)	(763,277)
Non-controlling interests			
— Continuing operations		**–**	–
— Discontinued operations		**–**	4,045
		–	4,045
LOSS PER SHARE	15		
Basic (RMB cents)			
— For loss for the year		**(1.14)**	(92.81)
— For loss from continuing operations		**(1.14)**	(76.54)
— For loss from discontinued operations		**–**	(16.27)
Diluted (RMB cents)		**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 August 2022

	Notes	**2022** **RMB'000**	2021 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	16	**665,775**	658,889
Right-of-use assets	17	**97,780**	100,812
Interest in an associate	18	**17,510**	17,478
Deferred tax assets	19	**17,672**	18,055
Deposits	20	**78,335**	91,553
Total non-current assets		**877,072**	886,787
CURRENT ASSETS			
Other receivables, deposits and prepayments	20	**41,046**	72,659
Amounts due from related companies	21	**95,916**	143,101
Bank balances and cash	22	**155,072**	93,214
Total current assets		**292,034**	308,974
Total assets		**1,169,106**	1,195,761
CURRENT LIABILITIES			
Other payables and accruals	23	**27,107**	138,198
Contract liabilities	24	**36,810**	7,296
Amounts due to related companies	21	**–**	36,988
Lease liabilities	25	**719**	817
Borrowings	26	**31,120**	20,000
Income tax payable		**6,805**	5,131
Financial guarantee liabilities	28	**13,105**	19,171
Total current liabilities		**115,666**	227,601
NET CURRENT ASSETS		**176,368**	81,373
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,053,440**	968,160

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 August 2022

	Notes	**2022** **RMB'000**	2021 RMB'000
NON-CURRENT LIABILITIES			
Lease liabilities	25	**–**	719
Borrowings	26	**129,000**	159,000
Amounts due to related companies	21	**674,487**	652,195
Deferred income	29	**70,688**	72,222
Total non-current liabilities		**874,175**	884,136
NET ASSETS		**179,265**	84,024
CAPITAL AND RESERVES			
Share capital	30	**7,138**	7,138
Reserves		**172,127**	76,886
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		**179,265**	84,024
Non-controlling interests		**–**	–
TOTAL EQUITY		**179,265**	84,024

The consolidated financial statements on pages 69 to 74 were approved and authorised for issue by the Board of Directors on 30 November 2022 and are signed on its behalf by:

Mr. Wang Jinglei
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 August 2022

	Attributable to owners of the Company									
	Share capital RMB'000	Share premium RMB'000	Other reserve RMB'000 (Note (i))	Statutory surplus reserve RMB'000 (Note (ii))	Share option reserve RMB'000	Defined benefit obligation remeasurement reserve RMB'000 (Note (iii))	Accumulated profits/ (losses) RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 September 2020	7,138	671,945	28,805	69,049	–	389	69,713	847,039	8,291	855,330
Loss for the year	–	–	–	–	–	–	(762,701)	(762,701)	4,045	(758,656)
Other comprehensive expense for the year	–	–	–	–	–	(576)	–	(576)	–	(576)
Total comprehensive (expense)/income for the year	–	–	–	–	–	(576)	(762,701)	(763,277)	4,045	(759,232)
Recognition of equity-settled share-based payments	–	–	–	–	262	–	–	262	–	262
Deconsolidation of Affected Entities (Note 13)	–	–	–	(69,049)	–	187	68,862	–	(12,336)	(12,336)
At 31 August 2021	7,138	671,945	28,805	–	262	–	(624,126)	84,024	–	84,024
Loss and total comprehensive expenses for the year	–	–	–	–	–	–	(9,403)	(9,403)	–	(9,403)
Deemed contribution from the controlling shareholders	–	–	104,644	–	–	–	–	104,644	–	104,644
At 31 August 2022	**7,138**	**671,945**	**133,449**	**-**	**262**	**-**	**(633,529)**	**179,265**	**-**	**179,265**

Notes:

(i) The amount comprises of those arising from group restructuring prior to the completion of the listing of the Company's shares and deemed contribution from controlling shareholders.

(ii) According to the relevant People's Republic of China ("PRC") laws and regulations, for private school that require for reasonable return, it is required to appropriate to development fund of not less than 25% of the annual net income of the relevant school as determined in accordance with generally accepted accounting principles in the PRC. The development fund is for the construction or maintenance of the school or procurement or upgrading of educational equipment.

Upon deconsolidated of the Affected Entities, the related statutory surplus reserve of RMB69,049,000 were released and transferred to accumulated losses.

(iii) Upon deconsolidation of the Affected Entities, the defined benefit obligation remeasurement reserves were released and transferred to accumulated losses.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 August 2022

	2022 RMB'000	2021 RMB'000
OPERATING ACTIVITIES		
Loss before tax		
— from continuing operations	**(7,311)**	(630,153)
— from discontinued operations	**–**	(116,014)
	(7,311)	(746,167)
Adjustments for:		
Depreciation of property, plant and equipment	**8,815**	49,395
Depreciation of right-of-use assets	**3,032**	17,279
Impairment loss recognised on property, plant and equipment and right-of-use assets	**–**	546,327
Share of result of an associate	**(32)**	6
Equity-settled share-based payments	**–**	262
Release of asset-related government grants	**(1,534)**	(1,454)
Finance cost	**5,784**	29,930
Gain on disposal of property, plant and equipment, net	**(81)**	(4)
Gain on bargain purchase on acquisition of Lidu Kindergarten Business	**(179)**	–
Recognition of financial guarantee contracts	**7,967**	19,171
Amortisation of financial guarantee contracts	**(14,048)**	–
Loss allowance recognised for financial guarantee contracts	**15**	–
Interest income from banks	**(93)**	(354)
Interest income from other loans	**(5,623)**	–
Defined benefit plan income	**–**	(277)
Loss on deconsolidation of Affected Entities	**–**	203,144
Unrealised exchange (gain)/loss	**(302)**	9,668
Operating cash flows before working capital changes	**(3,590)**	126,926
Movements in working capital:		
Change in other receivables, deposits and prepayments	**(28)**	(8,531)
Change in amounts due from related companies	**10,895**	1,905
Change in contract liabilities	**26,373**	(10,774)
Change in other payables and accruals	**(13,276)**	24,629
Cash generated from operations	**20,374**	134,155
Interest received from banks and other loans	**5,516**	354
Income tax paid	**(35)**	(6,828)
NET CASH GENERATED FROM OPERATING ACTIVITIES	**25,855**	127,681

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 August 2022

	2022 RMB'000	2021 RMB'000
INVESTING ACTIVITIES		
Payment for property, plant and equipment	**(139,917)**	(199,858)
Net cash inflow from acquisition of Lidu Kindergarten Business	**61**	–
Loans advanced to third parties	**(104,000)**	(70,000)
Loans repaid from third parties	**174,000**	–
Proceeds from disposal of property, plant and equipment	**611**	168
Net cash outflow from loss of control of Affected Entities	**–**	(135,216)
Receipt of assets-related government grants	**–**	6,000
Refund of investment funds in a former school	**3,000**	–
Refund of deposits for acquisition of a parcel of land	**12,500**	–
Deposit paid for acquisition of subsidiaries	**–**	(73,500)
NET CASH USED IN INVESTING ACTIVITIES	**(53,745)**	(472,406)
FINANCING ACTIVITIES		
Proceeds from new borrowings raised	**–**	339,000
Repayment of leases liabilities	**(888)**	(15,418)
Advances from related parties	**193,011**	–
Repayments to related parties	**(72,137)**	–
Interest paid	**(11,660)**	(28,747)
Repayment of borrowings	**(18,880)**	(274,000)
NET CASH GENERATED FROM FINANCING ACTIVITIES	**89,446**	20,835
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**61,556**	(323,890)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**93,214**	426,772
Effect of foreign exchange rate changes	**302**	(9,668)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, REPRESENTED BY BANK BALANCES AND CASH	**155,072**	93,214

1. CORPORATE AND GROUP INFORMATION

Bojun Education Company Limited (the "Company", together with its subsidiaries and Consolidated Affiliated Entitles (as defined in Note 2 below), the "Group") was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 14 June 2016. On 31 July 2018, the Company's shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company is No. 209 Sanse Road, Jinjiang District, Chengdu, Sichuan Province, the People's Republic of China (the "PRC").

The Group is mainly engaged in the provision of educational services in the PRC.

Information about subsidiaries

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

Name of subsidiary	Place of incorporation/ establishment and operation	Share capital/ registered capital	Equity interest attributable to the Group At 31 August 2022	At 31 August 2021	Principal activities
Bojun Education Investment Holdings Company Limited# ("Bojun Investment")	British Virgin Islands ("BVI")	USD50,000	**100%**	100%	Investment holding
Hong Kong Bojun Education Investment Co., Limited 香港博駿教育投資有限公司	Hong Kong	HK$10,000	**100%**	100%	Investment holding
USA Bojun Education, Inc.	USA	USD80,000	**100%**	100%	Education consultancy and management services
Chengdu Tianfu Bojun Education Management Company Limited* ("Chengdu Bojun") 成都天府博駿教育管理有限公司 (Note i)	PRC	HK$120,000,000	**100%**	100%	Education consultancy services
成都博懋教育管理有限公司 (Note i)	PRC	HK$300,000,000	**100%**	100%	Education consultancy and management services
四川九洲桃源里生態旅游開發有限公司 (Note ii)	PRC	RMB20,000,000	**100%**	100%	Eco-tourism agriculture
成都旌賢教育管理有限公司 (Note ii)	PRC	RMB20,000,000	**100%**	100%	Education consultancy and information services
成都鉅賢教育管理有限公司 (Note ii)	PRC	RMB20,000,000	**51%**	51%	Education consultancy and management services

For the year ended 31 August 2022

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Name of subsidiary	Place of incorporation/ establishment and operation	Share capital/ registered capital	Equity interest attributable to the Group At 31 August 2022	Equity interest attributable to the Group At 31 August 2021	Principal activities
Chengdu Junxian Education Management Company Limited* ("Chengdu Junxian") 成都駿賢教育管理有限公司 (Note ii)	PRC	RMB1,000,000	**100%**	100%	Education consultancy and management services
四川博棣企業管理服務有限公司 (formerly known as 成都白鷺灣會務服務有限公司) (Note ii)	PRC	RMB1,000,000	**100%**	100%	Exhibition services
四川銘賢教育管理有限公司 (Note ii)	PRC	RMB100,000,000	**60%**	60%	Education consultancy and management services
PRC Operating Entities					
Sichuan New Tianfu District No. 1 High School Attached to Sichuan Normal University* ("Tianfu High School") 四川天府新區師大一中高級中學有限公司 (Note ii)	PRC	RMB10,000,000	**100%**	100%	Provision of high school education services
Chengdu Youshi Lidu Kindergarten Company Limited* ("Lidu Kindergarten") 成都市武侯區幼師麗都幼兒園有限公司 (Note ii)	PRC	RMB1,000,000	**100%**	–	Provision of kindergarten education services
School Sponsors					
Chengdu Mingxian Education Investment Company Limited* ("Chengdu Mingxian") 成都銘賢教育投資有限公司 (Note ii)	PRC	RMB32,500,000	**100%**	100%	Education investment and management
Sichuan Boai Preschool Education Development Company Limited* ("Sichuan Boai") 四川省博愛幼兒教育事業發展有限責任公司 (Note ii)	PRC	RMB4,000,000	**100%**	100%	Education investment and management
Chengdu Youshi Preschool Education Investment Management Company Limited* ("Chengdu Youshi Preschool Investment") 成都幼獅幼兒教育投資管理有限公司 (Note ii)	PRC	RMB1,000,000	**100%**	100%	Education investment and management

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Name of subsidiary	Place of incorporation/ establishment and operation	Share capital/ registered capital	Equity interest attributable to the Group At 31 August 2022	Equity interest attributable to the Group At 31 August 2021	Principal activities
Renshou Bojun Education Investment Management Company Limited* ("Renshou Bojun") 仁壽博駿教育投資管理有限公司 (Note ii)	PRC	RMB20,000,000	**100%**	100%	Education investment and management
Chengdu Jinbojun Education Consultancy Company Limited* ("Chengdu Jinbojun") 成都金博駿教育諮詢有限公司 (Note ii)	PRC	RMB5,000,000	**100%**	100%	Education investment and management
Nanjiang Bojun Education Management Company Limited* ("Nanjiang Bojun") 南江博駿教育管理有限公司 (Note ii)	PRC	RMB80,000,000	**100%**	100%	Education investment and management
Wangcang Bojun Education Management Company Limited* ("Wangcang Bojun") 旺蒼博駿教育管理有限公司 (Note ii)	PRC	RMB80,000,000	**100%**	100%	Education investment and management
Lezhi Bojun Education Management Company Limited* ("Lezhi Bojun") 樂至縣博駿教育管理有限公司 (Note ii)	PRC	RMB80,000,000	**100%**	100%	Education investment and management
Zhongjiang Bojun Education Management Company Limited* ("Zhongjiang Bojun") 中江博駿教育管理有限公司 (Note ii)	PRC	RMB10,000,000	**100%**	100%	Education investment and management
Bojun Lixing Education Management Company Limited* ("Bojun Lixing") 成都博駿勵行教育管理有限公司 (Note ii)	PRC	RMB5,000,000	**100%**	100%	Education consultancy and management services

Other than Bojun Investment, all subsidiaries are indirectly held by the Company.

Notes:

i. The legal form of these PRC subsidiaries is Wholly Foreign Owned Enterprise (外商獨資企業).

ii. The legal form of these PRC subsidiaries is limited liability company.

* For identification purpose only.

For the year ended 31 August 2022

2. STRUCTURED CONTRACTS AND BASIS OF PREPARATION

For the year ended 31 August 2022, the provision of private education services of the Group was carried out by PRC operating entities, comprising Chengdu Junxian, Chengdu Mingxian, Sichuan Boai, Chengdu Youshi Preschool Investment, Renshou Bojun, Chengdu Jinbojun, Nanjiang Bojun, Wangcang Bojun, Lezhi Bojun, Zhongjiang Bojun, Jianyang Jinbojun and Bojun Lixing (collectively known as the "School Sponsors"), Tianfu High School, Lidu Kindergarten and the other subsidiaries controlling by the School Sponsors (collectively known as the "PRC Operating Entities"). The School Sponsors and PRC Operating Entities herein after collectively refer to "Consolidated Affiliated Entities". Due to regulatory restrictions on foreign ownership in the private-owned schools in the PRC, Chengdu Bojun, the wholly-owned subsidiary of the Company, has entered into Structured Contracts with, among others, the PRC Operating Entities, the School Sponsors and their respective legal equity holders.

The directors of the Company (the "Directors") are of the view that the Structured Contracts enable Chengdu Bojun to:

- exercise effective financial and operational control over the Consolidated Affiliated Entities;
- exercise equity holders' voting rights of the Consolidated Affiliated Entities;
- receive substantially all of the economic interest returns generated by the Consolidated Affiliated Entities in consideration for the exclusive technical and management consultancy services including, among others, (a) design of curriculum; (b) preparation, selection and/or recommendation of course materials; (c) provision of teacher and staff recruitment and training support and services; (d) provision of student recruitment services and support; (e) provision of public relation services; (f) formulation of long term strategic development plans and annual working plans; (g) formulation of management mode, business plans and market development plans; (h) development of financial management systems and recommendation and optimisation on annual budget; (i) advising on design of internal structures and internal management system of the Consolidated Affiliated Entities; (j) provision of management and consultancy training for executive staff; (k) conduct of market survey and research, and advising on market information and business development; (l) formulation of regional and national market development plan; (m) assisting the Consolidated Affiliated Entities in building of education management network and improving management of business operation; (n) assisting in building online and offline marketing network; (o) providing management and consultancy services in respect of daily operations, finance, investment, assets, liabilities and debt, human resources, internal informatisation and other management and consultancy services; (p) assisting the Consolidated Affiliated Entities and their subsidiaries to find suitable financing channels where fund is required in the operation of the Consolidated Affiliated Entities; (q) assisting the Consolidated Affiliated Entities to formulate programs to maintain relationships with their suppliers, customers, cooperation partners and students, and assisting to maintain such relationships; (r) advising and providing recommendations on asset and business operating of the Consolidated Affiliated Entities; (s) advising and providing recommendations to negotiate, sign and perform the material contracts of the Consolidated Affiliated Entities and (t) providing other technical services reasonably requested by the Consolidated Affiliated Entities; and
- obtain an irrevocable and exclusive right to purchase all or part of equity interests in the Consolidated Affiliated Entities from the respective equity holders at nil consideration or a minimum purchase price permitted under PRC laws and regulations. Chengdu Bojun may exercise such options at any time until it has acquired all equity interests in and/or all assets of the Consolidated Affiliated Entities. In addition, the Consolidated Affiliated Entities are not allowed to sell, transfer, or dispose any assets, or make any distributions to their equity holders without prior consent of Chengdu Bojun.

2. STRUCTURED CONTRACTS AND BASIS OF PREPARATION (Continued)

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

As disclosed in the Company's annual report for the year ended 31 August 2021, the Regulations for the Implementation of the Private Education Promotion Law of the PRC* (《中華人民共和國民辦教育促進法實施條例》) (the "Implementation Regulations") was effective on 1 September 2021, which prohibit social organisations and individuals from controlling a private school that provides compulsory education by means of merger, acquisition, contractual arrangements, etc., and prohibit private schools providing compulsory education from conducting transactions with their related parties. Prior to 1 September 2021, certain entities of the Group were involved in non-profit preschool education and compulsory education business, i.e. the kindergartens, middle schools and primary schools of the Group providing grade one to nine education services and private schools that provide compulsory education and high school education under the same operating licence (the "Affected Entities").

The Directors reassessed the implications of the Implementation Regulations and considered that the Group's ability to use its power from the Contractual Arrangements to direct the relevant activities of and its ability to affect its variable returns from the Affected Entities had ceased by 31 August 2021 immediately before the Implementation Regulations becoming effective on 1 September 2021. Consequently, the Group lost control over the Affected Entities on 31 August 2021 and the Affected Entities were deconsolidated from the consolidated financial statements of the Company on 31 August 2021.

Mr. Wang Jinglei and Ms. Duan Ling, on a collective basis, are regarded as controlling equity holders of the School Sponsors and the PRC Operating Entities and also regarded collectively as the ultimate controlling shareholders of the Company.

The functional currency of the Company is RMB, which is also the presentation currency of the consolidated financial statements.

2. STRUCTURED CONTRACTS AND BASIS OF PREPARATION (Continued)

Going concern basis

For the year ended 31 August 2022, the Group incurred a loss attributable to owners of the Company of approximately RMB9,403,000. Together with the uncertainty of the impact of Implementation Regulations indicate the existence of material uncertainty which may cast doubt on the Group's ability to continue as going concern and therefore the Directors have implemented the following measures to ensure the Group will have the ability to continue as going concern:

(i) as there are uncertainty related to the implementation of Implementation Regulations, the Directors will closely monitor the relevant development and continue to assess its possible impacts on the Group;

(ii) to adjust the business strategy of the Group to focus on development of secondary vocational and technical schools which are not affected by the Implementation Regulations;

(iii) to negotiate with the Group's suppliers and related companies to extend payment terms; and

(iv) the Group will also continue actively seeking alternative financing, including borrowings, and reduce all non-essential costs.

By taking the above measures and assuming that no further rules and interpretation from the government will adversely affect the continuing operation, the Directors believe that the Group has sufficient working capital to meet the financial obligations when they fall due and the Directors are satisfied that it is appropriate to prepare these consolidated financial statements on a going concern basis.

Should the Group fail to achieve the plans and measures mentioned above, it may not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying value 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, where applicable. The effect of these adjustments has not been reflected in the consolidated financial statements.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has adopted all the new and revised HKFRSs and new interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are relevant to its operations and effective for its accounting year beginning on 1 September 2021. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's consolidated financial statements and amounts reported for the current year and prior years.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

4. SIGNIFICANT ACCOUNTING POLICIES

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

The consolidated financial statements have been prepared on the historical cost basis, except for defined benefits obligations that are measured using "projected unit credit method", 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 these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 Share-based payment, leasing transactions that are within the scope of HKFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 Inventories or value in use in HKAS 36 Impairment of Assets.

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

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

The principal accounting policies adopted are set out below.

For the year ended 31 August 2022

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including the School Sponsors and PRC Operating Entities) controlled by the Company and its subsidiaries. Control is achieved when a company:

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

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

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

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

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

All intra-group assets, 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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Loss of control of subsidiaries

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 HKFRSs).

Investment in an associate

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

The results and assets and liabilities of an associate are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of an associate used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. Changes in net assets of the associate other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate, the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment in an associate (Continued)

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate and the retained interest is a financial asset within the scope of HKFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate and the fair value of any retained interest and any proceeds from disposing of the relevant interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Revenue from contracts with customers

Revenue is recognised to depict the transfer of promised services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services. Specifically, the Group uses a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the services underlying the particular performance obligation is transferred to the customer.

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue from contracts with customers (Continued)

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 good or service.

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

The Group recognises revenue from the provision of education services which arise from contracts with customers. For the provision of education services, revenue, including tuition fee and boarding fee (each being single performance obligations), was recognised over the relevant period of schooling semesters, i.e. over the period of time.

Income from provision of services at the on-campus canteens is recognised upon rendering of such services, i.e. upon fulfilment of performance obligation stipulated in the contracts and services are delivered to the customers.

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 services transferred to the customer to date relative to the remaining services promised under the contract, that best depict the Group's performance in transferring control of services.

Leases

Definition of a lease

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

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

For the year ended 31 August 2022

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

The Group as a lessee

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 also applies practical expedient not to separate non-lease components (i.e. building management fee) from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

Short-term leases and lease of low-value assets

The Group applies the short-term lease recognition exemption to leases of land and buildings that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payment on short-term leases and leases of low-value assets 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;
- any initial direct costs incurred by the Group; 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.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any measurement at 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. The remaining right-of-use assets are depreciated on a straight-line basis over the terms of the leases.

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

For the year ended 31 August 2022

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 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;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be paid the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate the lease.

Variable lease payments that reflect changes in the market rental rates are initially measured using the market rental rates as at the commencement date. Variable lease payments that do not depend on an index or a rate are not included in the measurement of lease liabilities and right-of use assets, are recognised as expense in the period in which the event or condition that triggers in the payment occurs.

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

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review, in which the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

For the year ended 31 August 2022

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified 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 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.

Allocation of consideration to components of a contract

When a contract includes both lease and non-lease components, the Group applies HKFRS 15 Revenue from Contracts with Customers ("HKFRS 15") to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

Refundable rental deposits

Refundable rental deposits received are accounted for under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

Lease modification

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

For the year ended 31 August 2022

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

Sale and leaseback transactions

The Group applies the requirement of HKFRS 15 to assess whether sale and leaseback transaction constitutes a sale by the Group.

The Group as a seller-lessee

For a transfer that does not satisfy the requirements as a sale, the Group as a seller-lease accounts for the transfer proceeds as borrowings within the scope of HKFRS 9.

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 exchanges 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 carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. 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.

Borrowing costs

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

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

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

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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Retirement benefit costs

Payments to defined contribution retirement benefit plans and state-managed retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the consolidated statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is presented as defined benefit obligation remeasurement reserves and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements, if any);
- net interest expense or income; and
- remeasurement.

The Group presents the first two components of defined benefit costs in profit or loss in the line items of costs of services. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the consolidated statement of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

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 HKFRS requires or permits the inclusion of the benefits 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 deduction of any amount already paid.

Share-based payments

The Group issues equity-settled share-based payments to certain employees (including directors). Equity-settled share-based payments are measured at the fair value (excluding the effect of non market-based vesting conditions) of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

4. 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 tax' as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items 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 these consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference 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 the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

Deferred tax assets are measured at the tax rates that are expected to apply in the period in which the asset is realised, based on tax rate (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.

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 by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

For the year ended 31 August 2022

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment

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

Construction in progress includes property, plant and equipment in the course of construction for supply of services is carried at cost, less any recognised impairment loss. Construction in progress is classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property, plant and equipment, commences when the assets are ready for their intended use.

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

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 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.

Impairment of tangible assets

At the end of each reporting period, the management of the Group reviews the carrying amounts of its tangible assets 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.

The recoverable amount of tangible assets are estimated individually, when it is not possible to estimate the recoverable amount of individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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. 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. 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. An impairment loss is recognised immediately in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of tangible assets (Continued)

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

Financial instruments

Financial assets and liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instruments. 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. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of financial assets or financial liabilities, as appropriate, on initial recognition.

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 collect 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.

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 collecting contractual cash flows and selling; 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.

All other financial assets are subsequently measured at FVTPL, except that at the date of initial application/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 Business Combinations applies.

For the year ended 31 August 2022

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Amortised cost and interest income

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 (see below). 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 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.

Financial assets at FVTPL

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

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

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses (“ECL”) on financial assets which are subject to impairment under HKFRS 9 including other receivables and deposits, amounts due from related companies and bank balances. The amount of ECL is updated at each 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 experiences, 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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

The Group measures the loss allowance equal to 12m ECL for all the financial assets, 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.

(i) 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:

- 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 aforegoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the financial asset 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, (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.

For the year ended 31 August 2022

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(i) Significant increase in credit risk (Continued)

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing impairment. In assessing whether there has been a significant increase in the credit risk since the initial recognition, the Group considers the changes in the risk that the specified debtor will default on the contract.

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.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained 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, the Group considers that default has occurred when a financial asset 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.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default 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;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(iv) 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, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. 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.

For the year ended 31 August 2022

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(v) 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. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The ECL on respective financial assets are assessed individually.

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

For a financial guarantee contract, the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, the ECL is the present value of the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

For ECL on financial guarantee contracts for which the effective interest rate cannot be determined, the Group will apply a discount rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows but only if, and to the extent that, the risks are taken into account by adjusting the discount rate instead of adjusting the cash shortfalls being discounted.

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.

Derecognition of financial assets

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

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

Financial liabilities and equity instruments

Classification as financial liabilities or equity instruments

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

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4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Equity instruments

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

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities at amortised cost

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

Derecognition of financial liabilities

The Group derecognises financial liabilities 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.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument. Financial guarantee contract liabilities are measured initially at their fair values. It is subsequently measured at the higher of: the amount of the loss allowance determined in accordance with HKFRS 9; and the amount initially recognised less, where appropriate, cumulative amortisation recognised over the guarantee period.

Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is a part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. It also occurs if the operation is abandoned.

Where an operation is classified as discontinued, a single amount is presented on the face of the statement of profit or loss, which comprises the post-tax profit or loss of the discontinued operation and post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group constituting the discontinued operation.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 4 above, the Directors are required to make judgements, 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.

Critical judgements in applying accounting policies

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

Contractual arrangements

The Group conducts a substantial portion of the business through the PRC Operating Entities in the PRC due to regulatory restrictions on foreign ownership in the Group's schools in the PRC. The Group does not have any equity interest in the Consolidated Affiliated Entities. The Directors assessed whether or not the Group has control over the Consolidated Affiliated Entities based on whether the Group has the power over the Consolidated Affiliated Entities, has rights to variable returns from its involvement with the Consolidated Affiliated Entities and has the ability to affect those returns through its power over the Consolidated Affiliated Entities. After the assessment, the Directors concluded that the Group has control over the Consolidated Affiliated Entities as a result of the contractual arrangements as detailed in Note 2 above and other measures and accordingly, the Group has consolidated the Consolidated Affiliated Entities in the consolidated financial statements during both years.

Nevertheless, the contractual arrangements and other measures may not be as effective as direct legal ownership in providing the Group with direct control over the Consolidated Affiliated Entities and uncertainties presented by the PRC legal system could impede the Group's beneficiary rights of the results, assets and liabilities of the Consolidated Affiliated Entities. The Directors, based on the advice of its legal counsel, consider that the contractual arrangements among Chengdu Bojun, the Consolidated Affiliated Entities and their respective legal equity holders are in compliance with the relevant PRC laws and regulations and are legally enforceable.

With regard to the Affected Entities, the Directors reassessed whether the Group could control the Affected Entities upon the effective of the Implementation Regulations based on analysis and judgement as (1) the Group's power over the Affected Entities; (2) the Group's exposure or rights to variable returns from its involvement with the Affected Entities; and (3) the Group's ability to use its power over the Affected Entities to affect the amount of the Group's returns. In making such judgement, the Directors has considered the requirements of the Implementation Regulations and legal opinion from its legal advisor. Based on the legal opinion, whether general grandfather rule could apply to the Contractual Arrangements established prior to the effective of the Implementation Regulations was not specially addressed in the Implementation Regulations which may subject to further interpretation of relevant government authorities, as such, the legal advisor could not conclude that the current Contractual Arrangements between the Group and the Affected Entities are legally binding and legally enforceable upon the effective of the Implementation Regulations. Consequently, the Directors considers that by the end of 31 August 2021, it was no longer practicable for the Group to make and enforce relevant decision for its own benefit as principal in accordance with the Contractual Arrangements to direct the relevant activities to affect and obtain the variable return from the Affected Entities and the Group lost control over the Affected Entities on 31 August 2021 immediately before the Implementation Regulations became effective, and deconsolidated the Affected Entities as of 31 August 2021.

For the year ended 31 August 2022

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty

The following is the key source of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year from the end of each reporting period.

(a) Impairment loss on property, plant and equipment and right-of-use assets

The Group assesses whether there are any indicators of impairment for its property, plant and equipment and right-of-use assets at the end of the reporting period. The property, plant and equipment and right-of-use assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. Impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The calculation of the fair value less costs to sell is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

At 31 August 2022, the accumulated impairment loss recognised for property, plant and equipment and right-of-use assets amounted to approximately RMB480,164,000 and RMB66,163,000, respectively. Further details are set out in Note 16 and Note 17 to the consolidated financial statements.

(b) Useful lives and residual values of items of property, plant and equipment

In determining the useful lives and residual values of items of property, plant and equipment, the Group has to consider various factors, such as technical or commercial obsolescence arising from changes or improvements in the provision of services, or from a change in the market demand for the service output of the asset, expected usage of the asset, expected physical wear and tear, care and maintenance of the asset, and legal or similar limits on the use of the asset. The estimation of the useful life of the asset is based on the experience of the Group with similar assets that are used in a similar way. Additional depreciation is made if the estimated useful lives and/or residual values of items of property, plant and equipment are different from the previous estimation. Useful lives and residual values are reviewed at the end of each reporting period based on changes in circumstances. As at 31 August 2022, the carrying amount of property, plant and equipment other than construction in progress is approximately RMB365,142,000 (2021: RMB370,547,000).

6. REVENUE AND SEGMENT INFORMATION

The Group's chief operating decision maker ("CODM") has been identified as the chief executive officer who reviews revenue analysis of the Group as a whole.

The Group had two reportable segments comprising (i) the provision of high school and for-profit education services; and (ii) the provision of education consultancy and management services.

The Group's revenue represents service income comprising tuition fees and boarding fees.

6. REVENUE AND SEGMENT INFORMATION (Continued)

The segment information provided to the CODM in respect of revenue from respective reportable segment is as follows:

	Continuing operations		
	Education consultancy and management services RMB'000	High school education and for-profit education services RMB'000	Total RMB'000
For the year ended 31 August 2022			
Tuition fees	**–**	**9,556**	**9,556**
Boarding fees	**–**	**1,390**	**1,390**
Education consultancy and management services fees	**22,658**	**–**	**22,658**
Total	**22,658**	**10,946**	**33,604**
For the year ended 31 August 2021			
Tuition fees	–	–	–
Boarding fees	–	–	–
Total	–	–	–

Performance obligations for contracts with customers

Revenue from the provision of (i) education consultancy and management services and (ii) education services comprising tuition fee and boarding fee (each being a single performance obligation), was recognised over time. The transaction price allocated to each of the performance obligation is recognised as a contract liability at the time of receipt and was released on a straight-line basis over the services period.

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

All the contracts with customers are agreed at fixed price for a term no longer than twelve months.

Geographical information

During the years ended 31 August 2022 and 2021, the Group operated within one geographical segment because all of its revenue was generated in the PRC and all of its non-current assets were located in the PRC. Accordingly, no geographical segment information is presented.

For the year ended 31 August 2022

6. REVENUE AND SEGMENT INFORMATION (Continued)

Major customers

Revenue from customers of the corresponding years contributing over 10% of the total sales of the Group are as follows:

	Year ended 31 August	
	2022	2021
	RMB'000	RMB'000
Customer A Group (Note 32)	**8,091**	N/A
Customer B	**5,763**	N/A

No single customer contributes 10% or more of total revenue of the Group during the years ended 31 August 2021.

Segment assets and liabilities

No analysis of segment assets or liabilities is presented as they are not regularly provided to the CODM.

7. OTHER INCOME

	Year ended 31 August	
	2022	2021
	RMB'000	RMB'000
Continuing operations		
Interest income from banks	**93**	246
Interest income from other loans	**5,623**	–
Release of asset-related government grants (Note 29)	**1,534**	1,454
Others	**2,348**	–
	9,598	1,700

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8. OTHER GAINS/(LOSSES), NET

	Year ended 31 August	
	2022	2021
	RMB'000	RMB'000
Continuing operations		
Net exchange gain/(loss)	**302**	(9,668)
Gain arising on disposal of property, plant and equipment, net	**81**	33
Gain on bargain purchase on acquisition of Lidu Kindergarten Business (Note 35(a))	**179**	–
Recognition of financial guarantee contracts	**(7,967)**	(19,171)
Amortisation of financial guarantee contracts	**14,048**	–
Loss allowance recognised for financial guarantee contracts	**(15)**	–
Impairment loss recognised on		
— property, plant and equipment (Note 16)	**–**	(480,164)
— right-of-use assets (Note 17)	**–**	(66,163)
Others	**101**	3,760
	6,729	(571,373)

9. FINANCE COSTS

	Year ended 31 August	
	2022	2021
	RMB'000	RMB'000
Continuing operations		
Interest on:		
Bank borrowings	**11,660**	10,468
Lease liabilities	**71**	116
Total borrowing costs	**11,731**	10,584
Less: amounts capitalised in the cost of qualifying assets	**(5,947)**	(5,281)
	5,784	5,303

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10. INCOME TAX (EXPENSES)/CREDIT

The Company and Bojun Investment are incorporated in the Cayman Islands and the BVI, respectively. Both jurisdictions are tax exempted under the tax laws of the Cayman Islands and the BVI and these entities have no business carried there.

No provision for Hong Kong Profits Tax has been made as the Group's operation in Hong Kong had no assessable profit during both years. Chengdu Bojun and US Bojun had no assessable profit subject to the PRC enterprises income tax ("EIT") of 25% and corporate tax in the United States ("USA"), respectively, since their establishment.

Pursuant to the PRC Income Tax Law and the respective regulations, the companies of the Group which operate in PRC are subject to PRC EIT at a rate of 25% on its taxable income.

	Year ended 31 August	
	2022	2021
	RMB'000	RMB'000
Continuing operations		
Tax expense comprises:		
PRC EIT— Current year	**1,709**	–
Deferred tax (Note 19)	**383**	(1,136)
Total tax charge/(credit) for the year from continuing operations	**2,092**	(1,136)

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

	Year ended 31 August	
	2022	2021
	RMB'000	RMB'000
Loss before tax from continuing operations	**(7,311)**	(630,153)
Tax at applicable tax rate of 25%	**(1,828)**	(157,538)
Effect of tax losses not recognised	**2,986**	151,143
Tax effect of expenses not deductible for tax purpose	**4,823**	5,829
Tax effect of income not taxable for tax purpose	**(3,862)**	(1,167)
Effect of different tax rates of other jurisdiction	**(27)**	597
Taxation for the year	**2,092**	(1,136)

For the year ended 31 August 2022

11. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging:

	Year ended 31 August	
	2022	2021
	RMB'000	RMB'000
Continuing operations		
Directors' and chief executive's remuneration (Note 12)	**1,591**	1,541
Other staff costs		
— Salaries and other benefits	**17,969**	10,383
— Staff welfare	**691**	5
— Retirement benefit schemes		
— defined contributions benefits	**570**	558
Total staff costs	**20,821**	12,487
Depreciation of property, plant and equipment	**8,815**	21,353
Depreciation of right-of-use assets	**3,032**	5,255
Auditor's remuneration		
— Current auditor	**1,300**	1,300
— Former auditor	**–**	1,431

For the year ended 31 August 2022

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND EMPLOYEES' REMUNERATION

Directors' and chief executive's emoluments

The executive directors' emoluments shown below were for their services in connected with management of the Company and the Group. The non-executive directors' and independent non-executive directors' emoluments shown below were for their services as directors.

The emoluments paid or payable to the Directors and chief-executive of the Company by entities comprising the Group during the reporting period, pursuant to the applicable Listing Rules and Companies Ordinance are disclosed below:

Year ended 31 August 2022

	Fees RMB'000	Salaries and allowances RMB'000	Defined contribution benefit RMB'000	Total RMB'000
Executive director				
Mr. Wang Jinglei *	–	809	79	888
	–	809	79	888
Non-executive director				
Mr. Wu Jiwei	–	373	–	373
	–	373	–	373
Independent non-executive directors				
Mr. Cheng Tai Kwan Sunny	150	–	–	150
Mr. Mao Daowei	60	–	–	60
Ms. Luo Yunping	60	–	–	60
Mr. Yang Yuan	60	–	–	60
	330	–	–	330
	330	1,182	79	1,591

* Chief executive officer of the Company

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND EMPLOYEES' REMUNERATION (Continued)

Directors' and chief executive's emoluments (Continued)

Year ended 31 August 2021

	Fees RMB'000	Salaries and allowances RMB'000	Defined contribution benefit RMB'000	Total RMB'000
Executive directors				
Mr. Ran Tao (Note)	–	190	12	202
Mr. Wang Jinglei *	–	788	69	857
	–	978	81	1,059
Non-executive director				
Mr. Wu Jiwei	–	151	–	151
	–	151	–	151
Independent non-executive directors				
Mr. Cheng Tai Kwan Sunny	151	–	–	151
Mr. Mao Daowei	60	–	–	60
Ms. Luo Yunping	60	–	–	60
Mr. Yang Yuan	60	–	–	60
	331	–	–	331
	331	1,129	81	1,541

Note: Mr. Ran Tao resigned as an executive director on 26 November 2020.

No other retirement benefits were paid to the Directors in respect of their services in connection with the management of the affairs of the Company or its subsidiaries undertaking.

None of the Directors or the chief executive of the Company waived or agreed to waive any emolument during the reporting period.

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12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND EMPLOYEES' REMUNERATION (Continued)

Employees' remuneration

The five highest paid employees of the Group during the year included two Directors (2021: two Directors). Details of the remuneration for the year of the remaining three (2021: three) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	Year ended 31 August	
	2022	2021
	RMB'000	RMB'000
Salaries and allowances	**1,621**	3,623
Contributions to retirement benefits scheme	**48**	97
	1,669	3,720

The number of the five highest paid employees (including the Directors) whose remuneration fell within the following bands is as follows:

	Number of employees Year ended 31 August	
	2022	2021
Emolument bands		
Nil to Hong Kong dollar ("HK$") 1,000,000	**4**	2
HK$1,000,001 to HK$1,500,000	**1**	1
HK$1,500,001 to HK$2,000,000	**–**	2
	5	5

During the years ended 31 August 2022 and 2021, no remuneration was paid or payable by the Group to the Directors or the five highest paid employees as an inducement to join or upon joining the Group or as compensation for loss of office.

For the year ended 31 August 2022

13. DISCONTINUED OPERATIONS/LOSS ON DECONSOLIDATION OF AFFECTED ENTITIES

As disclosed in Note 2 above, due to the promulgation of the Implementation Regulations, the Directors reassessed the Contractual Arrangements and concluded that the Group ceased its control over the Affected Entities by 31 August 2021 and the Affected Entities were deconsolidated from the consolidated financial statements of the Group as of 31 August 2021.

The results relating to the Affected Business for the year ended 31 August 2021 are presented below:

	Year ended 31 August 2021 RMB'000
Revenue	398,774
Costs of services	(265,578)
Gross profit	133,196
Other income	882
Other gains/(losses), net	(3,794)
Administrative expenses	(18,527)
Finance costs	(24,627)
Loss on deconsolidation of Affected Entities	(203,144)
Loss before tax from discontinued operations	(116,014)
Income tax expense	(13,625)
Loss for the year from discontinued operations	(129,639)
Loss for the year from discontinued operations attributable to:	
— Owners of the Company	(133,684)
— Non-controlling interests	4,045
	(129,639)

For the year ended 31 August 2022

13. DISCONTINUED OPERATIONS/LOSS ON DECONSOLIDATION OF AFFECTED ENTITIES (Continued)

Other financial information relating to the Affected Entities for the year ended at 31 August 2021 are as follows:

	Year ended 31 August 2021 RMB'000
Operating activities	70,269
Investing activities	(214,418)
Financing activities	32,966
Net cash outflow	(111,183)
Loss/profit before income tax after charged/(crediting):	
Interest income from banks	(108)
Loss/(gain) arising on disposal of property, plant and equipment, net	29
Finance costs arising in:	
— Bank borrowings	12,835
— Other borrowing	4,636
— Lease liabilities	7,156
	24,627
Other staff costs	
— Salaries and other benefits	172,800
— Staff welfare	14,170
— Equity-settled share-based payments	262
— Retirement benefit schemes	
— defined contributions benefits	17,124
— defined benefits	(277)
Total	204,079
Royalty fee (included in "costs of services")	15,492
Depreciation of property, plant and equipment	31,829
Depreciation of right-of-use assets	11,146

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13. DISCONTINUED OPERATIONS/LOSS ON DECONSOLIDATION OF AFFECTED ENTITIES (Continued)

The assets and liabilities of the Affected Entities over which control was lost were as follows:

	At 31 August 2021 RMB'000
Non-current assets	
Property, plant and equipment	328,157
Right-of-use assets	138,609
Deposits	2,014
Total non-current assets	468,780
Current assets	
Other receivables, deposits and prepayments	53,913
Amounts due from related companies	689,183
Bank balances and cash	135,216
Total current assets	878,312
Total assets	1,347,092
Current Liabilities	
Other payable and accruals	207,107
Amounts due to related companies	102,381
Contract liabilities	351,278
Lease liabilities	6,531
Borrowings	99,000
Income tax payable	42,173
Total current liabilities	808,470
Non-current liabilities	
Lease liabilities	115,479
Borrowings	203,500
Defined benefit obligations	4,163
Total non-current liabilities	323,142
Total liabilities	1,089,810
Net assets	215,480
Less: Non-controlling interests	(12,336)
Loss on deconsolidation	203,144

The net assets held by the Affected Entities after deducting non-controlling interests were approximately RMB203,144,000 upon deconsolidation as at 31 August 2021 and an aggregate one-off loss upon deconsolidation of the Affected Entities was recognised during the year ended 31 August 2021.

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14. DIVIDEND

No dividend has paid or declared by the Company for the years ended 31 August 2022 and 2021, nor has any dividend been proposed subsequent to 31 August 2022.

15. LOSS PER SHARE

The calculation of the basic loss per share attributable to the owners of the Company is based on the following data:

	Year ended 31 August	
	2022	2021
	RMB'000	RMB'000
Loss		
Loss attributable to the owners of the Company used in the basic loss per share calculations:		
— From continuing operations	**(9,403)**	(629,017)
— From discontinued operations	**–**	(133,684)
	(9,403)	(762,701)
	'000	'000
Number of shares		
Weighted average number of ordinary shares issued	**821,856**	821,856
	RMB cents	RMB cents
Loss per share		
Basic loss per share		
— From continuing operations	**(1.14)**	(76.54)
— From discontinued operations	**–**	(16.27)
— Total	**(1.14)**	(92.81)

No adjustment has been made to the loss per share as the outstanding share options had anti-dilutive effect for the year ended 31 August 2022 and 2021.

For the year ended 31 August 2022

16. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Furniture, fixtures and equipment RMB'000	Motor vehicles RMB'000	Electronic equipment RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
COST							
At 1 September 2020	896,006	96,195	8,526	12,501	113,879	352,310	1,479,417
Additions	51,097	10,379	1,590	4,859	6,675	130,539	205,139
Transfer	14,695	–	–	–	–	(14,695)	–
Disposals	–	(411)	(405)	(66)	–	–	(882)
Deconsolidation of Affected Entities (Note 13)	(271,287)	(105,470)	(6,606)	(15,456)	(116,398)	–	(515,217)
At 31 August 2021 and 1 September 2021	690,511	693	3,105	1,838	4,156	468,154	1,168,457
Additions	–	281	3,048	121	–	12,291	15,741
Acquisition of a subsidiary (Note 35(a))	–	160	193	–	137	–	490
Disposals	–	–	(1,240)	(8)	–	–	(1,248)
At 31 August 2022	**690,511**	**1,134**	**5,106**	**1,951**	**4,293**	**480,445**	**1,183,440**
ACCUMULATED DEPRECIATION AND IMPAIRMENT							
At 1 September 2020	52,902	50,645	5,101	8,369	50,770	–	167,787
Charge for the year	25,838	10,892	1,165	2,596	8,904	–	49,395
Elimination on disposals	–	(329)	(363)	(26)	–	–	(718)
Deconsolidation of Affected Entities (Note 13)	(55,082)	(60,815)	(4,148)	(9,759)	(57,256)	–	(187,060)
Impairment loss	300,352	–	–	–	–	179,812	480,164
At 31 August 2021 and 1 September 2021	324,010	393	1,755	1,180	2,418	179,812	509,568
Charge for the year	6,802	113	257	136	1,507	–	8,815
Elimination on disposals	–	–	(710)	(8)	–	–	(718)
At 31 August 2022	**330,812**	**506**	**1,302**	**1,308**	**3,925**	**179,812**	**517,665**
NET CARRYING VALUE							
At 31 August 2022	**359,699**	**628**	**3,804**	**643**	**368**	**300,633**	**665,775**
At 31 August 2021	366,501	300	1,350	658	1,738	288,342	658,889

Note: At 31 August 2022 and 2021, no building ownership certificates have been obtained by the Group.

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16. PROPERTY, PLANT AND EQUIPMENT (Continued)

The above items of property, plant and equipment, other than construction in progress, are depreciated on a straight-line basis over the following useful lives after taking into account the residual values:

Buildings	20 to 50 years
Furniture, fixtures and equipment	3 to 10 years
Motor vehicles	5 to 10 years
Electronic equipment	3 to 6 years
Leasehold improvements	Shorter of 10 years or over the lease terms

Impairment assessment on property, plant and equipment and right-of-use assets

The Group carries out evaluations on its property, plant and equipment and right-of-use assets annually at the end of the reporting period to determine whether there are any indicators of impairment. A majority of property, plant and equipment and right-of-use assets held by the Consolidated Affiliated Entities of the Group (other than the Affected Entities) were occupied by the Affected Entities before the deconsolidation and are expected to be continuously occupied by the Affected Entities subsequent to the deconsolidation. The Group concluded that impairment indicators existed in relation to such assets due to the Implementation Regulations and deconsolidation of the Affected Entities as the Implementation Regulations prohibit the Group from conducting transactions with the Affected Entities and the Group could not charge rental from the Affected Entities for the use of these assets when the Implementation Regulations become effective on 1 September 2021.

In view of the above, the Group carried out reviews of the recoverable amount of the aforesaid property, plant and equipment and right-of-use assets at 31 August 2022 on an individual basis by reference to the valuation report prepared by an independent professional property valuer. The recoverable amounts of the property, plant and equipment and right-of-use assets have been determined based on their fair value less costs of disposal. The Group uses discounted cash flow method to estimate the fair value less costs of disposal of the assets which is based on the discounted future net cash flow of the properties to its present value by using an appropriate discount rate that reflects the rate of return required by a third party investor. The fair value measurement is categorised into Level 3 fair value hierarchy. The carrying amounts of the relevant property, plant and equipment and right-of-use assets do not exceed the recoverable amounts based on their respective fair value less costs of disposal and no impairment has been recognised for the year ended 31 August 2022 (2021: Impairment loss on property, plant and equipment and right-of-use assets amounted to approximately RMB480,164,000 and RMB66,163,000, respectively).

One of the key unobservable inputs used in valuing the property, plant and equipment and right-of-use assets was the discount rate of 5.50%. An increase of 25 basis points and 50 basis points in the discount rate used, while other parameters remain constant, would result in a decrease of approximately RMB33,250,000 and RMB64,340,000, respectively, in the total fair value measurement of the property, plant and equipment and right-of-use assets, and vice versa.

17. RIGHT-OF-USE ASSETS

	Leasehold land RMB'000	Leased properties RMB'000	Total RMB'000
CARRYING VALUES			
At 1 September 2020	194,469	128,394	322,863
Depreciation provided for the year	(4,665)	(12,614)	(17,279)
Deconsolidation of Affected Entities	(24,712)	(113,897)	(138,609)
Impairment loss	(66,163)	–	(66,163)
At 31 August 2021 and 1 September 2021	**98,929**	**1,883**	**100,812**
Depreciation provided for the year	**(2,225)**	**(807)**	**(3,032)**
At 31 August 2022	**96,704**	**1,076**	**97,780**

The leased properties are depreciated on a straight-line basis over the lease term. The leasehold land, is depreciated on a straight-line basis over the expected useful lives of 30 years for Tianfu School. The leasehold lands are depreciated on a straight-line basis over 50 years for Wangcang Bojun, Nanjiang Bojun and Lezhi Bojun, as stated in the relevant land use right certificates entitled for usage by the Group in the PRC. Other leasehold lands are depreciated on a straight-line basis over the lease term.

As at 31 August 2022, the carrying value of leasehold land which land use right certificates have been obtained was RMB96,704,000 (2021: RMB98,929,000).

	Year ended 31 August	
	2022	2021
	RMB'000	RMB'000
Expense relating to low-value leases	**–**	214
Expense relating to short-term leases	**831**	13
Total cash outflow for leases (Note)	**1,719**	15,645

Note: Total cash outflow for leases includes expense related to low-value leases, short-term leases, variable lease payment included in the measurement of lease liabilities, payments for right-of-use assets and repayments of lease liabilities and interest paid on lease liabilities.

As at 31 August 2022, the lease agreements do not impose any extension or termination options which are exercisable only by the Group and not by the respective lessors.

As at 31 August 2022, the Group does not provide residual value guarantees in relation to leases arrangements. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

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18. INTEREST IN AN ASSOCIATE

	Year ended 31 August	
	2022	2021
	RMB'000	RMB'000
Cost of unlisted investment	**17,500**	17,500
Share of post-acquisition losses and other comprehensive expense	**10**	(22)
	17,510	17,478

Particulars of the Company's indirectly held associate are as follows:

Company	Place of establishment and place of operations	Registered share capital	Percentage of equity ownership attributable to the Group 2022	2021	Principal activities
Chengdu Tongxing Wanbang Enterprise Management Center (Limited Partnership)* (成都同興萬邦企業管理中心 (有限合夥))	The PRC	RMB1,000,000	**33.34%**	33.34%	Provision of business consultancy services

* For identification purpose only.

Summarised financial information of the associate

Summarised financial information in respect of the associate is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with HKFRSs.

The associate is accounted for using the equity method in these consolidated financial statements.

	As at 31 August	
	2022	2021
	RMB'000	RMB'000
Revenue	**–**	–
Profit/(loss) and total comprehensive income/(expense) for the year	**97**	(18)
Current assets	**5,000**	5,000
Non-current assets	**21,031**	20,935
Current liabilities	**(1)**	(1)

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18. INTEREST IN AN ASSOCIATE (Continued)

Summarised financial information of the associate (Continued)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	As at 31 August	
	2022	2021
	RMB'000	RMB'000
Net assets of the associate	**26,030**	25,934
Proportion of the Group's ownership interest in the associate	**33.34%**	33.34%
The Group's share of net assets	**8,679**	8,647
Goodwill	**8,831**	8,831
Carrying amount of the Group's interest in an associate	**17,510**	17,478

19. DEFERRED TAX ASSETS

The following are the major deferred taxation recognised and movement thereon during the reporting period:

	Temporary difference on deferred income RMB'000
At 1 September 2020	16,919
Credit to profit or loss (Note 10)	1,136
At 31 August 2021 and 1 September 2021	18,055
Charge to profit or loss (Note 10)	(383)
At 31 August 2022	**17,672**

As at 31 August 2022, the Group has unused tax losses of approximately RMB628,986,000 (2021: RMB624,427,000) available for offset against future profits. No deferred tax asset has been recognised in respect of such losses due to the unpredictability of future profit streams. At 31 August 2022, all unrecognised tax losses will expire by end of 2027 (2021: 2026). The Group has no other significant unrecognised deferred tax assets for deductible temporary differences at 31 August 2022 and 2021.

At the end of the reporting period, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liability has not been recognised was RMB9,499,000 (2021: RMB5,454,000). No deferred tax liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

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20. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at 31 August	
	2022	2021
	RMB'000	RMB'000
Deposits	**78,335**	91,553
Prepayments	**457**	33
Loans to third parties (Note i)	**–**	70,000
Advances to staffs	**3,289**	2,503
Other receivables (Note ii)	**37,300**	123
Total	**119,381**	164,212
Less: Deposits present under non-current asset		
— deposits for establishment of school campus (Note iii)	**(3,145)**	(4,145)
— deposits for acquisition of a parcel of land (Note iv)	**–**	(12,500)
— other deposits	**(1,690)**	(1,408)
— deposit paid for acquisition (Note v)	**(73,500)**	(73,500)
	(78,335)	(91,553)
Presented under current assets	**41,046**	72,659

Notes:

i. The balances represented loans to two third parties of which RMB10,000,000 carrying interest at 12% per annum due on 2 October 2021 and RMB60,000,000 is non-interest bearing, unsecured and without a fixed repayment term. The balances were fully settled during the year ended 31 August 2022.

ii. Included in other receivables, an amount of RMB37,000,000 was a refundable investment fund due from Sichuan Hongde Guanghua Education Management Company Limited* (四川弘德光華教育管理有限公司) ("Hongde Guanghua") in relation to the disposal of Pengzhou Bojun School* (彭州市博駿學校), which was one of the Affected Entities, by terminating the cooperation agreement. Details of the same are set out in the announcements of the Company dated 27 August 2021, 26 October 2021 and 20 May 2022 and the circular of the Company dated 30 September 2021. The amount is guaranteed by independent third parties, non-interest bearing and due on 30 December 2022.

iii. The balance represents the non-interest bearing deposits placed to local government authorities for the purpose of establishment of school campus amounting to approximately RMB3,145,000 (2021: RMB4,145,000).

iv. The balance represented the refundable deposits placed to a local government authority for acquisition of a parcel of land for the purposes of establishment and development of new school campus amounting to approximately RMB12,500,000. The balance was fully refunded during the year ended 31 August 2022.

v. The amount represents a deposit paid for acquisition of a target company which will be used to set off part of the cash consideration of the acquisition. For details, please refer to the announcement of the Company dated 8 December 2021.

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21. AMOUNTS DUE FROM/TO RELATED COMPANIES

Name	Relationship	As at 31 August		Maximum amounts outstanding during the year ended 31 August	
		2022	2021	**2022**	2021
		RMB'000	RMB'000	**RMB'000**	RMB'000
Non-trade related					
四川博駿教育投資管理有限公司 Sichuan Bojun Education Investment Management Company Limited* ("Sichuan Bojun")	56% interest held by Mr. Xiong Tao	**426**	426	**426**	2,490
Hongde Guanghua	Shareholder of Affected Entities (Note 20(ii))	**–**	40,000	**40,000**	40,000
Amounts due from Affected Entities		**95,196**	102,381	**102,381**	102,381
Trade related					
成都恒宇實業有限公司 Chengdu Hengyu Industrial Company Limited ("Chengdu Hengyu")	95% interest held by Mr. Xiong Tao	**294**	294		
Total, presented under current assets		**95,916**	143,101		

The non-trade nature amounts due from related companies are unsecured, non-interest bearing and without a fixed repayment term.

As at 31 August 2022 and 2021, the trade related balance represents the prepaid rental expenses and is aged within one year.

Sichuan Bojun and Chengdu Hengyu were controlled by Mr. Xiong Tao, former executive director and shareholder of the Company who passed away on 18 August 2020.

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21. AMOUNTS DUE FROM/TO RELATED COMPANIES (Continued)

	As at 31 August	
	2022	2021
	RMB'000	RMB'000
Amounts due to Affected Entities:		
— Nanjiang Bojun School	**339,531**	251,164
— Wangcang Bojun School	**229,643**	261,471
— Lezhi Bojun School	**105,313**	139,560
— Pengzhou Bojun School	**–**	30,926
— Chengdu Youshi Riverside Impression Experimental Kindergarten	**–**	6,062
	674,487	689,183
Less: Amounts due for settlement within 12 months shown under current liabilities	**–**	(36,988)
	674,487	652,195

The balances with the Affected Entities represent the current accounts within the Group's entities prior to the deconsolidation of the Affected Entities on 31 August 2021. The amounts due to the Affected Entities mainly represent the capital expenditures in relation to the establishment of the school buildings and facilities, which are the property, plant and equipment owned by the Group, partially paid by the Affected Entities in the previous years.

On 31 August 2021, certain School Sponsors, namely Nanjiang Bojun, Wangcang Bojun and Lezhi Bojun, entered into a repayment agreement with certain Affected Entities, namely Nanjiang Bojun School, Wangcang Bojun School and Lezhi Bojun School, to formalise the repayment terms in relation to the aggregated amounts of approximately RMB652,195,000 owed by the aforesaid School Sponsors to the aforesaid Affected Entities (the "Loans"). Pursuant to the agreement, the Loans are non-interest bearing, unsecured and repayable on 1 September 2036. The amounts due to Affected Entities of approximately RMB652,195,000 as at 31 August 2021 were classified as non-current liabilities.

On 31 August 2022, Nanjiang Bojun, Wangcang Bojun and Lezhi Bojun, entered into supplemental repayment agreements with Nanjiang Bojun School, Wangcang Bojun School and Lezhi Bojun School, to supplement the repayment agreements dated 31 August 2021 due to the movements of the Loans with these schools during the year ended 31 August 2022. Pursuant to the supplemental repayment agreements, the balances of the Loans as at 31 August 2022 are non-interest bearing, unsecured and repayable on 1 September 2036 and were classified as non-current liabilities. During the year ended 31 August 2022, the principal amount advanced by Nanjiang Bojun to the Group amounted to approximately RMB193,011,000 and was initially measured at its fair value using the effective interest method with an effective interest rate of 5.65%, resulting in a deemed contribution from the controlling shareholder of approximately RMB104,644,000 recognised in other reserve during the year.

22. BANK BALANCES AND CASH

As at 31 August 2022, bank balances carry interest at prevailing market rates of 0.01% to 0.3% (2021: 0.01% to 0.3%) per annum.

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23. OTHER PAYABLES AND ACCRUALS

	As at 31 August	
	2022	2021
	RMB'000	RMB'000
Payables for property, plant and equipment	**989**	131,112
Miscellaneous expenses received from students (Note)	**3,200**	1,002
Payroll payable	**4,279**	455
Accrued expenses	**2,352**	4,731
Other tax payable	**471**	790
Amounts due to Pengzhou Bojun School	**15,680**	–
Others	**136**	108
Total	**27,107**	138,198

Note:

The amount represents miscellaneous expenses received from students which will be paid out on behalf of students or refund for any excess.

24. CONTRACT LIABILITIES

	As at 31 August	
	2022	2021
	RMB'000	RMB'000
Tuition fees	**29,076**	7,111
Boarding fees	**7,734**	185
	36,810	7,296

The following table shows the revenue recognised in the current year relates to contract liabilities recognised:

	For the year ended 31 August	
	2022	2021
	RMB'000	RMB'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	**7,296**	369,348

Contract liabilities represent the Group's obligation to transfer education services to students for which the Group has received advance payment from the students. The balance will be recognised within one year upon the satisfaction of performance obligation.

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25. LEASE LIABILITIES

	As at 31 August	
	2022	2021
	RMB'000	RMB'000
Lease liabilities payable:		
Within one year	**719**	817
Within a period of more than one year but not more than two years	**–**	719
	719	1,536
Less: Amounts due for settlement within 12 months shown under current liabilities	**(719)**	(817)
Amounts due for settlement after 12 months shown under non-current liabilities	**–**	719

26. BORROWINGS

	As at 31 August	
	2022	2021
	RMB'000	RMB'000
Secured bank borrowings with corporate guarantee (Note)	**160,120**	179,000
The carrying amounts of the above borrowings are repayable:		
Within one year	**31,120**	20,000
Within a period of more than one year but not exceeding two years	**30,000**	30,000
Within a period more than two years but not exceeding five years	**99,000**	95,000
Within a period of more than five years	**–**	34,000
	160,120	179,000
Less: Amounts due within one year shown under current liabilities	**(31,120)**	(20,000)
Amounts shown under non-current liabilities	**129,000**	159,000

The ranges of effective interest rates on the Group's borrowings are as follows:

	2022	2021
Fixed rate borrowings	**7.0%**	7.0%

Note:

The borrowing is guaranteed by Chengdu Bojun, Chengdu Mingxian, certain shareholders of the Company and the spouse of one of the shareholders, respectively. The borrowing is also pledged by the tuition and boarding fee rights of a school of the Affected Entities.

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27. DEFINED BENEFIT OBLIGATIONS

The Group is committed to providing supplementary post-employment benefits to certain qualifying employees in the PRC if the employees satisfy certain criterion at their respective retirement age as stipulated in the employment contract. No designated assets were set aside for settlement of the obligations.

The plan exposes the Group to actuarial risks such as interest rate risk and benefit risk.

Interest rate risk

The present value of the defined benefit plan obligations is calculated using a discount rate determined by reference to government bond yields. As such, a decrease in the bond interest rate will increase the plan liability.

Benefit risk

The present value of the defined benefit plan obligations is calculated by reference to the future benefits of plan participants. As such, an increase in the benefits of the plan participants will increase the plan liability.

The actuarial valuations of the present value of the defined benefit obligations as at 31 August 2021 was carried out by an independent actuary, 張楠 Zhang Nan, who is an associate of the Society of Actuaries. The address of the actuary is at Room 402, No. 32, Dongzhimenwai Road, Beijing, China. The present value of the defined benefit obligations, and the related current service cost and past service cost were measured using the Projected Unit Credit Method.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	As at 31 August 2021
Civil retirement age	60–65
Qualifying employee rate	80%–100%
Employee departure rate (Note)	0%–8%
Mortality rate	100%
Discount rate	3.5%

Note: The departure rates of teacher increased from 0%–6% to 0%–8%.

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27. DEFINED BENEFIT OBLIGATIONS (Continued)

Benefit risk (Continued)

Amounts recognised in the consolidated statement of profit or loss and other comprehensive income in respect of these defined benefit plans are as follows:

	Year ended 31 August 2021 RMB'000
Service costs:	
Current service costs	262
Past service costs	(672)
Payment of service cost	(22)
Interest expenses	155
Components of defined benefit costs recognised in profit or loss from the discontinued operations	(277)
Components of defined benefit costs recognised in other comprehensive income*	576
Total	299

* The remeasurement of the defined benefit obligations arising from changes in financial assumptions is included in other comprehensive income.

Movements in the present value of the defined benefit obligations during the reporting period were as follows:

	As at 31 August 2021 RMB'000
At beginning of the year	3,864
Service costs and interest expenses	(277)
Actuarial losses arising from changes in financial assumptions	576
Deconsolidation of Affected Entities (Note 13)	(4,163)
At end of the year	–

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28. FINANCIAL GUARANTEE CONTRACTS

	2022 RMB'000	2021 RMB'000
At beginning of the year	**19,171**	–
Financial guarantee provision recognised	**7,967**	19,171
Amortisation of financial guarantee provision	**(14,048)**	–
Loss allowance on financial guarantee contracts	**15**	–
At end of the year	**13,105**	19,171

The financial guarantee contracts provided to Affected Entities were recognised in the consolidated financial statements on 31 August 2021. At 31 August 2022, the aggregate amount of outstanding financial guarantees issued to banks in respect of banking facilities granted to the Affected Entities and other financial institutions that the Group could be required to be paid amounted to RMB329,163,000 (2021: RMB302,500,000) if the guarantees were called upon in entirety.

Details of the loss allowance for financial guarantee contracts are set out in Note 34.

29. DEFERRED INCOME

	Year ended 31 August	
	2022 **RMB'000**	2021 RMB'000
Amounts recognised in profit or loss during the year:		
Subsidies related to assets (Note)	**(1,534)**	(1,454)

The movement of deferred income is as follows:

	As at 31 August	
	2022 **RMB'000**	2021 RMB'000
At beginning of the year	**72,222**	67,676
Receipt of subsidies related to assets (Note)	**–**	6,000
Amount credited to profit or loss during the year (Note 7)	**(1,534)**	(1,454)
At end of the year	**70,688**	72,222

Note:

The Group received government subsidies for the compensation of capital expenditures incurred for the leasehold lands. The amounts are deferred and amortised over the estimated useful lives of the respective assets.

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30. SHARE CAPITAL

	Number of ordinary shares of HK$0.01 each	Amount HK$	Amount RMB	Shown in the consolidated statement of financial position RMB'000
Issued and fully paid:				
At 1 September 2020, 31 August 2021 and 31 August 2022	**821,856,000**	**8,218,560**	**7,137,822**	**7,138**

Note:

None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

31. RETIREMENT BENEFIT PLAN

Defined contribution plan

The Group is required to contribute a specified percentage of payroll costs as determined by respective local government authority to the retirement benefits scheme to fund the benefits. The employees of the Group in the PRC are members of a state-managed retirement benefits scheme operated by the PRC government. The only obligation of the Group with respect to the retirement benefits scheme is to make the specified contributions under the scheme.

During the years ended 31 August 2022 and 2021, there were no contributions forfeited by the Group on behalf of its employees who left the plan prior to vesting fully in such contribution, nor had there been any utilisation of such forfeited contributions to reduce future contributions. As at 31 August 2022 and 2021, no forfeited contributions were available for utilisation by the Group to reduce the existing level of contributions.

The contributions made by the Group in respect of the retirement benefit scheme amounting to approximately RMB649,000 for the year ended 31 August 2022 (2021: RMB17,763,000) are included in costs of services and administrative expenses.

32. RELATED PARTY TRANSACTIONS

Other than those disclosed elsewhere in the consolidated financial statements, major transaction entered into by the Group with related parties is as follows:

		Year ended 31 August	
		2022	2021
Entities	**Nature of transactions**	**RMB'000**	RMB'000
Affected Entities	Provision of education management services	**8,091**	–
Affected Entities	Recharge income for the occupation of school campus	**2,348**	–
Chengdu Hengyu	Rental expenses incurred (Note)	**187**	173

Note: The future minimum rental payable to Chengdu Hengyu under non-cancellable lease amounted to approximately RMBNil (2021: RMB173,000), payable within one year.

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32. RELATED PARTY TRANSACTIONS (Continued)

Compensation of key management personnel

The remuneration of the Directors and other members of key management of the Group during the year was as follows:

	Year ended 31 August	
	2022	2021
	RMB'000	RMB'000
Short-term benefits	**3,300**	8,967
Post-employment benefits	**97**	322
	3,397	9,289

33. 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 shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debt, which includes borrowings disclosed in Note 26, net of bank balances and cash and equity attributable to owners of the Group, comprising share capital and, accumulated profits and other reserves.

The management of the Group reviews the capital structure from time to time. As a part of this review, the management considers the cost of capital and the risks associated with each class of capital.

Based on recommendations of the management, the Group will balance its overall capital structure through the payment of dividends, the issue of new shares and raise new debts.

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34. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

		Carrying amount at 31 August	
		2022	2021
		RMB'000	RMB'000
Financial assets			
Bank balances and cash	At amortised cost	**155,072**	93,214
Other receivables and deposits	At amortised cost	**45,424**	90,679
Amounts due from related companies	At amortised cost	**95,916**	143,101
Total financial assets at amortised cost		**296,412**	326,994
Financial liabilities			
Other payables and accruals*	At amortised cost	**24,284**	132,677
Amounts due to related companies	At amortised cost	**674,487**	689,183
Borrowings	At amortised cost	**160,120**	179,000
Total financial liabilities at amortised cost		**858,891**	1,000,860
Lease liabilities	At amortised cost	**719**	1,536
Financial guarantee contracts	Refer to Note 4	**13,105**	19,171

* Accrued expenses and other tax payable are excluded.

b. Financial risk management objectives and policies

The Group's major financial instruments include other receivables and deposits, amounts due from/to related companies, bank balances and cash, other payables and accruals, lease liabilities and borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (interest rate risk and foreign currency risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

For the year ended 31 August 2022

34. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to cash flow interest rate risk on the variable rate of interest earned on the bank balances and incurred on bank borrowings. The Group is also exposed to fair value interest rate risk in relation to fixed rate borrowings.

The Group currently does not have an interest rate hedging policy. However, the management of the Group monitors interest rate risk exposure and will consider interest rate hedging should the need arise.

Sensitivity analysis

If interest rate of variable-rate bank balances had been 10 basis points higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 August 2022 would have increased/decreased by approximately RMB14,000 (2021: RMB70,000). The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year.

In the Directors' opinion, the sensitivity analysis above is unrepresentative for the interest rate risk as the exposure at the end of reporting period does not reflect the exposure during the year.

(ii) Foreign currency risk

The carrying amounts of the Group's foreign currency denominated monetary assets at the end of the reporting period are as follows:

	As at 31 August	
	2022	2021
	RMB'000	RMB'000
Bank balances and cash — HK$	**18,521**	17,843

The following shows the Group's sensitivity to 5% appreciation of HK$ against RMB which represents the management's assessment of the reasonable possible change in HK$—RMB exchange rate. The sensitivity analysis of the Group includes the outstanding HK$ denominated balances as adjusted for 5% appreciation of HK$ at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year.

	Year ended 31 August	
	2022	2021
	RMB'000	RMB'000
Increase in post-tax profit	**926**	892

There would be an equal and opposite impact on the above post-tax results, should the HK$ be weakened against RMB in the above sensitivity analysis.

In the Directors' opinion, the sensitivity analysis above is unrepresentative for the currency risk as the exposure at the end of reporting period does not reflect the exposure during the year.

34. FINANCIAL INSTRUMENTS (Continued)

c. Credit risk and impairment assessment

The Group's maximum exposure to credit risk in the event of the counterparties failure to perform its obligations is arising from the carrying amounts of the respective recognised financial assets as stated in the consolidated statement of financial position.

The Group applied ECL model upon adoption of HKFRS 9 under which the Group measures the loss allowance equal to 12m ECL for all of the Group's financial assets, unless when there has been a significant increase in credit risk since initial recognition in which circumstance the Group recognises lifetime ECL. The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis. The Directors believe that there are no significant increase in credit risk of the Group's financial assets since initial recognition.

Other receivables and deposits/amounts due from related companies/bank balances

No allowance has been recognised for other receivables and amounts due from related companies as the expected loss for these receivables is immaterial under 12m ECL model based on the Group's assumption on the rates of default of respective counterparties taking into account forward-looking information.

The credit risks on bank balances are limited because the counterparties are banks with high credit ratings assigned by credit-rating agencies. The ECL for bank balances was insignificant.

Financial guarantee contracts

As at 31 August 2022, the financial guarantee contracts provided to the Affected Entities were initially recognised in the consolidated financial statements at fair value. At the end of the reporting period, the management has performed impairment assessment, and concluded that there has been no significant increase in credit risk since initial recognition of the financial guarantee contracts. Accordingly, the loss allowance for financial guarantee contracts issued by the Group is measured at an amount equal to 12m ECL. Additional loss allowance of approximately RMB15,000 (2021: RMBNil) was recognised in the profit or loss for the year ended 31 August 2022. Details of the financial guarantee contracts are set out in Note 28.

d. Liquidity risk

The Directors have reviewed the Group's cash flow projections which cover a period of not less than twelve months from 31 August 2022. They are of the opinion that the Group will have sufficient working capital to meet its financial obligations, including those committed capital expenditures relating to construction.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows (including interest payments computed using contractual rates 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, where applicable.

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34. FINANCIAL INSTRUMENTS (Continued)

d. Liquidity risk (Continued)

Liquidity and interest risk tables

	Weighted average interest rate	On demand or within 3 months RMB'000	3 to 6 months RMB'000	6 to 12 months 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
As at 31 August 2022									
Non-interest bearing									
Other payable and accruals	**N/A**	**24,284**	**–**	**–**	**–**	**–**	**–**	**24,284**	**24,284**
Amounts due to related companies	**N/A**	**–**	**–**	**–**	**–**	**–**	**779,131**	**779,131**	**674,487**
Financial guarantee contracts	**N/A**	**329,163**	**–**	**–**	**–**	**–**	**–**	**329,163**	**13,105**
Interest bearing									
Lease liabilities	**5.93%**	**–**	**–**	**751**	**–**	**–**	**–**	**751**	**719**
Borrowings	**7%**	**28,617**	**2,345**	**9,544**	**37,280**	**107,614**	**–**	**185,400**	**160,120**
		382,064	**2,345**	**10,295**	**37,280**	**107,614**	**779,131**	**1,318,729**	**872,715**
As at 31 August 2021									
Non-interest bearing									
Other payable and accruals	N/A	132,677	–	–	–	–	–	132,677	132,677
Amounts due to related companies	N/A	36,988	–	–	–	–	652,195	689,183	689,183
Financial guarantee contracts	N/A	302,500	–	–	–	–	–	302,500	19,171
Interest bearing									
Lease liabilities	5.93%	173	–	715	751	–	–	1,639	1,536
Borrowings	7%	17,958	2,870	10,594	39,380	110,219	34,706	215,727	179,000
		490,296	2,870	11,309	40,131	110,219	686,901	1,341,726	1,021,567

e. Fair value

Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on recurring basis

The Group did not have any financial instruments measured at fair value on a recurring basis at the end of each reporting period.

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 to their fair values.

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35. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Acquisition of Lidu Kindergarten Business

Lidu Kindergarten was established on 17 May 2022 for the purpose of succeeding to the assets and liabilities of Chengdu Youshi Lidu Experimental Kindergarten (成都幼師麗都實驗幼兒園) ("Old Lidu"), one of the Affected Entities which deconsolidated from the Group on 31 August 2021. On 18 May 2022, Lidu Kindergarten completed the conversion of the operating license from non-profit to for-profit kindergarten and entered into a written confirmation with Chengdu Bojun, Chengdu Mingxian, Chengdu Junxian and Sichuan Boai (being the school sponsor and an immediate wholly-owned holding company of Lidu Kindergarten), pursuant to which the parties confirmed that Lidu Kindergarten had succeeded to (i) the entire assets and liabilities of Old Lidu (the "Lidu Kindergarten Business") and (ii) all the rights and obligations which Old Lidu entitled and obliged under the Structured Contracts.

As advised by the Company's PRC legal adviser, the Group is able to exercise control over Lidu Kindergarten through the Structured Contracts upon the completion of the conversion of the operating license as for-profit kindergartens do not fall within the restrictions of the Implementation Regulations. The Directors assessed the implications of the above and considered that the Group has the ability to use its power from the Structured Contracts to direct the relevant activities of and its ability to affect its variable returns from Lidu Kindergarten upon the written confirmation becomes effective. The transaction was accounted for as acquisition of business using the acquisition method.

Assets acquired and liabilities recognised at the date of acquisition

	RMB'000
Property, plant and equipment	490
Other receivables, deposits and prepayments	441
Amounts due from a related company	6,010
Bank balances and cash	61
Other payables and accruals	(1,382)
Amounts due to the Group	(2,300)
Contract liabilities	(3,141)
Total identifiable net assets	179
Cash consideration transferred	–
Gain on bargain purchase arose in the acquisition	(179)
Inflow of cash to acquire business, net of cash acquired	
Cash consideration transferred	–
Cash and cash equivalents in the entity acquired	61
Net cash inflow from the acquisition	61

Given that the acquisition was solely effected by the Structured Contracts, no consideration was transferred.

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35. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(b) 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.

	Lease liabilities RMB'000	Interest payable RMB'000	Borrowings RMB'000	Total RMB'000
At 1 September 2020	131,692	808	416,500	549,000
Changes from financing cash flows				
— Continuing operations	(855)	(11,276)	–	(12,131)
— Discontinued operations	(14,563)	(17,471)	65,000	32,966
Finance costs capitalised	–	5,281	–	5,281
Finance costs recognised				
— Continuing operations	116	5,187	–	5,303
— Discontinued operations	7,156	17,471	–	24,627
Loss on deconsolidation of Affected Entities	(122,010)	–	(302,500)	(424,510)
At 31 August 2021 and 1 September 2021	**1,536**	**–**	**179,000**	**180,536**
Changes from financing cash flows from continuing operations	**(888)**	**(11,660)**	**(18,880)**	**(31,428)**
Finance costs capitalised	**–**	**5,947**	**–**	**5,947**
Finance costs recognised for continuing operations	**71**	**5,713**	**–**	**5,784**
At 31 August 2022	**719**	**–**	**160,120**	**160,839**

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36. FINANCIAL INFORMATION OF THE COMPANY

Statement of financial position:

	As at 31 August	
	2022	2021
	RMB'000	RMB'000
Non-current assets		
Investment in a subsidiary	**9**	9
Amount due from a subsidiary	**89,098**	95,772
	89,107	95,781
Current assets		
Bank balances and cash	**537**	4,348
	537	4,348
Current liabilities		
Accruals	**1,650**	1,301
Amounts due to subsidiaries	**11,018**	11,017
Financial guarantee contracts	**7,014**	6,562
	19,682	18,880
Net current liabilities	**(19,145)**	(14,532)
Net assets	**69,962**	81,249
Capital and reserves		
Share capital	**7,138**	7,138
Reserves	**62,824**	74,111
	69,962	81,249

Statement of changes in equity:

	Share Capital	**Share premium**	**Accumulated losses**	**Total**
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 September 2020	7,138	671,945	(13,099)	665,984
Loss and total comprehensive expense for the year	–	–	(584,735)	(584,735)
At 31 August 2021 and 1 September 2021	**7,138**	**671,945**	**(597,834)**	**81,249**
Loss and total comprehensive expense for the year	**–**	**–**	**(11,287)**	**(11,287)**
At 31 August 2022	**7,138**	**671,945**	**(609,121)**	**69,962**

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37. SHARE OPTION SCHEME

Pursuant to an ordinary resolution passed on 12 July 2018, the Company approved and adopted a share option scheme (the "Scheme") which will remain in force for a period of 10 years from the date of its adoption. Details of the Scheme are set out in section titled 'Share Option Scheme' in the annual report for the year ended 31 August 2022.

Pursuant to the Company's announcement on 13 May 2021, the Company granted to an eligible participant 1,000,000 share options to subscribe for ordinary shares of HK$0.01 each in the share capital of the Company at an exercise price of HK$0.598 per share.

The share options granted has a 10-year exercisable period and are vested immediately upon the date of grant.

The closing price of the Company's shares immediately before 13 May 2021, being the date of grant, was HK$0.590 per share.

The aggregate fair value of the share options determined at the date of grant based on the Hull-White trinomial model, was approximately HK$314,000 (equivalent to approximately RMB262,000).

The following assumptions were used to calculate the fair values of share options granted on 13 May 2021:

Grant date share price (per share)	HK$0.590
Exercise price (per share)	HK$0.598
Contractual life	10 years
Expected volatility (%)	91.41%
Dividend yield (%)	0.00%
Risk-free interest rate (%)	1.19%

The Hull-White trinomial model has been used to estimate the fair value of the share options. The variables and assumptions used in computing the fair value of the share options are based on the Directors' best estimate. Changes in variables and assumptions may result in changes in the fair value of the options.

As at 31 August 2022, the number of share options exercisable is 1,000,000 (2021: 1,000,000). The options outstanding at the end of the year have a weighted average remaining contractual life of 8.7 years (2021: 9.7 years) and the exercise prices of HK$0.598 per share (2021: HK$0.598 per share).

38. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were approved and authorised for issue by the Board of Directors on 30 November 2022.

DEFINITIONS

"Act Best"	Act Best Global Limited (萬福全球有限公司), a company incorporated in the BVI with limited liability on 28 November 2019 and is wholly-owned by Mr. Wang Jinglei
"Act Glory"	Act Glory Global Limited (鴻藝全球有限公司), a company incorporated in the BVI with limited liability on 29 November 2019 and is wholly-owned by Act Best
"Affected Entities"	subsidiaries or Consolidated Affiliated Entities listed in Note 1 to the consolidated financial statements of the Company for the year ended 31 August 2021
"Articles of Association" or "Articles"	the articles of association of the Company adopted on 12 July 2018 and effective from the Listing Date, which is uploaded onto the Company's website, as amended from time to time
"Audit Committee"	the audit committee of the Board
"Board"	the board of Directors of the Company
"Bojun Lixing"	Chengdu Bojun Lixing Education Management Company Limited* (成都博駿勵行教育管理有限公司), a limited liability company established under the laws of the PRC on 17 December 2019 and a Consolidated Affiliated Entity, which has not commenced any business
"Business Day" or "business day"	a day on which banks in Hong Kong are generally open for business to the public (other than a Saturday, Sunday or public holiday in Hong Kong)
"CAGR"	compound annual growth rate
"Chengdu Bojun"	Chengdu Tianfu Bojun Education Management Company Limited* (成都天府博駿教育管理有限公司), a wholly-foreign owned enterprise established under the laws of PRC on 26 July 2016 and a wholly-owned subsidiary of the Company
"Chengdu Jinbojun"	Chengdu Jinbojun Education Consultancy Company Limited* (成都金博駿教育諮詢有限公司), a limited liability company established under the laws of the PRC on 13 March 2015 and a Consolidated Affiliated Entity of the Company
"Chengdu Mingxian"	Chengdu Mingxian Education Investment Company Limited* (成都銘賢教育投資有限公司), a limited liability company established under the laws of the PRC on 10 March 2004 and a Consolidated Affiliated Entity of the Company
"Chengdu Youshi Preschool Investment"	Chengdu Youshi Preschool Education Investment Management Company Limited* (成都幼獅幼兒教育投資管理有限公司), a limited liability company established under the laws of the PRC on 16 July 2010 and a Consolidated Affiliated Entity of the Company
"China" or "PRC"	the People's Republic of China, for the purpose of this report, excluding Hong Kong, the Macau Special Administrative Region and Taiwan

"Companies Law"	the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Company" or "our Company"	Bojun Education Company Limited (博駿教育有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 14 June 2016
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Consolidated Affiliated Entity(ies)"	the entity(ies) that the Group controls through the contractual arrangement contemplated under the Structured Contracts
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules and unless the context requires otherwise, refers to the controlling shareholders of the Company
"Cosmic City"	Cosmic City Holdings Limited (宇都控股有限公司), a company incorporated in the BVI with limited liability on 6 April 2016 and is wholly-owned by Mr. Xiong Tao
"Degree Education"	degree education provided by the seven primary, middle and high schools, namely, Jingjiang School, Longquan School, Tianfu School, Tianfu High School, Nanjiang Bojun School, Wangcang Bojun School and Lezhi Bojun School
"Director(s)"	the directors of the Company
"Directors' (Council Members') Powers of Attorney"	the amended and restated school director's (council members') power of attorney dated 19 June 2020 executed by each of the directors or council members of the PRC Operating Schools (namely, Mr. Wang Jinglei, Mr. Xiong Tao, Mr. Ran Tao, Ms. Liao Rong, Xie Gang (謝綱), Chen Qiuyan (陳秋燕), Tan Chunli (譚春莉), Liao Hong (廖紅), Tian Xiaogang (田曉崗), Liu Jing (劉靜), Ai Bingyu (艾冰玉), Fang Jia (方佳), Huang Xue (黃雪), Chen Ping (陳萍), Wang Chunguo (王淳國), Xie Li (謝利), Mou Tingting (牟婷婷), Yang Xi (楊曦) and Duan Bichong (段必聰)) in favour of Chengdu Bojun
"Equity Pledge Agreement"	the amended and restated equity pledge agreement dated 19 June 2020 entered into by and among Chengdu Bojun, the Registered Shareholder and the School Sponsors (excluding Lezhi Bojun), which amended and replaced the Equity Pledge Agreement, and with effect from 16 June 2020, and supplemented by the agreement on additional party to cooperation agreements dated 21 August 2020 entered into by and among Chengdu Bojun, Chengdu Mingxian and Chengdu Jingxian Education Management Company Limited (成都旌賢教育管理有限公司), the agreement on additional party to cooperation agreements dated 21 August 2020 entered into by and among Chengdu Bojun, Chengdu Mingxian and Chengdu Juxian Education Management Company Limited (成都鉅賢教育管理有限公司) and the agreement on additional party to cooperation agreement dated 21 August 2020 entered into by and among Chengdu Bojun, Chengdu Mingxian and Taoyuan Company

"Exclusive Business Cooperation Agreement"	the amended and restated exclusive business cooperation agreement dated 19 June 2020 entered into by and among Chengdu Bojun, the Registered Shareholder and the Consolidated Affiliated Entities, which amended and replaced the exclusive business cooperation agreement in place then, and with effect from 16 June 2020, and supplemented by the agreement on additional party to cooperation agreements dated 21 August 2020 entered into by and among Chengdu Bojun, Chengdu Mingxian and Chengdu Jingxian Education Management Company Limited (成都旌賢教育管理有限公司), the agreement on additional party to cooperation agreements dated 21 August 2020 entered into by and among Chengdu Bojun, Chengdu Mingxian and Chengdu Juxian Education Management Company Limited (成都鉅賢教育管理有限公司) and the agreement on additional party to cooperation agreement dated 21 August 2020 entered into by and among Chengdu Bojun, Chengdu Mingxian and Taoyuan Company
"Exclusive Call Option Agreement"	the amended and restated exclusive call option agreement dated 19 June 2020 entered into by and among Chengdu Bojun, the New Registered Shareholder and the Consolidated Affiliated Entities, which amended and replaced the exclusive call option agreement in place then, and with effect from 16 June 2020, and supplemented by the agreement on additional party to cooperation agreements dated 21 August 2020 entered into by and among Chengdu Bojun, Chengdu Mingxian and Chengdu Jingxian Education Management Company Limited (成都旌賢教育管理有限公司), the agreement on additional party to cooperation agreements dated 21 August 2020 entered into by and among Chengdu Bojun, Chengdu Mingxian and Chengdu Juxian Education Management Company Limited (成都鉅賢教育管理有限公司) and the agreement on additional party to cooperation agreement dated 21 August 2020 entered into by and among Chengdu Bojun, Chengdu Mingxian and Taoyuan Company
"Global Offering"	the Hong Kong public offering and the international offering
"Group", "our Group", "we" or "us"	the Company, its subsidiaries, the Consolidated Affiliated Entities and the consolidated affiliated entities from time to time, or, where the context so requires in respect of the period before the Company became the holding company of our present subsidiaries, the entities which carried on the business of the present Group at the relevant time
"HKAS"	Hong Kong Accounting Standards issued by the HKICPA
"HKFRSs"	Hong Kong Financial Reporting Standards (including Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations) issued by HKICPA
"HKICPA"	Hong Kong Institute of Certified Public Accountants
"Hong Kong Branch Share Registrar"	Tricor Investor Services Limited, the branch share registrar and transfer office of the Company in Hong Kong
"Hongde Guanghua"	Sichuan Hongde Guanghua Education Management Company Limited* (四川弘德光華教育管理有限公司), a limited liability company incorporated in the PRC on 22 October 2015

"Independent Third Party(ies)"	an individual(s) or a company(ies) who or which is/are independent of and not connected with (within the meaning of the Listing Rules) any Director, chief executive or substantial shareholder (within the meaning of the Listing Rules) of the Company, its subsidiaries or any of their respective associates
"Initial Shareholder"	Pi County Langjing Industrial Company Limited* (郫縣朗經實業有限公司), a limited liability company established under the laws of the PRC on 23 July 2015 and an Independent Third Party
"Jianyang Jinbojun"	Jianyang Jinbojun Education Management Company Limited* (簡陽金博駿教育管理有限公司), a limited liability company established under the laws of the PRC on 2 June 2020 and a Consolidated Affiliated Entity of the Company
"Jinjiang School"	Chengdu Jinjiang District No. 1 Experimental Middle School Attached to Sichuan Normal University* (成都市錦江區四川師大附屬第一實驗中學), a private middle school established under the laws of the PRC on 27 April 2012, where the school sponsor's interest is wholly-owned by Chengdu Mingxian
"Latest Practicable Date"	10 November 2022, being the latest practicable date for the purpose of ascertaining certain information in this annual report prior to its publication
"Lezhi Bojun"	Lezhi Bojun Education Management Company Limited* (樂至博駿教育管理有限公司), a limited liability company established under the laws of the PRC on 10 January 2018 and a Consolidated Affiliated Entity
"Lezhi Bojun School"	Lezhi Bojun School* (樂至博駿公學), a private kindergarten, primary, middle and high school established by a subsidiary of Lezhi Bojun as the school sponsor
"Lidu Kindergarten"	Chengdu Wuhou District Youshi Lidu Kindergarten Company Limited* (成都市武侯區幼師麗都幼兒園有限公司) (formerly known as Chengdu Youshi Lidu Experimental Kindergarten* (成都幼師麗都實驗幼兒園)), a private kindergarten established under the laws of the PRC on 12 May 2003, where the school sponsor's interest is wholly-owned by Sichuan Boai , and a Consolidated Affiliated Entity of the Company
"Listing"	the listing of our Shares on the Main Board of the Stock Exchange
"Listing Date"	31 July 2018, the date on which our Shares are listed and from which dealings therein are permitted to take place on the Stock Exchange
"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or modified from time to time

"Loan Agreement"	the amended and restated loan agreement dated 19 June 2020 entered into by and among Chengdu Bojun, the School Sponsors and the PRC Operating Schools, which amended and replaced the loan agreement in place then, and with effect from 16 June 2020, and supplemented by the agreement on additional party to cooperation agreements dated 21 August 2020 entered into by and among Chengdu Bojun, Chengdu Mingxian and Chengdu Jingxian Education Management Company Limited (成都旌賢教育管理有限公司), the agreement on additional party to cooperation agreements dated 21 August 2020 entered into by and among Chengdu Bojun, Chengdu Mingxian and Chengdu Juxian Education Management Company Limited (成都鉅賢教育管理有限公司) and the agreement on additional party to cooperation agreement dated 21 August 2020 entered into by and among Chengdu Bojun, Chengdu Mingxian and Taoyuan Company
"Longquan Kindergarten"	Chengdu Longquan Youshi Dongshan Kindergarten* (成都市龍泉驛區幼師東山幼兒園) (formerly known as Chengdu Youshi Longquan Dongshan Experimental Kindergarten* (成都幼師龍泉東山實驗幼兒園)), a private kindergarten established under the laws of the PRC on 23 February 2009, where the school sponsor's interest is wholly-owned by Sichuan Boai
"Longquan School"	Chengdu Longquanyi District No. 1 Experimental Middle School Attached to Sichuan Normal University* (成都市龍泉驛區四川師大附屬第一實驗中學), a private middle and high school established under the laws of the PRC on 29 September 2015, where the school sponsor's interest is wholly-owned by Chengdu Jinbojun
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with GEM of the Stock Exchange
"Memorandum of Association" or "Memorandum"	the memorandum of association of the Company adopted on 12 July 2018, as amended from time to time
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules
"Nanjiang Bojun"	Nanjiang Bojun Education Management Company Limited* (南江博駿教育管理有限公司), a limited liability company established under the laws of the PRC on 24 August 2017 and a Consolidated Affiliated Entity of the Company
"Nanjiang Bojun School"	Nanjiang Bojun School* (南江博駿學校), a private primary, middle and high school established by Nanjiang Bojun as the school sponsor
"Nomination Committee"	the nomination committee of the Board
"Pengzhou Bojun School"	Pengzhou Bojun School (彭州市博駿學校), a private middle and high school established jointly by Chengdu Minxian and Sichuan Hongde Guanghua Advisory Limited* (四川弘的教育諮詢有限公司)

"Peninsula Kindergarten"	Chengdu High and New District Youshi Peninsula City Centre Kindergarten* (成都高新區幼獅半島城邦幼兒園), a private kindergarten established under the laws of the PRC on 27 September 2013, where the school sponsor's interest is wholly- owned by Chengdu Youshi Preschool Investment
"PRC EIT"	the enterprise income tax of the PRC
"PRC Operating School(s)"	Jinjiang School, Longquan School, Tianfu School, Nanjiang Bojun School, Wangcang Bojun School and Pengzhou Bojun School, Peninsula Kindergarten, Youshi Kindergarten, Lidu Kindergarten, Longquan Kindergarten, Riverside Kindergarten and Qingyang Kindergarten
"Preschool Education"	preschool education provided by the six kindergartens, operated by the Group, namely, Youshi Kindergarten, Lidu Kindergarten, Riverside Kindergarten, Longquan Kindergarten, Qingyang Kindergarten and Peninsula Kindergarten
"Prospectus"	the prospectus dated 19 July 2018 issued by the Company in connection with the public offering
"Qingyang Kindergarten"	Chengdu Qingyang Youshi Jingjie Kindergarten* (成都市青羊區幼師境界實驗幼兒園) (formerly known as Chengdu Qingyang Youshi Jingjie Experimental Kindergarten* (成都青羊幼師境界實驗幼兒園)), a private kindergarten established under the laws of the PRC on 15 March 2010, where the school sponsor's interest is wholly-owned by Sichuan Boai
"Registered Shareholder"	Chengdu Junxian Education Management Company Limited* (成都駿賢教育管理有限公司), a limited liability company established under the laws of the PRC on 4 June 2020, a connected person of the Company and the new nominal shareholder of Chengdu Mingxian under the Structured Contracts
"Remuneration Committee"	the remuneration committee of the Board
"Renshou Bojun"	Renshou Bojun Education Investment Management Company Limited* (仁壽博駿教育投資管理有限公司), a limited liability company established under the laws of the PRC on 15 October 2015 and a Consolidated Affiliated Entity of the Company
"Riverside Kindergarten"	Chengdu Youshi Riverside Impression Experimental Kindergarten* (成都幼師河濱印象實驗幼兒園), a private kindergarten established under the laws of the PRC on 18 June 2003, where the school sponsor's interest is wholly-owned by Sichuan Boai, and a Consolidated Affiliated Entity of the Company
"RMB" or "Renminbi"	Renminbi, the lawful currency for the time being of the PRC
"School Sponsors"	(i) Chengdu Mingxian, Nanjiang Bojun, Wangcang Bojun, Chengdu Youshi Preschool Investment, Chengdu Jinbojun, Sichuan Boai and Lezhi Bojun which were our school sponsors as at the date of this report and (ii) Renshou Bojun, Zhongjiang Bojun, Bojun Lixing and Jianyang Jinbojun which could be our school sponsors of new schools (if any)

"School Sponsors' and Directors' (Council Members') Rights Entrustment Agreement"	the amended and restated school sponsors' and directors' (council members') rights entrustment agreement dated 19 June 2020 entered into by and among Chengdu Bojun, the School Sponsors, the PRC Operating Schools and their respective directors or council members (namely, Mr. Wang Jinglei, Mr. Xiong Tao, Mr. Ran Tao, Ms. Liao Rong, Xie Gang (謝綱), Chen Qiuyan (陳秋燕), Tan Chunli (譚春莉), Liao Hong (廖紅), Tian Xiaogang (田曉崗), Liu Jing (劉靜), Ai Bingyu (艾冰玉), Fang Jia (方佳), Huang Xue (黃雪), Chen Ping (陳萍), Wang Chunguo (王淳國), Xie Li (謝利), Mou Tingting (牟婷婷), Yang Xi (楊曦) and Duan Bichong (段必聰)), which amended and replaced the school sponsors' and directors' (council members') rights entrustment agreement in place then, and with effect from 16 June 2020, and supplemented by the agreement on additional party to cooperation agreements dated 21 August 2020 entered into by and among Chengdu Bojun, Chengdu Mingxian and Chengdu Jingxian Education Management Company Limited (成都旌賢教育管理有限公司), the agreement on additional party to cooperation agreements dated 21 August 2020 entered into by and among Chengdu Bojun, Chengdu Mingxian and Chengdu Juxian Education Management Company Limited (成都鉅賢教育管理有限公司) and the agreement on additional party to cooperation agreement dated 21 August 2020 entered into by and among Chengdu Bojun, Chengdu Mingxian and Taoyuan Company
"School Sponsors' Powers of Attorney"	the school sponsor's power of attorney dated 19 June 2020 executed by each of the School Sponsors in favour of Chengdu Bojun
"SFO" or "Securities and Futures Ordinance"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or modified from time to time
"Share(s)"	ordinary share(s) of HK$0.01 each in the share capital of the Company
"Share Option Scheme"	the share option scheme conditionally adopted by the Company on 12 July 2018
"Shareholder(s)"	holder(s) of the Share(s)
"Shareholder's Powers of Attorney"	the powers of attorney dated 19 June 2020 executed by the Registered Shareholder, which replaced the shareholder's powers of attorney in place then
"Shareholder's Rights Entrustment Agreement"	the amended and restated shareholder's rights entrustment agreement dated 19 June 2020 entered into by and among Chengdu Bojun, the Registered Shareholder and Chengdu Mingxian, which amended and replaced the shareholder's rights entrustment agreement in place then, and with effect from 16 June 2020, and supplemented by the agreement on additional party to cooperation agreements dated 21 August 2020 entered into by and among Chengdu Bojun, Chengdu Mingxian and Chengdu Jingxian Education Management Company Limited (成都旌賢教育管理有限公司), the agreement on additional party to cooperation agreements dated 21 August 2020 entered into by and among Chengdu Bojun, Chengdu Mingxian and Chengdu Juxian Education Management Company Limited (成都鉅賢教育管理有限公司) and the agreement on additional party to cooperation agreement dated 21 August 2020 entered into by and among Chengdu Bojun, Chengdu Mingxian and Taoyuan Company

"Shenzhen Hongyuan"	Shenzhen Hongyuan Education Investment Company Limited* (深圳弘遠教育投資有限公司), a limited liability company established in the PRC on 17 November 2016 and is wholly-owned by the Initial Shareholder as at the date of this report
"Sichuan Boai"	Sichuan Boai Preschool Education Development Company Limited (四川省博愛幼兒教育事業專業發展有限責任公司), a limited liability company established under the laws of the PRC on 26 July 2001 and a Consolidated Affiliated Entity of the Group
"Stock Exchange" or "Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Structured Contracts"	collectively, the Exclusive Business Cooperation Agreement, the Exclusive Call Option Agreement, the Equity Pledge Agreement, the School Sponsors' and Directors' (Council Members') Rights Entrustment Agreement, the School Sponsors' Powers of Attorney, the Directors' (Council Members') Powers of Attorney, the Loan Agreement, the Shareholder's Rights Entrustment Agreement and the Shareholder's Powers of Attorney
"Subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules. For the avoidance of doubt, the Subsidiaries include Consolidated Affiliated Entities in this report
"Taoyuan Company"	Sichuan Jiuzhou Taoyuan Eco-tourism Development Limited* (四川九洲桃源里生態旅遊開發有限公司), a limited liability company established in the PRC on 24 July 2017
"Tianfu School"	Chengdu New Tianfu District No. 1 Experimental Middle School Attached to Sichuan Normal University* (成都市天府新區四川師大附屬第一實驗中學), a private middle school established under the laws of the PRC on 20 April 2016, where the school sponsor's interest is wholly-owned by Chengdu Mingxian
"Tianfu High School"	Sichuan New Tianfu District No. 1 High School Attached to Sichuan Normal University* (四川天府新區師大一中高級中學), a private middle school established under the laws of the PRC on 23 March 2021, where the school sponsor's interest is wholly-owned by Chengdu Mingxian, and a Consolidated Affiliated Entity
"U.S." or "United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"US Bojun"	USA Bojun Education, Inc., a company incorporated under the laws of State of California, the United States with limited liability on 19 August 2016 and a wholly-owned subsidiary of our Company
"US Partner"	Excelsior School System Inc., a company incorporated under the laws of State of California, the United States with limited liability on 13 July 2005 and an Independent Third Party principally engaged in the provision of private education in the United States
"US School"	a for-profit grades 7–12 private international school to be operated by the Group in the State of California, the United States

"Wangcang Bojun"	Wangcang Bojun Education Management Company Limited* (旺蒼博駿教育管理有限公司), a limited liability company established under the laws of the PRC on 18 August 2017 and a Consolidated Affiliated Entity of the Company
"Wangcang Bojun School"	Wangcang Bojun School* (旺蒼博駿公學), a private primary, middle and high school to be established by Wangcang Bojun as the school sponsor
"Youshi Kindergarten"	Chengdu Wuhou District Youshi Kindergarten* (成都市武侯區幼獅幼兒園) (formerly known as Chengdu Youshi Experimental Kindergarten* (成都幼師實驗幼兒園)), a private kindergarten established under the laws of the PRC on 12 August 2002, where the school sponsor's interest is wholly-owned by Sichuan Boai
"Zhongjiang Bojun"	Zhongjiang Bojun Education Management Company Limited* (中江博駿教育管理有限公司), a limited liability company established under the laws of the PRC on 18 October 2018 and a Consolidated Affiliated Entity of the Company, which has not commenced any business
"%"	per cent

Certain amounts and percentage figures included in this annual report have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

If there is any inconsistency between the Chinese names of entities or enterprises established in the PRC and their English translations, the Chinese names shall prevail. The English translation of company or entity names in Chinese or another language which are marked with "*" and the Chinese translation of company or entity names in English which are marked with "*" is for identification purpose only.