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Leader Education Limited

立德教育股份有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1449)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 AUGUST 2024

ANNUAL RESULTS

The Board of Directors of Leader Education Limited is pleased to announce the audited consolidated financial results of the Group for the year ended 31 August 2024, together with the comparative figures for year ended 31 August 2023.

HIGHLIGHTS

	Year ended 31 August		Percentage change
	2024	2023	
	<i>RMB'000</i>	<i>RMB'000</i>	
Revenue	322,901	275,765	+17.1%
Gross profit	118,871	105,358	+12.8%
Profit for the year	19,952	57,588	-65.4%

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 August 2024

	Notes	2024 RMB'000	2023 RMB'000
REVENUE	4	322,901	275,765
Cost of sales		<u>(204,030)</u>	<u>(170,407)</u>
Gross profit		118,871	105,358
Other income and gains	4	7,864	3,699
Selling expenses		(4,253)	(2,992)
Administrative expenses		(39,358)	(39,329)
Other expenses, net		(815)	(2,101)
Finance costs		(62,231)	(6,929)
Share of losses of a joint venture		<u>(11)</u>	<u>(118)</u>
PROFIT BEFORE TAX	5	20,067	57,588
Income tax expense	6	<u>(115)</u>	<u>–</u>
PROFIT FOR THE YEAR		<u>19,952</u>	<u>57,588</u>
Profit attributable to:			
Owners of the parent		19,957	57,603
Non-controlling interests		<u>(5)</u>	<u>(15)</u>
		<u>19,952</u>	<u>57,588</u>

	<i>Notes</i>	2024 RMB'000	2023 RMB'000
OTHER COMPREHENSIVE INCOME			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of financial statements		<u>1,667</u>	<u>(8,125)</u>
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods		<u>1,667</u>	<u>(8,125)</u>
Other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods:			
An equity investment designated at fair value through other comprehensive income:			
Changes in fair value		(699)	–
Exchange differences on translation of financial statements of the Company		<u>(1,945)</u>	<u>10,928</u>
Net other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods		<u>(2,644)</u>	<u>10,928</u>
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR		<u>(977)</u>	<u>2,803</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>18,975</u>	<u>60,391</u>
Total comprehensive income attributable to:			
Owners of the parent		18,980	60,406
Non-controlling interests		<u>(5)</u>	<u>(15)</u>
		<u>18,975</u>	<u>60,391</u>
Earnings per share attributable to ordinary equity holders of the parent:			
Basic and diluted	8	<u>RMB0.0299</u>	<u>RMB0.0864</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Year ended 31 August 2024

	Notes	2024 RMB'000	2023 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		1,905,050	1,776,559
Right-of-use assets		233,444	64,827
Other intangible assets		3,113	3,289
Investment in a joint venture		371	382
An equity investment designated at fair value through other comprehensive income		2,301	3,000
Prepayments for purchase of property, plant and equipment and right-of-use assets		10,513	35,188
Other non-current assets		24,950	20,150
Total non-current assets		2,179,742	1,903,395
CURRENT ASSETS			
Trade receivables	9	573	–
Prepayments, other receivables and other assets		15,676	21,664
Restricted bank deposits		2,106	–
Cash and cash equivalents		345,437	270,776
Total current assets		363,792	292,440
CURRENT LIABILITIES			
Contract liabilities	10	299,778	284,512
Other payables and accruals	11	65,709	64,941
Interest-bearing bank and other borrowings and interest accruals		452,607	360,347
Deferred income		22,171	7,821
Total current liabilities		840,265	717,621
NET CURRENT LIABILITIES		(476,473)	(425,181)
TOTAL ASSETS LESS CURRENT LIABILITIES		1,703,269	1,478,214

	<i>Notes</i>	2024 RMB'000	2023 <i>RMB'000</i>
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings and interest accruals		765,975	566,488
Deferred income		9,284	2,806
Deferred tax liabilities		115	–
		<hr/>	<hr/>
Total non-current liabilities		775,374	569,294
		<hr/>	<hr/>
Net assets		927,895	908,920
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Equity attributable to owners of the parent			
Share capital		46,292	46,292
Reserves		881,623	862,643
		<hr/>	<hr/>
		927,915	908,935
Non-controlling interests		(20)	(15)
		<hr/>	<hr/>
Total equity		927,895	908,920
		<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE AND GROUP INFORMATION

Leader Education Limited (the “**Company**”) was incorporated in the Cayman Islands on 17 June 2019 as an exempted company with limited liability under the laws of the Cayman Islands. The address of the registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company. During the year, the Company and its subsidiaries (collectively referred to as the “**Group**”) were principally engaged in providing private higher education services in the People’s Republic of China (the “**PRC**”).

In the opinion of the directors, the holding company and the ultimate holding company of the Company are Shuren Education Limited and Junhua Education Limited, respectively, which were incorporated in the British Virgin Islands.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards (“**IFRSs**”) (which include all International Financial Reporting Standards, International Accounting Standards (“**IASs**”) and interpretations) issued by the International Accounting Standards Board (“**IASB**”) and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for an equity investment which has been measured at fair value. These financial statements are presented in Renminbi (“**RMB**”), and all values are rounded to the nearest thousand except when otherwise indicated.

Going concern

The Group recorded net current liabilities of RMB476,473,000 as at 31 August 2024. Included therein were the contract liabilities of RMB299,778,000 as at 31 August 2024, which will be settled by education services provided by the Group.

In view of the net current liabilities position, the directors of the Group have given careful consideration to 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. Taking into account the financial resources available to the Group, including the internally generated funds from operation and existence of sufficient facility of RMB156,167,000 as of 31 August 2024 and RMB336,167,000 as of the date of annual report, of which RMB152,894,000 has been withdrawn during the subsequent period, and the ability of management in adjusting the pace of the Group’s operation expansion, the directors of the Group are of the opinion that the Group is able to meet in full its financial obligations as and when they fall due for the foreseeable future and it is appropriate to prepare the audited consolidated financial statements on a going concern basis.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised IFRSs for the first time for the current year's consolidated financial statements.

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

3. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the provision of private higher education services in the PRC.

IFRS 8 Operating Segments requires operating segments to be identified on the basis of internal reporting about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to segments and to assess their performance.

The information reported to the directors, who are the chief operating decision makers, for the purpose of resource allocation and assessment of performance does not contain discrete operating segment financial information and the directors reviewed the financial results of the Group as a whole. Therefore, no further information about operating segments is presented.

Geographical information

During the year, the Group operated within one geographical area as all of its revenue was generated in the PRC and all of its long term assets/capital expenditure were located/incurred in the PRC. Accordingly, no geographical information is presented.

Information about major customers

No revenue derived from services provided to a single customer accounted for 10% or more of the total revenue of the Group during the year.

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
<i>Revenue from contracts with customers</i>		
Tuition fees	296,399	253,104
Boarding fees	26,502	22,661
Total	<u>322,901</u>	<u>275,765</u>
Other income and gains		
Government grants:		
– Related to income	3,308	1,669
– Related to assets	412	378
Rental income:		
– Fixed lease payments	1,793	1,060
Bank interest income	1,335	262
Gain on disposal of right-of-use assets	775	–
Others	241	330
Total	<u>7,864</u>	<u>3,699</u>

5. PROFIT BEFORE TAX

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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Depreciation of property, plant and equipment	55,834	46,661
Amortisation of other intangible assets	1,740	1,351
Depreciation of right-of-use assets	3,127	3,226
Lease payments not included in the measurement of lease liabilities	456	2,434
Auditor's remuneration	1,150	1,150
Central heating cost	9,266	8,765
Employee benefit expense (excluding directors' remuneration):		
Wages and salaries	79,848	70,400
Pension scheme contributions (defined contribution scheme)	17,361	13,637
Total	<u>97,209</u>	<u>84,037</u>
Foreign exchange differences, net	544	936
Government grants		
– related to income	(3,308)	(1,669)
– related to assets	(412)	(378)
Bank interest income	(1,335)	(262)
Loss on disposal of items of property, plant and equipment	4	206
Gain on disposal of right-of-use assets	(775)	–

6. INCOME TAX

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Current income tax – Mainland China	–	–
Deferred	(115)	–
	<hr/>	<hr/>
Total	<u>(115)</u>	<u>–</u>

7. DIVIDENDS

The board has resolved not to declare any interim or final dividend for the year ended 31 August 2024 (2023: interim dividend of HKD10.50 cents per ordinary share).

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

The calculation of basic earnings per share is based on the profit for the year attributable to ordinary equity holders of the parent of RMB19,957,000 (2023: RMB57,603,000), and the weighted average number of ordinary shares of 666,667,000 (2023: 666,667,000) in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 August 2024 and 2023.

9. TRADE RECEIVABLES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Trade receivables	573	–
Impairment	–	–
	<hr/>	<hr/>
Net carrying amount	<u>573</u>	<u>–</u>

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Within 1 year	<u>573</u>	<u>–</u>

10. CONTRACT LIABILITIES

Details of contract liabilities are as follows:

	31 August 2024 RMB'000	31 August 2023 RMB'000	1 September 2023 RMB'000
<i>Short-term advances received from customers</i>			
Tuition fees	278,592	263,409	196,293
Boarding fees	21,186	21,103	16,726
	<hr/>	<hr/>	<hr/>
Total	299,778	284,512	213,019
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

11. OTHER PAYABLES AND ACCRUALS

	2024 RMB'000	2023 RMB'000
Payables for purchase of property, plant and equipment	11,116	12,493
Payables for co-operation costs	931	2,450
Miscellaneous expenses received from students	24,820	20,886
Payables for salaries and welfares	10,643	9,767
Payables for labour union expenditure	3,815	3,416
Payables for central heating costs	1,594	–
Refund liabilities	260	–
Other tax payable	157	2
Other payables	12,373	15,927
	<hr/>	<hr/>
Total	65,709	64,941
	<hr/> <hr/>	<hr/> <hr/>

12. EVENTS AFTER THE REPORTING PERIOD

There were no significant events taken place subsequent to 31 August 2024 and up to the date of approval of these financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Revenue

The Group derives its revenue from the tuition fees and boarding fees that the Group collects from its students.

Revenue increased by RMB47.1 million or 17.1% from RMB275.8 million for the year ended 31 August 2023 to RMB322.9 million for the year ended 31 August 2024. The increase was mainly due to a combination of the following factors: (i) revenue from tuition fees has increased by RMB43.3 million or 17.1% from RMB253.1 million for the year ended 31 August 2023 to RMB296.4 million for the year ended 31 August 2024; and (ii) revenue from boarding fees has increased by RMB3.8 million or 16.7% from RMB22.7 million for the year ended 31 August 2023 to RMB26.5 million for the year ended 31 August 2024.

The increase in tuition fees was mainly due to the expansion of size of admission. For the 2023/24 school year, the tuition fee standards are RMB25,800 per year for general engineering majors, RMB24,800 per year for general liberal arts majors and RMB27,800 per year for art majors, respectively (2022/23 school year: RMB25,800 per year for general engineering majors, RMB24,800 per year for general liberal arts majors and RMB27,800 per year for art majors, respectively). The tuition fee rate of correspondence education for 2023 school year remained stable as compared to 2022 school year (2022 school year: RMB1,800 to RMB2,400 per year). The boarding fee rate for the 2023/24 school year was RMB1,900 to RMB2,400 per year (2022/23 school years: RMB2,200 to RMB2,400 per year).

The total number of full-time students enrolled has increased from 11,023 for the 2022/23 school year to 11,941 for the 2023/24 school year, and the total number of correspondence education students has increased from 550 for the 2023 school year to 1,213 for the 2024 school year.

Cost of Sales

Cost of sales primarily consists of salaries and benefits for our school personnel, depreciation and amortization, heating costs, training expenses, maintenance costs, teaching expenses and utilities, as well as property management cost, cleaning and greenery fees, travel expenses, office expenses, student activity costs and others.

Cost of sales increased by RMB33.6 million or 19.7% from RMB170.4 million for the year ended 31 August 2023 to RMB204.0 million for the year ended 31 August 2024. The increase was mainly because: (i) staff costs have increased by RMB10.6 million or 14.9% from RMB71.2 million for the year ended 31 August 2023 to RMB81.8 million for the year ended 31 August 2024, mainly due to the effect of the increase in remuneration and benefits payable to the teachers of the Group as well as the increase in the number of teachers; (ii) depreciation and amortization has increased by RMB6.3 million or 14.4% from RMB43.7 million for the year ended 31 August 2023 to RMB50.0 million for the year ended 31 August 2024, mainly resulted from the increase in the buildings and boarding facilities put into use upon the completion progress of the third phase of Hanan Campus and the first phase of Tianjin Quanren Vocational Secondary School Co., Ltd.* (天津全人職業中等專業學校有限公司) (“**Quanren School**”) and Nantong Junhua Secondary

Vocational School Co., Ltd.* (南通峻華中等職業學校有限公司) (“**Junhua Secondary Vocational**”); (iii) the investment in teaching funds has increased in this year to improve teaching quality and promote curriculum reform and innovation, the teaching expenditure has increased by RMB4.3 million as compared with 2023, and the training fee has increased by RMB1.0 million as compared with 2023; (iv) college students’ practical activities have increased, with a base of RMB4.8 million in current year; and (v) the daily maintenance costs, property management cost, cleaning and greenery fees for this year have increased to enhance the campus image by RMB4.4 million as compared with 2023.

Gross Profits and Gross Profits Margin

Gross profits margin represents the percentage of gross profits to the revenue of the Group.

Gross profits increased by RMB13.5 million or 12.8% from RMB105.4 million for the year ended 31 August 2023 to RMB118.9 million for the year ended 31 August 2024, mainly resulted from the increase in income due to an increase in the number of students, which was higher than the increase in related cost.

Gross profits margin has decreased from 38.2% for the year ended 31 August 2023 to 36.8% for the year ended 31 August 2024. The increase in the student number led to a corresponding increase in teaching expenses and remunerations and salaries of teaching staff. Furthermore, in order to continuously improve the teaching quality, the expenditure on student activities increased in this year, and the investment in school produced courses also generated expenditure, and due to the completion progress of the third phase of Hanan Campus and the first phase of Quanren School and Junhua Secondary Vocational, the depreciation increased. The combined effects of the abovementioned factors led to the decrease in gross profits margin.

Other Income and Gains

Other income and gains consist primarily of interest income, rental income, and government grants.

The other income and gains for the year ended 31 August 2024 amounted to RMB7.9 million, which increased by RMB4.2 million as compared to the amount of RMB3.7 million for the year ended 31 August 2023 which was mainly due to: (i) the increase in government grant of RMB1.7 million received from Education Department of Heilongjiang Province during current year as compared to prior year; (ii) the increase of bank interest income of RMB1.1 million; and (iii) the increase of rental income of RMB0.7 million.

Selling Expenses

Selling expenses primarily consist of promotion expenses and admission expenses of different faculties and salaries of the personnel of our school’s enrollment office.

The selling expenses increased by RMB1.3 million or 42.1% from RMB3.0 million for the year ended 31 August 2023 to RMB4.3 million for the year ended 31 August 2024, which was due to the increase of the frequency of promotional activities outside the province.

Administrative Expenses

Administrative expenses consist of administrative staff's salaries costs, depreciation and amortization, consultation fee, which mainly represent remuneration for auditors and legal fee, travel expenses incurred by our administrative staff for business trips and for running errands, heating costs, entertainment costs and others.

Administrative expenses of RMB39.4 million remained stable as compared with prior year (2023: RMB39.3 million), which was mainly due to the combined effects of: (i) the increase in staff costs by RMB4.3 million as a result of the combined effects of the increase in the number of administrative staff of the Group and the increase in remunerations and benefits payable to them; (ii) the increase in depreciation and amortization by RMB1.1 million, and (iii) the decrease in consultation fee by RMB5.4 million, which mainly represented legal fee, financial and taxation advisory and corporate consulting fees.

Finance Costs

Finance costs primarily consist of (i) interest on bank loans and other borrowings; and (ii) interest on sale and leaseback liabilities.

Finance costs increased from RMB6.9 million for the year ended 31 August 2023 to RMB62.2 million for the year ended 31 August 2024. Our interest expenses increased by approximately RMB26.9 million from approximately RMB51.0 million for the year ended 31 August 2023 to approximately RMB77.9 million for the year ended 31 August 2024. For the year ended 31 August 2023, among all interest expenses, an amount of RMB6.9 million was not capitalised, which were related to (among others): (a) borrowing from Huatai Principal Investment Group Limited primarily for repaying other loans from certain other financial institutions, and (b) borrowings from certain banks in China which were mainly used for daily working capital or purposes not related to construction of property, plant and equipment, while interest expenses on other borrowings and sale and leaseback liabilities of approximately RMB44.0 million were fully capitalised. During the year ended 31 August 2024, among all interest expenses, an amount of RMB15.7 million was capitalised, which were related to (among others): (a) borrowings from certain banks in China which were mainly used for the construction of Quanren School and Junhua Secondary Vocational, and (b) sale and leaseback liabilities from certain finance lease companies in China which were mainly used for the construction of property, plant and equipment in Hanan Campus, while interest expenses on other borrowings and sale and leaseback liabilities of approximately RMB62.2 million were not capitalised and mainly used for daily working capital.

Profit before Tax

During the year ended 31 August 2024, the Group recorded profit before tax of approximately RMB20.1 million, representing a decrease of approximately 65.1% as compared to approximately RMB57.6 million for the year ended 31 August 2023.

Income Tax Expenses

During the year ended 31 August 2024, income tax expense was RMB0.1 million due to the provision of deferred income tax under leases. For details of the income tax applicable to our Group, please refer to note 6 of the notes to the financial statements in this announcement.

Profit for the year

Due to the combined impact of aforementioned revenue, costs and expenses, the Group recorded a profit of RMB20.0 million for the year ended 31 August 2024, representing a decrease of approximately 65.3% as compared to RMB57.6 million for the year ended 31 August 2023.

Working Capital Sufficiency

Despite the fact that we have recorded net current liabilities positions as at 31 August 2024, our Directors are of the view that we have sufficient working capital to meet our present and future cash requirements for at least the next 12 months from the date of this announcement, based on the following considerations:

- we have been accumulating net profits;
- we expect to generate cash flow from our operations with payment of tuition fees and boarding fees by our students in the upcoming 2024/2025 school year; and
- as at the date of this announcement, we had unutilised facilities of RMB336.2 million of which RMB28.8 million has been withdrawn during the subsequent period and historically we have been able to obtain external financings and do not foresee any impediment to do so in the future if such need arises.

Our future working capital requirements will depend on a number of factors, including, but not limited to, our operating income, the size of our school operation, constructing new school campus, maintaining and upgrading existing school facilities, purchasing additional educational equipment for our school and hiring additional teachers and other staff. Going forward, we believe that our working capital requirements will be satisfied by cash generated from our operations, bank loans and other borrowings, and other funds raised from the capital markets as and when appropriate from time to time.

Liquidity and Capital Resources

As at 31 August 2024, the Group's cash and cash equivalents were approximately RMB345.4 million, as compared with approximately RMB270.8 million as at 31 August 2023.

As at 31 August 2024, the Group's bank and other borrowings and interest accruals amounted to approximately RMB1,218.6 million (as at 31 August 2023: RMB926.8 million), of which approximately RMB2.1 million (equivalent to US\$0.3 million) were dominated in U.S. dollar (2023: RMB5.3 million, equivalent to US\$0.7 million), and the others were denominated in Renminbi. As at 31 August 2024, our bank and other borrowings bore effective interest rates ranging from 3.50% to 15.14% per annum (as at 31 August 2023: 4.00% to 14.99% per annum).

Property, Plant and Equipment

As at 31 August 2024, the Group's property, plant and equipment amounted to approximately RMB1,905.1 million, representing a year-on-year increase of approximately 7.2% from approximately RMB1,776.6 million recorded as at 31 August 2023. The increase was mainly due to the increase of construction in progress of Quanren School and Junhua Secondary Vocational, and the increase of buildings and others for daily operation in connection with the use of Hanan Campus, Quanren School and Junhua Secondary Vocational.

Capital Expenditures

Capital expenditures during the year ended 31 August 2024 were primarily related to the addition of leasehold land of Hanan Campus and Quanren School, and the construction of the school premises of Hanan Campus, Quanren School and Junhua Secondary Vocational, maintaining and upgrading existing school premises and purchasing additional educational facilities and equipment for our schools. For the year ended 31 August 2024, the Group's capital expenditures were RMB359.6 million (2023: RMB149.2 million).

Capital Commitments

As at 31 August 2024, the Group had contracted but not provided for capital commitments of approximately RMB148.1 million (31 August 2023: RMB144.2 million), which were primarily related to the acquisition of property, plant and equipment.

Contingent Liabilities

As at 31 August 2024, the Group had no significant contingent liabilities (31 August 2023: nil).

Gearing Ratio

Gearing ratio equals total debt as at the end of the year divided by total equity as at the end of the year. Total debt includes all interest-bearing bank loans and other borrowings. Compared with the gearing ratio of 1.0 as at 31 August 2023, the gearing ratio increased to 1.3 as at 31 August 2024.

Foreign Exchange Risk Management

The functional currency of the Company is RMB. The majority of the Group's revenue and expenditures are denominated in RMB. During the year ended 31 August 2024, the Group did not experience any significant difficulties in or impacts on its operations or liquidity due to fluctuations in currency exchange rates. The Directors believe that the Group has sufficient foreign exchange to meet its own foreign exchange requirements and will adopt practical and effective measures to prevent exposure to exchange rate risk. The Group did not enter into any financial instrument for hedging purpose.

Significant Investments, Acquisitions and Disposals, Future Plan for Material Investments and Capital Assets

The Group had no significant investments, material acquisitions or disposals during the year ended 31 August 2024.

As of the date of this announcement, the Group did not have other plans for material investments or capital assets.

Pledge of Assets

As at 31 August 2024, the Group's sale and leaseback borrowings of approximately RMB585.3 million (2023: RMB394.3 million) were guaranteed by the Group's assets of approximately RMB123.4 million (2023: RMB179.8 million).

As at 31 August 2024, the Group's bank loans and interest accruals of RMB149,354,000 (2023: RMB29,660,000) were pledged over the Group's right-of-use assets situated in Mainland China, which had an aggregate carrying value of RMB157,835,000 (2023: RMB48,360,000); the Group's bank loans and interest accruals of RMB99,110,000 (2023: nil) were pledged over the Group's property, plant and equipment situated in Mainland China, which had an aggregate carrying value of RMB33,089,000 (2023: nil).

BUSINESS REVIEW

Overview

As of 31 August 2024, the Group operated one school, namely, Heilongjiang College of Business and Technology in Harbin City, Heilongjiang Province. Heilongjiang College of Business and Technology is divided into two campuses, namely Songbei Campus and Hanan Campus.

In addition, the Group acquired a lot of 86,056 sq.m. in Hai'an City, Jiangsu Province in January 2021 to build the Yangtze River Delta Industry-Education Integration Base with a floor area of 56,000 sq.m. and a planned total investment of RMB220 million. The construction commenced in 2022 and is expected to be put into use at the end of 2024.

On 10 October 2023, we acquired a lot of 86,667 sq.m. to establish Quanren School in Baodi District, Tianjin. Currently, the gross floor area of the first phase of the construction is 26,687.84 sq.m. with a total investment of RMB178 million. The construction was completed on 29 August 2024 and has been put into use.

On 8 December 2023, we established Junhua Secondary Vocational in Hai'an City, Jiangsu Province, which now has commenced its first enrollment and has been put into operation.

As of 31 August 2024, the school occupied an aggregated gross site area of approximately 637,898.04 sq.m. and gross floor area of 342,727.24 sq.m., with a total property, plant and equipment value of RMB1,905.1 million.

As of 31 August 2024, the school had 755 teachers and 11,921 full-time students enrolled in bachelor’s degree program. The table below sets out the statistics of student enrollment in the past three school years (excluding students who subsequently withdrew during the respective school years):

School years	Number of students
2022/2023	11,023
2023/2024	11,941
2024/2025	11,921

As of 31 August 2024, the utilisation rate of our school was 85.32% (as of 31 August 2023: 85.46%), which was calculated by dividing the number of students enrolled in the bachelor’s degree program by the maximum student capacity for the current school year of 13,972.

The school offers 26 undergraduate majors in 2024/25 school year, including 11 in engineering, 5 in management, 3 in economics, 2 in literature and 5 in art.

In the 2024/2025 school year, the average tuition fee and boarding fee of our school were RMB25,750 and RMB2,217, respectively, representing an increase of 3.85% and a decrease of 1.42% from the average tuition fee and boarding fee of RMB24,796 and RMB2,249 in the 2023/2024 school year.

During the reporting period, the school took “cultivating people with virtue, fostering high-quality application-oriented talents, serving the society, and running a school satisfactory to the people” as its educational purpose; it also adhered to the operating philosophy of “education-oriented, quality based, school-enterprise integration, and development with innovation” to exert increasing efforts on the construction of various majors and courses, take the construction requirements for new engineering and new business disciplines as the standards, and optimise the construction and layout adjustment of disciplines and majors, as well as the training program and curriculum system in line with the actual development of the school in order to enrich curriculum resources, strengthen practical teaching, constantly enhance the establishment of teaching faculty and comprehensively improve the quality of application-oriented talents cultivated.

A new chapter opened in the cultivation of application-oriented talents and a step further in undergraduate teaching.

The school further strengthened major construction and proactively adapted to the development needs of the “4567” modern industrial system in Heilongjiang. Major clusters integrating new business disciplines, creative design, electronic information and intelligent manufacturing were constructed. The talent cultivation program was optimised through giving full play to the leading role of marketing major as the provincial-level first-class undergraduate major. The school-level first-class (featured) majors and key construction majors were identified, among which, 4 majors comprising software engineering, electrical engineering and automation, marketing, and broadcasting and television program production were recognised as school-level first-class (featured) majors, and 4 majors comprising accounting, English, finance and visual communication were recognised as school-level key construction majors.

The school solidly carried out curriculum establishment. Focusing on the newly revised talent cultivation program and talent cultivation objectives, we have vigorously developed curriculum driven by information technology. Our three courses, namely “Consumer Behavior” (《消費者行為學》) “TED Speech Viewing-listening-speaking” (《TED 演講視聽說》) and “Introduction to Management” (《管理學導論》) were awarded as provincial-level first-class courses. In the effectiveness evaluation on provincial-level first-class undergraduate courses, our two courses, namely “Virtual Simulation Experiment for Business Negotiation and Bargaining” (《商務談判議價虛擬仿真實驗》) and “College English” (《大學英語》) were recognised as excellent. Leveraging online teaching resources on xuetangx.com, a total of 308 elective courses have been offered, with 28,306 participants taking such courses. The proportion of teachers using information platforms such as “Yu Ke Tang (雨課堂)” and “Xue Tang Yun (學堂雲)” in classroom teaching reached 61%. Using Huawei’s cloud desktop technology, the school has developed virtual simulation and digital teaching for 62 training courses in 15 majors, including business disciplines, language and arts. At present, the school offers a total of about 1,300 school courses and 2,497 digital resources courses.

The school vigorously promoted the integration of innovation and entrepreneurship education with professional education, and actively encouraged teachers and students to participate in and carry out disciplinary competitions, which have achieved remarkable results. In 2023, 299 innovation and entrepreneurship projects in aggregate were approved at national, provincial and school levels, including 8 national entrepreneurship and innovation projects, 50 provincial-level projects and 241 school-level projects. We invested RMB477,300 as special funds to support the entrepreneurship and innovation projects. Our students participated in various types of academic competitions at all levels, and won 241 awards at provincial level or above, including 31 awards at national level and 210 awards at provincial level. The school has won the highest honour in the final of the “Xuechuang Cup (學創杯)” for seven consecutive years, and won the Second Prize in the International Final of the BRICS Vocational Skills Competition, an international competition, for the first time.

The school continued to carry out the essential-qualities-oriented mini-semester. Adhering to the educational concept of “student development first”, the school delivered the winter vacation essential-qualities-oriented mini-semester, setting up 16 courses in 7 modules, including “Career Quality”, “Innovation and Entrepreneurship” and others. A total of 17,574 students took the courses in 2023, and their essential-quality learning contents and horizons were enriched and broadened significantly.

The school realised a full coverage of study from research, practice to education. We have established the “145” study and practice education model of “Grand Ideological-political Courses”, namely “one core”, “four-pronged integration” and “five full concepts”. We organised and carried out the “five-colour” educational study and practice activities on the theme of “encouraging the youth to make commitments and move forward with courage and perseverance, so as to rejuvenate Heilongjiang for more confidence and strength (青春擔當勇毅前行龍江振興自信自強)”; conducted the study and practice activity of “integrating into the overall development and devoting to the great cause of developing China (融入發展大局投身強國偉業)” by relying on the Yangtze River Delta Industry-Education Integration Base; and actively responded to the call of “300 million people enjoying the ice and snow (三億人上冰雪)” by carrying out indoor and outdoor skiing, experiencing campus curling and other study and practice activities. We organised 45 teachers and students to go to Blagoveshchensk State Pedagogical University in Russia for a

one-week summer study and practice overseas in 2024. At present, the school has 52 stable study and practice bases (base stations) in Jiangsu, Hebei and Heilongjiang provinces, with a total of 14,359 participating students and a cumulative investment of RMB5.58 million from September 2023 to August 2024.

As the building of faculty team stepped into a new phase and the introduction of talents advanced steadily, our title evaluation system was improved, and therefore our title structure of faculty was optimised. Our focus on teacher training continued to contribute to higher education and teaching level among faculty.

In 2023, the school took further efforts in talent introduction by recruiting 83 full-time teachers (including 1 associate professor, 9 persons with intermediate title, 14 counsellors, 4 laboratory technicians), laying the necessary talent support for career development.

The school attached importance to the implementation of teacher training. 146 new teachers received induction training, and 334 teachers were trained to bolster their comprehensive quality and teaching skills. We organized 62 attendances of major heads, directors of teaching and research department and backbone teachers to go to Macau University of Science and Technology and Changshu Institute of Technology respectively for special training, and 56 teachers to participate in corporate trainings offered by technical enterprises based in Shenzhen. A total of 598 teacher attendees took trainings throughout the year.

Teachers' virtue development achieved new good results. The school attached great importance to the development of teachers' virtue, always took ideological and political standards and teachers' virtue as the primary criteria for talent recruitment and professional title evaluation, strengthened education on teachers' virtue, and adhered to a one-vote veto mechanism for teachers with misconduct, achieving remarkable results in teachers' virtue development. Zhang Hang, an associate Professor from our School of Railway, was awarded the honour of "2023 Advanced Individual with Teachers' Ethics of the Province (2023年度全省師德先進個人)", 26 teachers were awarded the title of "2023 Advanced Individuals with Teachers' Ethics of Schools (2023年學校師德先進個人)", and 13 grass-root teaching units were awarded the title of "2023 Advanced Groups with Teachers' Ethics (2023年師德先進集體)".

Further progress was witnessed in our teaching and research and in the industry-education integration. Our teaching and research produced fruitful results.

From September 2023 to August 2024, our teachers issued 76 academic papers, obtained 3 patents and 3 software copyrights, and published 11 textbooks and 3 monographs, while our students issued 24 papers and obtained 7 patents. A total of 37 vertical research projects at provincial level and above have been approved, and 56 projects at school level have been set up, including 36 teaching reform projects and 20 scientific research projects.

New achievements were accomplished in the construction of industry academies.

In 2023, Kunshan Q Tech Electronic Information Industry Academy and Huayu Xingye Software Technology and Application Industry Academy were officially established, and the school co-founded the Longtie Industry Academy with Heilongjiang Provincial Railway Group Company* (黑龍江省鐵路集團公司). In 2024, Seentao Digital Business Industry Academy* (新道數商產業學院) and Chinasoft Technology New Media E-Commerce Industry Academy* (中軟睿達新媒體電商產業學院) were established, and the school currently has a total of six industrial academies in the real sense.

Student enrollment and employment recorded a new high with notable achievement in the enrollment.

In 2024, the school planned to enroll 3,793 students in 22 provinces, 3,785 and 3,321 students were admitted and registered respectively, reaching an overall yield rate of 87.74%. Our work on employment once again received awards. The initial employment rate of graduates of 2024 reached 87.92%, representing an increase of 2 percentage points from the previous year; and 44.18% of students stayed in Heilongjiang for career development, both indicators were higher than the provincial average. In 2023, our school was granted the title of “Provincial Demonstration Unit in Employment and Entrepreneurship of University Graduates” (全省高校畢業生就業創業工作示範單位) again and was elected as the director unit of the Employment Collaboration of Private Colleges and Universities in Heilongjiang Province (黑龍江省民辦高校就業協作體理事長單位). Mycos’s data shows that the satisfaction rate of 2024 graduates towards our education and teaching is 94.81%, and their satisfaction rate to the qualification level of our teachers is 95.75%.

A new picture was seen in our campus construction and service guarantee with the vigorous advancement of intelligent campus.

Our intelligent campus unified portal based on Huawei Cloud WeLink – “Yun Shang Hei Gong Shang” (雲上黑工商) platform was officially launched. Our digital business system encompassing “office collaboration, intelligent teaching, campus information, exchanges and communication” enabled “handling and management all within one network”. We pushed forward the digitalization of financial management to realize online approval through the financial OA system.

PROSPECTS

Market Overview

The Company is a large private formal higher education service provider in Heilongjiang Province, ranking top in the private education sector of the province. It has been growing rapidly over the last few years.

As of 31 August 2024, the State had successively issued many policy documents to support and encourage the development of education, including vocational and private education.

Policy documents that were published in recent years included the CPS's Overall Plan for Coordinately Advancing the Construction of World-Class Universities and First-class Disciplines, Implementation Plan for the Reform on National Vocational Education, Proposal of the Central Committee of the Communist Party of China and the State Council on Comprehensively Deepening the Reform of Teacher Force Construction in the New Era and China's Education Modernization 2035, which have established the top-level design and strategic deployment for the development of higher education in China.

In particular, 2021 witnessed a number of favourable policies for private and vocational education rolling out. In June 2021, the Vocational Education Law of the People's Republic of China (Revised Draft) was submitted to the National People's Congress for deliberation. The draft stated that "vocational education and general education have the same importance" and supported social forces to run schools. Decree No. 741 of the Implementing Regulations of the Law of the People's Republic of China on the Promotion of Private Education, which came into effect on 1 September 2021, expressly encourages enterprises to organise or participate in organizing private vocational schools through sole proprietorship, joint venture and cooperation in accordance with relevant laws. It also grants all private schools the right to change their sponsors regardless of their nature.

DEVELOPMENT STRATEGY

Development Direction and Targets

The school has firmly established the talent cultivation positioning of "fostering high quality application-oriented talents with a sense of patriotism, service dedication, innovation and entrepreneurship awareness, solid professional knowledge and skills, strong practical ability, great competence and all-round development in ethics, intellect, physique, aesthetics and hardwork"; adhered to the service orientation of "establishing foothold in Heilongjiang in the pursuit of nationwide presence, serving the regional economic and social development"; and defined the development target of "being a provincial first-class, nationally renowned and high-level application-oriented college with distinctive characteristics".

Development Plan

- Firstly: We will establish in-depth cooperation with international education groups to improve dual education and talent training model.
- Secondly: We will invest in vocational education and establish vocational colleges, education groups and school-enterprise integration bases in the Yangtze River Delta and Beijing-Tianjin-Hebei, gradually forming a new schooling model of school-enterprise integration.
- Thirdly: We will develop big health-related majors and sub-academies.
- Fourthly: We will develop a digital lifelong learning system, and create a "future learning centre" and a website featuring a wide selection of digital education.
- Fifthly: We will combine our leading majors with the Belt and Road Initiative, and actively promote education for foreign students.

In the future, the Company will develop systematic, multi-tiered and multi-dimensional operation of education services, scale up schooling step by step, and create values for Shareholders.

Progress of Transforming into a For-profit Private School

In accordance with the Implementation Rules for the Classification and Registration of Private Schools issued by the Ministry of Education and other four agencies and relevant documents, as well as the implementation opinion on “encouraging social forces to engage in education to promote the healthy development of private schools” announced successively in various provinces, Heilongjiang College of Business and Technology has made significant progress in its transformation into a for-profit school, and its application in this regard has been approved by the Ministry of Education. In compliance with relevant documents and policies to be issued by the competent education authorities, the school will firmly protect the legal rights and interests of students during the three-year transition period, complete the transfer of assets from non-profit to for-profit school, and enforce the property rights of legal entities. It will complete the procedures of credit and debt disposal, and renewal of teachers’ employment contracts and employment affiliation. The school will improve its operation and management plan during the transition period to achieve smooth non-profit to for-profit transformation.

Latest Regulatory Development

On 14 May 2021, the State Council published the 2021 Implementation Regulations, which became effective from 1 September 2021. The 2021 Implementation Regulations introduced significant changes to certain provisions of the 2004 Implementation Regulations and contain provisions governing the operation and management of private schools, which primarily include: (i) a private school may enjoy the preferential tax policies stipulated by the State and a non-profit private school may enjoy the same tax policies as a public school; and (ii) the local people’s governments shall grant preferential treatments in terms of land use by means of allocation in accordance with the principle of treating non-profit private schools equally as public schools, and for schools that provide education for academic credentials, may provide lands by means of bid invitation, auction or listing, assigning contracts, long-term lease or combination of sale as well as rental and may permit payment in instalments.

The 2021 Implementation Regulations stipulates further provisions of the operation and management of private schools, such as Heilongjiang College of Business and Technology. Among other things, (i) a non-profit private school shall use the accounts filed with the competent authorities for charging fees and financial transactions, and a for-profit private school shall deposit the income into a specific settlement account of its own; (ii) at the end of each financial year, a for-profit private school shall set aside a portion of not less than 10% of its audited annual net income, and a non-profit private school from its audited annual net increase in assets, as the development fund, which is to be used for the development of the school; (iii) private schools that provide compulsory education are not allowed to enter into transactions with their interested parties, and other private schools shall conduct transactions with their interested parties in a manner that is open, justified and fair, shall be reasonably priced, shall establish standardized decision-making for such transactions and shall not harm the interests of the State, schools, teachers and students. Private schools shall set up an information disclosure mechanism for dealing with their interested parties. The relevant governmental authorities, such as the education department, the human resources and social security departments and the financial departments, shall strengthen the supervision of the agreements entered into between non-profit private schools and their interested

parties, and shall review the connected transactions annually; (iv) the registered capital of a private school shall be paid in full when it is formally established and shall be compatible with the type, level and scale of the school; (v) any social organizations or individuals shall not control compulsory education private schools or non-profit private schools that implement preschool education through mergers or “structured contracts”; and (vi) for any change of school sponsor of a private school, an alteration agreement shall be entered into but shall not involve the legal property of the school, nor shall it affect the development of the school, or damage the rights and interests of teachers and students; the existing school sponsor may, in accordance with its lawful rights and interests, enter into agreements with the successional school sponsor to stipulate the income from the alteration.

With respect to requirement (iii) above, our contractual arrangements as disclosed under the heading of “Structured Contracts” in the Prospectus and the 2020 Annual Report may be regarded as connected transactions of Heilongjiang College of Business and Technology and we may incur substantial compliance costs for establishing disclosure mechanisms and undergoing reviewing by the relevant government authorities. Such process may not be in our control and may be highly complicated and burdensome and may divert management attention. Government authorities may, during their review process, compel us to make modifications to our contractual arrangements for whatever reason, which may in turn adversely affect the operation of our contractual arrangements. Government authorities may find that one or more agreements underlying our contractual arrangements do not comply with applicable PRC laws and regulations and may subject us to severe penalties, resulting in material adverse impact on our operation and financial condition.

Uncertainties remain with respect to the interpretation of the 2021 Implementation Regulations and we cannot assure you that the implementation of the 2021 Implementation Regulations by the competent authorities will not deviate from our current understanding or interpretation of it.

Furthermore, we are unable to predict with certainty the impact, if any, that future legislation or regulations relating to the implementation of the laws promoting private education in the PRC will have on our business, financial condition and results of operations. As at the date of this announcement, we had not been notified of or been subject to any material fines or other penalties under any PRC laws or regulations in respect of our Group’s existing corporate structure, including the use of our contractual arrangements. If our Group’s existing corporate structure or our contractual arrangements are deemed to violate any rules, laws or regulations, we may be required to terminate or amend our contractual arrangements, our license to operate private schools may be revoked, cancelled or not renewed and we may be exposed to other penalties as determined by the relevant government authorities. We may also be restricted from further expanding Heilongjiang College of Business and Technology or education network. If such situations occur, our business, financial condition and prospects would be materially and adversely affected.

As at the date of this announcement, our Directors considered that the potential impact of the 2021 Implementation Regulations on us includes the following:

- (i) our future acquisition may be subject to more stringent regulations. According to Clause 13 of the 2021 Implementation Regulations, any social organizations or individuals shall not control compulsory education private schools or non-profit private schools which offer preschool education through mergers or contractual arrangements. Therefore, we cannot assure you that such requirements will be always fulfilled successfully or in a timely manner or at all, which may bring more uncertainty to our expansion plan. Furthermore, we may not

be able to acquire compulsory education private schools or non-profit private schools which offer preschool education held by others using methods such as mergers or “contractual arrangements”;

- (ii) according to the 2021 Implementation Regulations, private schools that provide compulsory education are not allowed to enter into transactions with interested parties, while other private schools shall conduct transactions with their interested parties in a manner that is open, justified and fair, conducted at reasonable pricing, and subject to standardized decision-making established for such transactions and not harmful to the interests of the State, schools, teachers and students. Private schools shall set up an information disclosure mechanism for dealing with their Interested Parties. The relevant governmental authorities, such as the education department, the human resources and social security departments and the financial department, shall strengthen supervision over agreements signed between nonprofit private schools and their Interested Parties, and shall review connected transactions annually; and
- (iii) there are uncertainties regarding the interpretation and implementation of the 2016 Decision and the relevant regulations by government authorities, including the 2021 Implementation Regulations.

We may incur substantial compliance costs for establishing disclosure mechanisms and undergoing reviewing and audit by the relevant government authorities. Such process may not be in our control and may be highly complicated and burdensome. Government authorities may, during their review and audit process, compel us to make modifications to our contractual arrangements, or may find that one or more agreements underlying our contractual arrangements do not comply with applicable PRC laws and regulations and may subject us to administrative penalties. Pursuant to the Implementing Rules on Classification Registration of Private Schools, the rules for changing the registration type of private schools are to be formulated by the relevant provincial government in accordance with the relevant national legislation according to local conditions.

PRC laws and regulations relating to foreign ownership in the Education Industry

Higher Education

According to the Negative List, higher education is restricted for foreign investors, and foreign investors are only allowed to invest in higher education through cooperation with a domestic party who shall play a dominant role in the Sino-foreign cooperation, meaning that (a) the principal or other chief executive officer of the schools shall be a PRC national; and (b) the representatives of the domestic party shall account for no less than half of the total members of the board of directors, the executive council or the joint administration committee of the Sino-foreign cooperative educational institution (the “**Foreign Control Restriction**”). As confirmed by our PRC legal advisor, we have fully complied with the Foreign Control Restriction in respect of Heilongjiang College of Business and Technology on the basis that (a) its principal is a PRC national; and (b) all the members of its board of directors are PRC nationals.

Sino-Foreign Cooperation

In relation to the interpretation of Sino-foreign cooperation, pursuant to the Implementing Rules for the Sino-Foreign Regulation (《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 Heilongjiang College of Business and Technology to be reorganized as a Sino-foreign joint venture private school for PRC students at higher education institutions (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 that provides high quality education (the “**Qualification Requirement**”). Furthermore, pursuant to the Implementation Opinions of the MOE on Encouraging and Guiding the Entry of Private Capital in the Fields of Education and Promoting the Healthy Development of Private Education, the foreign portion of the total investment in a Sino-Foreign Joint Venture Private School should be below 50%. Our PRC legal advisor has advised that there are no implementing measures or specific guidance on the Qualification Requirement in accordance with the existing PRC laws and regulations but only general principles requiring school sponsor which applies for establishing a Sino-Foreign Joint Venture Private School shall have relevant qualification and be able to provide high quality education services.

Updates to the Plan to Comply With the Qualification Requirement

As disclosed in the Prospectus and the 2021 Annual Report, we have adopted a specific plan and have taken concrete steps which we believe are meaningful endeavors to demonstrate compliance with the Qualification Requirement. On 15 October 2019, Leader Education LLC was established in Chicago, Illinois and is an indirect wholly-owned subsidiary of the Company. Leader Education LLC plans to operate and manage a higher education institution (the “**US School**”) in the State of Illinois, US to be established, which is planned to provide programs focusing on business studies. On 21 February 2020, we filed a notice of intent for operation to the Illinois Board of Higher Education (“**IBHE**”). On 22 May 2020, we entered into a service agreement with an independent third party, with an aim to design the education program to be offered by the US School and submit applications with the IBHE regarding the establishment of the US School. Due to the spread of the COVID-19 in various countries around the world from 2020 to 2022, the Group’s progress in establishing the US School has been slow and was unable to advance in a timely manner. Although the COVID-19 came to an end in 2023, due to the increasingly complicated international environment, particularly the fierce international competition, our progress in establishing the US School has also been affected. Competition is emphasized in the education system of the United States. Keen competition can be seen both in terms of standardized examinations and courses, but we did not adopt a blind approach to proceed, which resulted in the failure of the establishment of the US School as scheduled. However, we will actively identify problems and continue to improve, hoping to complete the application for establishment of the US School as soon as possible.

EMPLOYEES AND REMUNERATION POLICY

As at 31 August 2024, the Group had 781 full-time employees and 127 part-time employees (as at 31 August 2023: 751 full-time employees and 183 part-time employees). The Company believes that attracting, recruiting and retaining high-quality employees is essential to the success and sustainability of the Group. The remuneration policy and package of the Group's employees are periodically reviewed in accordance with industry practice and financial results of the Group. The Group provides external and internal training programs to its employees. The Group participates in various employee social security plans for its employees that are administered by local governments, including housing, pension, medical insurance, maternity insurance and unemployment insurance. The total remuneration cost (including directors' fee) incurred by the Group for the year ended 31 August 2024 was RMB100.8 million (as at 31 August 2023: RMB87.4 million).

SUBSEQUENT EVENTS

As at the date of this announcement, there was no significant event subsequent to 31 August 2024.

CORPORATE GOVERNANCE CODE

The Company is committed to the establishment of good corporate governance practices and procedures with a view to being a transparent and responsible organization which is open and accountable to the Shareholders.

During the year ended 31 August 2024, except for the deviation noted below, the Company complied with the code provisions of the CG Code and, where appropriate, adopted the recommended best practices as set out in the CG Code.

(a) CG Code C.2.1

CG Code C.2.1 provides that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Liu Laixiang is currently both the Chief Executive Officer and Chairman of the Board. As Mr. Liu has been managing the business and in charge of the overall strategic planning of Harbin Xiangge since 2007 and Heilongjiang College of Business and Technology (including its predecessor) since 2011, the Board believes that vesting the roles and functions of both Chief Executive Officer and Chairman in the same person can ensure consistent leadership and efficient discharge of executive functions within the Group which is beneficial to the overall operation and management of our Group. The balance of power and authority is ensured by the operation of the senior management and the Board, both of which comprise experienced and high-calibre individuals. The Board comprises five other experienced and high-calibre individuals including two other executive Directors (excluding Ms. Dong Ling, who is Mr. Liu's spouse) and three independent non-executive Directors, who would be able to offer advice from various perspectives. For major decisions of our Group, the Board will make consultations with appropriate Board committees and senior management. The Group considers that the balance of power and authority of the Board will not be impaired under the present arrangement. Therefore, our Directors consider that the present arrangement is beneficial to and in the interest of our Company and our Shareholders as a whole.

Our Directors will continue to review and consider splitting the roles of chairman of our Board and the chief executive officer of our Company at an appropriate time if necessary.

(b) CG Code D.2.5

Under CG Code provision D.2.5, the Group should have an internal audit function. The Group conducted a review on the need for setting up an internal audit department. Having considered the Group's relatively simple operating structure, the Board considered that it shall be directly responsible for risk management and internal control systems of the Group. The Board, through the Audit Committee, had conducted a review on the risk management and internal control systems of the Group. The review covered material controls, including financial, operational and compliance controls and risk management functions of the Group. Appropriate measures have been put in place to manage the risks and no major issue was identified.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS OF LISTED ISSUERS

The Company has also adopted the Model Code set out in Appendix C3 of the Listing Rules as its code of conduct regarding securities transactions by the Directors. Having made specific enquiry with all Directors of the Company, all Directors confirmed that they have complied with the required standard set out in the Model Code regarding directors and supervisors' securities transactions during the year ended 31 August 2024.

AUDIT COMMITTEE

The Company established an Audit Committee with written terms of reference. The audit committee currently comprises three independent non-executive Directors, Mr. Chan Ngai Fan (陳毅奮先生), Mr. Zhang Su (張甦先生) and Mr. Cao Shaoshan (曹少山先生). Mr. Chan Ngai Fan is the chairman of the Audit Committee. The primary duties of the Audit Committee include but not limited to supervising our internal control, risk management, financial information disclosure and financial reporting matters. Their composition and written terms of reference are in line with the CG Code.

The Group's audited annual results for the year ended 31 August 2024 have been reviewed by the Audit Committee. The Audit Committee considered that the preparation of the relevant financial statements complied with the applicable accounting standards and requirements and that adequate disclosure has been made. The Audit Committee has also reviewed the accounting principles and practices adopted by the Group, and selection and appointment of the external auditors.

SCOPE OF WORK OF THE COMPANY'S AUDITOR

The figures in respect of the Group's consolidated statement of financial position as at 31 August 2024, consolidated statement of profit or loss and other comprehensive income for the year ended 31 August 2024 and the related notes thereto as set out in this announcement have been agreed by the Company's auditor to the amounts set out in the Group's consolidated financial statements for the year. The work performed by the Company's auditor, Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards in Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young on this announcement.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 August 2024.

FINAL DIVIDEND

The Board did not recommend the payment of a final dividend for the year ended 31 August 2024. There is no arrangement that a Shareholder has waived or agreed to waive any dividend.

ANNUAL GENERAL MEETING

The AGM will be held on 24 February 2025 and a notice convening the AGM will be published in due course.

CLOSURE OF THE REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from 19 February 2025 to 24 February 2025, both dates inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration by no later than 4:30 p.m. on 18 February 2025.

PUBLIC FLOAT

As at the date of this announcement, based on the information that is publicly available to the Group and to the best knowledge of the Directors, the Group maintained sufficient public float as the public Shareholders held not less than 25% of the issued share capital of the Group as required by the Listing Rules.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.leader-education.cn). The annual report for the year ended 31 August 2024 containing all the information required by Appendix 16 to the Listing Rules will be available on the same websites in due course.

DEFINITIONS

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

“AGM”	the annual general meeting of the Company
“Articles of Association” or “Articles”	the articles of association of the Company adopted by the Shareholders on 23 February 2024 and as amended, supplemented and otherwise modified from time to time
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Audit Committee”	the audit committee of the Company
“Board”	the board of directors of the Company
“BVI”	British Virgin Islands
“CG Code”	corporate governance code contained in Appendix C1 to the Listing Rules
“China” or “PRC”	the People’s Republic of China, excluding for the purpose of this announcement, Hong Kong, Macau and Taiwan
“Companies Act”	the Companies Act (2023 Revision) of the Cayman Islands and any amendments thereto or reenactments thereof for the time being in force and includes every other law incorporated therewith or substituted therefor
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Company”	Leader Education Limited (立德教育股份有限公司) (stock code: 1449), an exempted company incorporated in the Cayman Islands with limited liability on June 17, 2019
“Controlling Shareholders”	has the meaning ascribed thereto in the Listing Rules
“Director(s)”	the director(s) of the Company

“Group”, “our Group”, “we” or “us”	the Company, its subsidiaries 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
“Hanan Campus”	the campus of Heilongjiang College, located at North of Yucai Road, West Street of Limin Development Zone, Harbin City, Heilongjiang Province, the PRC, with aggregated gross site area of approximately 397,914.04 sq.m.
“Harbin Xiangge”	Harbin Xiangge Enterprise Management Ltd.* (哈爾濱祥閣企業管理有限公司), formerly known as Harbin Xiangge Zhiye Co., Ltd.* (哈爾濱祥閣置業有限公司), a limited liability company established under the laws of the PRC and is held as to 60% by Ms. Dong Ling and 40% by Mr. Liu Laixiang
“Heilongjiang College” or “school”	Heilongjiang College of Business and Technology (黑龍江工商學院), previously known as Chengdong College of Northeast Agricultural University* (東北農業大學成棟學院), a private regular undergraduate institution approved and established under the laws of PRC, of which the school sponsor’s interest is wholly owned by Harbin Xiangge and consisting of Songbei Campus and Hanan Campus
“HK\$” and “HK cents”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“IFRS”	the International Financial Reporting Standards (which include all International Financial Reporting Standards, International Accounting Standards and interpretations) issued by the International Accounting Standards Board
“Listing Rules”	the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange
“Model Code”	the model code for securities transactions by directors of listed issuers as set out in Appendix C3 of the Listing Rules
“Mr. Liu”	Mr. Liu Laixiang (劉來祥), the Chairman, the Chief Executive Officer, an executive Director and a Controlling Shareholder and the spouse of Ms. Dong
“Ms. Dong”	Ms. Dong Ling (董玲), an executive Director and a Controlling Shareholder and the spouse of Mr. Liu

“Negative List”	Special Administrative Measures for Access of Foreign Investment (Negative List) (2020) (《外商投資准入特別管理措施(負面清單)》)(2020年版) which was promulgated by the NDRC and the MOFCOM on June 23, 2020 and became effective on July 23, 2020
“Prospectus”	the prospectus of the Company dated 27 July 2020
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended and supplemented from time to time
“Share(s)”	ordinary share(s) of US\$0.01 each in the share capital of our Company
“Shareholder(s)”	the shareholder(s) of the Company
“Songbei Campus”	the Campus of Heilongjiang College, located at Xinxing Dongguang Village, Zhoujia Dongyue Village, Shuangcheng District, Harbin City, Heilongjiang Province with aggregated gross site area of approximately 144,095 sq.m.
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it in sections 15 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“%”	per cent.

By order of the Board of
Leader Education Limited
Liu Laixiang
Chairman of the Board

Harbin, Heilongjiang Province, PRC, 29 November 2024

As at the date of this announcement, the executive Directors are Mr. LIU Laixiang, Ms. DONG Ling, Mr. WANG Yunfu and Mr. CHE Wenge; and the independent non-executive Directors are Mr. ZHANG Su, Mr. CAO Shaoshan and Mr. CHAN Ngai Fan.