BOJUN

# BOJUN EDUCATION COMPANY LIMITED
# 博駿教育有限公司

*(Incorporated in the Cayman Islands with limited liability)*

Stock code : 1758

## 博學致遠 駿馳天下

## A knowledgeable Man Wins The Whole World

# 2024
## Annual Report

# CONTENTS



# COMPANY PROFILE

We are one of the leading private education service groups in Sichuan Province, the PRC, with a proven record of more than 23 years in the private education services sector. We operate our own kindergartens and high school and entered the vocational education sector through acquisitions. We also provide education management services to education institutions, including kindergarten management services and supplemental services, etc.. As at 1 September 2024, we operated two kindergartens, one high school and two vocational schools in Chengdu and Suining, Sichuan Province. As at 1 September 2024, we had an enrolment of 31,427 students supported by 2,240 employees, including over 1,700 full-time teachers.

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 deconsolidated the Affected Entities as at 31 August 2021. We have completed the acquisition of Winshare Vocational College and Zhengzhuo Vocational School as at 31 August 2023, thereby allowing us to enter into the private vocational education sector. Uptill now, our business principally involves operation of for-profit high schools and kindergartens, operation of vocational schools, and provision of education services to educational institutions.

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. 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. With increasing demand for quality private education from parents in the PRC, this 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)*
Mr. Lin Juncheng *(Chief executive officer)**
Ms. Tang Hui**

**Non-executive Director**

Mr. Wu Jiwei

**Independent Non-executive Directors**

Mr. Cheng Tai Kwan Sunny
Mr. Tao Qizhi**
Mr. Yang Yuchuan**

## AUDIT COMMITTEE

Mr. Cheng Tai Kwan Sunny *(Chairman)*
Mr. Tao Qizhi**
Mr. Yang Yuchuan**

## NOMINATION COMMITTEE

Mr. Wang Jinglei *(Chairman)*
Mr. Tao Qizhi**
Mr. Yang Yuchuan**

## REMUNERATION COMMITTEE

Mr. Tao Qizhi *(Chairman)***
Mr. Yang Yuchuan**
Mr. Cheng Tai Kwan Sunny**

## 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. 239 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://www.bojuneducation.com/

## INVESTOR RELATIONS

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

* With effect from 4 July 2024
** With effect from 5 September 2024

# 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 2020 RMB'000[(1)] | 2021 RMB'000[(2)] | 2022 RMB'000[(2)] | 2023 RMB'000[(2)] | **2024 RMB'000[(2)]** |
|---|---|---|---|---|---|
| Revenue | 375,740 | – | 33,604 | 81,305 | **429,763** |
| Gross profit | 104,411 | (23,699) | 16,766 | 11,919 | **204,899** |
| (Loss)/profit for the year | 15,242 | (629,017) | (9,403) | 51,047 | **(40,308)** |
| Adjusted net loss [(3)] | 15,760 | (82,690) | (9,403) | (34,601) | **(40,308)** |
| (Loss)/profit for the year attributable to owners of the Company | 9,100 | (629,017) | (9,403) | 51,047 | **(39,566)** |
| Basic (loss)/earnings per share (RMB cents) | 1.05 | (76.54) | (1.14) | 6.21 | **(4.38)** |

| Financial ratio | For the year ended 31 August 2020 | 2021 | 2022 | 2023 | **2024** |
|---|---|---|---|---|---|
| Gross profit margin | 27.8% | N/A | 49.9% | 14.7% | **47.7%** |
| Net (loss)/profit margin | 4.1% | N/A | (28.0%) | 62.8% | **(9.4%)** |
| Adjusted net (loss)/profit margin | 4.2% | N/A | (28.0%) | (42.6%) | **(9.4%)** |

Notes:

(1) Financial results for continuing and discontinued operations.

(2) Financial results for continuing operations.

(3) The adjusted net (loss)/profit margin, which is unaudited in nature, is presented because our management believes such information will be helpful for investors in assessing the level of our earnings 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 HKFRSs, which is loss 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 2020 RMB'000 | 2021 RMB'000 | 2022 RMB'000 | 2023 RMB'000 | **2024 RMB'000** |
|---|---|---|---|---|---|
| Non-current assets | 1,742,966 | 886,787 | 877,072 | 3,417,455 | **3,605,518** |
| Current assets | 463,435 | 308,974 | 292,034 | 645,949 | **410,168** |
| Current liabilities | 854,485 | 227,601 | 115,666 | 1,598,415 | **1,230,246** |
| Net current (liabilities)/assets | (391,050) | 81,373 | 176,368 | (952,466) | **(820,078)** |
| Total assets less current liabilities | 1,351,916 | 968,160 | 1,053,440 | 2,464,989 | **2,785,440** |
| Non-current liabilities | 496,586 | 884,136 | 874,175 | 1,919,714 | **2,270,381** |
| Capital and reserves | 855,330 | 84,024 | 179,265 | 237,680 | **198,406** |
| Property, plant and equipment | 1,311,630 | 658,889 | 665,775 | 2,671,943 | **2,761,043** |
| Bank balances and cash | 426,772 | 93,214 | 155,072 | 346,553 | **225,803** |
| Contract liabilities | 369,348 | 7,296 | 36,810 | 277,041 | **293,360** |
| Borrowings | 416,500 | 179,000 | 160,120 | 1,507,273 | **1,496,779** |

| Financial ratio | As at 31 August 2020 | 2021 | 2022 | 2023 | **2024** |
|---|---|---|---|---|---|
| Current ratio | 0.54 | 1.36 | 2.52 | 0.40 | **0.33** |
| Gearing ratio (Note) | 48.7% | 213.0% | 89.3% | 276.4% | **290.6%** |

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

| Cash flows | For the year ended 31 August 2020 RMB'000 | 2021 RMB'000 | 2022 RMB'000 | 2023 RMB'000 | **2024 RMB'000** |
|---|---|---|---|---|---|
| Net cash from operating activities | 125,515 | 127,681 | 25,855 | 13,117 | **175,255** |

# 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 2024.

## RESULTS OVERVIEW

Compared with the corresponding period in the previous year, the Group's total revenue for the year ended 31 August 2024 amounted to approximately RMB429.8 million. Loss for the year amounted to approximately RMB40.3 million, representing a decrease of RMB91.3 million as compared to the profit of approximately RMB51.0 million for the year ended 31 August 2023.

## SUMMARY OF BUSINESS

We have been running private schools in Sichuan Province, China for more than 23 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 31 August 2023, the Group completed the acquisition of 51% equity interest in School Sponsors of two vocational schools, and has control over and would derive economic benefits from such entities and their subsidiaries. As at 1 September 2024, we had a student enrolment of 31,427. Our Suining Campus of Winshare Vocational College is still under construction. With the completion of the campus, the college's enrolment will steadily increase.

"Provide quality education with philanthropism" (以博愛情懷，辦品質教育) is the instructional goal for kindergartens. For high schools, 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.

Winshare Vocational College is committed to "innovating talent training models and highlighting the characteristics of higher vocational education" by reforming the traditional school operating models and optimising professional offerings that are in line with regional industrial policies, to better adapt to the market demands for talents. It values cooperative relationships between schools and enterprises and has cooperated with dozens of new partners to promote coordinated talent cultivation through production and education as well as professional school-enterprise cooperation. Its graduates have been widely accepted by cooperative enterprises. It plans to continue to improve the overall operating conditions and expand the enrolment scale, in the aim of establishing itself as a national level demonstrative vocational college. Zhengzhuo Vocational School provides full-time secondary vocational education services which is oriented to cover both fields of employment and further studies. It not only formulates professional training programs according to market demands, but also allows students to pursue higher education in Winshare Vocational College or vocational undergraduate schools upon graduation, to ultimately enhance their vocational school.

## 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.

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 four connected kindergartens. We will also actively participate in the "autonomous right to operate and hire, with funds allocated by the government" (兩自一包) project in local areas to provide custody services to public schools, with a view of enhancing their capabilities in management, teaching and research.

In recent years, the market economy and economic restructuring in the PRC are accelerating, and the demand for technically skilled personnel in various industries has become increasingly pressing. Vocational education, as a development project supported by the government, is considered an important development opportunity for private education. The government issued a number of documents providing comprehensive and specific guidelines, aiming to deepen the construction of the vocational education system and cultivate more high-quality technicians and skilled talents to support the overall development of the nation's economy and society.

With the gradual completion of the construction of our new campus and the continuous improvement of the operating conditions, Winshare Vocational College will expand its enrolment scale year by year. Winshare Vocational College has conducted exchanges and cooperation with various universities in China and abroad, and has established good school-enterprise cooperation relationships with more than 1,000 large and medium-sized enterprises and institutions. It endeavours to keep raising the college-running standards, and promote itself as the number one in the southwest region and one of the most influential vocational education institutions in the country.

Looking forward, we will strengthen our investment in our vocational school business. On one hand, we will optimise our professional offerings and facilitate integration of education with key industries in the region to foster high-quality talent cultivation and promote the development of our existing vocational schools. On the other hand, we will actively explore suitable targets in the vocational education field to expand our vocational education business.

## 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*

Chengdu, the PRC, 17 December 2024

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

### Our Schools

We are a leading private education service group in Sichuan Province, the PRC, with a proven record of more than 23 years in the private education services sector. We operate our own kindergartens and high schools and has completed the acquisition of Winshare Vocational College and Zhengzhuo Vocational School on 31 August 2023 to have control over and derive economic benefits from such entities and their subsidiaries, thereby allowing the Group to enter into the vocational education.

In July 2024, the Group decided to close Lidu Kindergarten due to significant decreases in birth rates and the number of school-age children. The deregistration of Lidu Kindergarten is in progress as at the date of this report. Meanwhile, we will pay close attention to the development of macro-economy and regional opportunities to expand private for-profit kindergarten business.

As at the date of this report, the Group comprises one high school, two kindergartens and two vocational schools.

The following sets out the types of education provided by each of our schools as at 31 August 2024:

| | Kindergarten(s) | High school(s) | Vocational school(s) |
|---|---|---|---|
| Winshare Vocational College | | | ✓ |
| Zhengzhuo Vocational School | | | ✓ |
| Tianfu High School | | ✓ | |
| Riverside Kindergarten | ✓ | | |
| Lidu Kindergarten | ✓ | | |

Winshare Vocational College is a full-time common higher education institute approved by the Provincial Government of Sichuan Province and has registered with the Ministry of Education. It was established in March 2013 and is mainly engaged in the provision of higher vocational education. It is one of the first provincial civilized campuses and modern apprenticeship pilot colleges in Sichuan Province. The college currently has two campuses in Chengdu and Suining, covering an area of over 2,580 acres and a gross floor area of over 700,000 square metres. There are six secondary colleges including education, nursing, information, management, intelligent manufacturing and international cooperation. And 43 courses are offered including preschool education, early childhood education, nursing, numerical control technology and industrial robot technology, with a current enrolment of over 26,000 students.

Zhengzhuo Vocational School is engaged in full-time secondary vocational education offering opportunities entering to full-time higher vocational education, junior college and undergraduate college as well as study abroad. The college has a long history dated from 1993, spanning 30 years with rich experience in education and having nurtured 390,000 graduates. The school locates in the same area as the Chengdu campus of Winshare Vocational College, sharing teaching staff, equipment and other resources.

Tianfu High School, established in 2021, is located in the Tianfu New Area, covering nearly a hundred acres, with current enrolment of over a thousand students and over 150 teaching staff. Leveraging on the experience of the Group, the vitality of the Tianfu New Area, the cultural heritage of Chengdu and the good reputation of Shiyi (師一) Brand, Tianfu High School consistently positions itself as a practitioner, guardian and explorer of a high-quality high school oriented towards the future. It has a high starting point and will strive to make it a first-class high school in the area, a well-known one in the province and gaining national reputation in a short period. The school has achieved remarkable results in various examinations, ranking among the top performers in the Chengdu exams, the Rongcheng joint exams for the renowned schools and the Tianfu New Area exams.

## Our Students

As at 1 September 2024, we had an enrolment of 31,427 students, including 65 kindergarten students, 1,076 high school students and 30,286 vocational school students.

| Number of students by school sections | Student Enrolment As at 1 September 2024 | 2023 | Change | Change in percentage |
|---|---|---|---|---|
| High school | **1,076** | 965 | 111 | 11.5% |
| Kindergarten[(i)] | **65** | 187 | (122) | (65.2%) |
| Vocational school | **30,286** | 32,234 | (1,948) | (6.0%) |

Note(s):

(i) The student enrolment information was based on the internal records of our school. The decrease in the number of kindergarten enrolment is attributable to the closure of Lidu Kindergarten in September 2024 due to the significant decrease in birth rates and the number of school-age children.

## School utilisation rate

The utilisation rate of our schools is affected by a number of factors, such as the number of applications received by our schools, the availability of our facilities, the promotion strategies of our student enrolment and competition from public and private schools in Chengdu. The following table sets forth information relating to student capacity and school utilisation rates of our schools by type as at the dates indicated:

| Type of school | Students capacity[(i)] | | School utilisation rate[(ii)] | |
|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 |
| High school | **1,500** | 1,500 | **71.7%** | 64.3% |
| Kindergarten | **100** | 295 | **65.0%** | 63.4% |
| Vocational school | **42,270** | 42,270 | **71.6%** | 76.3% |
| Total | **43,870** | 44,065 | **71.6%** | 75.8% |

Notes:

(i) For high schools, the student capacity is calculated based on the number of classrooms (excluding special-purpose classrooms) in each school and the number of students that each classroom can accommodate or the capacity of the student dormitories. For kindergartens, the student capacity is calculated based on the number of classrooms (excluding special-purpose classrooms) of each kindergarten and the class size determined by our Group with reference to the maximum number of students to be accommodated by each classroom for first-tier kindergartens as stipulated by education authorities in Chengdu. For vocational schools, the student capacity is calculated based on the number of classrooms (excluding special-purpose classrooms) in each school and the number of students that each classroom can accommodate.

(ii) The school utilisation rate is calculated by dividing the number of students enrolled at a school by the capacity for students of the school.

### Tuition and boarding fees

For high schools, our annual tuition fees for the 2023/2024 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 2022/2023 school year. For kindergartens, our annual tuition fees for the 2023/2024 school year ranged from RMB44,160 to RMB46,560 per student. The fees charged remained unchanged when compared to the 2022/2023 school year.

For vocational schools, the tuition fees for the 2023/2024 school year charged by Winshare Vocational College ranged from RMB13,500 to RMB14,000, while boarding fees ranging from RMB1,400 to RMB3,300 per school year was charged. The fees charged remained unchanged as compared to the 2022/2023 school year. The tuition fees charged by Zhengzhuo Vocational School ranged from RMB4,150 to RMB4,250, while boarding fees amounted to RMB1,000 per school year was charged. The fees charged remained unchanged as compared to the 2022/2023 school year.

In general, our high school has an increase in tuition fees every three years to reflect increase in our operating costs. Meanwhile, there has been an increase in the operating costs of our kindergartens and we have made slight upward adjustment to the tuition fees, so that we can maintain our competitiveness in the preschool market. The tuition fees of the newly acquired vocational schools are also adjusted in accordance with market conditions, among which the tuition fees standard of the vocational schools has been implemented since 2019. On 15 May 2020, the Education Department of Sichuan Province* (四川省教育廳) and two other departments jointly issued the "Notice on Improving the Price Management of Private High Schools in and Strengthening Post-operational Oversight in our Province" (《關於完善我省民辦高校價格管理方式加強事後監督的通知》), which stated that non-profit private high schools should, in principle, adjust their tuition fees for degree education at intervals of not less than three full school year. Our vocational schools will adjust the tuition fees in a timely manner in accordance with the requirements stated in the said notice, taking into account other relevant factors.

## OUR OBJECTIVES IN EDUCATION

Our schools adhere to the concepts of "Fusion of Chinese and Western, Combination of Arts and Science" (融貫中西，文理並蓄), "Learn Intently in Pursuit of Knowledge and Caring for the World" (靜學問道，天下關懷) and "Provide quality education with philanthropism" (以博愛情懷，辦品質教育). 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 course design. We follow the trend of education and provide education services that adapts to the development of students. We believe our high quality education services facilitate the development of our students' skills in communication, creativity and collaboration, and thereby help them acquire academic excellence and other achievements.

Our vocational schools adhere to the philosophy of "Governing the School According to the Law, Establishing the School with Morality; Establishing the School based on Market Demand, and Developing the School with Characteristics; Strengthening the School with Quality, and Promoting the School with Culture" (依法治校，以德譽校；市場立校，特色興校；品質強校，文化弘校), and establishes modern schools with modern educational ideas and concepts. We cultivate modern people who are fully adapted to the development and competition of modern society, follow the rules of education, and follow the laws of economics to achieve the perfect combination of social and economic benefits. With the goal of "creating innovative talent training model and highlighting the characteristics of higher vocational education" (創新人才培養模式，突出高職辦學特色), we actively reform the traditional school-management practice, and efficiently meet the market demand for talents.

## EDUCATION MANAGEMENT SERVICES

Since 2001, Sichuan Boai and Chengdu Youshi 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.

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. With affiliated kindergartens, the Group is also entrusted with provision of kindergarten teaching staff. During the reporting period, the Group provides kindergarten education management services to four connected kindergartens.

## OUTLOOK

### Development Trends in the Private Education Industry in the PRC

With the economic development of the PRC, substantial changes in population structure has occurred. Development trends in the private education industry in the PRC are as follows:

1. Decrease in the overall number and proportion of private schools and students enrolled in the schools. In 2023, there were a total of 167,000 private schools of all levels and types in the PRC, representing a decrease of 11,092 as compared to the previous year and a decrease in the percentage over total number of schools of all levels and types nationwide from 34.4% to 33.6%. The number of students enrolled was 49.4 million, representing a decrease of 3.4 million as compared to the previous year and accounting for 17.0% of the total number of students enrolled in schools of all levels and types nationwide.

2. Decrease in the number and proportion of private schools at the preschool and compulsory education levels. There were 149,500 private kindergartens, representing a decrease of 11,013 as compared to the previous year and a decrease in the percentage over the total number of kindergartens nationwide from 55.5% to 54.5%. The total number of children enrolled in kindergartens was 17.9 million, representing a decrease of 3.4 million as compared to the previous year and a decrease in the percentage over the total number of children enrolled in kindergartens nationwide from 46.0% to 43.8%. There were 10,000 private schools at the compulsory education level, representing a decrease of 425 as compared to the previous year and a decrease in the percentage over the total number of schools at the compulsory education level nationwide from 5.23% to 5.2%. The number of students enrolled was 12.2 million, representing a decrease of 1.3 million as compared to the previous year.

3. Increase in the number and proportion of private high schools, vocational schools and vocational colleges. There were 4,567 private high schools, representing an increase of 267 as compared to the previous year and accounting for 29.7% of the total number of high schools nationwide. There were 2,128 vocational schools, representing an increase of 55 as compared to the previous year and an increase in the percentage over the total number of vocational schools nationwide from 28.8% to 30.0%. There were 374 vocational colleges, representing an increase of 24 as compared to the previous year and an increase in the percentage over the total number of vocational colleges nationwide from 23.5% to 24.2%.

With the implementation of the "Double Reduction Policy" and the continued encouragement and support of vocational education and higher education in China, it is expected that there will be a more active and positive policy environment in the future. At the same time, with 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), the uncertainty of the domestic private vocational education and higher education market policy has largely been eliminated. The government has launched a number of policies to support vocational education, which is favourable to private higher education in the reform stage of vocational education. With the increase in tertiary education enrolment and the growth in the number of students enrolled in tertiary education driven by the reform of vocational education, the market outlook for private vocational education and higher education industry is promising.

## Government Support for Development of 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 PRC* (《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. On 21 December 2022, 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 Deepening the Reform of the Construction of the Modern Vocational Education System* (《關於深化現代職業教育體系建設改革的意見》). On 14 July 2023, the General Office of the Ministry of Education issued the Notice on Key Tasks to Accelerate the Construction Reform of the Modern Vocational Education System* (《關於加快推進現代職業教育體系建設改革重點任務的通知》). A series of government initiatives in recent years show the degree of importance the Party and the State attach to vocational education. The PRC 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 demands 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 demands has never been satisfied. The development of vocational education is related to employment, people's welfare and social stability, so the future policy direction of the vocational education will certainly be favourable, allowing vocational education to develop in a more regulated, rational and progressive manner.

Financial investment and support from the government to vocational education has been strengthened with a substantial increase in infrastructure construction, teaching innovation and the integration of vocational education with industry etc. Meanwhile, the government is exploring to establish a diverse subsidy policy for students. The government is also strengthening policy guidance and planning. Accordingly, vocational education has been included in the national economic and social development plan, in which the goal is to build a more regulated system to improve its qualities and recognition. Integration of education with industry, school-enterprise cooperation, boosting vocational college entrance exam for expansion of enrolment scale of vocational undergraduate education, as well as special field engineer training programme etc. are policies to meet the goal. These supportive measures are all aimed at promoting high-quality development of vocational education, enhancing the quality of human resources, satisfying social demand for skilled personnel, and strengthening overall economic and social competitiveness of the PRC.

In the future, vocational education will take on important roles in nurturing diverse talents, maintaining crafts and skills as well as promoting employment and entrepreneurship, which will make it an indispensable part of the national education system. Vocational education institutions should insist on technology-empowered, learner-centered and quality-driven guidelines 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 part 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 cooperate with vocational institutions to resolve the conflict between supply and demand for highly skilled talents. Vocational education will embrace tremendous opportunities for development from the policies and demand.

## OUR BUSINESS DEVELOPMENT STRATEGIES AND PLANS

### Increase Investments in the Operation of Vocational Education Schools

As the PRC enters a new stage of development, the speed 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 vocational education, as a development project supported by the government, will be an important development and investment opportunity for private education. On 21 December 2022, 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 Deepening the Reform of the Construction of the Modern Vocational Education System* (《關於深化現代職業教育體系建設改革的意見》). The Opinions provide comprehensive and specific guidelines for the future reform and development of vocational education from concept revamping to system construction, aiming to deepen the construction of the vocational education system, cultivate more high-quality technicians and skilled talents, and serve the comprehensive development of the nation's economy and society. On 14 July 2023, the General Office of the Ministry of Education issued the Notice on Key Tasks to Accelerate the Construction Reform of the Modern Vocational Education System* (《關於加快推進現代職業教育體系建設改革重點任務的通知》). The Notice has accelerated the process of construction reform of the modern vocational education system, and clarified the next development direction in terms of integrating resources, in-depth integration and quality improvement, and guidance for the construction of a new mechanism for the development of high-quality vocational education through Central-regional interaction, regional linkage, and collaboration between government, administration, enterprises, and schools.

The Group has completed the acquisition of Winshare Vocational College and Zhengzhuo Vocational School on 31 August 2023, thereby operating two vocational schools of high quality and standard. Looking forward, we will strengthen our investment in our vocational school business by the following means:

(i) establishing a curriculum of "New Engineering, New Medicine and New Liberal Arts" that is specific to our schools while embracing the core value of "cultivating talents with morality first" so as to develop a new "all-staff, whole-process and comprehensive" model of talent cultivation. We will comprehensively modify the standard of our curriculum according to the practical requirements of industrial development and fully integrate concepts including industry-education integration, digital empowerment, innovative entrepreneurship, craftsmanship, career education and labor education into our talent cultivation process;

(ii) promoting adjustment of professional offerings according to industrial development dynamics as well as precise alignment and in-depth integration of professional offerings with key industries in the region, thereby creating a professional development direction with "accurate positioning and distinctive features";

(iii) enhancing the quality of skill-oriented and employment-oriented student cultivation. We will create focus courses in cooperation with leading enterprises to enhance the employability of students. We will also continue to fully promote "1 + X" certificate pilot majors and skills competitions to strengthen the adaptability of vocational education and effectively enhance the competitiveness of students in the job market;

(iv) establishing connection with leading enterprises and strengthening the new talent cultivation model of industry-education integration. Our schools adhere to the regional strategy of Chengdu-Chongqing Economic Circle. We take the initiative to connect with industrial leaders, industrial chain, and innovation chain and build up a long-term mechanism for school-enterprise cooperation, so as to promote talent cultivation that precisely meets the needs of the industry and enterprises;

(v) strengthening our scientific research team and enhancing the quality of our research results to elevate the quality and effectiveness of our teaching and learning through scientific research.

The Group plans to expand the scale of operation of Winshare Vocational College and strive to establish a national model higher vocational college. A new campus under construction is expected to be completed by end of 2025, and will be able to accommodate 75,000 students. In the 15th Five-Year Plan for the development of national education, Winshare Vocational College was established as a vocational undergraduate college to realise the vertical integration of “secondary vocational school — higher vocational school — vocational undergraduate school”, and build a modern vocational education and training system. Efforts will be made to improve the level of school-running, promoting the college as the number one in the southwest region, and the most influential vocational education group in the country.

Zhengzhuo Vocational School will optimise its professional offerings and formulate professional talent cultivation programmes according to market demand. Zhengzhuo Vocational School is oriented towards employment and further studies, and students can continue to study in Winshare Vocational College or vocational undergraduate schools upon graduation to enhance their vocational skills. With the gradual completion of the construction of the Suining Campus and the continuous improvement of the operating conditions, Zhengzhuo Vocational School will also expand its enrolment scale year by year.

The Group also intends to acquire other vocational colleges of a certain scale when opportunities arise. As at the date of this report, there is no concrete acquisition target identified.

### School-running with characteristics and high-standards and improves campus utilisation rate

The Group set out to build its own characteristic education and advantageous subjects to attract students. At the same time, we provide internship opportunities through cooperation with enterprises and organisations and offer courses that meet market demand, to ensure that students would receive education closely linked with employment. Another major factor is improving the quality of education, including adopting modern teaching methods, improving the qualities of teachers, improving campus facilities, and providing comprehensive support and services to students. External publicity is also crucial, such as increasing exposure through social media and organising events such as open days to build up the school brand. Finally, schools should maintain the competitiveness of their course content and teaching quality through continuous evaluation and improvement of educational services to meet the ever-changing educational and market needs. Through these measures, schools can not only increase their attractiveness and competitiveness, but also ensure the efficient use of resources to provide students with a valuable educational experience. We believe that through the Group’s unique and high-quality school-running measures, the number of students enrolled will steadily increase in the next few years.

### Further engagement in the business of provision of education management

The Group has been highly engaged in the education sector for many years, and has spared no effort in establishing the "Shi Yi (師一)" (formerly known as No. 1 High School Attached to Sichuan Normal University (師大一中)) education brand and "Youshi Kindergarten" nursery education brand. The Group currently operates four schools[i] under the "Shi Yi" education brand in Chengdu, with a total of nearly 10,000 students and more than 1,000 teaching staff. The brand is recognised as one of the "Top Five Brands (五朵私花)" of private schools in Chengdu.

Leveraging on its quality education resources and brand influence in nursery education and compulsory education, the Group has cooperated with four kindergartens to offer its quality education management content and experience, and will actively seek opportunities to cooperate with other public or private schools to offer its education management services and experience, so as to work hand in hand with the partners to establish high quality schools.

Note:

(i) The schools are Chengdu Jinjiang Shiyi School (成都市錦江區師一學校), Chengdu Longquanyi Shiyi Secondary School (成都市龍泉驛區師一中學校), Sichuan New Tianfu District Shiyi School (四川天府新區師一學校) and Tianfu High School respectively. The Group has lost control over the first three schools due to the Private Education Promotion Law. For details, please refer to the 2022 annual report of the Company.

### Environment, Health and Safety

During the reporting period, the Group has complied with applicable environmental laws and regulations of the PRC.

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 2024.

## 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》) (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 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 Group will closely follow up the development of the Implementation Regulations and continuously assess the possible impact on the Group after its implementation. Meanwhile, the Group 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.

### Foreign Investment Law of the PRC* (《中華人民共和國外商投資法》)

On 15 March 2019, the National People's Congress of the PRC has passed and promulgated the Foreign Investment Law of the PRC (the "Foreign Investment Law"), 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 four situations that should be recognised as foreign investment. The Foreign Investment Law did not explicitly mention "actual control" and "contractual arrangement". Nonetheless, it cannot be ruled out whether further laws and regulations will stipulate the subject in the future. Therefore, there are still uncertainties as to whether the structure under the contractual arrangement will be included in the scope of foreign investment supervision in the future, and if so, how it will be supervised. As at the date of the announcement, the Company's operations have not been affected by the Foreign Investment Law. The Company will closely monitor developments in regards to the Foreign Investment Law and related laws and regulations.

### Private Education Promotion Law of the PRC* (《中華人民共和國民辦教育促進法》)

The newly revised Private Education Promotion Law of the PRC that was implemented on 29 December 2018 states that the State encourages all sectors of society to establish private schools in accordance with the law, and has issued a series of documents to further regulate and support the development of private education. The main point of the regulations is that private schools can choose to register as non-profit or for-profit, and it stipulates the procedural framework that different types of schools should follow. In order to further implement the above regulations, the government and relevant competent authorities where the Group operates its schools have issued the Implementation Measures for Classification and Registration of Private Schools in Sichuan Province* (《四川省民辦學校分類登記實施辦法》) on 2 May 2018, which became effective on 1 June 2018 and is valid for 5 years. The Implementation Measures are mainly to follow the Central Government's decision, actively promote the reform of private education classification, and actively and steadily advance the classification and registration management work of private schools across the province, to support and encourage different social entities to establish education institutions, and promote and standardise the healthy development of private education. As of the date of this report, the Group's kindergartens and high schools have completed the classification and registration, and the remaining schools under the Group have not yet started the classification and registration procedures. Due to certain uncertainties in the interpretation and application of the above regulations and the fact that the Implementation Measures are no longer effective the remaining private schools under the Group will continue to pay attention to the abovementioned as well as changes in other relevant laws and regulations, and will complete the classification and registration at the appropriate time.

## FINANCIAL REVIEW

### Revenue

We derive revenue from tuition fees and boarding fees charged by our schools as well as fees charged for education consultancy and management service. The following table sets forth the breakdown of major components of the revenue for the years indicated:

| | For the year ended 31 August | | | | | |
|---|---|---|---|---|---|---|
| | **2024** | | 2023 | | | |
| | **RMB'000** | **Percentage of total revenue %** | RMB'000 | Percentage of total revenue % | Increase/ (Decrease) | % |
| Tuition fees and boarding fees | **413,259** | **96.2%** | 44,724 | 55.0% | 368,535 | 824.0% |
| Education consultancy and management service fees | **16,504** | **3.8%** | 36,581 | 45.0% | (20,077) | (54.9%) |
| Total | **429,763** | **100.0%** | 81,305 | 100.0% | 348,458 | 428.6% |

Revenue increased by approximately RMB348.5 million (or 428.6%) from approximately RMB81.3 million for the year ended 31 August 2023 to approximately RMB429.8 million for the year ended 31 August 2024. The increase was mainly due to the increase in tuition fees and boarding fees as a result of the increase in the total student enrolment. The increase was mainly due to the completion of the Acquisition by the Group on 31 August 2023. The vocational education segment recorded income of approximately RMB363.3 million for the year ended 31 August 2024. For vocational schools, the Winshare Vocational College recorded the average student enrolment of over 26,000 for the year ended 31 August 2024, and the tuition fees for the 2023/2024 school year charged by the Winshare Vocational College ranged from RMB13,550 to RMB14,000 per student, while boarding fees ranging from RMB1,400 to RMB3,300 per student per school year were charged. The Zhengzhuo Vocational School recorded student enrolment of over 6,000 for the year ended 31 August 2024, and the tuition fees charged by the Zhengzhuo Vocational School ranged from RMB4,150 to RMB4,250 per student, while boarding fees of approximately RMB1,000 per student per school year were charged. Student enrolment recorded of Tianfu High School for 2023/2024 school year increased from 576 to 967 which contributed to an increase of approximately RMB15.8 million in tuition fees and boarding fees as compared with the same period last year.

### Costs of Services

Our costs of services primarily consist of staff costs, depreciation, canteen operating cost, office expenses, rental expenses and other costs. For the year ended 31 August 2023 and 2024, costs of services represented approximately 52.3% and 85.3% of our total revenue, respectively. The following table sets forth a breakdown of the major components of our costs of services for the years indicated:

| | | For the year ended 31 August | | | |
|---|---|---|---|---|---|
| | | **2024** | 2023 | Increase/ | Change in |
| | | **RMB'000** | RMB'000 | (Decrease) | percentage |
| Staff costs | (i) | **83,861** | 37,705 | 46,156 | 122.4% |
| Cost of student learning activities | (ii) | **10,315** | 349 | 9,966 | 2,855.6% |
| Amortisation and depreciation | (iii) | **90,048** | 3,324 | 86,724 | 2,609.0% |
| Office expenses | | **129** | 277 | (148) | (53.4%) |
| Repair and maintenance | | **3,841** | 726 | 3,115 | 429.1% |
| Utilities expenses | | **9,646** | 987 | 8,659 | 877.3% |
| Training expenses | | **335** | 133 | 202 | 151.9% |
| Canteen operating cost | (iv) | **8,805** | 21,127 | (12,322) | (58.3%) |
| Leasing | | **3,433** | 1,619 | 1,814 | 112.0% |
| Others | | **14,451** | 3,139 | 11,312 | 360.4% |
| **Total** | | **224,864** | 69,386 | 155,478 | 224.1% |

The cost of services increased by approximately RMB155.5 million (or 224.1%) from approximately RMB69.4 million for the year ended 31 August 2023 to approximately RMB224.9 million for the year ended 31 August 2024. The increase was mainly due to the completion of the Acquisition by the Group on 31 August 2023. Financial results of the period include operating costs in relation to Winshare Vocational College and Zhengzhuo Vocational School.

(i) Staff costs increased by approximately RMB46.2 million (or 122.4%) from approximately RMB37.7 million for the year ended 31 August 2023 to approximately RMB83.9 million for the year ended 31 August 2024. The significant increase of costs was due to the increase in the number of employees. Sichuan Zhengzhuo owned two vocational schools. These two schools have more than 1,900 teachers.

(ii) Cost of student learning activities increased by approximately RMB10.0 million (or 2,855.6%) from approximately RMB0.3 million for the year ended 31 August 2023 to approximately RMB10.3 million for the year ended 31 August 2024. Cost of student learning activities mainly includes costs of practical social trainings arranged by vocational institutions for their students.

(iii) Amortisation and depreciation increased by approximately RMB86.7 million (or 2,609.0%) from approximately RMB3.3 million for the year ended 31 August 2023 to approximately RMB90.0 million for the year ended 31 August 2024. Winshare Vocational College currently owns two campuses, with area of more than 2,580 acres. The gross floor area is more than 700,000 square metres.

(iv) Canteen operation cost decreased by approximately RMB12.3 million (or 58.3%) from approximately RMB21.1 million for the year ended 31 August 2023 to approximately RMB8.8 million for the year ended 31 August 2024, mainly due to the accordingly decrease of the canteen operation income.

### Gross profit and gross profit margin

The following table sets forth the breakdown of the gross profits and gross profit margins for the years indicated:

| | For the year ended 31 August | | | | | |
|---|---|---|---|---|---|---|
| | 2024 | | | 2023 | | |
| | Segment revenue RMB'000 | Gross profit RMB'000 | Gross profit margin % | Segment revenue RMB'000 | Gross profit RMB'000 | Gross profit margin % |
| Tuition fees and boarding fees | 413,259 | 201,897 | 48.9% | 44,724 | 8,028 | 18.0% |
| Education consultancy and management service fees | 16,504 | 3,002 | 18.2% | 36,581 | 3,891 | 10.6% |
| **Total** | 429,763 | 204,899 | 47.7% | 81,305 | 11,919 | 14.7% |

Our gross profit margin increased by approximately 33 percentage points from approximately 14.7% for the year ended 31 August 2023 to 47.7% for the year ended 31 August 2024. Among which, the gross profit margin for tuition fees and boarding fees increased by approximately 30.9% from approximately 18.0% for the year ended 31 August 2023 to approximately 48.9% for the year ended 31 August 2024. It was mainly due to the completion of the Acquisition by the Group on 31 August 2023. The average gross profit margin of the top ten vocational education companies listed on the Stock Exchange in terms of net assets was approximately 54.3%. The gross profit margin of the vocational education sector was approximately 51.2% for the year ended 31 August 2024. After the completion of the Acquisition, the Group is committed to achieving synergy between the vocational education segment and Bojun's basic education segment, so as to optimise costs and increase gross profit margins.

The gross profit margin of education advisory and management service fees increased by approximately 7.6% from approximately 10.6% for the year ended 31 August 2023 to approximately 18.2% for the year ended 31 August 2024 mainly due to the enhancement of operating efficiency of the segment.

### Other income

Other income increased by approximately RMB11.9 million (or 291.6%) from approximately RMB4.1 million for the year ended 31 August 2023 to approximately RMB16.0 million for the year ended 31 August 2024. The increase was mainly due to government grants corresponding to the right-of-use assets of the Daying campus of Winshare Vocational College during the year. The deferred income amounted to RMB422.1 million as at 31 August 2024, with RMB8.3 million credited to (loss)/profit for the year.

### Other gains, net

Other net gains decreased by approximately RMB90.0 million (or 98.6%) from RMB91.2 million for the year ended 31 August 2023 to approximately RMB1.2 million for the year ended 31 August 2024, mainly attributable to the one-off gains of approximately RMB85.0 million on bargain purchase arising from the completion of the Group's acquisition of 51% equity interest in Winshare Vocational College and Zhengzhuo Vocational School for the year ended 31 August 2023.

## Administrative expenses

Administrative expenses mainly consist of administrative staff costs, depreciation of administrative related properties and right-of-use assets, office expenses, business expenses, motor vehicle expenses, greening and environmental costs, attorney fees, audit and assessment fees, handling charges and certain other administrative expenses. Other administrative expenses generally include staff travel expenses, management meetings expenses and welfare expenses.

Our administrative expenses increased by approximately RMB83.9 million (or 219.7%) from RMB38.2 million for the year ended 31 August 2023 to approximately RMB122.1 million for the year ended 31 August 2024, of which expenses in relation to the vocational education segment amounted to RMB101.7 million. The increase was mainly due to increase in expenses of the vocational education segment.

## Selling expenses

Selling expenses for the year ended 31 August 2024 mainly represented the costs related to the promotion of the vocational schools including branding, recruiting students and advertisement etc.

## Finance costs

Finance costs primarily consist of bank borrowings, interest expenses of finance leases, unwinding of discount on amounts due to a related company and interest expenses upon the early payments of the deferred considerations.

Finance costs increased by approximately RMB91.7 million (or 571.7%) from approximately RMB16.0 million for the year ended 31 August 2023 to approximately RMB107.7 million for the year ended 31 August 2024, mainly due to the completion of the Acquisition by the Group on 31 August 2023. Finance costs during the period mainly included cost of bank borrowings of RMB53.0 million, cost of other borrowings of RMB36.6 million, unwinding of discount on amounts due to a related company and interest expenses upon the early payments of the deferred considerations of RMB17.9 million. As at 31 August 2024, our bank and other borrowings amounted to RMB1,496.8 million. Among which, balance of bank borrowings amounted to RMB946.6 million, balance of finance leases amounted to RMB550.2 million. Debt financing was mainly used for construction of the Daying campus of the vocational education segment, payment of acquisition consideration as well as business consolidation. At present, the Company is actively adjusting its capital structure, with potential measures including, but not limited to (i) selling certain assets for cash withdrawal; (ii) enhancing working capital management to reduce the need for external financing; and (iii) exploring debt financing options at a lower cost to reduce its finance costs.

## Taxation

Income tax expense increased by approximately RMB0.5 million (or 27.9%) from approximately RMB1.9 million for the year ended 31 August 2023 to approximately RMB2.4 million for the year ended 31 August 2024. The increase in income tax expense was mainly due to the Group's completion of the Acquisition on 31 August 2023. Sichuan Yunmao, the parent company of Sichuan Zhengzhuo and Sichuan Gaojiao, recorded revenue of approximately RMB363.3 million and loss before tax of approximately RMB12.0 million during the year ended 31 August 2024.

### (Loss)/profit for the period

The Group recorded a loss of approximately RMB40.3 million for the year ended 31 August 2024, representing a decrease of approximately RMB91.3 million or 179.0% as compared to the profit of approximately RMB51.0 million for the year ended 31 August 2023.

Such turnaround from profit to loss was primarily attributable to the increase in finance costs. The financial costs for the period amounted to RMB107.7 million, with bank borrowing costs of RMB53.0 million, other borrowings costs of RMB36.6 million as well as unwinding of discount on amounts due to a related company and imputed interests recognised upon the early payments of the deferred considerations of RMB17.9 million. As at 31 August 2024, the bank and other borrowings of the Company amounted to RMB1,496.8 million, with bank borrowing balance of RMB946.6 million and other borrowing balance of RMB550.2 million. Debt financing was primarily used for the construction of the Daying campus under the vocational education segment and for daily operations. As at the date of the announcement, the Company is actively adjusting its capital structure, with potential measures including but not limited to (i) selling certain assets for cash withdrawal; (ii) enhancing working capital management to reduce the need for external financing; and (iii) exploring debt financing options at a lower cost to reduce its finance costs.

### Contract liabilities

We have initially recorded the tuition fees and boarding fees received as a liability under contract liabilities and recognised such amounts as revenues on a pro rata basis over the relevant period of the applicable courses. Contract liabilities slightly increased by approximately RMB16.4 million (or 5.9%) from approximately RMB277.0 million on 31 August 2023 to approximately RMB293.4 million on 31 August 2024 given that the numbers of students enrolment in the 2024/2025 school year and the 2023/2024 school year and the operations of our basic education and vocational education segments remained stable.

### Adjusted net loss

The adjusted net loss eliminates the effect of certain non-cash or one-off items, including negative goodwill recognised on acquisition, etc..

The term “adjusted net loss” has not been defined under HKFRS. As a non-HKFRS measure, adjusted net profit 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** | |
|---|---|---|
| | **2024** | 2023 |
| | **RMB’000** | RMB’000 |
| (Loss)/profit for the year | **(40,308)** | 51,047 |
| Less: | | |
| Gain on bargain purchases recognised on acquisitions | **–** | 85,648 |
| Adjusted net loss | **(40,308)** | (34,601) |

## LIQUIDITY AND CAPITAL RESOURCES

During the year ended 31 August 2024, we have principally financed our operations through a combination of internally generated cash flows from our operations, proceeds from the Global Offering and bank and other borrowings. The Group regularly reviews and monitors the borrowings. As at 31 August 2024, the Group's total borrowings amounted to approximately RMB1,496.8 million, representing a decrease of approximately RMB10.5 million as compared with that of approximately RMB1,507.3 million as at 31 August 2023. Out of the total borrowings, borrowings repayable (i) on demand or within a period not exceeding one year amounted to approximately RMB328.7 million, (ii) within a period of more than one year but not exceeding two years amounted to approximately RMB430.4 million, (iii) within a period of more than two years but not exceeding five years amounted to approximately RMB523.2 million, and (iv) within a period of more than five years amounted to approximately RMB214.5 million. The borrowings were charged with interest rates ranging from 4.2% to 10.1% and borrowings of fixed interest approximately rate made up to 49.8% of the total borrowings of the Group as at 31 August 2024. Bank and other borrowings of the Group were primarily used in construction of the Daying campus of the vocational education segment, payment of acquisition consideration as well as business consolidation.

There is no seasonality in the borrowing needs of the Group. The Group's cash and bank balances are mainly denominated in RMB or HK$. The Group's cash and cash equivalents amounted to approximately RMB346.6 million and RMB225.8 million as at 31 August 2023 and 2024, 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 2024, 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 years indicated:

| | For the year ended 31 August | |
|---|---|---|
| | **2024** | 2023 |
| | **RMB'000** | RMB'000 |
| Net cash generated from operating activities | **175,255** | 13,117 |
| Net cash (used in)/generated from investing activities | **(385,810)** | 346,542 |
| Net cash generated from/(used in) financing activities | **89,905** | (168,539) |
| Net (decrease)/increase in cash and cash equivalents | **(120,650)** | 191,120 |
| Cash and cash equivalents at the beginning of the year | **346,553** | 155,072 |
| Effect of foreign exchange rate changes | **(100)** | 361 |
| Cash and cash equivalents at the end of the year | **225,803** | 346,553 |

For the year ended 31 August 2024, our cash and cash equivalents decreased by RMB120.8 million, of which the net cash from operating activities amounted to approximately RMB175.3 million, the net cash used in investing activities amounted to approximately RMB385.8 million, and the net cash from financing activities amounted to approximately RMB89.9 million. As compared to the year ended 31 August 2023, net cash from operating activities of the Group significantly increased, while net cash from investing activities significantly decreased. This was mainly because Sichuan Yunmao, the parent company of Sichuan Zhengzhuo and Sichuna Gaojiao, recorded gross profit of approximately RMB168.4 million and RMB194.6 million for the year ended 31 August 2023 and 31 August 2024 respectively, while the Acquisition had been completed on 31 August 2023. Accordingly, cash of the vocational education segment was classified as investing activities and operating activities respectively for the year ended 31 August 2023 and 31 August 2024. And payment for deferred consideration in relation to the acquisition of subsidiaries was approximately RMB178.0 million for the year ended 31 August 2024.

## CAPITAL EXPENDITURES

Our capital expenditures were primarily related to (i) construction and acquisition 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 our additions of property, plant and equipment and leasehold land, for the years indicated:

| | For the year ended 31 August | |
|---|---|---|
| | **2024** | 2023 |
| | **RMB'000** | RMB'000 |
| Payment for property, plant and equipment | **(176,481)** | (5,235) |
| Payment for leasehold lands | **(168,003)** | – |
| Payment for deferred consideration in relation to the acquisition of subsidiaries | **(177,988)** | – |
| Net cash inflow from acquisition of subsidiaries | **–** | 271,053 |
| Cash proceeds from disposal of an associate | **11,000** | – |
| Cash proceeds from disposal of subsidiaries | **400** | – |
| (Increase)/decrease of amounts due from related companies | **(34,559)** | 80,713 |
| Proceeds from disposal of property, plant and equipment | **1,840** | 11 |
| Receipt of government subsidies related to acquisition of leasehold lands | **157,981** | – |

We plan to satisfy such capital expenditures with a combination of our existing cash, cash generated from our operations, proceeds from the listing of the Shares on the Stock Exchange (the "Listing") and/or bank and other 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 other borrowing) by total equity as of the respective year end date.

Our gearing ratio slightly increased from approximately 276.4% as at 31 August 2023 to approximately 290.6% as at 31 August 2024. As at the date of this report, the Company is actively adjusting its capital structure, with potential measures including but not limited to (i) selling certain assets for cash withdrawal; (ii) enhancing working capital management to reduce the need for external financing; and (iii) exploring debt financing options at a lower cost to further optimise its gearing ratio.

## 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 and other borrowings. The Group is also exposed to fair value interest rate risk in relation to fixed rate borrowing. The Group currently does not have an interest rate hedging policy. 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 and bank and other borrowings 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 2024 would have decreased/increased by approximately RMB395,000 (2023: decreased/increased by approximately RMB56,000). The analysis is prepared assuming the financial instruments outstanding as at the end of period were outstanding for the whole year.

## FOREIGN EXCHANGE EXPOSURE

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

As at 31 August 2023 and 2024, the book value of the monetary asset of the Group denominated in foreign currency was as follows:

| | As at 31 August | |
|---|---|---|
| | **2024** | 2023 |
| | **RMB'000** | RMB'000 |
| Bank balances and cash — HK$ | **6,878** | 4,788 |

The following shows the Group's sensitivity to 5% appreciation of HK$ against RMB which represents the management's assessment of 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 2023 and 2024. The analysis is prepared assuming the financial instruments outstanding as at 31 August 2023 and 2024 were outstanding for the whole financial year of 2023 and 2024, respectively.

| | As at 31 August | |
|---|---|---|
| | **2024** | 2023 |
| | **RMB'000** | RMB'000 |
| Increase in post-tax profit | **344** | 239 |

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 as at the end of reporting period 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

There were no other material charges on the Group's assets as at 31 August 2024.

## CONTINGENT LIABILITIES

As at 31 August 2024, capital commitment of the Group based on property, plant and equipment amounted to RMB15.1 million (31 August 2023: nil).

## MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

On 10 April 2023, (i) Shenzhen Hongyuan and Zhengzhuo Industrial (as sellers), Sichuan Yunmao and Chengdu Bomao (as buyers), Sichuan Zhengzhuo, the Company and Chengdu Bojun, and (ii) Shenzhen Hongyuan and Zhengzhuo Industrial (as sellers), Sichuan Yunmao and Chengdu Bomao (as buyers), Sichuan Gaojiao and the Company, entered into respective agreements in relation to the acquisition of 51% equity interest in Sichuan Zhengzhuo and Sichuan Gaojiao, respectively, at an aggregate consideration of RMB309,060,000, being the Acquisition. Completion of the Acquisition took place on 31 August 2023. On 19 October 2023, an aggregate of 81,282,460 consideration Shares has been allotted and issued to Zhuotai Education, a nominee of Sichuan Zhengzhuo, at an issue price of HK$0.85 per Share and net price of HK$0.84 per Share. The closing price of the Shares as quoted on the Stock Exchange on 6 April 2023, being the last trading day immediately preceding the agreements concerned, was HK$0.260 per Share. Accordingly, immediately after such allotment and issue, there are 903,138,460 Shares in issue. The consideration Shares represent approximately 9.0% of the issued share capital of the Company as enlarged by such allotment and issue. For details, please refer to the announcements of the Company dated 11 September 2020, 16 October 2020, 11 January 2021, 19 August 2021, 31 August 2021, 25 November 2021, 8 December 2021, 10 April 2023, 26 June 2023, 20 July 2023, 31 August 2023 and 19 October 2023, and the circular of the Company dated 28 June 2023. For the year ended 31 August 2024, the Group did not have any material acquisitions and disposals of subsidiaries, associates or joint ventures except for the Acquisition.

As disclosed in the prospectus of the Company dated 19 July 2018 (the "Prospectus"), the Group entered into a cooperation agreement (the "Cooperation Agreement") on 8 September 2017, pursuant to which Chengdu Mingxian and Hongde Guanghua established Pengzhou Bojun School.

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* (成都啟正企業管理有限公司) and Mr. Chen Lung* (陳龍) (the "Guarantors"), which, amongst others, sets out the terms on termination of the Cooperation Agreement and the refund of RMB41,164,941.29 (the "Total Investment Fund"). The Guarantors have agreed to provide joint and several liability guarantee to Chengdu Mingxian to guarantee the financial obligation of Hongde Guanghua and Pengzhou Bojun School for a period of up to two years from the latest date when Hongde Guanghua and Pengzhou Bojun School are obliged to fulfil their respective financial obligations towards Chengdu Mingxian.

On 20 May 2022, Chengdu Mingxian entered into a supplemental agreement with the same parties to the Termination Agreement to, amongst others, extend the payment terms of the Total Investment Fund due to an unexpected delay in obtaining bank and other financings on part of Pengzhou School and Hongde Guanghua, and extend the term of guarantee from two years to three years. On the same day, the shareholder of Hongde Guanghua, executed a guarantee letter in favour of Chengdu Mingxian pursuant to which it agreed to guarantee the financial obligations of Hongde Guanghua and Pengzhou School for a period of up to three years from the latest date when Hongde Guanghua and Pengzhou School are obliged to fulfil their respective financial obligations towards Chengdu Mingxian in relation to the said agreement.

On 19 August 2022, the disposal of Pengzhou Bojun School was completed and Chengdu Mingxian ceased to be the school sponsor of Pengzhou Bojun School. Pengzhou Bojun School was deconsolidated from the financial statements of the Company with effect from 31 August 2021 when 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》) became effective.

On 31 January 2024, Chengdu Mingxian entered into a second supplemental agreement with Hongde Guanghua, Pengzhou School and the Guarantors to further extend the payment terms of the Remaining Investment Fund due to the inadvertent failure on part of Pengzhou School and Hongde Guanghua to obtain bank loans for settlement of the Total Investment Fund as affected by the tightened controls of bank in the PRC.

For details, please refer to the announcements of the Company dated 27 August 2021, 6 September 2021, 26 October 2021, 20 May 2022, 10 June 2022, 31 January 2024 and 15 April 2024, and the circular of the Company dated 30 September 2021.

## FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As of 31 August 2024, the Group has no future plans for material investments and capital assets.

## USE OF PROCEEDS

Net proceeds (the "Net Proceeds") from the Listing (including the partial exercise of overallotment option) amounted to 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. Since the Listing Date and up to the date of this report, the Company has utilised approximately RMB416.0 million of the Net Proceeds, leaving a balance in the sum of approximately RMB12.9 million remaining unutilised (the "Unutilised Net Proceeds"), representing approximately 3% of the Net Proceeds.

On 24 November 2023, the Board resolved to reallocate the change the use of the Unutilised Net Proceeds in the sum of approximately HK$12.9 million, which was originally intended for establishment of a school in the United States (the "US School"), to the settlement of partial consideration in cash in relation to the Acquisition on or before 31 December 2024. An analysis of the utilisation of the Net Proceeds as at the date of this report and the proposed reallocation of the Unutilised Net Proceeds is set out below:

| Use of proceeds | | % of the net proceeds | Proceeds allocated (RMB million) | Amount utilised (RMB million) | Unutilised balance (RMB million) | Expected timetable for proposed use of the Unutilised Net Proceeds |
|---|---|---|---|---|---|---|
| I. | Establishing Nanjiang School | 28% | 120.1 | 120.1 | – | |
| II. | Establishing Wangcang School | 28% | 120.1 | 120.1 | – | |
| III. | Establishing the high school section of Tianfu School | 22% | 94.4 | 94.4 | – | |
| IV. | Establishing the Chengdu School | 9% | 38.6 | 38.6 | – | |
| V. | Establishing Lezhi School | 5% | 21.4 | 21.4 | – | |
| VI. | Financing the acquisition of vocational education schools | 3% | 12.9 | 12.9 | – | |
| VII. | As working capital and for general corporate purpose | 5% | 21.4 | 21.4 | – | |
| Total | | 100% | 428.9 | 428.9 | – | |

For details, please refer to the announcement of the Company dated 24 November 2023.

On 19 October 2023, the Company issued an aggregate of 81,282,460 Shares as partial consideration for acquisition of 51% equity interests in WInshare Vocational College and Zhengzhuo Vocational School. For details, please refer to the announcements of the Company dated 11 September 2020, 16 October 2020, 11 January 2021, 19 August 2021, 31 August 2021, 25 November 2021, 8 December 2021, 10 April 2023, 26 June 2023, 20 July 2023, 31 August 2023 and 19 October 2023 and the circular of the Company dated 28 June 2023.

## SIGNIFICANT INVESTMENT HELD

On 27 November 2023, Chengdu Bojun and Mr. Yang Zonghua* (楊宗華), an independent third party, entered into a sale and purchase agreement, pursuant to which Chengdu Bojun agreed to transfer and Mr. Yang agreed to acquire 33.34% partnership equity interest in Tongxing Wanbang for a total consideration of RMB17.5 million. For details, please refer to the announcements of the Company dated 27 November 2023 and 30 November 2023.

Save as disclosed in this report, the Group did not hold any significant investment as at 31 August 2024.

## SIGNIFICANT LEGAL PROCEEDINGS

For the year ended 31 August 2024, 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

Save as disclosed in this report, there were no significant events which had material effect on the Group subsequent to the end of the reporting period of the Company and up to the date of this report.

## EMPLOYEE BENEFITS

As at 31 August 2024, the Group had 2,240 employees (as at 31 August 2023: 2,430). The Group participates in various employee benefit plans, including provident fund, pension, medical insurance and unemployment insurance. The Company has also provided 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 2024, the staff costs (including directors' fees) amounted to approximately RMB132.1 million (2023: RMB44.4 million).

## 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 of the Company (the "Shareholders"). The Share Option Scheme will remain in force for a period of ten 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 ten years commencing from the date of grant to 12 May 2031 (both days inclusive). On 17 August 2023, the Company granted 5,000,000 share options at an exercise price of HK$0.130 per share. The share options shall be valid for a period of ten years commencing from the date of grant to 16 August 2033 (both days inclusive). As at 31 August 2024, 6,000,000 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 2024.

As a holding company, our ability to declare and pay dividends will rely principally on receipt of sufficient funds from our subsidiaries and, particularly, our Consolidated Affiliated Entities incorporated in the PRC. Any dividend we pay will be at the recommendation of our Board and its discretion and will depend on our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors which our Directors consider relevant. Any declaration and payment as well as the amount of dividends will be subject to the constitutional documents of the Company and the Companies Law.

# 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 2024 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 2024 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 2024, 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 2024.

## COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

During the year ended 31 August 2024, the Group was not aware of material non-compliance with the relevant laws and regulations that have a significant impact on the business and operations of the Group.

## ANNUAL GENERAL MEETING

The Company will hold an annual general meeting (the "AGM") on Thursday, 16 January 2025. Notice of the AGM will be published and dispatched to the Shareholders in accordance with the articles of association of the Company 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 Thursday, 16 January 2025, the register of members of the Company will be closed from Monday, 13 January 2025 to Thursday, 16 January 2025, 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 Friday, 10 January 2025.

## 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 2024, 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 2024, the Group's five largest suppliers accounted for approximately 14.2% of the Group's total purchases and the Group's single largest supplier accounted for approximately 6.3% of the Group's total purchases.

For the year ended 31 August 2024, 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 good relationship with its employees, suppliers and customers. During the year ended 31 August 2024, 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 2024.

## PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year ended 31 August 2024 are set out in Note 15 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 2024, the Company has utilised approximately RMB428.9 million of the net proceeds.

Further, details of movements in the share capital of the Company during the year ended 31 August 2024 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 2024 are set out in the Consolidated Statement of Changes in Equity of this annual report.

## DISTRIBUTABLE RESERVES

As at 31 August 2024, reserve of the Company available for distribution was approximately RMB55.6 million. Details of movements in the reserves of the Company are set out in the Note 38 to the Consolidated Financial Statements in this report.

## BANK BORROWINGS

Particulars of bank borrowings of the Group as at 31 August 2024 are set out in Note 27 to the Consolidated Financial Statements in this report.

## DIRECTORS

The Directors during the year ended 31 August 2024 and up to the Latest Practicable Date are:

### Executive Director

Mr. Wang Jinglei *(Chairman of the Board)*
Mr. Lin Juncheng
Ms. Tang Hui

### Non-executive Director

Mr. Wu Jiwei

### Independent Non-executive Directors

Mr. Cheng Tai Kwan Sunny
Mr. Tao Qizhi
Mr. Yang Yuchuan

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. Wang Jinglei, Mr. Lin Juncheng, Ms. Tang Hui, Mr. Wu Jiwei, Mr. Yang Yuchuan, Mr. Tao Qizhi and Mr. Cheng Tai Kwan Sunny 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 2024 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 2024.

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 2024.

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 2024.

## 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 2024.

## 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 2024 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 Note 31 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 2024, 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 C3 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 [(1)] | Interest in a controlled corporation | 233,920,000 | Long position | 25.90% |
| Ms. Tang Hui [(2)] | Interest in a controlled corporation | 112,232,000 | Long position | 12.43% |
| Mr. Wu Jiwei | Beneficial owner | 46,000 | Long position | 0.01% |

Note(s):

(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.

(2) Ms. Tang Hui was only appointed as an executive Director on 5 September 2024. Ms. Tang is the sole shareholder and sole director of Graymind Investments Limited. Thus Ms. Tang is deemed to be interested in the Shares held by Graymind by virtue of the SFO. As at the Latest Practicable Date, Ms. Tang is interested in the 144,212,000 Shares directly owned by Graymind.

Save as disclosed above, as at 31 August 2024, 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 2024 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 2024, 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 [(1)] | Beneficial owner | 233,920,000 | Long position | 25.90% |
| Act Best [(1)] | Interest in a controlled corporation | 233,920,000 | Long position | 25.90% |
| Mr. Wang Jinglei [(1)] | Interest in a controlled corporation | 233,920,000 | Long position | 25.90% |
| Ms. Duan Ling [(2)] | Interest of spouse | 233,920,000 | Long position | 25.90% |
| Graymind [(3)] | Beneficial owner | 112,232,000 | Long position | 12.43% |
| Ms. Tang Hui [(3)] | Interest in a controlled corporation | 112,232,000 | Long position | 12.43% |
| Mr. Chen Ruikai [(4)] | Interest of a spouse | 112,232,000 | Long position | 12.43% |
| Mr. Xiong Tao [(5)] | Interest in a controlled corporation | 82,853,550 | Long position | 9.17% |
| Cosmic City Holdings Limited [(5)] | Beneficial owner | 82,853,550 | Long position | 9.17% |
| Zhuotai Education Investment Limited [(6)] | Beneficial owner | 81,282,460 | Long position | 9.00% |
| Mr. Li Yafei [(6)] | Interest in a controlled corporation | 81,282,460 | Long position | 9.00% |
| Ms. Cao Youqin [(7)] | Interest of spouse | 81,282,460 | Long position | 9.00% |
| Broad Skill Holdings Limited [(8)] | Beneficial owner | 56,510,000 | Long position | 6.26% |
| Ms. He Jing [(8)] | Interest in a controlled corporation | 56,510,000 | Long position | 6.26% |
| Mr. Xu Zhengmiao [(9)] | Interest of spouse | 56,510,000 | Long position | 6.26% |

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 the 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) Graymind is incorporated in the Seychelles, and is wholly owned by Ms. Tang Hui. Ms. Tang Hui was appointed as an executive Director on 5 September 2024. Therefore, Ms. Tang is deemed to be interested in shares held by which by virtue of the SFO. As at the Latest Practicable Date, Ms. Tang is interested in the 144,212,000 Shares directly owned by Graymind.

(4) Mr. Chen Ruikai is the husband of Ms. Tang Hui, and is therefore deemed to be interested in the Shares held by Graymind by virtue of the SFO.

(5) Cosmic City is incorporated in the BVI, and is wholly owned by Mr. Xiong Tao. Therefore, Mr. Xiong is deemed to be interested in shares held by which by virtue of the SFO.

(6) Zhuotai Education Investment Limited is incorporated in the BVI and is owned by Mr. Li Yafei as to 80% and Ms. Cao Youqin as to 20%. Therefore, Mr. Li is deemed to be interested in the Shares held by which by virtue of the SFO.

(7) Ms. Cao Youqin is the wife of Mr. Li Yafei, and is therefore deemed to be interested in the 81,282,460 Shares held by Zhuotai Education Investment Limited by virtue of the SFO.

(8) Broad Skill Holdings Limited is incorporated in the BVI, and is wholly owned by All Jovial Limited, which is in turn wholly owned by Ms. He Jing. Therefore, Ms. He is deemed to be interested in the Shares held by which by virtue of the SFO.

(9) Mr. Xu Zhengmiao is the husband of Ms. He Jing, and is therefore deemed to be interested in the 56,510,000 Shares held by Broad Skill Holdings Limited by virtue of the SFO.

Save as disclosed above, as at 31 August 2024, 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 90,000,000 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.

### (ix) 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 4 years as at 31 August 2024.

During the year ended 31 August 2024, no share options had been exercised, lapsed or cancelled by the Company under the Share Option Scheme. As at 31 August 2024, 6,000,000 share options remained outstanding under the Share Option Scheme. As at 31 August 2024, a total of 74,000,000 Shares (representing approximately 8.19% of the then existing issued Shares) may be granted under the Share Option Scheme and a total of 6,000,000 Shares (representing approximately 0.66% of the then 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. The number of shares that may be issued in respect of options and awards granted under all schemes of the Company during the year ended 31 August 2024 (being 6,000,000 Shares) divided by the weighted average number of shares of the relevant class in issue for the year ended 31 August 2024 (being 903,138,460 Shares) is approximately 0.66%.

Details of share options of the Company are as follows:

| Name or category of participant | Date of grant | Vesting period | Exercise period (both dates inclusive) | Exercise price per share | Closing price of the Shares immediately before the date of grant | Performance Target | Number of share options outstanding as at 1 September 2023 | Number of share options exercised during the period | Number of share options outstanding as at 31 August 2024[1] |
|---|---|---|---|---|---|---|---|---|---|
| Consultant | 17 August 2023 | One year (all share options concerned were vested on 18 August 2024) | From 18 August 2024 to 16 August 2033 | HK$0.130 per Share | HK$0.109 per Share | Nil | N/A | Nil | 5,000,000 |
| Employee | 13 May 2021 | Nil | From 13 May 2021 to 12 May 2031 | HK$0.598 per Share | HK$0.590 per Share | Nil | 1,000,000 | Nil | 1,000,000 |

Note(s):

(1) 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).

## 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 2024, the Company entered into supplemental agreements in relation to the Acquisition and allotted and issued new shares pursuant to the sold agreements under specific mandate. Please refer to the announcement dated 28 June 2023 for details.

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

During the year ended 31 August 2024, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

## 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 2024, 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.

## Exempt Continuing Connected Transactions

### Office lease

On 31 August 2022, Chengdu Bojun (as tenant) 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") (as landlord) to renew the office lease, which expired on 31 August 2022. Such office is located in Chengdu, Sichuan Province with an aggregate gross floor area of 408.85 sq.m.. Pursuant to the Office Lease Agreement, the term of the lease shall be three years starting from 1 September 2022 and the monthly rent payable shall be approximately RMB16,354 (equivalent to RMB40.0 per sq.m.). On 29 August 2024, Chengdu Bojun (as tenant) entered into a supplemental agreement to the Office Lease Agreement with Chengdu Hengyu (as landlord) to revise the aggregate gross floor area of the office to 204.425 sq.m. starting from 1 September 2024. The monthly rent payable shall be approximately RMB8,177 (equivalent to RMB40.0 per sq.m.). The fixed rent payable by us for the year ended 31 August 2024 was approximately RMB0.1 million.

### 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 Office Lease 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 Office Lease 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 Office Lease 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.

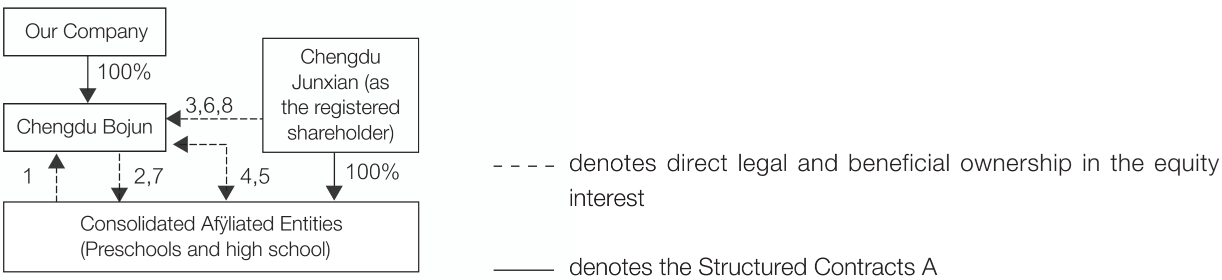
## NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

### 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 restricting operation of preschools, high schools and vocational 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 of the preschools and high school from various Consolidated Affiliated Entities through the provision of services by Chengdu Bojun and receipt of service fees in return in accordance with the Structured Contracts A while Chengdu Bomao has control over and derive economic benefits of the vocational schools from various Consolidated Affiliated Entities through the provision of services by Chengdu Bomao and receipt of service fees in return in accordance with the Structured Contracts B. According to the Group's PRC legal advisors, no current PRC laws or regulations restrict or prohibit Chengdu Bojun's or Chengdu Bomao's contractual rights to receive service fees from the Consolidated Affiliated Entities for the services provided under their respective Structured Contracts.

The following simplified diagram illustrates the flow of economic benefits of the preschools and high school from various Consolidated Affiliated Entities to the Group under the Structured Contracts A:




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.

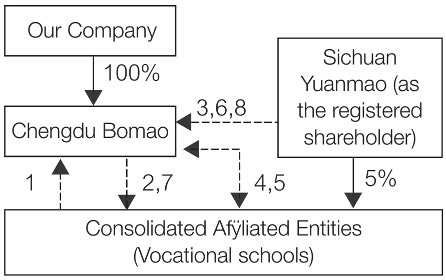
5. Entrustment of directors' and council members' rights in the PRC Operating Schools by directors and council members of the PRC Operating Schools appointed by the School Sponsors including directors' (council members') powers of attorney. Please refer to the announcement of the Company dated 19 June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

6. Pledge of equity interest by Chengdu Junxian 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 various 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, Chengdu Junxian 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.

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




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

—— denotes the Structured Contracts B

Notes:

1. Payment of service fees. Please refer to the section headed "Letter from the Board — 5. New Structured Contracts — I. Exclusive Business Cooperation Agreement" in the circular of the Company dated 28 June 2023 for details.

2. Provision of exclusive technical and management consultancy services. Please refer to the section headed "Letter from the Board — 5. New Structured Contracts — I. Exclusive Business Cooperation Agreement" in the circular of the Company dated 28 June 2023 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 "Letter from the Board — 5. New Structured Contracts — II. Exclusive Call Option Agreement" in the circular of the Company dated 28 June 2023 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 "Letter from the Board — 5. New Structured Contracts — IV. 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 circular of the Company dated 28 June 2023 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 circular of the Company dated 28 June 2023 for further details.

6. Pledge of equity interest by Sichuan Yuanmao of its equity interest in Sichuan Yunmao, and pledge of equity interest by Sichuan Yunmao of its equity interest in its subsidiaries. Please refer to the section headed "Letter from the Board — 5. New Structured Contracts — III. Equity Pledge Agreement" in the circular of the Company dated 28 June 2023 for further details.

7. Provision of loans by Chengdu Bomao to various Consolidated Affiliated Entities for the operations of the Consolidated Affiliated Entities. Please refer to the section headed "Letter from the Board — 5. New Structured Contracts — V. Loan Agreement" in the circular of the Company dated 28 June 2023 for further details.

8. Entrustment of shareholders' rights in the School Sponsors by Chengdu Bomao, Sichuan Yuanmao and Sichuan Yunmao including shareholder's powers of attorney. Please refer to the section headed "Letter from the Board — 5. New Structured Contracts — VI. Shareholder's Rights Entrustment Agreement and the Shareholder's Powers of Attorney" in the circular of the Company dated 28 June 2023 for further details.

## B. SUMMARY OF THE MATERIAL TERMS OF THE STRUCTURED CONTRACTS

The Group entered into the Structured Contracts A for its preschools and high school and the Structured Contracts B for its vocational schools. The terms of these two sets of Structured Contracts are substantially the same.

### B1. The summary of the Structured Contracts A relating to the preschools and high school is as follows:

**(1) Exclusive Business Cooperation Agreement A**

Pursuant to the Exclusive Business Cooperation Agreement A, Chengdu Bojun agreed to provide exclusive technical service, management support and consulting service necessary for the education business to various Consolidated Affiliated Entities which, shall in return make payments to Chengdu Bojun in accordance with the Structured Contracts A.

To ensure the due performance of the Structured Contracts A, relevant 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 Chengdu Junxian agreed to procure the relevant Consolidated Affiliated Entities to comply with the following obligations as prescribed under the Exclusive Business Cooperation Agreement A.

In order to prevent the leakage of assets and values of various Consolidated Affiliated Entities, Chengdu Junxian and each of the relevant 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 Chengdu Junxian and each of the relevant Consolidated Affiliated Entities to perform their obligations under the Structured Contracts A.

In addition, Chengdu Junxian irrevocably undertake to Chengdu Bojun that, unless with its written waiver, Chengdu Junxian 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 relevant 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 A") or have any interest in the Competing Business A, (ii) use information obtained from any of the relevant Consolidated Affiliated Entities or their respective subordinate enterprises, units or legal entities for the Competing Business A, (iii) obtain any benefit from any Competing Business A, and (iv) procure the relevant Consolidated Affiliated Entities to engage in any other businesses. Chengdu Junxian further consented and agreed that, in the event that Chengdu Junxian directly or indirectly engage, participate in or conduct any Competing Business A, 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 A to enter into an arrangement similar to that of the Structured Contracts A; or (ii) require the entity engaging in the Competing Business A to cease operation of the Competing Business A within a reasonable time.

**(2) Exclusive Call Option Agreement A**

Pursuant to the Exclusive Call Option Agreement A, Chengdu Junxian 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 relevant School Sponsors and their school sponsor's interest in the relevant PRC Operating Schools (where applicable) (the "Interest") (the "Equity Call Option A"). In relation to the transfer of the Interest upon exercise of the Equity Call Option A, the purchase price payable by Chengdu Bojun shall be the lowest price permitted under the PRC laws and regulations. Chengdu Bojun or designated purchaser shall have the right to purchase such proportion of the equity interest and/or school sponsor's interest in the relevant Consolidated Affiliated Entities as it decides at any time.

If Chengdu Bojun allowed to directly hold all or part of the equity interest and/or school sponsor's interest in the relevant 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 A as soon as practicable, and the percentage of equity interest and/or sponsor's interest purchased upon exercise of the Equity Call Option A 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 A**

According to the School Sponsors' and Directors' (Council Members') Rights Entrustment Agreement A, each of the relevant 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 A, each of the appointees (being the directors or council members of the relevant School Sponsors) 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, Lezhi Bojun and to the extent permitted by the PRC laws.

In addition, each of the relevant School Sponsors and their respective appointees has irrevocably agreed that (i) Chengdu Bojun may, without prior notice to or approval by the relevant School Sponsors and their respective appointees, delegate its rights under the School Sponsors' and Directors' (Council Members') Rights Entrustment Agreement A 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 A.

**(4) School Sponsors' Powers of Attorney A**

Pursuant to the School Sponsors' Powers of Attorney A, each of the relevant 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 relevant School Sponsors irrevocably agreed that the authorisation and appointment in the School Sponsor's Powers of Attorney A 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 relevant School Sponsors. The relevant School Sponsors' Power of Attorney A shall constitute a part and incorporate terms of the relevant School Sponsors' and Directors' (Council Members') Rights Entrustment Agreement A.

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

Pursuant to the Directors' (Council Members') Powers of Attorney A, each of the appointees of the relevant PRC Operating Schools 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 of the relevant PRC Operating Schools irrevocably agreed that the authorisation and appointment in the Directors' (Council Members') Powers of Attorney A 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 A shall constitute a part and incorporate terms of the School Sponsors' and Directors' (Council Members') Rights Entrustment Agreement A.

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

**(6) Equity Pledge Agreement A**

Pursuant to the Equity Pledge Agreement A, Chengdu Junxian unconditionally and irrevocably agreed to pledge and grant first priority security interests over all of its equity interest in Chengdu Mingxian, 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 A 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 Chengdu Junxian or each of our Consolidated Affiliated Entities and all expenses incurred by Chengdu Bojun as a result of enforcement of the obligations of Chengdu Junxian and/or each of our Consolidated Affiliated Entities under the Structured Contracts A (the "Secured Indebtedness").

According to the Equity Pledge Agreement A, Chengdu Junxian 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. Chengdu Junxian 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 A.

**(7) Loan Agreement A**

Pursuant to the Loan Agreement A entered into by and among Chengdu Bojun, the relevant School Sponsors and the relevant PRC Operating Schools, Chengdu Bojun agreed to provide interest-free loans to the relevant 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 the relevant 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 A 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 the relevant Consolidated Affiliated Entities;

(ii) any of the relevant 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 A, 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 A**

Pursuant to the Shareholder's Rights Entrustment Agreement A and the Shareholder's Powers of Attorney A, Chengdu Junxian authorised and entrusted Chengdu Bojun, as its sole agent and authorised person to exercise shareholder's rights to which Chengdu Junxian entitled to in capacity as the shareholder of the relevant School Sponsors pursuant to the articles of association of the School Sponsors and the PRC Company Law. Chengdu Junxian 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 their respective subsidiaries.

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. Chengdu Junxian irrevocably agreed that the authorisation and appointment in the Directors' (Council Members') Powers of Attorney A 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 Chengdu Junxian or Chengdu Mingxian.

### B2. The summary of the Structured Contracts B relating to the vocational schools is as follows:

**(1) Exclusive Business Cooperation Agreement B**

Pursuant to the Exclusive Business Cooperation Agreement B, Chengdu Bomao agreed to provide exclusive technical service, management support and consulting service necessary for the education business to various Consolidated Affiliated Entities which, shall in return make payments to Chengdu Bomao in accordance with the Structured Contracts B.

To ensure the due performance of the Structured Contracts B, each of the relevant 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 Sichuan Yuanmao agreed to procure the relevant Consolidated Affiliated Entities to comply with the following obligations as prescribed under the Exclusive Business Cooperation Agreement B.

In order to prevent the leakage of assets and values of the relevant Consolidated Affiliated Entities, Sichuan Yuanmao and each of the relevant Consolidated Affiliated Entities have undertaken that, without prior written consent of Chengdu Bomao 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 Sichuan Yuanmao and each of the Consolidated Affiliated Entities to perform their obligations under the Structured Contracts B.

In addition, Sichuan Yuanmao irrevocably undertake to Chengdu Bomao that, unless with its written waiver, Sichuan Yuanmao 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 Bomao, 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 B") or have any interest in the Competing Business B, (ii) use information obtained from any of the relevant Consolidated Affiliated Entities or their respective subordinate enterprises, units or legal entities for the Competing Business B, (iii) obtain any benefit from any Competing Business B, and (iv) procure the relevant Consolidated Affiliated Entities to engage in any other businesses. Sichuan Yuanmao further consented and agreed that, in the event that Sichuan Yuanmao directly or indirectly engage, participate in or conduct any Competing Business B, Chengdu Bomao and/or other entities as designated by us shall be granted an option to (i) require the entity engaging in the Competing Business B to enter into an arrangement similar to that of the Structured Contracts B; or (ii) require the entity engaging in the Competing Business B to cease operation of the Competing Business B within a reasonable time.

**(2) Exclusive Call Option Agreement B**

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

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

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

According to the School Sponsors' and Directors' (Council Members') Rights Entrustment Agreement B, the relevant PRC Operating Schools and their respective appointees (being the directors or council members of the relevant PRC Operating Schools), Sichuan Gaojiao has irrevocably authorised and entrusted Chengdu Bomao 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 B, each of the appointees has irrevocably authorised and entrusted Chengdu Bomao to exercise all his/her rights as directors and/or council members of our relevant PRC Operating School as appointed by Sichuan Gaojiao and Sichuan Zhengzhuo and to the extent permitted by the PRC laws.

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

**(4) School Sponsors' Powers of Attorney B**

Pursuant to the School Sponsors' Powers of Attorney B, each of the School Sponsors authorised and appointed Chengdu Bomao, 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 circular of the Company dated 28 June 2023.

Chengdu Bomao shall have the right to further delegate the rights so delegated to directors of Chengdu Bomao or other designated party. Chengdu Bomao confirms that it will not delegate any of these rights to anyone whose interest would potentially conflict with those of the Company. Sichuan Gaojiao and the School Sponsors irrevocably agreed that the authorisation and appointment in the School Sponsor's Powers of Attorney B 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 Sichuan Gaojian and the relevant School Sponsors. The School Sponsors' Power of Attorney B shall constitute a part and incorporate terms of the School Sponsors' and Directors' (Council Members') Rights Entrustment Agreement B.

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

Pursuant to the Directors' (Council Members') Powers of Attorney B, each of the appointees authorised and appointed Chengdu Bomao, 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 "Letter from the Board — 5. New Structured Contracts — IV. School Sponsors' and Directors' (Council Members') Rights Entrustment Agreement, the School Sponsors' Powers of Attorney and the Directors' (Council Members') Power of Attorney" in the circular of the Company dated 28 June 2023.

Chengdu Bomao shall have the right to further delegate the rights so delegated to directors of Chengdu Bomao or other designated party. Chengdu Bomao confirmed 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 B 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 B shall constitute a part and incorporate terms of the School Sponsors' and Directors' (Council Members') Rights Entrustment Agreement B.

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

**(6) Equity Pledge Agreement B**

Pursuant to the Equity Pledge Agreement B, Sichuan Yuanmao unconditionally and irrevocably agreed to pledge and grant first priority security interests over all of their respective equity interest in Sichuan Yunmao, and Sichuan Yunmao unconditionally and irrevocably agreed to pledge and grant first priority security interests over all of its respective equity interests in Sichuan Gaojiao and Sichuan Zhengzhuo together with all related rights thereto to Chengdu Bomao as security for performance of the Structured Contracts B and all direct, indirect, consequential damages and foreseeable loss of interest incurred by Chengdu Bomao as a result of any event of default on the part of Sichuan Yuanmao or each of the relevant Consolidated Affiliated Entities and all expenses incurred by Chengdu Bomao as a result of enforcement of the obligations of Sichuan Yuanmao and/or each of the relevant Consolidated Affiliated Entities under the Structured Contracts B (the "Secured Indebtedness").

According to the Equity Pledge Agreement B, Sichuan Yuanmao and Sichuan Yunmao 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 Bomao. 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 Bomao. Sichuan Yuanmao and Sichuan Yunmao also waived any pre-emptive rights upon enforcement and agreed to any transfer of the pledged equity pursuant to the Equity Pledge Agreement B.

**(7) Loan Agreement B**

Pursuant to the Loan Agreement B, Chengdu Bomao agreed to provide interest-free loans to the relevant Consolidated Affiliated Entities for their operations. Sichuan Yunmao, Sichuan Gaojiao and the relevant School Sponsors also agreed to utilise the proceeds of such loans to contribute as capital of the relevant PRC Operating Schools in their capacity as school sponsors of the relevant 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 Bomao on behalf of Sichuan Yunmao, Sichuan Gaojiao and our School Sponsors.

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

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

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

(ii) any of the relevant 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 B, or

(iii) Chengdu Bomao 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 B**

Pursuant to the Shareholder's Rights Entrustment Agreement B and the Shareholder's Powers of Attorney B, Sichuan Yuanmao authorised and entrusted Chengdu Bomao as its sole agent and authorised person to exercise shareholder's rights to which Sichuan Yuanmao is entitled to in its capacity as the shareholder of Sichuan Yunmao pursuant to the articles of association of Sichuan Yunmao and the PRC Company Law. Sichuan Yuanmao and Sichuan Yunmao also agreed that Chengdu Bomao is authorised, as the sole agent and authorised person of Sichuan Yunmao, to exercise all of its shareholder's rights (which shall include the shareholders' rights as mentioned above) in its subsidiaries.

Chengdu Bomao shall have the right to further delegate the rights so delegated to its designated party. Chengdu Bomao confirms that they will not delegate any of these rights to anyone whose interest would potentially conflict with those of the Company. Sichuan Yuanmao irrevocably agreed that the authorisation and appointment in the Directors' (Council Members') Powers of Attorney B 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 Sichuan Yunmao.

## C. BUSINESS ACTIVITIES OF THE CONSOLIDATED AFFILIATED ENTITIES

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

## 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 profit/(loss) For the year ended 31 August | | Total assets As of 31 August | |
|---|---|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 | **2024** | 2023 |
| | **RMB'000** | RMB'000 | **RMB'000** | RMB'000 | **RMB'000** | RMB'000 |
| Consolidated Affiliated Entities under the Structured Contracts A | **65,751** | 58,487 | **8,096** | (18,038) | **1,042,627** | 1,045,045 |
| Consolidated Affiliated Entities under the Structured Contracts B[1] | **363,273** | – | **(14,142)** | – | **3,008,674** | 2,976,987 |

Note:

1. The Structured Contracts B became effective on 31 August 2023.

## 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 2024 RMB'000 | Total Assets As of 31 August 2024 RMB'000 |
|---|---|---|
| Consolidated Affiliated Entities | **429,024** | **4,051,301** |

## F. REGULATORY FRAMEWORK

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 our schools and control each of them through the Structured Contracts.

1. **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.

2. **Vocational School Education**

The operation of vocation schools in the PRC falls within the "restricted" catalogue for foreign investment and is explicitly restricted to Sino-foreign cooperation. Foreign investors may only operate vocation schools through joint ventures with PRC-incorporated entities. The foreign investor must be a foreign educational institution with relevant qualification that provides high quality education. After having consulted the relevant government department, the Group noted that if a foreign invested corporation intends to directly hold equity in a sino-foreign joint venture private school engaged in vocational education, it will need to (a) obtain approval of relevant education departments in accordance to the Sino-Foreign Regulation and Administrative Measures for Sino-Foreign Cooperative Operation of Vocational Skill Training Institutions* (《中外合作職業技能培訓辦學管理辦法》); and (b) comply with the relevant regulations and restrictions a sino-foreign school is subject to. Since there is no specific approval procedures established for the conversion domestically funded vocational school to sino-foreign vocational school when a foreign corporation directly acquires the equity interest of an existing domestic vocation school sponsor, the authority will not process such conversion for now.

## 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, Chengdu Junxian and Sichuan Yuanmao 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 and Sichuan Yunmao 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 announcements of the Company dated 19 June 2020 and 11 April 2023 and the circular of the Company dated 28 June 2023.

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 Chengdu Bomao 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 Chengdu Junxian and Sichuan Yuanmao, 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 2024, 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 A 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. During the year ended 31 August 2023, the Group also entered into Structured Contracts B with Sichuan Gaojiao, Sichuan Zhengzhuo and their respective subsidiaries upon the Acquisition and obtain control of the same 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 two guarantors that are Independent Third Party as at the date of the agreement (being Mr. Chen Lung* (陳龍) and Chengdu Qizheng Corporate Management Company Limited* (成都啟正企業管理有限公司)), pursuant to which, among others, Chengdu Mingxian has agreed to terminate the cooperation agreement concerned. 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 announcements of the Company dated 19 June 2020 and 11 April 2023, and the circular of the Company dated 28 June 2023, 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 Chengdu Junxian and, thus, Chengdu Junxian is an associate (as defined under the Listing Rules) and a connected person of the Company. The equity interest in Sichuan Yuanmao is held as to 99% by Mr. Wang and as to 1% by his wife (namely Ms. Duan Ling) and, thus, Sichuan Yuanmao is an associate (as defined under the Listing Rules) and a connected person of the Company. Sichuan Yunmao is a wholly owned subsidiary of Sichuan Yuanmao and, thus, Sichuan Yunmao is an associate (as defined under the Listing Rules) of Mr. Wang and a connected person of the Company. Upon completion of the Acquisition, Sichuan Gaojiao and Sichuan Zhengzhuo are owned as to 51% by Sichuan Yunmao, therefore are associates of Mr. Wang and connected persons of the Company under Rule 14A.12(1)(c) of the Listing Rules and connected subsidiaries of the Company under Rule 14A.16(1) of the Listing Rules. Winshare Vocational College and Zhengzhuo Vocational School, being wholly-owned by Sichuan Zhengzhuo, for the same reason, are connected persons of the Company under Rule 14A.12(1)(c) of the Listing Rules and connected subsidiaries of the Company under Rule 14A.16(1) of the Listing Rules as well. 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 applies to the Structured Contracts. For details, please refer to the announcements of the Company dated 19 June 2020 and 11 April 2023, and the circular of the Company dated 28 June 2023.

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 30 June 2022, Chengdu Bojun, Chengdu Youshi and Sichuan Boai, being the Service Providers, and Peninsula Kindergarten, Longquan Kindergarten, Qingyang Kindergarten, Riverside Kindergarten and Youshi Kindergarten, being the Connected Kindergartens, entered into a renewal agreement of a term of three years from 1 September 2022 to 31 August 2025 at an aggregate annual cap of RMB23.5 million, RMB23.5 million and RMB24.4 million, respectively, pursuant to which the Connected Kindergartens engaged Service Providers to provide education management services, brand management services and campus maintenance services. During the Reporting Period, the Group provided the said services to the Connected Kindergartens, with Riverside Kindergarten being converted to a for-profit kindergarten and results of which are consolidated to that of the Group since November 2022. For details, please refer to the announcements of the Company dated 30 June 2022 and 21 September 2022, and the circular of the Company dated 1 September 2022.

#### 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 Connected 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 of the aforementioned kindergartens are therefore associate of Mr. Wang Jinglei and connected persons of the Company. As the highest of the applicable percentage ratios of the annual caps proposed are more than 5%, transactions contemplated under the said renewal agreement are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The renewed agreement was approved by the Shareholders on an extraordinary general meeting held on 21 September 2022.

## 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 2024 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 Chengdu Junxian and Sichuan Yuanmao 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 2024, nothing has come to their attention that causes the Auditor of the Company to believe that,

a. 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 2024 are set out in Note 32 to the consolidated financial statements.

## SIGNIFICANT LEGAL PROCEEDINGS

For the year ended 31 August 2024, 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 2024 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 2024.

## SUFFICIENCY OF PUBLIC FLOAT

Based on information publicly available to the Company and to the best knowledge of the Directors, the Directors confirmed that the Company has maintained the public float as required by the Listing Rules for the year ended 31 August 2024.

## 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 has been 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, 17 December 2024

# DIRECTORS AND SENIOR MANAGEMENT

## DIRECTORS

### Executive Director

**Mr. Wang Jinglei (王惊雷)**, aged 52, has been appointed as an executive Director of the Company, the chairman of the Board and the chairman of the Nomination Committee on 25 March 2020. He has been 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 25.90% of the total issued Shares, as at the Latest Practicable Date.

**Mr. Lin Juncheng (林俊成)**, aged 51, has been appointed as an executive Director and the Chief Executive Officer of the Company with effect from 4 July 2024.

He has years of experience in business management. He has been serving as the vice president of Guangdong Yingshuo Technology Company Limited* (廣東鷹碩科技有限公司), a company established under the laws of the People's Republic of China that is principally engaged in the business of operation of online reading platform since August 2018. He served as the honorary chairman of the Company between April 2024 and June 2024. Mr. Lin currently serves as a deputy director of the External Liaison Committee of the 12th Central Committee of the China Democratic National Construction Association* (中國民主建國會第十二屆中央委員會對外聯絡委員會副主任), a deputy director of the External Liaison Committee of the 10th Guangdong Committee of the China Democratic National Construction Association* (中國民主建國會廣東省第十屆委員會對外聯絡委員會副主任), a standing member of the 7th Shenzhen Committee of the China Democratic National Construction Association* (中國民主建國會深圳市第七屆委員會常務委員) and an vice chairman of the Enterprise Committee of the 7th Shenzhen Committee of the China Democratic National Construction Association* (中國民主建國會深圳市第七屆委員會企業委員會副會長). Mr. Lin was recognised by Guangdong Committee of China Democratic National Construction Association* (中國民主建國會廣東省委員會) as (i) excellent individual in political participation and consultation* (民建廣東省委會2018年度參政議政工作優秀個人) in June 2019; (ii) excellent individual participating in community service* (民建廣東省委會2018年度社會服務工作優秀個人) in July 2019; and (iii) advanced individual in political participation and consultation* (民建廣東省委會2020年度參政議政工作先進個人) in August 2021. He was recognized by the Central Committee of the China Democratic National Construction Association* (民建中央) as (i) advanced individual in fighting COVID* (抗擊新廣冠炎疫情先進個人) in December 2020; (ii) an advanced individual participating in poverty alleviation* (民建參與脱貧攻堅先進個人) in November 2021; and (iii) advanced individual in political participation and consultation* (民建中央2021年度參政議政工作先進個人) in December 2021. He was recognised by the General Office of the Central Committee of Democratic National Construction Association* (民建中央辦公廳) as an advanced individual in the designated assistance work of the Central Committee of Democratic National Construction Association* (民建中央定點幫扶工作先進個人) in December 2022. He was also recognised by Shenzhen Committee of China Democratic National Construction Association* (民建深圳市委員會) as (i) advanced individual participating in community service* (民建深圳市省委會2020年度社會服務工作先進個人) in January

2021; (ii) advanced individual participating in political participation and consultation* (民建深圳市省委會2021年度參政議政工作先進個人) in January 2022; (iii) advanced individual participating in community service* (民建深圳市省委會2022年度社會服務工作先進個人) in January 2023; and (iv) advanced individual participating in community service* (民建深圳市省委會2023年度社會服務工作先進個人) in December 2023.

**Ms. Tang Hui (唐輝)**, aged 33, has been appointed an executive Director with effect from 5 September 2024. She has approximately eight years of experience in the investment, management and education industry. She obtained a master of science in international management from King's College London in December 2015 and a doctorate of business administration from the Faculty of Audencia Business School in May 2024. Between 2015 and 2021, she worked at a number of investment and management companies. She joined the Group in April 2022 and currently serves as the executive officer of a subsidiary of the Group.

As at Latest Practicable Date, Ms. Tang is the sole and ultimate beneficial owner of Graymind, a substantial shareholder of the Company, and is therefore deemed to be interested in 144,212,000 Shares of the Company held by Graymind by virtue of the SFO.

## Non-executive Director

**Mr. Wu Jiwei (吳繼偉)**, aged 53, was appointed as an 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. Yang Yuchuan (楊玉川)**, aged 60, has been appointed as an independent non-executive Director and members of the Audit Committee, the Remuneration Committee and the Nomination Committee with effect from 5 September 2024. He has over 20 years of experience in the finance industry. He has been a visiting professor of Hong Kong Financial Services Institute since September 2023, and the executive officer and chief macro economist of Prime China Securities Limited, responsible for the day-to-day management and operation of the company, since September 2016. He is also the executive officer and responsible person of Prime China Investments and Advisory Limited, responsible for the day-to-day management and operation of the company, since July 2019. He has been (i) the independent non-executive director of China Resources Gas Group Limited, the shares of which are listed on the Stock Exchange (stock code: 1193), since August 2018, and (ii) the independent non-executive director of China Resources Power Holdings Company Limited, the shares of which are listed on the Stock Exchange (stock code: 836), since September 2021.

He was (i) an executive director of Century Sunshine Group Holdings Limited, the shares of which are listed on the Stock Exchange (stock code: 0509), between July 2013 and August 2016; (ii) a non-executive director of Fintech Chain Limited (formerly known as TTG Fintech Limited), the shares of which are listed on the Australian Securities Exchange (stock code: FTC), between December 2011 and April 2015; (iii) an independent non-executive director of Huiyin Holdings Group Limited, the shares of which were previously listed on the Stock Exchange but were delisted in August 2022, between December 2018 and June 2020; and (iv) an executive director of Partners Capital Securities Limited and the chief executive of Sunshine Asset Management (HK) Limited, both financial institutions in Hong Kong.

He obtained a bachelor's degree in power mechanical engineering from Shanghai Jiao Tong University in July 1985 and a master of business administration from University of San Francisco in August 1993.

**Mr. Tao Qizhi (陶啟智)**, aged 45, has been appointed as an independent non-executive Director, members of the Audit Committee and the Nomination Committee and the chairman of the Remuneration Committee with effect from 5 September 2024. He has approximately 15 years of experience in the education industry. He obtained a bachelor's degree in international economics and trading from the China Foreign Affairs University in July 2002, a master of science in money, banking and finance from the University of Birmingham Business School in December 2003 and a degree of doctor in finance from the University of Edinburgh Business School in July 2009. He has been a professor of finance of Southwest University of Finance and Economics since April 2009.

**Mr. Cheng Tai Kwan Sunny (鄭大鈞)**, aged 51, has been appointed as an 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 was 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, from December 2017 to September 2024. 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.

## Senior management

**Mr. Tang Peng (唐鵬)** aged 43, has about 16 years of experience in financial and strategic management. Mr. Tang has been 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)**, aged 51, 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 fellow member of the Hong Kong Institute of Certified Public Accountants and holds a Certified Public Accountant (Practising) Certificate issued by the Accounting and Financial Reporting Council. 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 GR Life Style Company Limited (stock code:108), China Sinostar Group Company Limited (stock code: 0485), Balk 1798 Group 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 2024.

## COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board has committed to achieving high corporate governance standards in order to safeguard the interests of the Shareholders and to enhance corporate value and accountability. During the year ended 31 August 2024, the Company has complied with all the applicable code provisions set out in Part 2 of Appendix C1 to the Listing Rules (the "CG Code") except for the code provision C.2.1 as more particularly described below. The Board will continue to review and monitor the corporate governance practices of the Company for the purpose of maintaining high corporate governance standards.

Pursuant to code provision C.2.1 of the CG Code, the responsibilities between the chairman and the chief executive officer should be segregated and should not be performed by the same individual. During the period from 26 November 2020 to 4 July 2024. Mr. Wang Jinglei served as the chairman of the Board and the chief executive officer of the Company. The Board believes that vesting the roles of both chairman and chief executive officer in the same person had 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 had not been impaired and the prior structure enabled the Company to make and implement decisions promptly and effectively. On 4 July 2024, Mr. Lin Juncheng was appointed as an executive Director and a chief executive officer of the Company. Since then, the roles of chairman and chief executive officer of the Group have been separated in accordance with the code provision C.2.1 of the CG Code.

## 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 three executive Directors, one non-executive Director and three independent non-executive Directors as follows:

### Executive Director

Mr. Wang Jinglei *(chairman of the Board)*
Mr. Lin Juncheng *(chief executive officer)***
Ms. Tang Hui*

### Non-executive Director

Mr. Wu Jiwei

### Independent non-executive Directors

Mr. Cheng Tai Kwan Sunny
Mr. Tao Qizhi*
Mr. Yang Yuchuan*

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 2024 and up to the date of this annual report.

### Independent non-executive Directors

From 1 September 2023 to 31 August 2024, 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.

As at the Latest Practicable Date, the Board has six male Directors and one female Director. The Board targets to maintain "at least one female Director". The Nomination Committee and the Board will take opportunities to increase the proportion of female Directors on the Board over time when selecting and making recommendations on suitable candidates as Directors if they consider appropriate. The Company will take into account gender diversity when recruiting suitable candidates for senior management and board member in the future and engage human resources agency, if necessary, to identify such candidates.

* Appointed with effect from 5 September 2024
** Appointed with effect from 4 July 2024

The Company acknowledges the importance of having a diverse workforce. During the year ended 31 August 2024, approximately 40.4% of the total workforce were male employees and approximately 59.6% were female employees. The Board considers that the gender diversity in workforce is currently achieved.

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 2024 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* | ✓ | ✓ |
| Mr. Lin Juncheng** | ✓ | ✓ |

## Chairman and chief executive officer

Pursuant to code provision C.2.1 of the CG Code, the responsibilities between the chairman and the chief executive officer should be segregated and should not be performed by the same individual. During the period from 26 November 2020 to 4 July 2024. Mr. Wang Jinglei served as the chairman of the Board and the chief executive officer of the Company. The Board believes that vesting the roles of both chairman and chief executive officer in the same person had 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 had not been impaired and the prior structure enabled the Company to make and implement decisions promptly and effectively. On 4 July 2024, Mr. Lin Juncheng was appointed as an executive Director and a chief executive officer of the Company. Since then, the roles of chairman and chief executive officer of the Group have been separated in accordance with the code provision C.2.1 of the CG Code.

* Resigned with effect from 5 September 2024

** Appointed with effect from 4 July 2024

## 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 2024, eight 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 | 8/8 |
| Mr. Wu Jiwei | 8/8 |
| Mr. Yang Yuan* | 8/8 |
| Mr. Cheng Tai Kwan Sunny | 8/8 |
| Mr. Mao Daowei* | 8/8 |
| Ms. Luo Yunping* | 8/8 |
| Mr. Lin Juncheng** | 0/8 |

* Resigned with effect from 5 September 2024

** Appointed with effect from 4 July 2024

## COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix D2 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 from 1 September 2023 to 31 August 2024.

### 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 has established an audit committee (the "Audit Committee") with written terms of reference in accordance with the Listing Rules and the CG Code. The primary duties of the Audit Committee are to assist the Board by providing an independent view of the effectiveness of the financial reporting process, internal control procedures and risk management system of the Group, overseeing the audit process and performing other duties and responsibilities as assigned by the Board. As at the Latest Practicable Date, the Audit Committee comprises three members, namely, Mr. Cheng Tai Kwan Sunny, Mr. Tao Qizhi and Mr. Yang Yuchuan, all being independent non-executive Directors. Mr. Cheng Tai Kwan Sunny is the chairman of the Audit Committee.

The Audit Committee has reviewed the consolidated financial statements of the Group for the year ended 31 August 2024 and has met with the independent auditor, Zhonghui. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management members of the Company.

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 2024 and the annual results and annual report for the year ended 31 August 2024, 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.

* Resigned with effect from 5 September 2024

## 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 B.3 of the CG Code as set out in Appendix C1 of the Listing Rules.

As at the Latest Practicable Date, the Nomination Committee comprises Mr. Wang Jinglei, an executive Director, Mr. Yang Yuchuan and Mr. Tao Qizhi, 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 2024, three 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 | 3/3 |
| Mr. Mao Daowei* | 3/3 |
| Ms. Luo Yunping* | 3/3 |

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.

* Resigned with effect from 5 September 2024

### 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 E.1 of the CG Code as set out in Appendix C1 of the Listing Rules.

As at the Latest Practicable Date, the Remuneration Committee comprises Mr. Tao Qizhi, Mr. Yang Yuchuan and Mr. Cheng Tai Kwan Sunny, all being independent non-executive Directors. Mr. Tao Qizhi 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 2024, three 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* | 3/3 |
| Mr. Mao Daowei* | 3/3 |
| Ms. Luo Yunping* | 3/3 |

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, reviewed the terms of the executive Directors' service contracts, and reviewed and approved matters relating to the Share Option Scheme and made recommendations to the Board on related matters.

For the year ended 31 August 2024, there was no matter relating to the Share Option Scheme that was reviewed or approved by the Remuneration Committee other than the grant of share options to a consultant of the Group to subscribe for 5,000,000 Shares under the Share Option Scheme with the exercise price of HK$0.130 on 17 August 2023. For details, please refer to the announcement of the Company dated 17 August 2023. For further information about the Share Option Scheme, please refer to the section headed "Report of Directors — Share Option Scheme" in this report.

### 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 2024 are set out below:

| Remuneration band | Number of individuals |
|---|---|
| Nil to RMB500,000 | 6 |
| RMB500,001 to RMB1 million | 3 |

* Resigned with effect from 5 September 2024

## 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 2024 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. For the year ended 31 August 2024, 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 2024, 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 2024 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 2024, the total fees paid/payable, excluding disbursements, in respect of audit services provided by the Group's independent auditor are set out below:

| Type of services | Amount (RMB'000) |
|---|---|
| Audit services | 1,550 |

## 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 the company secretary. During the year ended 31 August 2024, 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. Pursuant to the Consultation Conclusions on Listing Regime for Overseas Issuers published by the Stock Exchange in November 2021, the Listing Rules have been amended with effect from 1 January 2022 which requires, among others, listed issuers to adopt a uniform set of 14 "Core Standards" for shareholder protection. The Company took the opportunity to modernise and provide flexibility to the Company in relation to the conduct of general meetings. As such, a second amended and restated Articles was adopted on 20 July 2023 for the purposes of, among others, (i) allowing general meetings to be held as electronic meetings or hybrid meetings; (ii) bringing the Articles of Association in line with amendments made to the Listing Rules, including the Core Shareholder Protection Standards set out in Appendix 3 to the Listing Rules, and applicable laws of the Cayman Islands; and (iii) making other consequential and housekeeping changes. Please refer to the corresponding announcements for details.

## 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. 239 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.

The Shareholders' communication policy was reviewed by the Board and the effectiveness of the policy was confirmed considering multiple channels were in place and adopted to reflect the current practice in communications with shareholders.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## I. PREAMBLE

Bojun Education Company Limited and its subsidiaries (collectively, the "Group" or "Bojun"), a private education service group, are dedicated to nurturing young generations into the future pillars of community, thereby creating a productive and harmonious society. The Group is determined to provide students with the highest quality learning opportunities, facilitating their educational progress and allowing them to achieve their fullest potential.

With the implementation of the Double Reduction Policy* (雙減政策) in recent years, which aims to alleviate students' pressure throughout their learning journey and reduce the financial burden on families by primarily limiting homework and regulating private tutoring after school, Bojun rises to the challenge and spares no effort in enhancing the quality of compulsory education while aligning with the policy. The Group is committed to fulfilling its responsibility to provide a safe and supportive learning environment for all its students, enabling them to flourish and develop through high-quality education.

In addition, the Vocational Education Law* (職業教育法) of the People's Republic of China (the "PRC") has been passed and amended. This allows vocational schools to prioritise the cultivation of students' vocational skills while ensuring that students enjoy equal opportunities with students from other schools, which place more emphasis on disseminating knowledge, in terms of further education, employment and career development. Bojun will not only strictly comply with the laws and regulations, but also adhere to its philosophy of respecting every student, ensuring a fair learning environment for students and allowing them to develop in their respective career directions.

Apart from being an education provider, Bojun acknowledges that emerging global crises, including climate change, environmental degradation, resource scarcity, and social unrest, are pressing issues that require its ongoing commitment to sustainable value creation. The Group aligns with national and international goals to foster an inclusive, resilient, and sustainable future for the planet. As well as its mission to adapt and make meaningful contributions to the local community and the world, Bojun prioritises the well-being of students, staff, investors, and local communities, ensuring that even in the face of adversity, young generations within the nation continue to thrive.

During the year under review, the Group has implemented robust sustainability approaches and measures in line with Environmental, Social and Governance ("ESG") principles. These efforts reflect its determination to attain long-term business success through sustainable practices. Moving forward, Bojun reaffirms its unwavering commitment to educational excellence and sustainable development, driving positive change within the organisation and beyond.

## II. ABOUT THE REPORT

In compliance with the Appendix C2 — Environmental, Social and Governance Reporting Guide ("ESG Guide") of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") under the "Comply or Explain" provisions, the Group is pleased to present its Environmental, Social and Governance Report for the year from 1 September 2023 to 31 August 2024 ("FY2024" or "the year under review"), demonstrating the Group's strategy and performance on the ESG management and sustainable development in FY2024.

### Reporting boundaries

With the adoption of the operational control approach, this ESG Report covers the environmental and social performance of the Group's major business operations in FY2024. Consistent with the disclosure boundary of the Annual Report in FY2024, the operations of the Group's two management offices and four schools in the PRC are included in this Report. The four schools consisted of two vocational schools, one high school and one kindergarten in Sichuan province, the PRC.

For the corporate governance section, please refer to the Group's Annual Report 2024. The reporting period of this ESG Report is for FY2024 unless specifically stated otherwise.

## Reporting principles

The Group followed the reporting principles, which are materiality, quantitative, balance and consistency, in its preparation of this ESG Report.

Materiality: To have good communication with stakeholders and make informed decisions, the Group places a great emphasis on the principle of Materiality in identifying the ESG issues that have the most significant impacts on the Group's operations. Materiality assessment is conducted by the Group annually via online questionnaires and communication with key stakeholders to collect their opinions and expectations for ESG issues, which is reviewed by the board of directors (the "Board") afterward. The verified outcome encompasses the basis of the ESG Report and will provide insights for the Group to formulate sustainability approaches and initiatives in the future. For further information, please refer to the section **Stakeholder Engagement** and **Materiality Assessment**.

Quantitative: This Report applies the principle of Quantitative by disclosing the environmental and social performance of the Group, together with a list of Key Performance Indicators ("KPIs"). Sources of methodologies, assumptions and conversion factors used can be found in the corresponding performance tables.

Balance: To provide readers and stakeholders with a holistic view of sustainable development, the Group complies with the principle of Balance to disclose its performance transparently with both outstanding achievements and room for improvement as a fair picture.

Consistency: The Group maintains the methodologies, reporting framework and structure as its previous reports, enabling meaningful comparison over the years. Whenever there is any significant change on the disclosure framework or metrics, corresponding explanation will be provided so as to facilitate the understanding and evaluation of the readers and stakeholders.

The ESG Report 2024 is prepared in consistent with the operating boundaries as stated in the Annual Report 2024, which covers four schools in Sichuan under the Group's management during the year under review, with one kindergarten less as compared to the reporting scope of the financial year ended 31 August 2023 ("FY2023").

## Information Disclosure

The information in this ESG Report was collected from the official documents and statistics of the Group, the integrated information of supervision, management approach and operating process in alignment with relevant policies, the internal quantitative and qualitative data from questionnaires according to the reporting framework, and the sustainability practices recorded by different subsidiaries of the Group. This ESG Report was prepared in both English and Chinese. In case of any conflict or inconsistency, the English version shall prevail. For readers' convenience, a complete content index is available at the end of the ESG Report.

Senior leadership and key stakeholders across Bojun are involved in processes of reviewing and validating the information. This report has not been verified by an independent third party, but the Group remains open to the consideration of external assurance for future reports.

The ESG Report for the financial year ended 31 August 2024 will be published by the Group on the websites of the Stock Exchange (www.hkexnews.hk) and the website of Bojun (www.bojuneducation.com) at the same time as its Annual Report is published. The ESG Report can be found under the "Investor Relations" section of the Company's website.

## Opinions and Feedback

As the Group strives for excellence, all valuable opinions and comments from readers and stakeholders are welcome. If you have any concerns or recommendations about the ESG Report, particularly on topics that are considered highly material issues to the Group, please share your insights with the Group via:

Address: No. 239 Sanse Road, Jinjiang District, Chengdu, Sichuan Province, The PRC
Phone: +86 28 8600 6028
Email: BJJY@bojuneducation.com

## III. COMPANY MANAGEMENT

Over the years, Bojun has been dedicated to upholding the highest standards to provide high-quality education services and advance its approach and practices for corporate social responsibility from time to time. The Group has been working to establish group-level sustainability approaches and promote the integration of sustainability into its corporate culture, navigating the complex challenges of the education industry. Additionally, the Group consolidates its risk management and business oversight by the adoption of an information-based approach, ensuring the creation of long-term value for all stakeholders.

"A Knowledgeable Man Wins the Whole World" (「博學致遠，駿馳天下」) is the cultural spirit of the Group, while "Learn Intently in Pursuit of Knowledge and Caring for the World" (「靜學問道，天下關懷」) is the motto of all schools under the Group. The Group is contributed to nurturing students' enthusiasm for learning, boosting their determination, equipping them with fundamental skills, and broadening their horizons to raise a new generation of students who are courteous, knowledge-seeking, life-loving, and caring.


### Governance Alignment

Bojun understands that the governance alignment is not merely about meeting the requirement but rather a commitment to principled leadership and responsible stewardship, which are essential for achieving long-term success. Therefore, the Group is committed to following ESG principles and implementing approaches that comply with the highest ethical standards.

To achieve the governance goal of "Govern without Intervention" (「無為而治」), the Group has implemented strict and systematic management policies, raising the awareness of guidance to encourage teachers, students, and parents to participate in the management together, reaching the state of "Action through Inaction" (「無為而無不為」).

At Bojun, transparency, accountability, and responsible decision-making are facilitated by the development of the Group's governance structure. The Group adopts both top-down visions and bottom-up implementation with feedback across its business operations. This two-way dialogue mechanism between leaders and employees establishes a clear direction and comprehensive strategy for the Group. In the meantime, it enhances communication and transparency across different organisational levels.

The Board plays an important role in overseeing the ESG efforts, guiding the business operations with the integration of ESG objectives, and takes the ultimate responsibility for ESG approaches and performance. The ESG Management Committee consists of leaders from key functional areas related to sustainability efforts, such as operations, human resources, and communications. Committee members are responsible for managing ESG-related risks and seizing potential opportunities, gathering comments from operating and management staff, and reporting these issues to the Board eventually. Meanwhile, the outcomes enable the Board to make more informed and effective decisions, which can further improve the ESG performance of the Group. With the two-way management approach and the organised monitoring system, the Group embraces a clear framework of accountability, while strategic objectives can be achieved more effectively and efficiently.

**Board:**

— Oversees all ESG-related issues within the Group

— Reviews the progress made against ESG-related goals and targets

— Evaluates strategic risk exposure and opportunities identified in the business development roadmap

— Reviews management updates and enterprise risk assessments

— Develop sustainability strategies, targets, and guidelines

**Management and School Sponsors:**

— Conducts ESG assessments and oversight during operations

— Reports updates on the regulatory environment regarding sustainability to the Board

— Evaluates and recommends improvements for the Board's ESG governance

— Guides, oversees and incentivises the implementation of the Group's ESG strategies, practices and metrics

— Manages, controls and mitigates any identified ESG risks

**Schools:**

— Enforce and communicate policies throughout operational teams

— Integrate sustainability strategies and practices into various stages of daily operations

— Acquire first-hand experience and provide regular progress reports to management

Apart from the regular updates on the hands-on experiences, risks during the operations, and problems faced by frontline employees, material ESG issues are also reviewed, prioritised, and managed by the Board through the Group's internal and external stakeholder engagement and understanding of their feedback. In the meantime, the Group regularly communicates with its stakeholders, which comprises shareholders, employees, students, and the communities, ensuring transparent and accountable operations. For further information, please refer to the section **Stakeholder Engagement** and **Materiality Assessment**.

The Group is dedicated to providing every employee and stakeholder with accurate, thorough, and timely information regarding ESG policies and performance. This commitment also applies to financial reporting, ESG metrics, and other relevant disclosures including its ESG-related targets. Being an education service provider, the Group has established a set of environmental targets that relate to its business nature to encourage sustainable practices and evaluate its progress with appropriate KPIs. The Board tracks the progress of the targets based on the metrics in the annual ESG Report and modifies the business development approach as necessary to lead the Group to success in a more sustainable way.

## Risk Management

The Group acknowledges the significance of ESG issues in its enterprise risk management, including climate risks, quality education, and professional teachers. Consequently, the Group acquires a more profound understanding of long-term risks and opportunities that are greatly significant for its operations through a robust governance framework that promotes a positive objective. The Group has implemented stringent management systems, including those addressing labour standards and anti-corruption practices, so as to effectively diminish social risks related to school operations. These systems aim to reduce operational risks and advance the brand image of all schools of the Group.

### Labour Standards

In FY2024, the Group complied with relevant applicable laws and regulations, including but not limited to:

— Labour Law of the PRC* (中華人民共和國勞動法);

— Labour Contract Law of the PRC* (中華人民共和國勞動合同法);

— Teachers Law of the PRC* (中華人民共和國教師法); and

— Law on the Protection of Minors of the PRC* (中華人民共和國未成年人保護法).

The Group stringently prohibits the hiring of child labour or forced labour. To combat the illegal employment of child labour, underage workers, forced labour, or servitude in any form, human resources ("HR") department of the Group has developed a series of comprehensive internal policies to standardise and monitor the recruitment and employment processes. These policies are designed to prevent illegal employment and ensure compliance with labour standards. Strict systems and procedures are in place to manage the entire process, from recruitment to employee onboarding. The employment management system specifies the steps of recruitment, the process of personnel information collection and background checking, and the evaluation of interviews in detail.

To further prevent child labour, the schools within the Group have implemented specific measures to review and oversee the recruitment and employment process, which include:

— All applicants are required to provide valid identification documents for verification during recruitment

— All materials provided by new employees are thoroughly reviewed prior to formal onboarding to ensure consistency with the information submitted during recruitment

— Employee identities are re-verified when applying for social insurance to prevent any discrepancies or illegal employment

The Group's recruitment process is based on the principles of fairness and voluntariness, strictly prohibiting any form of coercion or deception during recruitment. For instance, the Group provides an offer to candidates who meet the hiring criteria, which includes all essential information about the position, such as salary, benefits and working hours. Candidates are encouraged to make an informed and independent decision after reviewing the information. Moreover, the Group has established a specific HR team to conduct regular investigations into the implementation of labour and employment policies across all schools. The team carefully reviews every step of the process, from recruitment to signing labour contracts, to ensure compliance. If any violation of the labour standards is discovered, the corresponding employment will be immediately terminated.

In FY2024, the Group adhered to relevant laws and regulations relating to preventing child and forced labour that have a significant impact on the Group.

**Anti-corruption**

The Group, being an education service provider, understands its responsibility to inspire and guide students to become individuals with honesty and integrity. To fulfil this responsibility, the Group is committed to anti-corruption efforts and maintains the highest standards of integrity at every hierarchy of the operations, working diligently to combat corrupt behaviours.

In FY2024, the Group complied with relevant laws and regulations relating to bribery, extortion, fraud and money laundering that have a significant impact on the Group, including but not limited to:

— Anti-Corruption Law of the PRC* (中華人民共和國反腐敗法);

— Law of the PRC on Anti-money Laundering* (中華人民共和國反洗錢法);

— Criminal Law of the PRC* (中華人民共和國刑法);

— Anti-unfair Competition Law of the PRC* (中華人民共和國反不正當競爭法); and

— Criminal Procedure Law of the PRC* (中華人民共和國刑事訴訟法).

Bojun unequivocally combats all forms of corruption, both internally and in interactions with external stakeholders. Its anti-corruption framework is rooted in a holistic set of policies, procedures and practices designed to prevent, detect, and address corruption-related risks. The Group has set up a unified Staff Manual, which explicitly prohibits corruption and unethical behaviour, to provide clear rules and regulations to employees, partners, and contractors on expected ethical standards. The Group maintains a zero-tolerance policy for inappropriate behaviours, such as inducing parents to bribe. Disciplinary actions for violations, as listed in the Staff Manual, are based on the severity of the incident, including warning, demerit, demotion and termination of employment contracts if necessary.

In order to prevent corrupt practices and provide all stakeholders with a safe environment to raise issues and concerns, the Group has established an effective grievance mechanism that applies to both within and beyond its operations. This mechanism allows employees, students, parents, and third parties to express concerns or report suspected compliance or ethical violations to management, the Board, or the legal team. Reports can be made regarding any person whose actions conflict with the Group's interests and any parties involved in the corrupt practices. As all schools under the Group are administered by the Education Bureau, whistleblowers can contact the local administration department or the discipline inspection department to file complaints as well, and follow up with the subsequent investigation process.

Upon receiving a report from the corresponding department, the school will immediately form an investigation team, comprising staff from the legal team, to conduct investigations and verifications. If criminal behaviour is substantiated, the Group will oversee and monitor the handling of the case and decide whether to report it to the relevant regulatory agency or law enforcement authorities. The Group's effective mechanism ensures that all processes remain confidential and strict anti-retaliation policies are implemented to protect the whistleblower from unfair dismissal or victimisation. The Group believes that its joint efforts in monitoring and building a clean and honest administration in schools can help respond more rapidly to potential misconduct, build trust with employees, and protect the Group's long-term value.

To further raise the employees' awareness of the consequences of bribery, extortion, fraud and money laundering, the Group organised four anti-corruption-related seminars and training for all levels of the staff in FY2024. During the year under review, around six hours of anti-corruption-related training and campus promotional activities were arranged for over 225 managerial staff and 317 general employees, aiming to increase their sensitivity to behaviours that could infringe upon the Group's interests or violate relevant laws. Moreover, general employees can have better understanding on the Group's grievance mechanism, while managerial staff can implement the Group's internal control system and related regulations in a more effective manner.

With the effective implementation and monitoring of the anti-corruption and whistle-blowing policies by the Group's legal department, zero concluded legal cases regarding corrupt practices were brought against the Group or its employees in FY2024. The Group remains dedicated to maintaining high standards of ethical and transparency, ensuring a strong foundation for its operations and long-term success.

## IV. MESSAGE FROM THE BOARD

Dear Valued Stakeholders,

On behalf of the Board, I am pleased to present our seventh ESG Report, which outlines Bojun's ESG strategy, performance and progress for the financial year ending 31 August 2024. As an education service provider founded in 2001, the Group has operated various types of institutes, including kindergarten, high school, and vocational schools. We acknowledge the significance of delivering high-quality education while fostering sustainable development and growth of our organisation.

The Group's motto, "A Knowledgeable Man Wins the Whole World" (「博學致遠，駿馳天下」), is embedded in our vision and mission and spans across every aspect of our operations. This motto has emerged as a way of life and a shared spirit among every member of our organisation. As a leading private education service group committed to providing education of the highest standard tailored to meet each student's needs, we have consistently pursued our mission. Since our establishment, we have devoted ourselves to the propagation of knowledge across all qualification levels, from kindergartens and high schools to vocational education.

### Our Strategy and Commitment

**Safeguarding Well-being and Advancing Teaching Quality**

Since our establishment, we have faced a number of challenges, and overcoming them has enabled us to maintain and further enhance the quality of our teaching. With the implementation of the Double Reduction Policy, we are taking additional steps to protect the health and well-being of our staff and students. By prioritising the health and safety above all other issues within the educational community, we have focused on strengthening the safety of all members on campus, ensuring the occupational health of staff, and promoting the physical and psychological well-being of both students and staff. Furthermore, various communication and feedback channels have been established between teachers and students to facilitate effective and timely interactions for addressing academic and other concerns.

Recognising that students face significant pressures from both academic and daily life, we place a great emphasis on addressing their concerns and enhancing their well-being. With the dedication to safeguarding the well-being of all campus members, particularly students, a series of measures have been applied to support them in recognising and addressing their emotional needs. Additionally, we regularly adjust and advance our management and evaluation processes, ensuring the continued delivery of education at the highest standard.

Moreover, we understand that the development of teachers in the areas of competence, work ethic, and overall professional development improves the quality of teaching. Therefore, we prioritise providing our teaching staff with diverse training programmes tailored to their unique educational needs and career goals, fostering a team with varied expertise and promoting open communication and cooperation. During the year under review, more than 4,000 hours of vocational training were offered to our staff. We are committed to continuously enhancing the quality of education in the schools within our Group and strive for improvement every year.

**Fostering Sustainable Development under Evolving Situations**

Living on a planet with emerging environmental crises, we are committed to creating a sustainable community. Even under unfavourable operating environment, we believe that the commitment is not only an ideology but also actions associated with and transformed from the mindset. By embedding sustainability into our Group's operations, we implement policies and strategies in the schools within our Group to ensure that adverse environmental impacts are minimised and positive changes are realised.

To continuously pursue sustainable development, we have set clear development targets to increase the activeness and productivity of staff and increase their happiness and the sense of achievement. We also actively sought new partnerships and collaborations with like-minded organisations and individuals, expanding our network and leveraged diverse perspectives to explore innovative educational approaches. Additionally, our continued investment in vocational education highlights our recognition of its crucial role in operating education businesses and equipping individuals with the knowledge and skills for both personal growth and professional success.

Through our adaptive approaches and progressive insights, we believe we can navigate market fluctuations, leverage potential opportunities, and provide education services that align with the evolving needs of society, striving for a constructive change within the education sector and the broader community.

**Combating Climate Change and Promoting Environmental Responsibility**

In recent decades, in light of the growing concern about the impacts of climate change on businesses and the increasing obligations for climate disclosures, we devoted our efforts to developing measures that contribute to meaningful and long-term changes to address climate change. To support this goal, we have proactively referenced the recommendations set forth by the Task Force on Climate-related Financial Disclosures ("TCFD"). This approach has enabled us to evaluate the physical and transition climate-related risks that Bojun may face, allowing us to modify our climate strategies and take appropriate actions.

In alignment with our group-level strategy, our schools have adopted sustainable practices by prioritising environmental governance, organising awareness campaigns, and improving our management capabilities. Dedicated to fostering environmental consciousness and promoting intellectual growth among all, we have arranged diverse learning activities designed to inspire our students and staff to become environmental pioneers.

## Our Approach

Within our vision for the future sustainable development of the education sector, the core lies in our ambition to establish an equitable, innovative, and sustainable education system. Our goal is to provide access to quality education for as many young generations as possible while delivering literacy and diverse skills, with a strong emphasis on environmental protection and global cooperation. By embracing sustainable education practices and fostering multi-party collaborations, we firmly believe that the education sector can play a vital role in bringing positive change and contributing to sustainable development for future societies.

We operate our business with the United Nation Sustainable Development Goals ("SDGs") as our benchmarks, providing us with overarching strategic guidance. These goals empower us to evaluate our sustainability impacts, allocate resources to address pressing issues, and manage our development from the perspective of ESG. Recognising the importance of environmental protection and sustainability in the education sector, we have established a range of relevant ESG-related goals and metrics, which are periodically tracked, monitored, and reviewed by the Board. We strive for a future where sustainable education acts as a catalyst for social development, environmental conservation, and global cooperation.

## Looking Forward

As a leading private education service group in Sichuan, we seize the tremendous opportunity and take the responsibility for contributing to development and implementation of solutions that address both national and global sustainability challenges. With our commitment and determination to tackle the issues, we are confident to embrace the future and make a lasting impact in creating a more sustainable world for new generations.

At last, I would like to express my heartfelt appreciation to our employees who wholeheartedly support our ESG initiatives, as well as our students, parents, and business partners for their invaluable feedback. I also extend my gratitude to our Board and senior management, whose tireless efforts lay the groundwork of a more sustainable future for all.

Thank you for your continued support as we strive for excellence in our ESG endeavours!

**Wang Jinglei**
*Chairman of the Board*

Hong Kong, November 2024

## V. STAKEHOLDER ENGAGEMENT

At Bojun, the pursuit of ESG performance goes beyond internal management practices. The Group recognises that achieving inclusive sustainability is only possible through cooperation and ongoing dialogue with its diverse stakeholders. By actively listening to stakeholders, the Group can better understand their expectations, identify potential risks and opportunities, and ensure that its ESG efforts are aligned with these expectations. Open and transparent engagement enables the Group to communicate new ESG objectives and performance updates with key stakeholders while gathering valuable feedback and suggestions. This helps enhance the development of the Group's sustainability strategies. The Group applies various communication channels shown below to engage with stakeholders, ensuring consistent and meaningful communication.

Each stakeholder holds a unique perspective and plays a different role in its sustainability development. Therefore, the Group values every opportunity to hear from the stakeholders. By responding to the issues identified through these interactions, the Group ensures its ESG strategies remain responsive and proactive.

### Communication with Stakeholders

| Stakeholders | Expectations and concerns | Communication Channels |
|---|---|---|
| **Government and regulatory authorities** | – Compliance with laws and regulations<br>– Sustainable development<br>– Occupational health and safety | – Supervision on the compliance with local laws and regulations<br>– Routine reports and tax payments |
| **Shareholders** | – Return on investments<br>– Corporate governance<br>– Compliance with laws and regulations<br>– Attention to changes in education needs<br>– Equal employment and anti-discrimination | – Regular reports and announcements<br>– Regular general meetings<br>– Official website of the Group<br>– Written comments and responses<br>– Telephone conferences, face-to-face meetings, and on-site visit |
| **Employees** | – Employees' remuneration and benefits<br>– Career development<br>– Health and safety in the workplace<br>– Communication enhancement<br>– Sustainable development<br>– Corporate governance | – Performance reviews<br>– Regular meetings and training<br>– Emails, notice boards, hotline, team building activities with the management<br>– Workshops<br>– Questionnaires and online engagement |
| **Parents and students** | – High-quality teachers and facilities for education<br>– Students' rights<br>– Students' satisfaction<br>– The promotion of students' health and safety | – Written comments and responses<br>– Face-to-face meetings and on-site tours<br>– Telephone discussions<br>– Daily communication through social media platforms |
| **Suppliers** | – Fair and open procurement<br>– Win-win cooperation with upstream and downstream stakeholders<br>– Secure and stable supply chain<br>– Innovative development<br>– Labour standards and development<br>– Corporate governance | – Open tendering<br>– Suppliers' satisfaction assessment<br>– Telephone conferences, face-to-face meetings, and on-site visits<br>– Written comments and responses<br>– Questionnaires and online engagement |

| Stakeholders | Expectations and concerns | Communication Channels |
|---|---|---|
| **General public** | – Involvement in communities<br>– Compliance with laws and regulations<br>– Environmental protection awareness | – Media conferences and responses to inquiries<br>– Public welfare activities<br>– Questionnaires and online engagement |

## Materiality Assessment

Given that ESG risks and opportunities vary across the Group's diverse stakeholders, each with distinct backgrounds and concerns, materiality assessment is a fundamental tool for Bojun to understand how to perform in sustainability to deliver long-term value. In FY2024, the Group engaged an external consultant to conduct a materiality assessment, identifying the most material and relevant ESG issues. The assessment process took the following steps:

**Step 1: Stakeholder identification**

Key stakeholders were identified by assessing the impact of the Group's activities on them, as well as their capacity to influence the Group's business objectives. Key stakeholder groups, including general staff and suppliers/business partners, and parents were then identified. Representatives or representative organisations from each stakeholder group will be invited afterward for engagement, ensuring a comprehensive understanding of their perspectives.

**Step 2: Internal impact assessment**

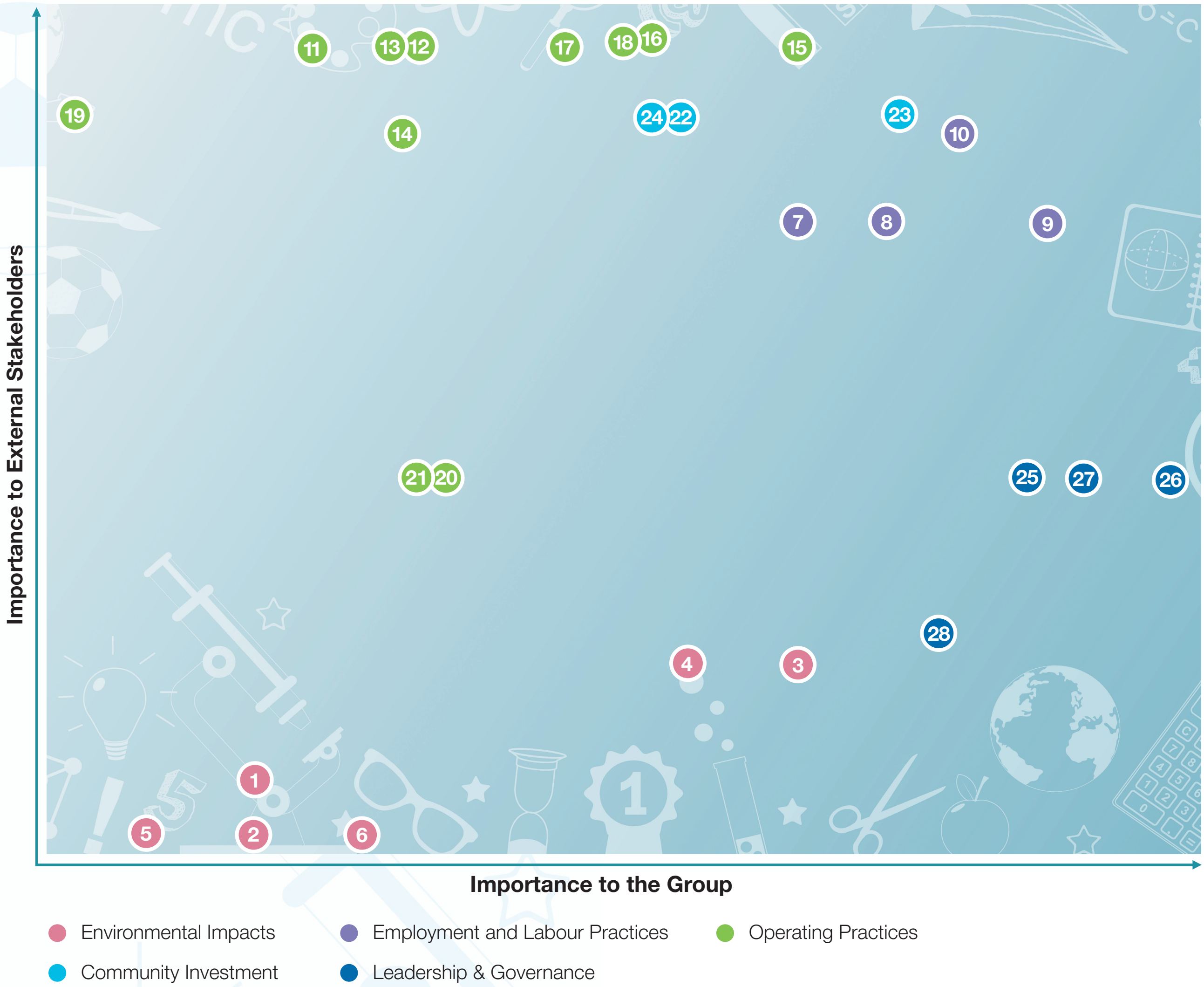
An internal desktop impact assessment was conducted to produce a list of 28 priority issues, which were selected based on their relevance to the Group's development strategy, industry development trend, regulatory market requirements, and social responsibility. This assessment allowed the Group to focus on the most material ESG issues that align with its strategic goals and stakeholder expectations.

| | |
|---|---|
| 1 | Greenhouse Gas ("GHG") Emissions |
| 2 | Energy Management |
| 3 | Water and Wastewater Management |
| 4 | Solid Waste Stewardship |
| 5 | Climate Change Mitigation and Adaptation |
| 6 | Renewable and Clean Energy |
| 7 | Labour Practices |
| 8 | Employee Remuneration and Benefits |
| 9 | Occupational Health and Safety |
| 10 | Employee Development and Training |
| 11 | Green Procurement |
| 12 | Engagement with Suppliers |
| 13 | Environmental and Social Risk Management of Supply Chain |
| 14 | Supply Chain Resilience |
| 15 | Product/Service Quality and Safety |
| 16 | Customer Privacy and Data Security |
| 17 | Marketing and Promotion |
| 18 | Intellectual Property Rights |
| 19 | Labelling Relating to Products/Services |
| 20 | Business Ethics and Anti-corruption |
| 21 | Internal Grievance Mechanism |
| 22 | Participation in Philanthropy |
| 23 | Cultivation of Local Employment |
| 24 | Support of Local Economic Development |
| 25 | Business Model Adaptation and Resilience to Environmental, Social, Political and Economic Risks and Opportunities |
| 26 | Management of the Legal and Regulatory Environment (regulation-compliance management) |
| 27 | Critical Incident Risk Responsiveness |
| 28 | Systemic Risk Management (e.g., Financial Crisis) |

**Step 3: Significance investigation and prioritisation**

An online survey was distributed among the key internal and external stakeholders. The completed survey with scores of issues were analysed and prioritised. The Group applied weightings to the issues based on stakeholder preference and concerns, specifically focusing on the E, S and G pillars. The results were then mapped into a final materiality matrix as shown below. This matrix served as a valuable tool for highlighting which issues required the most focus and action.

## Stakeholder Engagement Materiality Matrix




**Step 4: Validation and outcomes**

Through the materiality analysis, the Group identified six issues of high importance to its stakeholders, which are "Labour Practices", "Employee Remuneration and Benefits", "Occupational Health and Safety", "Employee Development and Training", "Product/Service Quality and Safety" and "Cultivation of Local Employment". By prioritising these topics, which are most significant to its business operations, the Group integrates these insights into its risk management framework. This enables the Group to take a proactive approach in addressing the material economic, social, and environmental risks that are of greatest concern to its stakeholders. As a result, the Group is better positioned to make informed decisions that align with stakeholder considerations and expectations concerning its business.

## Alignment to the United Nation Sustainable Development Goals

In addition to focusing on the top material issues, the Group's commitment to sustainable development is aligned with the SDGs. As an organisation operating schools across multiple age groups, Bojun strives to make meaningful contributions to global sustainability efforts. In FY2024, the Group identified four particular SDGs that strongly align with its business and ESG strategy.

From the survey engaging the Group's key stakeholders, Goal 1 (No Poverty), Goal 3 (Good Health and Well-being), Goal 4 (Quality Education), and Goal 11 (Sustainable Cities and Communities) ranked the top of the list among all 17 SDGs. The Group acknowledges its critical role in advancing these global goals and is committed to contributing to their realisation. In response to the stakeholder concerns and expectations, the Group will continue to emphasise the specific sub-targets under these four goals particularly:

**Goal 1:**

1 NO POVERTY

With scarce or even no resources due to poverty, inequality generally happens. Bojun is committed to eliminating poverty and its associated inequality by providing education to young generations, equipping them with the knowledge and skills that bring them on their own paths of success and improve their living standard. The Group believes that everyone has the rights of receiving education, and we, as an education service provider, have the responsibility to provide high quality education services to as many students as possible, preventing poverty from hindering students to develop and achieve their maximum.

**Goal 3:**

3 GOOD HEALTH AND WELL-BEING

A focus on good health and well-being is vital for both academic outcomes and for cultivating responsible, informed, and empowered individuals who can contribute to sustainability. To this end, the Group puts great efforts in ensuring the health and well-being of teachers and students. To strengthen the physical fitness and mental well-being of students, the Group enhances healthcare facilities, arranges health education seminars and physical examinations, and also provides counselling services to help students establish lifelong beneficial habits.

**Goal 4:**

4 QUALITY EDUCATION

As an education service provider, quality education is notably the focus of the Group's attention. To fairly provide high-quality education to all students, the Group has implemented internal policies to promote teacher quality, applicable teaching content, diversified pedagogical models and inclusive education practices. To facilitate students' diversified development, the Group provides not only the general academic tasks required by the state but also different types of extracurricular activities and overseas study opportunities. This ensures students obtain experiences from various channels in addition to the basic academic abilities and grow into well-rounded talents.

**Goal 11:**

11 SUSTAINABLE CITIES AND COMMUNITIES

Sustainable cities and communities comprise various issues related to the health of current and future generations, such as urban planning, housing, transportation, and environmental sustainability. Sustainable urban planning and development are critical to building resilient communities against various challenges, such as climate change, natural disasters, and public health crises. By applying sustainability principles into daily operations, Bojun is dedicated to establishing a more inclusive and resilient city. The Group has integrated sustainability principles into its curriculum and implemented a set of sustainability practices and measures on campus to encourage students and staff to actively engage in sustainable development.

## VI. QUALITY EDUCATION

### Teaching Philosophy and Model

Bojun is dedicated to offering a high-quality education beyond academic accomplishments, aiming to inspire every student to pursue excellence, responsibility, and holistic development. The Group believes that education is not just about passing on knowledge but also about nurturing individuals with critical thinking, empathy, and a strong sense of social and environmental responsibility. Therefore, the Group is committed to embracing diversity and inclusivity, ensuring that a supportive learning environment is accessible to all students, irrespective of their background.

The Group consistently emphasises deepening teaching reforms and creating an educational philosophy centred on "respecting individuality and delivering people-oriented education". This approach is reflected in the Group's commitment to fostering an enriching development for each student according to their individual needs and talents. The following cases demonstrate the alignment with the approach:

***Case study:*** *Tianfu High School (天府高中)* — During the Science Festival between May and June 2024, Tianfu High School (天府高中) arranged various activities for students to participate in. While students learnt the concept of light in textbooks, the laboratory experiments allowed them to better understand the concept through practice. Moreover, the experience with robotics using remote control inspired students to be creative and innovative in technology development, ensuring students benefit from diverse activities outside the classroom.

***Case study:*** *Kindergarten* — During the year under review, Riverside Kindergarten (河濱幼兒園) organised an English competition “Love, Dream and Me!”. Teachers designed the script of the English drama according to the interest and comprehension ability of children, ensuring every child could experience the joy of language and performance. In addition, children have improved their English expression and artistic expression while deepening their understanding on traditional Chinese culture though stage performances including drama, singing contests and parent-child recitations.

### Diversified Extra-curricular Activities

With the stepwise implementation of the Double Reduction Policy* (雙減政策), the schools within the Group have focused on reducing the learning pressure on students while increasing the quality of extracurricular activities offered on campus. During the year under review, the schools organised diverse extracurricular activities, encompassing society activities and theatrical performances, which enrich students' time after class and promote their all-round development.

***Case study:*** *Kindergarten* — During Children's Day in June 2024, Riverside Kindergarten (河濱幼兒園) arranged a series of activities, including recitation of Chinese poems and performances on Chinese traditional music, dances, and martial arts, to celebrate this special day for the children. To further cultivate children's confidence and creativity, several dramas based on Disney stories and a parent-child fashion show were also performed.

### Course Quality Control

To nurture the best students, the Group intensifies its efforts to ensure high-quality instruction and recognises its responsibility to provide students with an excellent education. To maintain premium course quality, all schools within the Group have implemented various internal policies and measures aimed at enhancing their teaching standards.

— **Riverside Kindergarten (河濱幼兒園):** In line with the principles outlined in "Guide to Learning and Development for Children aged 3-6"* (3-6歲兒童學習與發展指南) and the "Guideline for Kindergarten Education"* (幼兒園教育指導綱要), experts are invited to the campus to provide guidance and professional training for teachers.

— **Winshare Vocational College (文軒職業學院):** The school has established a Quality Control Department (質檢部) to conduct periodical inspections of all teaching staff every semester, ensuring high-quality and well-structured classes can be delivered. At the end of each semester, all students will be invited to complete an anonymous online form to evaluate their instructors and provide feedback.

— **Tianfu High School (天府高中)**: The school has organised teaching research and seminars across various subjects, emphasising the significance of continuous improvement in teaching quality. Teachers are required to strictly comply with standards regarding class structure, assignments, tutoring, and examination procedures.

To further improve its teaching quality, Bojun encourages teachers to engage in pedagogic research, attend training seminars, and pursue advanced studies continuously. The Group believes that concrete practices play an equally important role in improving the overall quality of education, apart from theoretical discussions. In particular, all schools within the Group conducted teaching research activities on a variety of subjects, comprising mathematics, physics, chemistry, and music. These activities contribute to the development of the teaching resources, as well as enhancing teachers' professionalism and honing their teaching skills.

***Case study:*** *Zhengzhuo Vocational School (正卓職業學校)* — Zhengzhuo Vocational School (正卓職業學校) presented the school's measures and works done for the new academic term to the leader of the Dayi county education bureau. The leader further provided valuable opinions on establishing policies in areas such as safety work and psychological education for the school's improvement.

## Digitalisation Quality Control

To rapidly adapt to the accelerating trend of digitalisation after the Pandemic, the Group has prioritised the research and utilisation of advanced technologies to upgrade its education facilities and diversify its pedagogical approaches. Recognising the growing importance of digital tools in education, the Group is committed to ensuring that teachers enhance the quality of remote learning and online courses from both technical and pedagogical perspectives.

***Case study:*** *Zhengzhuo Vocational School (正卓職業學校)* — Zhengzhuo Vocational School (正卓職業學校) provided training to teachers on improving the quality of information system data management. Specific guidance regarding system operation, data logic, the input and output of data, and system administrator functions were delivered, ensuring teachers can better utilise digital tools to improve the education quality.

### Academic Achievement

The Group is dedicated to providing its students with high-quality education. Through collaborative efforts, students of the Group achieved excellent academic results. Meanwhile, the performance of the Group's teachers and other staff members was also awarded and honoured.

***Case study:*** *Tianfu High School (天府高中)* — In FY2024, one of the teachers (袁學民) from Tianfu High School (天府高中) were awarded the title of National Outstanding Teacher* (全國優秀教師). In addition, six students from Tianfu High School (天府高中) had excellent achievement for their knowledge and insights in the proposal presentation of the 11th National Youth Model Chinese People's Political Consultative Conference (第十一屆全國青少年模擬政協(提案)展示活動).

### Teacher-student Interaction

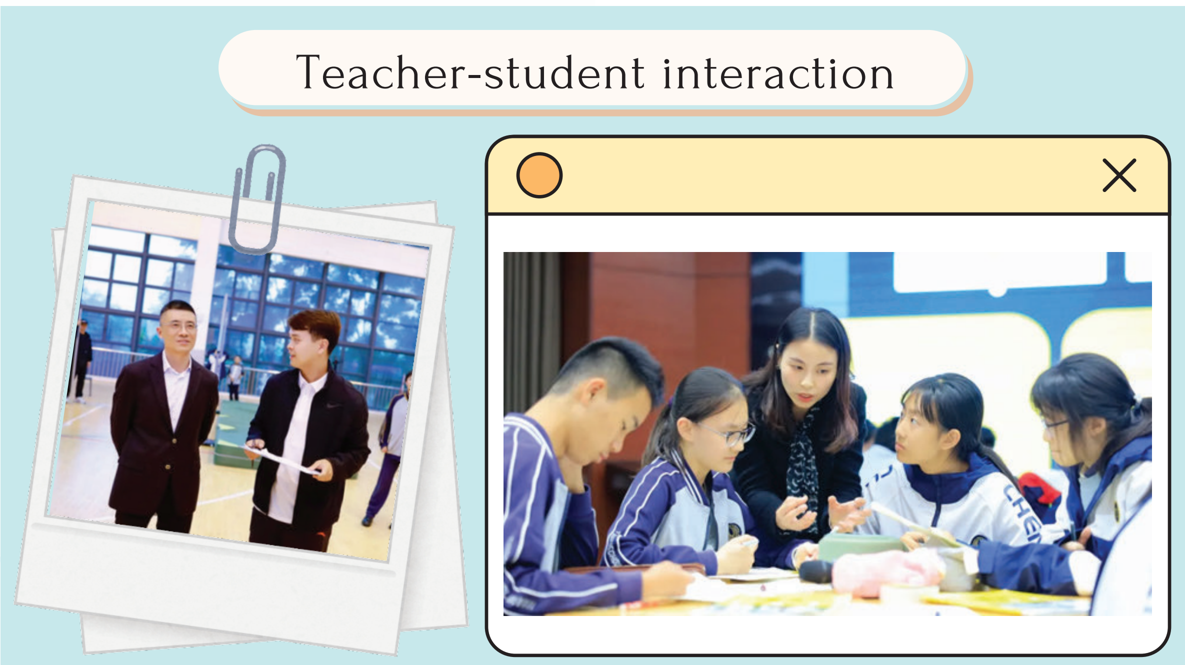
The Group acknowledges the important role of teachers in inspiring students and promoting their growth and development. Building strong bonds between teachers and students allow for a deeper understanding of students' academic pressures and concerns. The schools achieve enhanced communications and interactions between teachers and students by various means, including:

— **Hold class meeting:** Students are able to freely express their opinions throughout regular class meetings. By listening to students' concerns and expectations regarding teaching methods and the organisation of academic activities, teachers can know more about the needs of each student, thereby promoting students' learning.

— **Set up teacher-student mailbox (師生信箱):** Letter-writing creates a safe and private space while ensuring confidentiality. Through this means, students who are afraid to shout out their ideas in the class meeting can also express their opinions unreservedly without any concerns.

— **Design teacher-student interacting activities:** Academic knowledge can be delivered through interactive games. With challenges and reward systems, students are able to actively participate in the class and learn more knowledge via interesting and exciting learning experiences.

***Case study:*** *Tianfu High School (天府高中)* — Tianfu High School (天府高中) places a great emphasis on establishing good teacher-student relationships. Teachers and the principal maintain daily communications and interactions with students, including the greetings and chatting when meeting up. This can strengthen the security, courage, and confidence of students within the campus.



## Home-school Communication

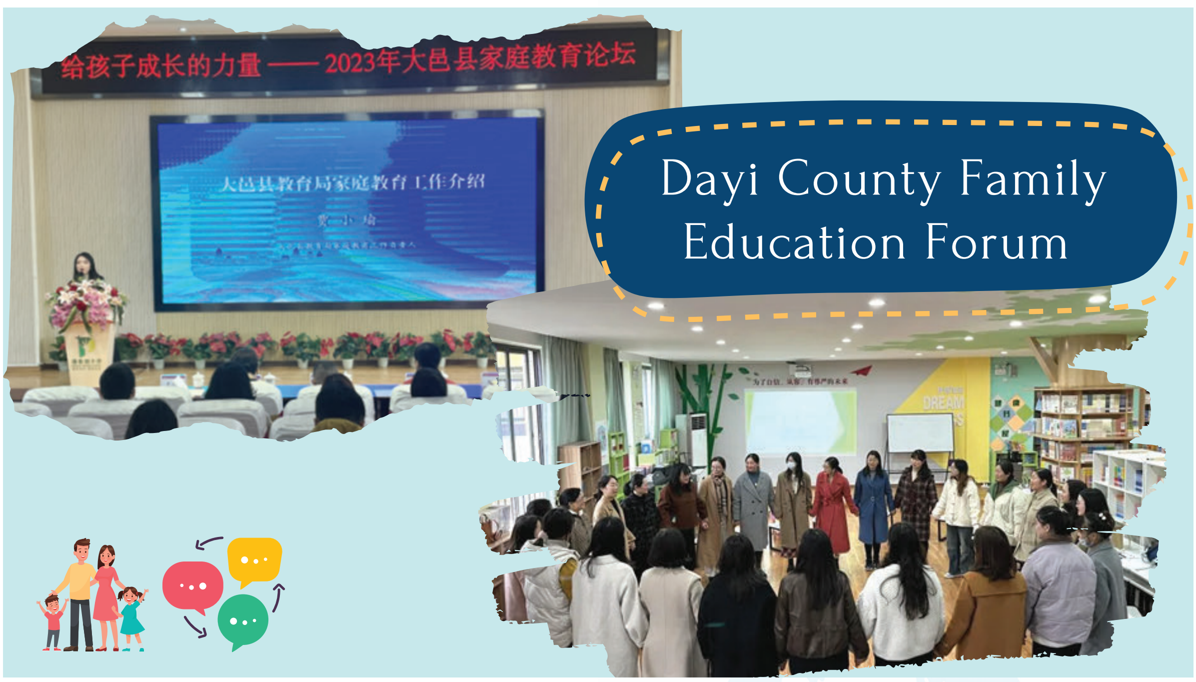
The Group prioritises open communication with parents to create a cooperative environment that supports students' healthy development. Alongside the formation of a Family Committee to facilitate dialogue between families and schools, the schools have implemented additional effective policies, including:

— **Hold parent meeting:** Parents are able to be familiar with the school operations, teaching approaches, and their children's school life through setting up a letter-reading session in the meeting to provide students a channel for in-depth communication with their parents.

— **Send home-letter (傳家書):** Teachers write weekly to inform parents about their children learning progress at school and their outstanding achievement. Content consists of the specific homework assignments, review tasks, or reading materials that students are required to finish. This enables parents to supervise their children's studies more efficiently.

— **Online home visits (綫上家訪):** For online classes, teachers were informed of the children's progress in learning through online home visits and provide any assistance if needed.

***Case study:*** *Zhengzhuo Vocational School (正卓職業學校)* — As the Group recognises that parental trust and support play a significant role in promoting students' development, the Dayi County Family Education Forum (2023年大邑縣家庭教育論壇) was held to enhance the school's family education. Throughout the forum, teachers learnt the concept, approaches and skills relating to family education, allowing them to apply the knowledge in their daily communication with students' parents and deliver the skills to parents.



## Advertising and Admissions

In FY2024, all publicity and admission activities of the Group strictly comply with the Advertising Law of the PRC* (中華人民共和國廣告法) and followed the internal policies of the Group. All contents for promotion, including the schools' philosophy, curriculum system and management characteristics, were based on the guidelines prepared by the Group. Standard and formal preparation procedures are adopted by the Group to ensure all marketing materials are accurate and unbiased. The principal and the administrative committee must discuss and confirm the advertising materials prepared by the Admission Office in particular. After the materials have been reviewed by the school and approved by the Education Bureau, they are eventually printed and released to the public.

The Group utilises online platforms, including schools' official websites and corresponding WeChat public account (微信公衆號) and Weibo account (微博賬號), for advertisement and news sharing.

In FY2024, the Group strictly adhered to relevant laws and regulations, and the Group did not receive any complaints related to its advertising and admission activities.

## Privacy Matters

The Group is committed to protecting the privacy of its students and strictly prohibits collecting unnecessary information from students or their parents. All data collected from students is only used for enrolment purposes, and personal information is carefully verified and regularly reviewed. All paper documents and electronic files are collected, stored, organised, and managed by the Group securely. In case of any exposure of personal information or data, the relevant employees will be held responsible and punished based on the Group's policies.

By signing the labour contract that outlines the terms of the confidentiality agreement, the Group strictly prohibits employees from disclosing any information about the school, colleagues, or the personal details of students and their parents to any third party without their consent. In cases of any violation, the Group will take appropriate legal action. With the implementation of the "Confidentiality System" and robust monitoring measures, the management of the schools is dedicated to safeguarding the privacy of all students and staff. The kindergarten's video surveillance system is not connected to any external networks, and its access is strictly controlled by the Administrative Office of the Group. Internal video footage can only be accessed with specific authorisation from management, except for routine security checks or when public security agencies require evidence.

In FY2024, the Group reported no incidents of personal data leakage and did not receive any complaints regarding privacy issues. Additionally, with the enforcement of the Personal Information Protection Law of the PRC* (中華人民共和國個人資訊保護法) ("PIPL") on 1 November 2021, the Group is committed to further improving its management of personal information to ensure compliance with the regulations set forth in the PIPL.

### Complaints Handling and Risk Management

In FY2024, the Group did not receive any substantial complaints from students, parents, or nearby residents. In previous years, the feedback received by the schools was mainly parents' suggestions and recommendations regarding school management, students' opinions on school arrangements, and concerns from the local community about creating a quieter campus.

Over the years, the Group respects valuable feedback from its stakeholders, thus, the Group set up teams to conduct holistic investigations into the issues concerned by its stakeholders and take appropriate actions, as highlighted below:

— **Parents:** The schools engaged in active communication with the Family Committee to understand parents' concerns. Following a thorough investigation and internal discussions, the Academic Affairs Office issued a rectification order requiring that any unclear information regarding the school's management processes be clarified to parents and clearly listed (e.g., fee items).

— **Students:** The school appointed psychology teachers as counsellors to conduct individual sessions with each student. Through these conversations, students were able to overcome their psychological barriers and better understand the good intentions behind the school's arrangements. Additionally, the school collaborated with the General Affairs Office and supervising teachers to ensure that students' voices were heard and their legitimate needs addressed.

— **Residents:** The school proactively engaged with the community property management to address concerns through various discussions. This collaboration ultimately led to a consensus on minimising noise impact on the community while ensuring the school's regular operations.

#### Intellectual Property Rights

Bojun is committed to transparent and ethical business practices, with a strong emphasis on protecting intellectual property rights. Recognising the crucial role these rights play in promoting innovation and creativity, the Group is dedicated to safeguarding its own intellectual rights while also respecting the rights of others. All schools within the Group are required to use only legitimate and authentic teaching materials, including textbooks, teaching aids and software. This policy not only ensures the authenticity of educational content but also supports fair compensation for creators and publishers. In cases of intellectual property rights violations, the legal department will conduct investigations and verifications, and any relevant employees will be held responsible and punished with established regulations.

In FY2024, the Group complied with the applicable policies and regulations, and the Group received no complaints related to intellectual property rights.

Due to the nature of the Group's business, recall procedures and labelling are not relevant to its operations and are therefore not considered material nor disclosed in this ESG Report. In FY2024, the Group compiled with relevant laws and regulations relating to health and safety, advertising, labelling and privacy matters of its products and services that have a significant impact on the Group.

## VII. PROFESSIONAL TEACHERS

### Employment

With the crucial role of teachers in education, their impacts extend far beyond the classroom. Bojun, an education provider with a long history, firmly believes that delivering the best quality education is only possible through efficient recruitment, professional training and effective management. To achieve this, the Group has formulated and implemented strict hiring procedures and employment systems that uphold the highest standards of professionalism.

As of 31 August 2024, there were a total of 2,467 staff employed by the Group in the PRC. The distribution of the Group's employee structure in the categories of employee type, position level, gender and age can be found in Table S3 in section headed "XI. APPENDIX — PERFORMANCE TABLE".

To ensure the quality of teachers, the Group prioritises teaching experience and professional qualifications during the recruitment process monitors year-over-year changes. The summary table below shows the teachers' quality profile for the schools within the Group in FY2024.

**Teacher Quality Profile**

| | Kindergarten | High School | Vocational Schools |
|---|---|---|---|
| **Average teaching experience (years)** | 9.0 | 14.0 | 8.9 |
| **Education level** | 68.8% education diploma or above and 43.8% bachelor's degree | 98.3% education diploma or above, 86.2% bachelor's degree and 25.9% master's degree | 46.5% education diploma or above, 56.6% bachelor's degree and 22.3% master's degree |

### Law Compliance

The Group's employment policies are regularly updated and modified to fit in social changes since the establishment of the Group, and particularly, to comply with the relevant laws and regulations in the PRC. During the year under review, the Group adhered to applicable laws and regulations, including the following:

— Employment Promotion Law of the PRC* (中華人民共和國就業促進法);

— Labour Contract Law of the PRC* (中華人民共和國勞動合同法);

— Labour Law of the PRC* (中華人民共和國勞動法); and

— Insurance Law of the PRC* (中華人民共和國社會保險法).

In FY2024, the Group offered mandatory social insurance and medical insurance schemes to its employees. Periodical reviews and updates of relevant company policies in accordance with the latest laws and regulations are accountable by the HR Department of the Group and its subsidiaries.

### Recruitment and Promotion

Being the foundation of the education system, teachers put effort into bringing students superior learning experience. The Group acknowledges the importance of the recruitment and retention of talent to uphold its competitiveness in the industry. Therefore, the Group strictly implements internal policies in recruitment and employee management. Moreover, the Group builds long-term bonding in collaboration with colleges and universities, and organises campus recruitment on a regular basis to attract high-quality candidates. Meanwhile, the Group makes use of online marketing platforms to release various positions and corresponding recruitment information periodically. Social platforms, including the WeChat account and Tencent online postings, are the software the Group utilises for recruitment.

Recruitment and promotion within the Group's schools follow a structured and equitable process, ensuring that only the most qualified and capable individuals are selected for the position. The Group maintains a comprehensive assessment process, which typically includes written tests, interviews, skills presentations, and principal interviews. Each candidate is carefully evaluated by a panel of three to five interviewers using a detailed grading sheet. The candidates' working experience, educational qualifications and specialisations are thoroughly reviewed and assessed to ensure they meet the Group's high standards. For promotions, the Group adheres to transparent and legitimate procedures. Teachers can access promotion opportunities based on their performance, which is evaluated through the Teacher Promotion Application Assessment Form (教師晉級申請考核表). This ensures that promotions are merit-based, fostering a fair and motivating work environment.

### Compensation and Dismissal

The Group's remuneration policy has been formulated in accordance with the relevant laws and regulations of the local jurisdictions where its member schools operate. The school determines the compensation standards based on the function and position of the employee (e.g., teachers, administrative and supporting staff, and general staff). Following the principle of "externally competitive, internally fair and motivating, and the school has the ability to pay" (對外有競爭力，對內公平有激勵力，學校有支付能力), the Group reviews teachers' salaries based on several factors, including professional skills, workload, work performance, and attitude. Salaries are approved and issued monthly according to the relevant management system, while final performance remuneration is awarded based on the semester's "Final Appraisal Reward Method" (期末考核獎勵辦法). In addition, the Group provides end-of-term bonuses, allowances, holiday condolences, and overtime pay.

The Group strictly prohibits any form of unfair or illegitimate dismissal and has established clear policies to manage employee dismissal procedures. The relevant guidelines are outlined in the human resources policies and employment contracts, ensuring transparency and fairness. If an employee continues to make the same mistakes despite warnings, their employment contract will be terminated, and the Group will provide economic compensation in accordance with the relevant laws and regulations in the PRC. In FY2024, the total turnover rate of the Group is around 1.8%. For further information, please refer to Table S4 in section headed "XI. APPENDIX — PERFORMANCE TABLE".

### Working Hours and Rest Periods

The working hours and rest periods are confirmed and agreed on the labour contracts for all employees, which are based on the Labour Law of the PRC* (中華人民共和國勞動法). Working hours are regulated to be less than 44 hours a week with at least one day off per week. Additionally, the Group cares about the well-being of employees, thereby paying attention on the employees' rest periods. The number of overtime working hours is strictly regulated to be no more than 36 hours per month.

## Equal Opportunity and Anti-discrimination

The Group emphasises that equity and diversity within the workforce are not only crucial to social justice but also powerful catalysts for enhancing company performance and competitiveness. By fostering diverse, inclusive, and healthy working environments, the Group promotes mutual growth and ensures that students learn to value and respect differences. Hence, the Group is dedicated to developing strategies and practices that provide equal opportunities and combat discrimination within the organisation. All employees are ensured equitable opportunities in areas such as recruitment and selection, training and development, and promotion. These opportunities are unaffected by the employee's age, gender, race, disability, ethnicity, origin, religion, or any other non-job-related elements. The Group demonstrates its commitment to equality and diversity by hiring individuals from different backgrounds and actively promoting their participation and success. As part of this commitment, the Group not only hired local Chinese workers but also recruited foreign teachers to enhance cultural diversity within its schools.

The Group's equal opportunity policy upholds a zero-tolerance approach towards any form of workforce discrimination, harassment, or vilification, in line with local ordinances and regulations. To support this, the Group has established confidential reporting mechanisms, allowing employees to report any incidents of discrimination directly to the HR Department. Upon receiving a report, the Group will conduct a meticulous investigation following resolution processes to ensure a fair and just outcome for all parties involved.

## Other Benefits and Welfare

In FY2024, the Group arranged team building activities and offered various benefits to teaching staff. For instance, there were gatherings during Teachers' Day while gifts and benefits were provided to staff during festivals, which help build bonding within the Group and alleviate the daily pressure of staff from work.

***Case study:*** *Tianfu High School (天府高中)* — During Teachers' Day, students from Tianfu High School (天府高中) expressed their gratitude toward teachers and celebrated with their teachers. Gifts such as thank you cards, words, and blackboard drawings were presented from students to teachers. Additionally, other celebration activities included students' performances and the school's birthday celebrations for teachers. Teachers can therefore enjoy the day with students.

To improve the Group's approaches and employee satisfaction, the Group believes that effective communication between the management and general staff is an essential mean apart from the above activities and benefits. The Group has set up a comprehensive communication mechanism, which could be categorised into several types, comprising "request and report", "file and information sharing", "internal publication" and "employee growth system". "Employee growth system" can be further broken down into eight aspects according to different stages, covering all communication from pre- to post-employment. Moreover, the Group arranges seminars for administrative leaders and teaching staff on a regular basis to understand the expectations of frontline teachers.

In FY2024, the Group complied with relevant laws and regulations relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare that have a significant impact on the Group.

## Development and Training

The Group considers teachers as its valuable asset, thereby is willing to provide them with training opportunities to identify and fulfil their skill gaps. Training enables teachers to meet dynamic educational needs and further equips them with the knowledge they require to succeed in their field. With the provision of training, teachers can further enhance their advantages, while students can receive quality education and positive learning experience.

Training provided by the Group mainly aligns with the concept of self-knowledge, formulating a personal and professional development plan, theoretical study, and reflection. Hence, internal policies of "Internal Training and External Introduction" (內培外引) and "Cooperation and Construction" (合作共建) were implemented in alignment with the "Guiding Opinions of the Ministry of Education on the Management of Credit Management for Primary and Secondary School Teacher Training"* (教育部關於推行中小學教師培訓學分管理的指導意見) and the "Measures for the Management of Credits for Primary and Secondary School Teacher Training in Sichuan Province"* (四川省中小學教師培訓學分管理辦法).

The Group offers induction training to new teachers while promoting internal training held by experts and scholars and external training courses among teachers. The Group is also committed to developing online learning platforms that enable teachers to spend their leisure time on learning and professional development. Bojun has established an employee training reward and punishment system to compliment teachers with excellent performance, motivating teacher's development.

***Case study:*** *Zhengzhuo Vocational School (正卓職業學校)* — To clarify the job duty of the school's commissary in charge of studies, a training session was organised in September 2023. This training allowed teachers within the commission to understand the aim of establishing the commission, the responsibility of the commission, and the specific role of each member of the commission, particularly in how the commission monitors teaching procedures and serves as a role model for other teachers.


***Case study:*** *Tianfu High School (天府高中)* — To further promote high quality education, teachers at Tianfu High School (天府高中) were provided with training on Forum of High-quality Development of Basic Education in FY2024 (2024年基礎教育高質量發展論壇). Teachers went to Beijing to participate in the forum and discussed issues of sustainability, global citizens, artificial intelligence and science, thereby learning to nurture students with innovative spirits in the current situation.


During FY2024, a total of 4,059.9 hours of training were arranged by the Group for 89.3% of its employees, among which 78.6% were teachers. For further information regarding training participants and detailed breakdown of training hours received, please refer to Tables S5 and S6 in section headed "XI. APPENDIX — PERFORMANCE TABLE".

## VIII. HEALTHY & SAFE CAMPUS

### Health and Safety

Bojun always prioritises the health and safety of campus, and it acknowledges its responsibility for providing and maintaining a safe and secure environment for students, staff, and local residents. The Group has installed facilities and taken various actions to create a secure and supportive environment that promotes learning and personal growth while minimising risks.

### Law Compliance

Over the years, Bojun has been pursuing to protect the health and safety of its employees and students. To eliminate potential occupational and other hazards during its operations, the Group implemented precautionary measures in alignment with relevant local laws and regulations, including but not limited to the Regulation on Work-Related Injury Insurance* (工傷保險條例), the Law of the PRC on Prevention and Control of Occupational Diseases* (中華人民共和國職業病防治法) and the School Hygiene Work Regulations* (學校衛生工作條例).

### Health Services Provision

Complying with the School Hygiene Work Regulations* (學校衛生工作條例), all schools within the Group are equipped with medical rooms under the "Medical Institution Practice License"* (醫療機構執業許可證). In accordance with the "Basic Standards for Medical Institutions"* (醫療機構基本標準), the Group's schools also set up transparent management systems in defining duties and regulation of medical staff and school doctors. All medical staff, nurses and doctors of the Group are qualified with practising certificates.

The schools within the Group hold health inspections for teachers and students annually. In addition, all schools within the Group have established a student health record system, ensuring any potential health problems can be discovered and addressed promptly through regular health checks. New students are arranged to have a Purified Protein Derivative (PPD) screening for tuberculosis (TB) and a physical examination is provided for faculty members and staff every year. In accordance with the regulations of the Chinese Centre for Disease Control and Prevention (CDC), all students are required to receive vaccination when enrolled. For kindergartens, the Group strictly adhered to the regulations of "Chengdu City Nursery and Kindergarten Health Care Management Implementation Rules"* (成都市托兒所、幼兒園衛生保健工作管理實施細則) and set up the "Kindergarten Health Care System" (幼兒園衛生保健制度) to clarify the job responsibilities of health workers.

### Campus Safety Management

Apart from establishing well-equipped health and safety facilities, the Group has also implemented a set of health and safety management policies, comprising "Emergency Plan For Major Risk Prevention And Control Work" (重大風險防控工作應急預案) to prevent, handle and report the issues related to natural disasters, fire safety, medical emergencies, and other critical situations regarding students' and staff's health. The schools within the Group have set up an early warning mechanism for safety control, including strengthened patrols around campus, surveillance cameras, access control systems and security personnel, preventing bullying on campus and eliminating potential threats and safety hazards. Smooth communication has been set to report suspicious activities timely. The school also maintains close relationships with parents to safeguard children's health and development.

In the meantime, the Group is committed to offering safety education and training for all members of the campus community, increasing their awareness and capacity to respond effectively in emergencies. During the year under review, Winshare Vocational College (文軒職業學院) conducted safety inspections regularly for the canteen, teaching buildings, dormitory, and power distribution room, ensuring that all health and safety management policies were strictly adhered to and enforced.

***Case study:*** *Winshare Vocational College (文軒職業學院)* – In order to create a safe campus environment for students and teaching staff, inspections on campus security work were conducted regularly. Additionally, raising the safety awareness of students and staff in all aspects is one of the school's safety management strategies. In FY2024, National Cyber Security Awareness Week was held and a safety manual was created for promotion, ensuring students and staff have a thorough understanding of potential cyber scams such as phishing.


## Occupational Health and Safety

Given the business nature of being an education provider, most of the Group's employees, including teachers and administrative staff, are not exposed to significant occupational hazards. In the meantime, a minority of staff, such as the general staff working on the maintenance and outdoor activities, may potentially be vulnerable to limited types of occupational hazards. Hence, adequate personal protection equipment (PPE) and safe operating procedures are offered to outdoor workers to minimise occupational health and safety risks.

The Group has implemented policies to thoroughly clean and disinfect campus facilities every semester. Smoking is strictly forbidden in all school areas and workplaces to prevent students and staff from inhaling harmful pollutants. The Administrative Department and the back office are responsible for reviewing and monitoring the effective implementation of the safety measures, ensuring the continuous enhancement of the Group's safety performance.

With the ongoing efforts, the Group did not record any work-related fatalities during the past three years, including the current reporting period. In FY2024, the Group recorded one case of work-related injuries, with one employee injured. The canteen worker's limbs got burnt due to a slip when transporting soup, resulting in 30 lost days due to work injury incidents. In case of work-related injuries, the Group will promptly take effective measures under relevant internal policies and provide appropriate compensation to the relevant employees. The Group is committed to reviewing and enhancing the related policies and practices via regular security inspections to achieve zero-injury rate, as well as increasing people's awareness of safety through education and training.

In FY2024, the Group complied with relevant laws and regulations relating to providing a safe working environment and protecting employees from occupational hazards that have a significant impact on the Group.

### Physical Education

The Group places great emphasis on physical education for multifaceted development of students, including their physical health, mental well-being, and crucial life skills development. During the year under review, the schools within the Group incorporate physical education with academic goals. Diverse and inclusive activities were provided to meet the interests of all students.

***Case study:*** *Tianfu High School (天府高中)* – Tianfu High School (天府高中) organised Sports Day for students to participate in sports activities and promote the importance of physical health. There were entertaining events such as gymnastics and military performances. Moreover, new items like 50-metre breaststroke were launched to suit different interests of students. On the Sports Day in FY2024, the record of more than 60% of students participated in individual sports while 100% participation in team sports was achieved.


### Emergency Drills and Training

To effectively increase students' and staff's safety awareness, knowledge, and self-rescue abilities, all schools within the Group carried out emergency drills and training sessions during the year under review, such as demonstrations on using fire extinguishers to put out fires on campus. For students, safety education is provided through classroom teaching and various practices. For teaching staff, there are talks and tests on fire safety knowledge, including the correct use of electrical appliances. These activities help educate them on handling different emergency situations, including security threats and natural disasters.

***Case study:*** *Winshare Vocational College (文軒職業學院)* – To strengthen the school's fire safety education, firemen were invited to teach students about the correct use of fire extinguishers, the procedures of making an emergency call, the way to extinguish an incipient fire, and the way of speedy evacuation. Additionally, teachers and students had a 30-minute evacuation drill on natural disasters to further enhance their ability to deal with emergency situations.


## Canteen

Food safety of the school canteen is essential to ensure that students and staff can have safe, nutritious and healthy meals while reducing the risk of foodborne disease. In FY2024, all schools' canteens comply with relevant local laws and regulations, including but not limited to:

- the Food Safety Law of the PRC* (中華人民共和國食品安全法);
- the Implementation Regulations of the Food Safety Law of the PRC* (中華人民共和國食品安全法實施條例);
- the Food Safety Supervision of Catering Services Management Measures* (餐飲服務食品安全監督管理辦法); and
- National food safety standard - General hygienic specifications for catering service* (食品安全國家標準餐飲服務通用衛生規範).

Furthermore, the Group implemented a series of food safety practices and internal policies, including the "Canteen and Group Dining Hygiene Management Regulations" (學校食堂與學生集體用餐衛生管理規定) and "Food Safety, Nutrition and Health Management Regulations" (學校食品安全與營養健康管理規定), to create a hygienic and conformable dining environment. The Group has developed specific internal control procedures to maintain food safety and quality, including but not limited to:

– Establish internal systems for the procurement and certification of food materials, consisting of documentation, registration, and inspection;

– Require all canteen staff to acquire health certificates;

– Educate all canteen staff about proper food safety practices, such as handwashing, safe food storage, and temperature control;

– Scrutinise the canteen areas periodically to strictly control the hygiene of the canteen areas;

– Implement a FIFO (First In, First Out) system to ensure the ingredients used are fresh and will not lead to any foodborne issues;

– Design weekly menus according to the "Chinese Residents Dietary Guidelines"* (中國居民膳食指南) as a reference;

– Provide explicit labelling for allergenic ingredients in school meals; and

– Create specific menus for students and staff with food allergies or dietary restrictions.

***Case study:*** *Winshare Vocational College (文軒職業學院)* – In FY2024, Winshare Vocational College (文軒職業學院) had regular food safety inspections. Detailed information such as meal arrangement in canteen, nutrients in meals, food safety and catering services were enquired and monitored. Moreover, canteen facilities were inspected to ensure the food offered to students and teachers maintained the highest quality.

### Psychological and Mental Health

Concerning the psychological and mental health of students, it also plays a significant role in their growth and development. During the year under review, the schools within the Group consolidated the curriculum with mental health education and held a number of activities to reduce students' anxiety and academic pressure. The Group's culture of valuing and prioritising mental health and its encouragement of open communication makes students feel secure in expressing their concerns. The schools within the Group have set up a psychological care centre and counselling room with school counsellors and psychologists available to provide students with individual or Group counselling.

The Group recognises the importance of cooperation between teaching staff, families, and the community in contributing to positive psychological and mental health of students. Hence, the schools have periodically organised talks and meetings with parents to discuss students' performance and growth at school, pursuing better understanding and communication between parents and their children.

***Case study:*** *Tianfu High School (天府高中)* – On 25 May 2024, Tianfu High School (天府高中) organised a series of activities to promote mental health. Teachers gained knowledge on positive psychology through seminars while students learnt to understand puberty scientifically through talks. Junior students were also provided with opportunities to encourage senior students for their upcoming examinations. Furthermore, students learnt to relieve their pressure and address their negative emotions through sports and arts.

## Supply Chain Management

As an educational institution with boarding services, Bojun primarily works with suppliers that provide office supplies, teaching devices and materials, daily necessities of students and food materials for canteens. Supply chain management involves efficient management of the flow of resources and services, ensuring the smooth operation of the schools. The Group is committed to minimising social and environmental risks across its supply chain and extending its workforce to develop a sustainable value chain while responsibly offering safe and high-quality products to students and staff.

### Supplier Engagement

During the year under review, the Group maintained stable cooperative relationships with a total of 48 suppliers, which were all located in the PRC. All schools within the Group have established a Logistic Department for upholding a long-term bonding and dynamic engagement with its primary suppliers via on-site visits, telephone conferences and WeChat messages. In FY2024, 100% of its suppliers had stable engagement with the Group, and it did not face any under-qualified supplies or delays in supplies.

### Risk Management

To reduce the potential social and environmental risks associated with the supply chain, the Group established internal policies and regimes to regulate the daily practices in supplier inspection, bidding, cooperation, and management. Adhering to the precautionary principle, the Group aims to minimise supply chain risks by strictly adhering to the standards and contracts, as well as conducting regular investigation.

In accordance with the "Supplier Selection Mechanism and Evidence for Selection" (供應商選擇的相關制度及證據), the Group's Logistic Department takes the responsibility for selecting and inspecting suppliers to assure the suppliers' quality and the legal compliance in the process of procurement. The selection of suppliers is divided into three stages:

– **Factors to consider:** Only suppliers with a three-in-one business license, registered capital, and relevant national qualifications will be considered. The Logistic Department of the Group carries out periodical assessments based on the standards to ensure the suppliers strictly adhere to laws and regulations, and have strong capabilities of production, supply, and delivery.

– **Factors for selection:** Suppliers are selected according to the quality and price compared with peers. The Group also considers industry experience and business cases as important references. In the meantime, the Group values suppliers who have obtained ISO (International Organisation for Standardisation) and other third-party certificates, thereby giving them bonus points during the assessment.

– **Selection process:** The "Supplier Basic Information Registration Form" is first filled in by the Logistic Department of the Group, followed by a discussion with various departments to assess, grade and deliver opinions on the "Long-term Supplier Periodic Evaluation and Assessment Form". After the evaluation, suppliers meeting the qualification requirements will be recorded according to the supplier approval procedures and encompassed in qualified suppliers list after approval by the Group's leaders. The qualified suppliers are also required to pay safety, quality, and risk deposits to the schools.

**Green Procurement**

Bojun acknowledges the importance of the supply chain in its sustainability performance, thus it prioritises environmental factors by choosing materials with low or no adverse impact on the environment during the procurement process. Additionally, the Group is dedicated to minimising negative impacts on the environment and driving the whole value chain towards a more sustainable direction.

Responsible for implementing and monitoring the Group's practices on promoting environmentally preferable products and services, the Logistic Department of the Group emphasises the indicator of "low carbon" throughout the process of supplier selection, and suppliers are encouraged to take preventive measures to reduce the emission of pollutants, including wastewater, exhaust gas, solid waste, and noise.

– **Supplier qualification:** Bojun believes that companies in a large scale have better qualifications, and hence higher execution power and stronger motivation to achieve low-carbon measures. The Group prioritises suppliers with green qualifications, including the ISO 14001 certification.

– **Supplier location:** The Group prioritises local suppliers with shorter transportation distances from its operation sites to reduce the emissions for transportation and the "carbon milage".

– **Technical indicators:** The Group evaluates and monitors the carbon emission level of the targeted candidate to assess the innovation ability of corporates in the field of green and low-carbon technologies.

As of 31 August 2024, among 48 suppliers in the PRC, 100% of suppliers are covered by the green procurement management policies.

## IX. SUSTAINABLE CAMPUS

Acknowledging the significance of the environmental component in the Group's sustainability approach, Bojun is dedicated to establishing a sustainable campus and fostering students to protect the environment. As the Group's business mainly engaged in educational services, the types and amount of emissions generated from its operations are limited and do not have significant impacts on the environment.

Following its fundamental commitment, the Group adhered to the relevant environmental laws and regulations in the PRC, including but not limited to:

— Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Wastes* (中華人民共和共固體廢物污染環境防治法);

— Law of the PRC on Prevention and Control of Water Pollution* (中華人民共和國水污染防治法);

— Standard for pollution control on hazardous waste storage* (危險廢棄物貯存污染控制標準);

— Environmental Protection Law of the PRC* (中華人民共和國環境保護法);

— Law of the PRC on Prevention and Control of Pollution from Environmental Noise* (中華人民共和國環境噪聲污染防治法); and

— Energy Conservation Law of the PRC* (中華人民共和國節約能源法).

This section primarily discloses the Group's quantitative data on emissions, use of resources, and its policies and practices in encouraging environmental sustainability, together with climate change mitigation and adaptation during the year under review.

### Emissions

In FY2024, the Group complied with the relevant applicable national and local environmental laws in terms of emissions during its daily operations and adhered to relevant laws and regulations relating to air and GHG emissions, discharges into water and land, generation of hazardous and non-hazardous wastes, and noise that have a significant impact on the Group. Further information about the total and different categories of emissions of the Group in FY2024 can be found in Table E1 in section headed "XI. APPENDIX — PERFORMANCE TABLE".

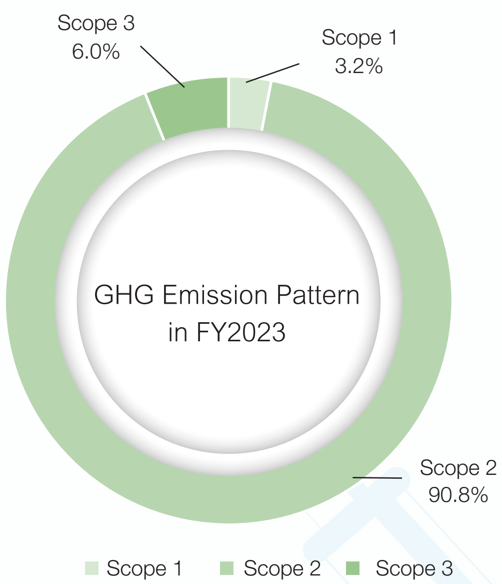
To further reduce environmental impacts and build an ecological civilisation on campus, Bojun has formulated a comprehensive strategy and implemented various measures for different schools within the Group. According to this framework, different schools within the Group follow specific guidelines and targets in alignment with the international trends.

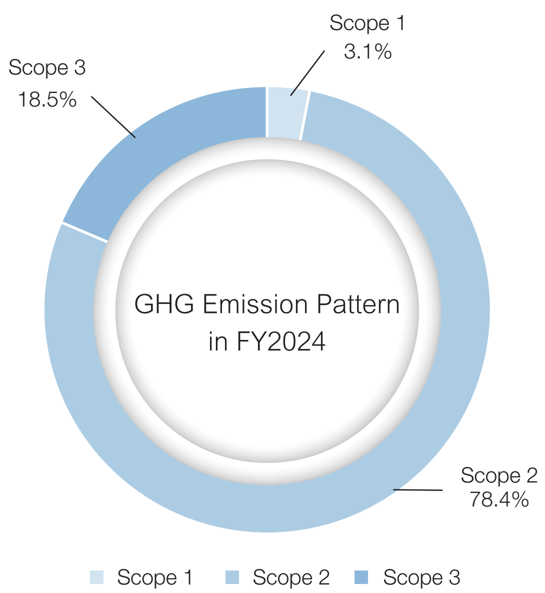
**Air & GHG Emissions**

In FY2024, the use of petrol for transportation, natural gas for canteen operations and electricity consumed for daily operations of the schools were the main sources that produce air and GHG emissions. The schools within the Group have established a number of measures to reduce air pollutants on campus. Schools with canteens have installed fume filtration facilities and arrange for professional organisations to clean the exhaust hoods regularly. For example, during the year under review, the canteen of Winshare Vocational College (文軒職業學院) carried out safety inspection of natural gas boilers by experts of cooperative gas company, identifying and addressing the leakage issues timely to avoid unnecessary excessive emissions. Moreover, the kindergarten within the Group has installed fresh air systems for filtering air to improve the indoor air quality.

At Bojun, the direct emissions (Scope 1) were mainly from the consumption of petrol for transportation and natural gas for the school canteen. For indirect emissions, electricity consumption was the primary source of Scope 2 emissions, while freshwater and wastewater treatment in daily operations were the main contributors to Scope 3 emissions.

In FY2024, the Group's patterns of GHG emissions showed a minor change, in which the direct emissions (Scope 1) remained approximately the same proportion (3.1% for FY2024 and 3.2% for FY2023) of the total GHG emissions as in previous reporting year, while indirect emissions (Scope 2 and Scope 3) dominated. Compared with FY2023, the amount of Scope 2 indirect emissions decreased while the amount of Scope 3 indirect emissions increased in FY2024.




As anthropogenic GHG emissions are the main contributors to climate change, the Group is committed to identifying and implementing solutions to reduce emissions from energy consumption. The policies and actions taken by the Group to control its emissions are further elaborated in the subsections titled "Electricity" and "Other energy resources" below.

**Wastewater**
During the year under review, the wastewater generated by the Group primarily consisted of non-hazardous domestic wastewater from students and staff on campus. In an effort to promote water recycling and reduce unnecessary discharge, the Group has established guidelines for the effective recycling of wastewater.

*Non-hazardous wastewater*
To reduce water consumption and eliminate the environmental impacts of wastewater, the Group adhered to the relevant local laws and regulations and implemented the "School Wastewater Discharge Management Method" to monitor and control the wastewater discharge. Examples of management approaches include:

— Maintain and manage the drainage pipe networks and related facilities on a regular basis;

— Test the quality of wastewater based on the relevant regulations (national and local sewage pollutant discharge standards) before discharge;

— Select phosphate-free detergent and cleaning liquid; and

— Filter oily fluid discharged from canteens by the grease trap before sewage treatment.

***Case study:*** *Tianfu High School (天府高中)* — During the Science Festival between May and June 2024, Tianfu High School (天府高中) organised activities to educate students on the significance of water-saving. All students from grade eight participated in field trips to visit wetlands and wastewater treatment plants, encouraging their active involvement in water conservation efforts. Through the immersive experience, students are able to understand how wastewater is treated and managed, promoting their creativity in designing innovative water conservation practices.

**Solid waste**

The solid waste of the Group in FY2024 was non-hazardous solid waste discharged mainly from campus activities of the schools, and no hazardous waste (solid waste or wastewater) was generated and disposed of by the Group during the reporting period.

*Non-hazardous solid wastes*

In FY2024, the major type of non-hazardous solid waste was paper. The Group has established clear policies and procedures for proper disposal, recycling, and waste management, aiming to reduce the environmental impacts and create a sustainable campus. The requirements of "School Solid Waste Management Method" are highlighted as follows:

— Define categories for waste segregation and provide separable rubbish bins to promote the separation of waste at its source;

— Provide guidelines for the proper disposal of recyclables via bulletin boards, assemblies and electronic devices;

— Teach students and staff about the significance of responsible waste management and sustainability, including classroom activities, workshops, and awareness campaigns; and

— Establish a monitoring system for waste generation and track recycling rates.

To promote waste reduction at source, the Group has established the "Asset Management System", which specifies the control measures for the scrapping and disposal of equipment. This system also emphasises collaboration with waste collection services and recycling companies to ensure compliance with local regulations regarding waste management.

Meanwhile, the Group has implemented regulations under the Management of Kitchen Waste Disposal to effectively minimise food waste from canteens. These regulations define the roles and responsibilities for waste management and include regular inspections for the collection, storage, and treatment of food waste. The schools within the Group also partner with qualified organisations to collect and process waste into valuable resources.

**Noise**

The noise primarily arises from daily school activities, such as outdoor events, school broadcasts, and the ringing of school bells. While noise from teaching activities is generally considered as acceptable, the Group still places emphasis on noise control and is committed to minimising disturbances to nearby residents. To this end, the schools within the Group have installed decibel meters throughout the campus to remind teachers and students to maintain noise levels within a normal range of approximately 60 to 65 decibels. Furthermore, the architectural design of the schools includes measures to mitigate noise transmission within classrooms and common areas, such as the use of sound-absorbing materials, acoustic ceilings, and partitions. The schools also actively encourage feedback from nearby residents and make necessary adjustments to their noise control measures according to community expectations.

## Use of Resources

In FY2024, the primary resources consumed by the Group were electricity, petrol, natural gas, water, and paper. Given the business nature of being an education provider, the Group did not consume a substantial amount of packaging materials during the year under review. Further information on the amount of resources consumed by the Group are illustrated in Table E2 in section headed "XI. APPENDIX — PERFORMANCE TABLE".

To improve resource management within the organisation, the Group emphasises accountability and the effective implementation of its assessment, reward, and penalty policies through a robust management system. The schools within the Group have evaluated their specific resource reduction targets and strengthened their resource conservation practices, as well as their records management, in accordance with the Group's guidelines.

### Electricity

In FY2024, the Group consumed electricity in its daily operations on campuses and offices. Around 96.8% of electricity consumption arose from the two vocational schools of the Group. The Group has developed the policy of "School Power Management System" and given effective guidance for its schools to lower electricity consumption and thus reduce indirect Scope 2 GHG emissions, including:

— Integrate power saving into school management and class assessment;

— Place energy-saving posters at the workplace to encourage energy conservation;

— Clean electronic appliances and equipment regularly to maintain the efficiency of the products;

— Maintain and manage all electrical facilities for classrooms and dormitories regularly by the General Affairs Department;

— Switch off all electronic equipment, including lighting, air conditioners and multimedia systems, when leaving classrooms;

— Select electrical appliances with energy-saving labels during procurement;

— Implement energy-efficient practices, including the upgrade of lighting to more energy-saving LEDs, installing motion-activated light and programmable thermostats;

— Set air conditioning in the offices and classrooms at reasonable temperatures;

— Use the electricity generated from renewable sources by installing solar panels; and

— Use eco-friendly refrigerant to reduce electricity consumption.

Moreover, schools within the Group teach students to protect the environment in daily teaching activities. Winshare Vocational College (文軒職業學院) emphasises the idea of saving every watt of electricity. By educating students to practise behaviours on conserving natural resources, students can be more environmentally friendly and contribute to a more sustainable future.

**Other energy resources**

Given the nature of the Group's business, the consumption of other energy resources primarily stems from petrol and natural gas used for transportation and the operations of the schools' canteens and dormitories. In FY2024, usage of other energy resources accounted for 12.5% of the Group's overall energy consumption. Over the years, Bojun has incorporated climate-related risks into its long-term development strategy and has continuously improved its energy performance based on clearly defined energy performance indicators. Furthermore, the Group is committed to achieving the objectives of its internal energy management system by continually exploring new solutions and adopting environmentally friendly technologies in its operations.

For natural gas, the consumption of gaseous fuels constituted around 6.0% of the annual energy profile of the Group in FY2024, and its primary use was for the operations of boilers and other cooking equipment in the dormitories and canteens. To improve the management of natural gas consumption, reduce air pollution, and lower GHG emissions, Bojun has implemented several practices to effectively control its gas use, including:

— Limit hot water supply to the dormitories during specific periods in winter and summer, and regulate water temperatures of boilers, aligning with the Group's policies;

— Strength periodical inspections and maintenance of boiler equipment to check thermal insulation materials, reduce heat and gas loss, and eliminate leaks;

— Select environmentally friendly and energy-efficient boiler models during procurement;

— Replace the current stoves on campus with gas-saving new models gradually to save natural gas at source; and

— The use of water, electricity, and natural gas is included in the performance and salary appraisal of the managerial level while the use of natural gas is included in the performance and salary appraisal of the canteen staff.

In addition, trainings are provided to the schools' canteen staff for safety management and energy conservation. In FY2024, the Group offered training to staff responsible for boiler management, such as distributing air reasonably, maintaining stable pressure and temperature, and controlling the boiler operation in the optimal range. Canteen chefs also received the Group's training on the safe and conserved use of gas consumption, including making appropriate choices of the cooking methods, using pressure cookers more often, using casserole for soup-making over low heat, covering the pot with a lid to prevent heat loss, and cleaning the stove regularly to maintain efficiency.

Concerning liquid fuels, petrol is the main type of fuel for transportation of the Group, covering the use of company cars during the year under review. The Group has been actively enhancing energy efficiency via multiple strategies, including:

— Select petrol-efficient vehicles when acquiring new company cars while considering hybrid or electric models for better fuel economy and lower emissions;

— Carry out inspections for the company cars on a regular basis to uphold the optimal working conditions;

— Adopt route optimisation software to plan the most efficient routes, reducing unnecessary mileage; and

— Promote the selection of public transportation or non-petrol alternatives for commuting among employees.

**Water**

In light of the growing global water scarcity issue, particularly in China, the Group is dedicated to promoting water conservation on campus and educating students about the importance of saving water. The schools within the Group have integrated water conservation into their assessment systems and have organised various activities to raise awareness about this concept, including theme essays, speech contests, and hand-written posters.

In FY2024, the Group did not face any problem in sourcing water that was fit for its purpose. The water consumption of the Group showed a significant increase during the year under review. As a result, Bojun is placing a stronger emphasis on reducing water consumption wherever possible and promoting water recycling for flushing purposes. During the reporting year, the Group adhered to the "3R principles — Reduce, Reuse, and Recycle" in its daily operations and implemented the following practices:

— Educate students and staff about using water responsibly;

— Place posters "Saving Water Resources" in a prominent place to remind students and staff about water conservation;

— Inspect and repair plumbing periodically to prevent water wastage from dripping taps;

— Install water-saving faucets with sensor switches for basins and toilets;

— Set specific water reduction goals for accountability and progress tracking;

— Have leakage testing regularly on water taps, joint rings, and other parts in the water supplier system;

— Limit the water consumption by setting quotas and targets;

— Adjust the amount of water supply according to the season and resting time; and

— Install water filters and promote the concept of reusing water.

In addition, schools within the Group promote the habit of saving every drop of water. Riverside Kindergarten (河濱幼兒園) incorporates the concept and behaviours of water conservation into classroom teaching. Through activities like singing and storytelling, children are taught to establish conservation habits such as turning off the faucet after using water. Through these initiatives, children are expected to adopt the values and practices of sustainability in their future lives, contributing to a more sustainable future.

**Paper**

Saving paper helps conserve natural resources, as well as reducing waste and minimise the environmental impact associated with paper production. Moreover, cutting down on paper usage can lower operational costs and encourage eco-friendly practices by decreasing the amount of paper used for photocopying, printing, and administrative tasks. In FY2024, the Group recycled around 16.0 kg of paper. Recognising that the primary consumption of paper was for administrative work and teaching materials, the Group has long advocated for the concepts of "Paperless Office" and "Office Automation". To encourage employees to minimise paper usage in the workplace, the Group has actively implemented practices related to paper and printer use, including:

— Require staff to adjust file font specifications to save pages;

— Provide environmental paper for printing;

— Set duplex printing as the default mode for most network printers when printouts are needed;

— Promote the concept of "Think before print" by using posters and stickers as a reminder to staff to avoid unnecessary printings;

— Encourage staff to announce information via electronic means (i.e., by email or e-bulletin boards);

— Encourage tenants of dormitories to receive electronic invoices during payment;

— Encourage staff to bring their own mugs to reduce and refuse the use of single-use paper cups;

— Place a paper tray beside copy machines to collect used single-sided paper for recycling; and

— Appoint responsible personnel for wastepaper collection and recycling.

## The Environment and Natural Resources

Bojun is dedicated to acknowledging environmental responsibility as a vital component of holistic and contemporary education. While educating students about environmental issues, sustainability, and responsible resource management, schools play a crucial role in developing environmentally conscious citizens who are equipped to tackle pressing environmental challenges. In addition, by reducing waste and minimising its carbon footprint, the Group strives to contribute to a healthier planet and combat climate change.

During the year under review, the Group has worked diligently to monitor and control its emissions and natural resources consumption, with the goal of creating a reliable, resilient, and sustainable campus for all students and staff. To further advance the Group's sustainable goals and commitments, Bojun has implemented various scalable environmental initiatives aimed at reducing energy and natural resource consumption while maintaining educational standards. As a result of these efforts, the Group's routine operations have had minimal significant negative impacts on the surrounding environment.

***Case study:*** *Zhengzhuo Vocational School (正卓職業學校)* — The Group encourages its schools to engage in diverse "green" activities or projects that enhance the community environment. During the year under review, Zhengzhuo Vocational School (正卓職業學校) held the 46th Tree Planting Day. By planting trees, the school has grown some greenery while hoping to provide a better future for the next generations.


**Targets and Progress**

In FY2024, there were significant changes in the Group's consumption of various resources. After a thorough evaluation of its context and current performance, the Group has decided to revise its overall short-term targets to effectively respond to the new circumstances.

| Areas | Operational Entity | Targets | Progress & Actions |
|---|---|---|---|
| **Air Emissions** | The Group | Taking FY2024 as the baseline year, Bojun aims to reduce air emissions per gross floor area ("GFA") by 32% in FY2025. | In FY2024, the intensities of the Group's air emissions ($SO_x$, $NO_x$, and PM) decreased by 22.2%, 15.6% and 52.6%, respectively.<br><br>To proceed with its targets, the Group will further implement a number of procedures to effectively reduce energy use (e.g., petrol and natural gas), such as incorporating the use of water, electricity, and natural gas into the performance and salary appraisal of the managerial level and the canteen staff. |
| **GHG Emissions** | The Group | Taking FY2024 as the baseline year, Bojun aims to lower the GHG emissions per GFA by 3% in FY2025. | In FY2024, a 37.3% drastic reduction was found in the intensity of the Group's total GHG emissions. Intensities of Scope 1 emissions decreased by 46.4% while that of Scope 2 emissions decreased by 45.6%.<br><br>To further minimise its GHG emissions, the Group will continuously pay attention to carbon footprint mitigation by managing vehicle uses and resource consumption. |

| Areas | Operational Entity | Targets | Progress & Actions |
|---|---|---|---|
| **Waste** | The Group | Taking FY2024 as the baseline year, Bojun commits to bringing down all categories of non-hazardous waste (including solid waste, food waste and wastewater) per GFA by 3% in FY2025. | In FY2024, the intensity of non-hazardous solid waste generated by the Group decreased by 60.2% while the intensity of non-hazardous wastewater generated increased.<br><br>To meet these targets, the Group will further promote 3R principles — reduce, reuse, and recycle. In addition, the Group is currently partnering with waste treatment professionals to implement new waste treatment projects, including food waste and wastewater recycling. |
| **Electricity** | The Group (except as otherwise specified) | Taking FY2024 as the baseline year, Bojun aims to reduce the absolute amount of electricity consumption by 10% in FY2025. | In FY2024, the intensity of the Group's electricity consumption decreased by 45.6% as compared to that of FY2023. Among the schools within the Group, Winshare Vocational College (文軒職業學院) contributed the most to the decline as a series of policies on electricity-saving has been implemented.<br><br>To further reduce its electricity consumption, the Group will explore methods and opportunities to enhance electricity efficiency. This will include incorporating electricity consumption metrics into teachers' performance assessments, replacing energy-intensive facilities, and organising energy conservation training and activities on campus. |
| | Riverside Kindergarten (河濱幼兒園) | Taking FY2024 as the baseline year, the school aims to reduce the absolute amount of electricity consumption by 20% in FY2025. | In FY2024, the intensity of the school's electricity consumption increased as compared to that of FY2023.<br><br>To minimise the school's electricity consumption, the school will implement more energy-saving policies. This will include setting a specific temperature as standard for turning on the air conditioners and turning off idle electrical appliances promptly. |
| | Winshare Vocational College (文軒職業學院) | Taking FY2024 as the baseline year, the school aims to reduce the absolute amount of electricity consumption by 35% in FY2025. | In FY2024, the intensity of this school's electricity consumption decreased by 46.1% as compared to that of FY2023.<br><br>To lower the school's electricity consumption, the school will establish measures to enhance electricity efficiency. This will include replacing low energy efficient electrical appliances and equipment with higher energy efficiency ones and installing motion sensor lighting systems in rooms and along corridors. |

| Areas | Operational Entity | Targets | Progress & Actions |
|---|---|---|---|
| **Natural Gas** | The Group | Taking FY2024 as the baseline year, Bojun aims to reduce the absolute amount of natural gas consumption by 10% in FY2025. | In FY2024, both the absolute amount and the intensity of natural gas consumed decreased by 70.6%.<br><br>The decreasing trend of natural gas consumption intensity demonstrates Bojun's effectiveness in managing its use of gaseous fuel by regulating boiler supplies and hot water supply availability in dormitories. To build on this success, the Group will continue to pursue its goals through the intelligent use and scientific management of the gas-using equipment. |
| **Petrol** | The Group | Taking FY2024 as the baseline year, Bojun aims to reduce the consumption of petrol per GFA by 3% in FY2025. | In FY2024, the intensity of the Group's petrol consumption increased as compared to that of FY2023.<br><br>To further proceed, the Group will continue to focus on managing vehicle use and encourage its employees to choose electric vehicles or public transportation for commuting. |

| Areas | Operational Entity | Targets | Progress & Actions |
|---|---|---|---|
| **Water** | The Group (except as otherwise specified) | Taking FY2024 as the baseline year, Bojun aims to lower the absolute amount of water consumption by 10% in FY2025. | In FY2024, the intensity of the Group's water consumption rose as compared to that of FY2023.<br><br>To achieve the targets, the Group will continue to improve its water efficiency during operations by putting more effort into water conservation and promoting water recycling among teachers and students via training programmes and measures. |
| | Riverside Kindergarten (河濱幼兒園) | Taking FY2024 as the baseline year, the school aims to lower the absolute amount of water consumption by 20% in FY2025. | In FY2024, the intensity of this school's water consumption decreased by 3.7% as compared to that of FY2023.<br><br>To lower the school's water consumption, the school will recycle and utilise water to its maximal usage. For instance, water from precipitation will be collected and used for irrigation of the garden, reducing water consumption. |
| | Sichuan Boai (四川博愛) | Taking FY2024 as the baseline year, the company aims to lower the absolute amount of water consumption by 30% in FY2025. | In FY2024, the intensity of the company's water consumption decreased by 20.5% as compared to that of FY2023.<br><br>To reduce water consumption, the company will further promote water conservation among employees. For instance, there will be the promotion of "Using water scientifically, reasonably, and efficiently", increasing the water conservation awareness of staff. |
| **Paper** | The Group | Taking FY2024 as the baseline year, Bojun aims to lower its paper consumption per GFA by 5% in FY2025. | In FY2024, the intensity of the Group's paper consumption increased as compared to that of FY2023.<br><br>To achieve the targets, the Group will manage paper consumption, particularly for administrative work and teaching materials. To go even further, the Group will promote paper conservation and recycling among staff via various measures. |

Apart from establishing environmental targets, the Group has been encouraging environmental protection by organising and inviting students to join tree planting activities. In response to the growing concern over GHG emissions, an additional 535 trees over 5 meters were planted by the Group, bringing the total number of trees planted to 1,814 in FY2024.

## Climate Change

Considering the increasing frequency of climate-related crises worldwide, the need for measures to mitigate and adapt to climate change has become increasingly urgent. In response to the national commitment to achieve carbon neutrality by 2060, the Group has established appropriate long-term targets and assessed the potential implications of climate-related risks and opportunities, as recommended by the TCFD. Being one of the leading private educators in China, Bojun is dedicated to investing in and developing sustainable approaches and practices to address global challenges.

### Governance

As outlined in the COMPANY MANAGEMENT section, the Board is responsible for overseeing all material ESG topics and climate-related issues within the Group, utilising tools such as materiality assessments. In addition to initiating and reviewing effective climate mitigation measures, the Board also monitors the implementation, progress, and performance of these measures through regular reporting of the management. Moreover, the Board learns about the latest climate-related information through stable collaboration with external experts.

### Strategy

While the Group is actively working to minimise its environmental impacts, it recognises that the potential risks and opportunities related to climate change must not be overlooked. In line with TCFD recommendations, the Group has further analysed and summarised the implications of both physical and transition climate-related risks and opportunities on its business operations, as outlined in the table below.

| Risk | | Potential Impact |
|---|---|---|
| **Physical Risk** | — Increase in severity and frequency of extreme events such as typhoons, floods, wildfires, and storms | — Extreme weather events may threaten the structure of the Group's schools and the safety of students and staff. |
| | — Rising mean temperature due to global warming | — The rising mean temperature could negatively impact the health of students and staff, particularly during summer. |
| | — Changing precipitation patterns and the increase in water scarcity | — Water scarcity, caused by droughts and changing precipitation patterns, and the pattern itself can affect school operations in different aspects, including water supply for drinking, sanitation, and cooling systems. |

| Risk | | | Potential Impact |
|---|---|---|---|
| **Transition Risk** | — | Changing of policy and measurements have increased the environmental requirements towards the Group | — Operating cost such as the cost of raw materials is expected to rise in response to the rippled effect brought by rectified regulations. |
| | — | Development of the emerging technologies increases the operating cost | — In spite of a non-carbon-intensive business, the reliance on fossil fuels and electricity may potentially render some of the Group's equipment/vehicles decommissioned earlier than planned. |
| | — | Increasing reputation risks | — Failure to address climate change and transition risks can lead to the poor reputation of a school, especially when it is seen as lagging in adopting sustainable practices and incorporating climate-related education into its curriculum. |

| Opportunity | Potential Impact |
|---|---|
| — Engaging third-party professionals in exploring the opportunities of waste-to-energy approach | — By reducing reliance on traditional energy consumption, the Group could potentially benefit from lower energy costs while sustaining its positive social image by adopting energy generated from alternative sources. |
| — Providing opportunities for educational innovation and technological advancements | — Climate change awareness has spurred the development of environmental education programs that encourage schools to incorporate climate-related topics into their curricula. These initiatives foster the creation of projects focused on climate science, environmental studies, renewable energy, and sustainability. |

**Risk Management**

Effective risk management for climate change is essential for the Group to ensure the safety of students and staff, as well as the continuity of educational services. The Group can identify and gain a deeper understanding of its most significant climate-related risks by conducting a comprehensive risk assessment, thereby developing appropriate mitigation and adaptation measures. To enhance its resilience to climate change across its operations, the Group has integrated climate-related risks and opportunities into its decision-making processes.

The schools within the Group will update their emergency preparedness plans on a regular basis to specifically address identified climate-related physical risks, which include emergency drills, communication protocols, and response strategies for extreme weather events. The Group also conducts regular assessments of the resilience of school buildings and infrastructure to withstand extreme weather events, retrofitting buildings to ensure that critical systems such as heating, ventilation, and air conditioning are adaptable to changing climate conditions. Furthermore, the Group collaborates with the local meteorological departments and community organisations to improve preparedness and response efforts. Additionally, schools provide training and education for staff and students on how to respond to emergencies through regular drills and exercises.

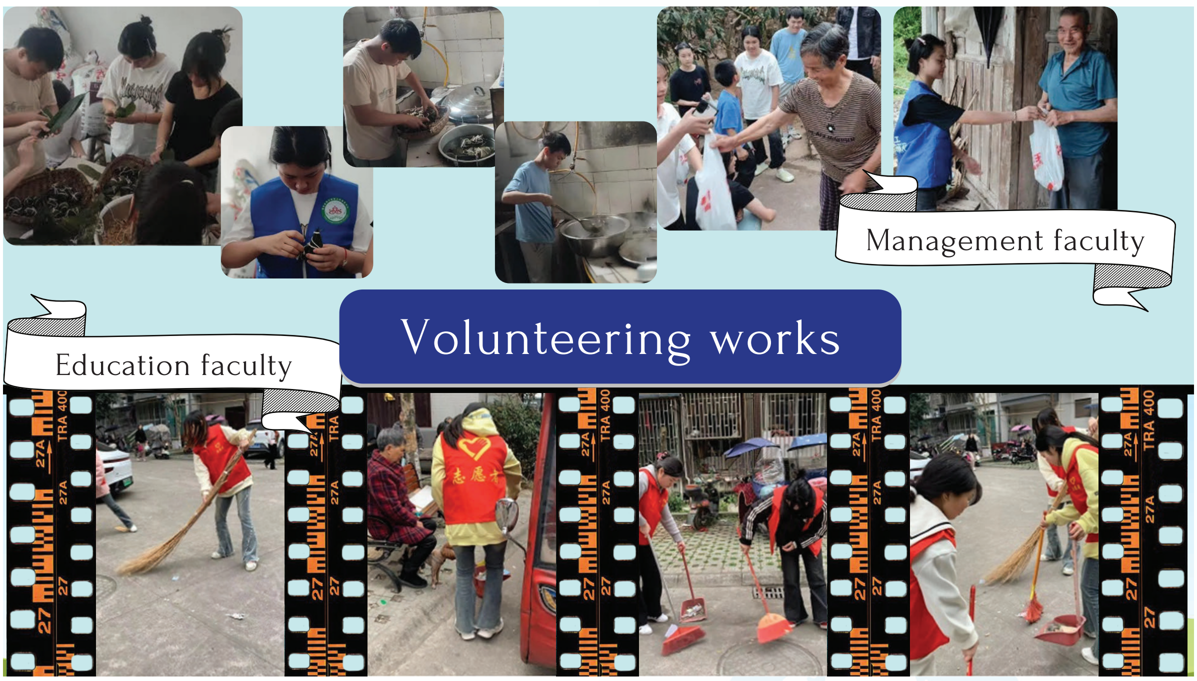
**Metrics & Targets**

Along with the emissions targets outlined in the Targets and Progress subsection, Bojun strives to assess the feasibility of developing targets that align with the Science-Based Targets initiative ("SBTi") and to further analyse its Scope 3 GHG emissions. Relevant data will be collected, calculated, and disclosed as part of the key environmental performance indicators in Bojun's annual ESG Report in the future.

## X. COMMUNITY CONTRIBUTIONS

The Group is committed to the belief that contributing to communities not only positively impact society but also enhances the Group's reputation and offers additional educational opportunities for students. Participation in social activities allows students to step outside the campus and engage with the community, providing them with real-world experience, developing soft skills, and enabling them to apply their knowledge in practical contexts. Therefore, Bojun will continue to uphold its social responsibility by actively contributing to communities and focusing on how schools can play a vital role in promoting sustainability. Bojun's community investment strategy is in alignment with and supports the UN SDGs and the direction of the nation.

***Case study:*** *Winshare Vocational College (文軒職業學院)* — During the year under review, students from Winshare Vocational College (文軒職業學院) carried out a series of voluntary work. Students from the management faculty made some rice dumplings by themselves and delivered them to residents in neighbouring county with the accompaniment of social workers, while students from the education faculty helped to clean the streets within the community and chatted with residents. These volunteer activities not only taught students the responsibility of helping others as a citizen but also allowed students to share their love and care with different people in the community.



***Case study:*** *Winshare Vocational College (文軒職業學院)* — On 29 October 2023, 2023 Chengdu Marathon was held successfully and 1,320 students from Winshare Vocational College (文軒職業學院) participated as volunteers to help in works such as logistics and preparing supplement for althetes, helping to smoothen the operations of the marathon.


***Case study:*** *Zhengzhuo Vocational School (正卓職業學校)* –Two anti-drug educational and promotional campaigns were held in September and October in FY2024. Under the leadership of the Security Department, more than 20 volunteering students participated to promote the basic understanding of the harmful effects of drugs on health to the public. Students helped to explain the knowledge with anti-drug leaflets and exhibit the simulated drugs for demonstration on campuses and in the community, increasing students' and citizens' awareness of the prohibition of drugs.


In FY2024, amidst an environment of uncertainties, the Group remains committed to seizing new opportunities. Concurrently, it actively pursued engagement in social activities to bolster its contributions to the community.

## XI. APPENDIX — PERFORMANCE TABLE

Table E1. The Group's Total Emissions by Category in FY2024 and FY2023 [9,10]

| Emission Category | | Key Performance Indicator (KPI) | Unit | FY2024 Amount | FY2024 Intensity[1] (Unit/m²) | FY2023[2] Amount | FY2023[2] Intensity (Unit/m²) | Variation of Intensity |
|---|---|---|---|---|---|---|---|---|
| Air Emissions [3] | Company cars | $SO_x$ | Kg | **0.6** | **$3.3 \times 10^{-7}$** | 0.1 | $4.2 \times 10^{-8}$ | ↑ |
| | | $NO_x$ | Kg | **35.5** | **$2.0 \times 10^{-5}$** | 4.5 | $2.6 \times 10^{-6}$ | ↑ |
| | | PM | Kg | **2.6** | **$1.5 \times 10^{-6}$** | 0.3 | $1.9 \times 10^{-7}$ | ↑ |
| | Natural gas | $SO_x$ | Kg | **0.3** | **$1.8 \times 10^{-7}$** | 1.1 | $6.2 \times 10^{-7}$ | ↓ |
| | | $NO_x$ | Kg | **17.0** | **$9.8 \times 10^{-6}$** | 57.6 | $3.3 \times 10^{-5}$ | ↓ |
| | | PM | Kg | **4.0** | **$2.3 \times 10^{-6}$** | 13.7 | $7.9 \times 10^{-6}$ | ↓ |
| GHG Emissions | | Scope 1 (Direct Emissions)[4] | Tonnes of $CO_2e$ | **124.1** | **$7.1 \times 10^{-5}$** | 231.4 | $1.3 \times 10^{-4}$ | ↓ |
| | | Scope 2 (Energy Indirect Emissions)[5] | Tonnes of $CO_2e$ | **3,177.6** | **$1.8 \times 10^{-3}$** | 5,837.1 | $3.4 \times 10^{-3}$ | ↓ |
| | | Scope 3 (Other Indirect Emissions)[6] | Tonnes of $CO_2e$ | **749.2** | **$4.3 \times 10^{-4}$** | 383.5 | $2.2 \times 10^{-4}$ | ↑ |
| | | GHG removal from trees planted (5m or taller) | Tonnes of $CO_2e$ | **41.7** | **–** | 26.6 | – | – |
| | | Total (Scope 1, 2 & 3) | Tonnes of $CO_2e$ | **4,050.9** | **$2.3 \times 10^{-3}$** | 6,452.1 | $3.7 \times 10^{-3}$ | ↓ |
| Non-hazardous Waste | | Solid Waste [7] | Tonnes | **623.0** | **$3.6 \times 10^{-4}$** | 1,564.1 | $9.0 \times 10^{-4}$ | ↓ |
| | | Wastewater [8] | m³ | **2,015,866.0** | **1.2** | 1,029,890.0 | 0.6 | ↑ |

1 *Intensity for FY2024 was calculated by dividing the amount of air, GHG and other emissions respectively by the Group's gross floor area (GFA) of 1,735,812.7 m² in FY2024;*

2 *The amount and intensity in FY2023 were extracted from the data in the ESG Report FY2023 of the Group;*

3 *The Group's air emissions only included the air pollutants from fuel consumption of motor vehicles and natural gas consumption on campus;*

4 *The Group's Scope 1 (Direct Emissions) included only the emissions arose from the consumption of liquid fuels in motor vehicles and gaseous fuels on campus during operations, with the offset by the GHG removal from trees planted (5m or taller);*

5 *The Group's Scope 2 (Energy Indirect Emissions) included only the emissions arose from the electricity consumption;*

6 *The Group's Scope 3 (Other Indirect Emissions) included other indirect emissions arose from paper waste disposed at landfills, electricity used for processing fresh water and sewage by government departments;*

7 *The amount of solid waste included non-hazardous domestic and commercial wastes from the schools and offices of the Group where the employees and students worked, studied and lived in the PRC. No hazardous waste was generated nor disposed of by the Group in FY2024;*

8 *Since the wastewater generated from the Group in FY2024 mainly covered domestic sewage from employees and students, the total amount of wastewater discharged from the Group in FY2024 was calculated based on the data collected or the assumption that 100% of the fresh water consumed entered the municipal sewage system;*

9 *The methodology adopted for reporting on GHG emissions set out above was based on "How to Prepare an ESG Report — Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange, The GHG Protocol Corporate Accounting and Reporting Standard, the 2006 IPCC (Intergovernmental Panel on Climate Change) Guidelines for National Greenhouse Gas Inventories and the Fuel Consumption Limits for Heavy-Duty Commercial Vehicles; and*

10 *The above environmental data only covers two management offices and four schools the Group managed in Sichuan during the reviewing period, with one kindergarten removed in the accounting as compared to the reporting scope of FY2023.*

Table E2. Total Resource Consumption in FY2024 and FY2023 [4]

| **Use of Resources** | **Key Performance Indicator (KPI)** | **Unit** | **FY2024** **Amount** | **FY2024** **Intensity [1] (Unit/m²)** | FY2023[2] Amount | FY2023[2] Intensity (Unit/m²) | **Variation of Intensity** |
|---|---|---|---|---|---|---|---|
| **Energy** | Electricity | kWh'000 | **5,208.4** | **3.0 x $10^{-3}$** | 9,567.5 | 5.5 x $10^{-3}$ | ↓ |
| | Petrol | kWh'000 | **382.1** | **2.2 x $10^{-4}$** | 48.0 | 2.8 x $10^{-5}$ | ↑ |
| | Natural gas | kWh'000 | **359.1** | **2.1 x $10^{-4}$** | 1,218.9 | 7.0 x $10^{-4}$ | ↓ |
| | **TOTAL [3]** | **kWh'000** | **5,949.5** | **3.4 x $10^{-3}$** | **10,834.4** | **6.2 x $10^{-3}$** | ↓ |
| **Water** | | $m^3$ | **2,017,093.0** | **1.2** | 1,029,890.0 | 0.6 | ↑ |
| **Paper** | | Kg | **2,563.0** | **1.5 x $10^{-3}$** | 1,491.0 | 8.6 x $10^{-4}$ | ↑ |
| **Other materials [5]** | Cardboard | Tonnes | **–** | **–** | 0.1 | 5.8 x $10^{-8}$ | ↓ |

1 *Intensity for FY2024 was calculated by dividing the amount of resources consumed by the Group consumed in FY2024 by the Group's gross floor area (GFA) of 1,735,812.7 $m^2$ in FY2024;*

2 *The amount and intensity in FY2023 were extracted from the data in the ESG Report FY2023 of the Group;*

3 *The energy conversion of resources consumed was based on the energy coefficient set out in "How to Prepare an ESG Report — Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange;*

4 *The environmental data disclosed only covers two management offices and four schools the Group managed in Sichuan during the reviewing period, with one kindergarten removed in the accounting as compared to the reporting scope of FY2023; and*

5 *No other materials (cardboards) were consumed by the Group in FY2024.*

Table S3. Number of Employees by Age Group, Gender, Employment Type, Position, Geographical Locations of The Group in FY2024 [1]

| **Unit : Number of employees** | **Age group** | | | |
|---|---|---|---|---|
| **Gender** | **Aged 35 or below** | **Aged between 36 and 50** | **Aged 51 or above** | **Total** |
| **Male** | 438 | 369 | 189 | 996 |
| **Female** | 936 | 373 | 162 | 1,471 |
| **Total** | 1,374 | 742 | 351 | 2,467 |

| **Unit : Number of employees** | **Position** | | | |
|---|---|---|---|---|
| **Gender** | **General Staff** | **Teachers, administrative and supporting staff** | **Senior management** | **Total** |
| **Male** | 180 | 795 | 21 | 996 |
| **Female** | 181 | 1,290 | – | 1,471 |
| **Total** | 361 | 2,085 | 21 | 2,467 |

| Employment type | | |
|---|---|---|
| Full time | Part time | Total |
| 2,211 | 256 | 2,467 |

| Geographical location | |
|---|---|
| Locations | Number of employees |
| PRC | 2,467 |
| **Total:** | **2,467** |

1 *The employment data in headcount was obtained from the Group's Human Resources Department based on the employment contracts entered into between the Group and its employees. The data covered employees engaged in a direct employment relationship with the Group according to relevant local laws and workers whose work and/or workplace was controlled by the Group within the reporting scope. The methodology adopted for reporting on employment data set out above was based on "How to Prepare an ESG Report — Appendix 3: Reporting Guidance on Social KPIs" issued by the Stock Exchange.*

Table S4. Employee Turnover Rate by Age Group, Gender, and Geographical Locations in FY2024 [1]

| Unit: Number of employees | Age group | | | |
|---|---|---|---|---|
| Gender | Aged 35 or below | Aged between 36 to 50 | Aged 51 or above | Total |
| **Male** | 3 | 10 | 6 | 19 |
| **Employee turnover rate (%)** | 0.7% | 2.7% | 3.2% | 1.9% |
| **Female** | 6 | 14 | 5 | 25 |
| **Employee turnover rate (%)** | 0.6% | 3.8% | 3.1% | 1.7% |
| **Total** | 9 | 24 | 11 | 44 |
| **Total employee turnover rate (%)** | 0.7% | 3.2% | 3.1% | 1.8% |

| Geographical locations | | |
|---|---|---|
| Locations | Employee turnover | Employee turnover rate (%) |
| **PRC** | 44 | 1.8% |

1 *The turnover data in headcount was obtained from the Group's Human Resources Department based on the employment contracts entered into between the Group and its employees. The above data only covers the reporting scope. Turnover rate was calculated by dividing the number of employees who left the Group in FY2024 by the number of employees as of the end of FY2024. The methodology adopted for reporting on turnover data set out above was based on "How to Prepare an ESG Report — Appendix 3: Reporting Guidance on Social KPIs" issued by the Stock Exchange.*

Table S5. Number and Percentage of Employees Trained in the Group by Gender and Position Type in FY2024 [1]

| Unit: Number of employees<br>Gender | Position<br>General staff | Teachers, administrative and supporting staff | Senior management | Total |
|---|---|---|---|---|
| **Male** | 174 | 686 | 20 | 880 |
| **% of employees trained** | 7.9% | 31.1% | 0.9% | 39.9% |
| **Female** | 168 | 1,155 | – | 1,323 |
| **% of employees trained** | 7.6% | 52.4% | – | 60.1% |

Total Employees Trained:

| | General staff | Teachers, administrative and supporting staff | Senior management | Total |
|---|---|---|---|---|
| **Total** | 342 | 1,841 | 20 | 2,203 |
| **% of employees trained** | 15.5% | 83.6% | 0.9% | 89.3% |

1 *The training information was obtained from the Group's Human Resources Department. Training refers to the vocational training that the Group's employees attended in FY2024. The above data only covers the reporting scope. The methodology adopted for reporting on the number and percentage of employees trained set out above was based on "How to Prepare an ESG Report — Appendix 3: Reporting Guidance on Social KPIs" issued by the Stock Exchange.*

Table S6. Training Hours Received by the Employees of the Group by Gender and Position Type in FY2024 [1]

| Unit: Training Hours<br>Gender | Position<br>General staff | Teachers, administrative and supporting staff | Senior management | Total |
|---|---|---|---|---|
| **Male** | 250 | 741 | 27 | 1,018 |
| **Average training hours** | 1.4 | 0.9 | 1.3 | 1.0 |
| **Female** | 168 | 2,874 | – | 3,042 |
| **Average training hours** | 0.9 | 2.2 | – | 2.1 |
| **Total** | 418 | 3,615 | 27 | 4,060 |
| **Average training hours** | 1.2 | 1.7 | 1.3 | 1.6 |

1 *The training information was obtained from the Group's Human Resources Department. The above data only covers the reporting scope. The methodology adopted for reporting training hours set out above was based on "How to Prepare an ESG Report — Appendix 3: Reporting Guidance on Social KPIs" issued by the Stock Exchange.*

## XII. REPORT DISCLOSURE INDEX

### Stock Exchange ESG Guide content index

| Aspects | ESG Indicators | Description | Section | Page |
|---|---|---|---|---|
| **A. Environmental** | | | | |
| ***A1: Emissions*** | General Disclosure | Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.<br><br>*Note: Air emissions include NOx, SOx, and other pollutants regulated under national laws and regulations.*<br>*Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, and sulphur hexafluoride.*<br>*Hazardous wastes are those defined by national regulations.* | Sustainable Campus — Emissions | 109 |
| | KPI A1.1 | The types of emissions and respective emissions data. | Appendix — Performance Table | 125 |
| | KPI A1.2 | Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility). | Appendix — Performance Table | 125 |
| | KPI A1.3 | Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility). | Appendix — Performance Table | 125 |
| | KPI A1.4 | Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility). | Appendix — Performance Table | 125 |
| | KPI A1.5 | Description of emissions target(s) set, and steps taken to achieve them. | The Environment and Natural Resources | 116 |
| | KPI A1.6 | Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set, and steps taken to achieve them. | Emissions — Wastewater; Solid Waste | 111; 112 |

| Aspects | ESG Indicators | Description | Section | Page |
|---|---|---|---|---|
| ***A2: Use of Resources*** | General Disclosure | Policies on the efficient use of resources, including energy, water, and other raw materials.<br><br>Note: *Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.* | Sustainable Campus — Use of Resources | 113 |
| | KPI A2.1 | Direct and/or indirect energy consumption by type (e.g., electricity, gas, or oil) in total (kWh in '000s) and intensity (e.g., per unit of production volume, per facility). | Appendix — Performance Table | 126 |
| | KPI A2.2 | Water consumption in total and intensity (e.g., per unit of production volume, per facility). | Appendix — Performance Table | 126 |
| | KPI A2.3 | Description of energy use efficiency target(s) set, and steps taken to achieve them. | The Environment and Natural Resources | 116 |
| | KPI A2.4 | Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set, and steps taken to achieve them. | Use of Resources — Water | 115 |
| | KPI A2.5 | Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced. | Use of Resources | 113 |
| ***A3: The Environment and Natural Resources*** | General Disclosure | Policies on minimising the issuer's significant impacts on the environment and natural resources. | Sustainable Campus — The Environment and Natural Resources | 116 |
| | KPI A3.1 | Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them. | Sustainable Campus — The Environment and Natural Resources | 116 |
| ***A4: Climate Change*** | General Disclosure | Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer. | Sustainable Campus — Climate Change | 121 |
| | KPI A4.1 | Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them. | Sustainable Campus — Climate Change | 121 |

| Aspects | ESG Indicators | Description | Section | Page |
|---|---|---|---|---|
| **B. Social** | | | | |
| **Employment and Labour Practices** | | | | |
| ***B1: Employment*** | General Disclosure | Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment, and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare. | Professional Teachers — Employment | 96 |
| | KPI B1.1 | Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region. | Appendix — Performance Table | 126 |
| | KPI B1.2 | Employee turnover rate by gender, age group and geographical region. | Appendix — Performance Table | 127 |
| ***B2: Health and Safety*** | General Disclosure | Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards. | Health and Safe Campus — Occupational Health and Safety | 102 |
| | KPI B2.1 | Number and rate of work-related fatalities occurred in each of the past three years including the reporting year. | Health and Safe Campus — Occupational Health and Safety | 102 |
| | KPI B2.2 | Lost days due to work injury. | | 102 |
| | KPI B2.3 | Description of occupational health and safety measures adopted, and how they are implemented and monitored. | | 102 |

| Aspects | ESG Indicators | Description | Section | Page |
|---|---|---|---|---|
| ***B3: Development and Training*** | General Disclosure | Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.<br><br>*Note: Training refers to vocational training. It may include internal and external courses paid by the employer.* | Professional Teachers — Development and Training | 99 |
| | KPI B3.1 | The percentage of employees trained by gender and employee category (e.g., senior management, middle management). | Appendix — Performance Table | 128 |
| | KPI B3.2 | The average training hours completed per employee by gender and employee category. | Appendix — Performance Table | 128 |
| ***B4: Labour Standards*** | General Disclosure | Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour. | Company Management — Risk management | 77 |
| | KPI B4.1 | Description of measures to review employment practices to avoid child and forced labour. | Company Management — Risk management | 77 |
| | KPI B4.2 | Description of steps taken to eliminate such practices when discovered. | | 77 |

| Aspects | ESG Indicators | Description | Section | Page |
|---|---|---|---|---|
| **Operating Practices** | | | | |
| ***B5: Supply Chain Management*** | General Disclosure | Policies on managing environmental and social risks of the supply chain. | Health and Safe Campus — Supply Chain Management | 107 |
| | KPI B5.1 | Number of suppliers by geographical region. | Health and Safe Campus — Supply Chain Management | 107 |
| | KPI B5.2 | Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored. | | 107 |
| | KPI B5.3 | Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored. | | 107 |
| | KPI B5.4 | Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored. | Supply Chain Management — Green Procurement | 108 |

| Aspects | ESG Indicators | Description | Section | Page |
|---|---|---|---|---|
| ***B6: Product Responsibility*** | General Disclosure | Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling, and privacy matters relating to products and services provided and methods of redress. | Quality Education | 86 |
| | KPI B6.1 | Percentage of total products sold or shipped subject to recalls for safety and health reasons. | Due to the Group's business nature, this is not applicable to the Group's operations. | – |
| | KPI B6.2 | Number of products and service-related complaints received and how they are dealt with. | Quality Education — Complaints Handling and Risk Management | 95 |
| | KPI B6.3 | Description of practices relating to observing and protecting intellectual property rights. | Quality Education — Intellectual Property Rights | 95 |
| | KPI B6.4 | Description of quality assurance process and recall procedures. | Quality Education Due to the Group's business nature, recall procedures is not applicable to the Group's operations | – |
| | KPI B6.5 | Description of consumer data protection and privacy policies, and how they are implemented and monitored. | Quality Education — Privacy matters | 94 |

| Aspects | ESG Indicators | Description | Section | Page |
|---|---|---|---|---|
| ***B7: Anti-corruption*** | General Disclosure | Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud, and money laundering. | Company Management — Risk management | 78 |
| | KPI B7.1 | Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases. | Company Management — Risk management | 79 |
| | KPI B7.2 | Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored. | | 78 |
| | KPI B7.3 | Description of anti-corruption training provided to directors and staff. | | 79 |
| **Community** | | | | |
| ***B8: Community Investment*** | General Disclosure | Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests. | Community Contributions | 123 |
| | KPI B8.1 | Focus areas of contribution (e.g., education, environmental concerns, labour needs, health, culture, sport). | Community Contributions | 123 |
| | KPI B8.2 | Resources contributed (e.g., money or time) to the focus area. | | 123 |

*If there is any inconsistency between the Chinese names of laws and/or regulations implemented in the PRC and their English translations, the Chinese names shall prevail. The English translation of law and/or regulation names in Chinese which are marked with "*" is for identification purpose only.*

# 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 140 to 210, which comprise the consolidated statement of financial position as at 31 August 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 August 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with 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.

## 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.

## REVENUE RECOGNITION

### Refer to Note 6 to the consolidated financial statements

Revenue mainly 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 2024, revenue amounted to approximately RMB429,763,000. 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 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 15 and 16 to the consolidated financial statements

At 31 August 2024, the Group had property, plant and equipment and right-of-use assets with carrying amounts of approximately RMB2,761,043,000 and RMB757,130,000 respectively, held by the subsidiaries and Consolidated Affiliated Entities (as defined in Note 2 to the consolidated financial statements) of the Group.

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 2024 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 value-in-use calculation and the fair value less cost of disposal calculation;

— Checking key assumptions and input data in the value-in-use calculation and the fair value less cost of disposal calculation to supporting evidence;

— Testing the mathematical accuracy of the underlying the value-in-use calculation and the fair value less cost of disposal calculation; 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

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, 28 November 2024

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the year ended 31 August 2024*

| | Notes | 2024<br>RMB'000 | 2023<br>RMB'000 |
|---|---|---|---|
| **Revenue** | 6 | **429,763** | 81,305 |
| Costs of services | | **(224,864)** | (69,386) |
| **Gross profit** | | **204,899** | 11,919 |
| Other income | 7 | **15,981** | 4,081 |
| Other gains, net | 8 | **1,235** | 91,157 |
| Share of loss of an associate | | **–** | (3) |
| Selling expenses | | **(30,186)** | – |
| Administrative expenses | | **(122,139)** | (38,206) |
| Finance costs | 9 | **(107,713)** | (16,036) |
| **(Loss)/profit before tax** | | **(37,923)** | 52,912 |
| Income tax expenses | 10 | **(2,385)** | (1,865) |
| **(Loss)/profit and total comprehensive (expense)/income for the year** | 11 | **(40,308)** | 51,047 |
| **(Loss)/profit and total comprehensive (expense)/income for the year attributable to:** | | | |
| Owners of the Company | | **(39,566)** | 51,047 |
| Non-controlling interests | | **(742)** | – |
| | | **(40,308)** | 51,047 |
| **(Loss)/earnings per share attributable to owners of the Company** | 14 | | |
| Basic (RMB cents) | | **(4.38)** | 6.21 |
| Diluted (RMB cents) | | **N/A** | N/A |

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 31 August 2024*

| | Notes | 2024<br>RMB'000 | 2023<br>RMB'000 |
|---|---|---|---|
| **NON-CURRENT ASSETS** | | | |
| Property, plant and equipment | 15 | **2,761,043** | 2,671,943 |
| Right-of-use assets | 16 | **757,130** | 600,285 |
| Intangible assets | 17 | **3,112** | 3,782 |
| Goodwill | 18 | **12,105** | 12,105 |
| Interest in an associate | 19 | **–** | 17,507 |
| Deferred tax assets | 20 | **16,905** | 17,289 |
| Other receivables and deposits | 21 | **55,223** | 94,544 |
| Total non-current assets | | **3,605,518** | 3,417,455 |
| **CURRENT ASSETS** | | | |
| Other receivables, deposits and prepayments | 21 | **121,040** | 120,630 |
| Amounts due from related companies | 22 | **63,325** | 28,766 |
| Restricted bank deposits | 23 | **–** | 150,000 |
| Bank balances and cash | 23 | **225,803** | 346,553 |
| Total current assets | | **410,168** | 645,949 |
| Total assets | | **4,015,686** | 4,063,404 |
| **CURRENT LIABILITIES** | | | |
| Other payables and accruals | 24 | **445,692** | 461,457 |
| Contract liabilities | 25 | **293,360** | 277,041 |
| Amounts due to related companies | 22 | **124,328** | 137,322 |
| Lease liabilities | 26 | **540** | 175 |
| Bank and other borrowings | 27 | **328,704** | 704,991 |
| Income tax payable | | **12,050** | 9,759 |
| Financial guarantee liabilities | 28 | **25,572** | 7,670 |
| Total current liabilities | | **1,230,246** | 1,598,415 |
| **NET CURRENT LIABILITIES** | | **(820,078)** | (952,466) |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | **2,785,440** | 2,464,989 |

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 31 August 2024*

| | Notes | **2024**<br>**RMB'000** | 2023<br>RMB'000 |
|---|---|---|---|
| **NON-CURRENT LIABILITIES** | | | |
| Lease liabilities | 26 | **3,777** | 186 |
| Bank and other borrowings | 27 | **1,168,075** | 802,282 |
| Other payables | 24 | **1,000** | 166,410 |
| Amounts due to related companies | 22 | **612,540** | 613,637 |
| Deferred income | 29 | **422,053** | 272,363 |
| Deferred tax liabilities | 20 | **62,936** | 64,836 |
| Total non-current liabilities | | **2,270,381** | 1,919,714 |
| **NET ASSETS** | | **515,059** | 545,275 |
| **CAPITAL AND RESERVES** | | | |
| Share capital | 30 | **7,890** | 7,138 |
| Reserves | | **190,516** | 230,542 |
| **EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY** | | **198,406** | 237,680 |
| Non-controlling interests | | **316,653** | 307,595 |
| **TOTAL EQUITY** | | **515,059** | 545,275 |

The consolidated financial statements on pages 140 to 210 were approved and authorised for issue by the Board of Directors on 28 November 2024 and are signed on its behalf by:

**Mr. Wang Jinglei**
*DIRECTOR*

**Ms. Tang Hui**
*DIRECTOR*

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*For the year ended 31 August 2024*

| | 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)) | Deferred consideration shares RMB'000 | Share option reserve RMB'000 | Accumulated profits/ (losses) RMB'000 | Sub-total RMB'000 | Non-controlling interests RMB'000 | Total RMB'000 |
| **At 1 September 2022** | 7,138 | 671,945 | 133,449 | – | – | 262 | (633,529) | 179,265 | – | 179,265 |
| Profit and total comprehensive income for the year | – | – | – | – | – | – | 51,047 | 51,047 | – | 51,047 |
| Transfer | – | – | – | 1,264 | – | – | (1,264) | – | – | – |
| Acquisition of subsidiaries (Note 35(ii)(a)) | – | – | – | – | 7,368 | – | – | 7,368 | 307,595 | 314,963 |
| **At 31 August 2023 and 1 September 2023** | 7,138 | 671,945 | 133,449 | 1,264 | 7,368 | 262 | (583,746) | 237,680 | 307,595 | 545,275 |
| Loss and total comprehensive expense for the year | – | – | – | – | – | – | (39,566) | (39,566) | (742) | (40,308) |
| Share option expenses | – | – | – | – | – | 292 | – | 292 | – | 292 |
| Issue of consideration shares (note 30) | 752 | 6,616 | – | – | (7,368) | – | – | – | – | – |
| Capital injection from non-controlling interests | – | – | – | – | – | – | – | – | 9,800 | 9,800 |
| Transfer | – | – | – | 2,266 | – | – | (2,266) | – | – | – |
| **At 31 August 2024** | **7,890** | **678,561** | **133,449** | **3,530** | **-** | **554** | **(625,578)** | **198,406** | **316,653** | **515,059** |

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 contributions from a shareholder.

(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 10% 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.

# CONSOLIDATED STATEMENT OF CASH FLOWS

*For the year ended 31 August 2024*

| | 2024<br>RMB'000 | 2023<br>RMB'000 |
|---|---|---|
| **OPERATING ACTIVITIES** | | |
| (Loss)/profit before tax | **(37,923)** | 52,912 |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | **102,449** | 11,178 |
| Depreciation of right-of-use assets | **18,408** | 3,019 |
| Amortisation of intangible assets | **670** | – |
| Share-based payment expenses | **292** | – |
| Share of loss of an associate | **–** | 3 |
| Loss on disposal of an associate | **7** | – |
| Release of asset-related government grants | **(8,291)** | (1,534) |
| Finance costs | **107,713** | 16,036 |
| Loss on disposal of property, plant and equipment, net | **1,870** | 2 |
| Gains on bargain purchase arising in acquisition of subsidiaries | **–** | (85,648) |
| Gains on disposal of a subsidiary | **(2,539)** | – |
| Recognition of financial guarantee contracts | **38,704** | 3,945 |
| Amortisation of financial guarantee contracts | **(20,749)** | (10,141) |
| (Reversal of loss allowance)/loss allowance recognised for financial guarantee contracts | **(53)** | 761 |
| Waiver of amount due to Pengzhou Bojun School | **(19,226)** | – |
| Increase of loss allowance on other receivables | **979** | – |
| Interest income from banks | **(392)** | (82) |
| Interest income from other loans | **(1,583)** | – |
| Recharge income for the occupation of school campus | **(2,473)** | (2,465) |
| Unrealised exchange loss/(gain) | **100** | (361) |
| Operating cash flows before working capital changes | **177,963** | (12,375) |
| Movements in working capital: | | |
| Change in other receivables, deposits and prepayments | **(8,665)** | 5,821 |
| Change in amounts due from related companies | **1,351** | – |
| Change in contract liabilities | **16,319** | 12,350 |
| Change in other payables and accruals | **(10,495)** | 7,754 |
| Cash generated from operations | **176,473** | 13,550 |
| Interest received from banks and other loans | **392** | 82 |
| Income tax paid | **(1,610)** | (515) |
| **NET CASH GENERATED FROM OPERATING ACTIVITIES** | **175,255** | 13,117 |

# CONSOLIDATED STATEMENT OF CASH FLOWS

*For the year ended 31 August 2024*

| | 2024<br>RMB'000 | 2023<br>RMB'000 |
|---|---|---|
| **INVESTING ACTIVITIES** | | |
| Payment for property, plant and equipment | **(176,481)** | (5,235) |
| Payment for leasehold lands | **(168,003)** | – |
| Payment for deferred considerations in relation to the acquisition of subsidiaries | **(177,988)** | – |
| Net cash inflow from acquisition of subsidiaries | **–** | 271,053 |
| (Increase)/decrease of amounts due from related companies | **(34,559)** | 80,713 |
| Proceeds from disposal of property, plant and equipment | **1,840** | 11 |
| Partial proceeds from disposal of an associate | **11,000** | – |
| Net cash inflow from disposal of a subsidiary | **400** | – |
| Receipt of government subsidies related to acquisition of leasehold lands | **157,981** | – |
| **NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES** | **(385,810)** | 346,542 |
| **FINANCING ACTIVITIES** | | |
| Proceeds from new borrowings raised | **601,551** | 86,000 |
| Repayment of leases liabilities | **(707)** | (936) |
| Advances from related companies | **636,930** | 590,905 |
| Repayments to related companies | **(603,872)** | (654,890) |
| Interest paid | **(91,752)** | (9,618) |
| Repayment of borrowings | **(612,045)** | (30,000) |
| Capital injection from non-controlling interests | **9,800** | – |
| Decrease/(increase) in restricted bank deposits pledged for borrowings | **150,000** | (150,000) |
| **NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES** | **89,905** | (168,539) |
| **NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS** | **(120,650)** | 191,120 |
| **CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR** | **346,553** | 155,072 |
| Effect of foreign exchange rate changes | **(100)** | 361 |
| **CASH AND CASH EQUIVALENTS AT END OF THE YEAR, REPRESENTED BY BANK BALANCES AND CASH** | **225,803** | 346,553 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 August 2024*

## 1. CORPORATE AND GROUP INFORMATION

Bojun Education Company Limited (the "Company", together with its subsidiaries and Consolidated Affiliated Entities (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 were 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. 239 Sanse Road, Jinjiang District, Chengdu, Sichuan Province, the People's Republic of China (the "PRC").

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

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

### 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 2024 | Equity interest attributable to the Group At 31 August 2023 | 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 |
| Chengdu Bomao Education Management Company Limited* ("Chengdu Bomao") 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 |

## 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 2024 | Equity interest attributable to the Group At 31 August 2023 | 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 |
| Sichuan Yunmao Education Management Company Limited* 四川沄懋教育管理有限公司 (Note ii) | PRC | RMB1,000,000 | **100%** | 100% | Education investment and management |
| 四川博棣企業管理服務有限公司 (Note ii) | PRC | RMB1,000,000 | **100%** | 100% | Exhibition 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") 成都市武侯區幼獅麗都幼兒園有限公司 (Note ii) | PRC | RMB1,000,000 | **100%** | 100% | Provision of kindergarten education services |
| Chengdu Jinjiang District Young Lion Riverside Kindergarten Co., Limited* ("Riverside Kindergarten") 成都市錦江區幼獅河濱幼兒園有限責任公司 (Note ii) | PRC | RMB100,000 | **100%** | 100% | Provision of kindergarten education services |
| Sichuan Winshare Vocational College* ("Winshare Vocational College") 四川文軒職業學院 | PRC | N/A | **51%** | 51% | Provision of higher vocational education services |
| Chengdu Daiyi County Zhengzhuo Education Vocational School* ("Zhengzhuo Vocational School") 成都市大邑縣正卓教育職業學校 | PRC | N/A | **51%** | 51% | Provision of secondary vocational education services |
| Sichuan Gaojiao Investment Company Limited* ("Sichuan Gaojiao") 四川高教投資有限公司 (Note ii) | PRC | RMB300,000,000 | **51%** | 51% | Investment in vocational education institution |

*For the year ended 31 August 2024*

## 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 2024 | At 31 August 2023 | Principal activities |
|---|---|---|---|---|---|
| **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 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 |
| Sichuan Zhengzhuo Education Investment Company Limited* ("Sichuan Zhengzhuo") 四川正卓教育投資有限公司 (Note ii) | PRC | RMB158,000,000 | **51%** | 51% | Vocational education institutions management |

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

* For identification purpose only.

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.

## 2. STRUCTURED CONTRACTS AND BASIS OF PREPARATION

For the year ended 31 August 2024, the provision of private education services of the Group was carried out by PRC operating entities, comprising Chengdu Mingxian, Sichuan Boai, Chengdu Jinbojun, Nanjiang Bojun, Wangcang Bojun, Lezhi Bojun and Sichuan Zhengzhuo (collectively known as the "School Sponsors"), Tianfu High School, Lidu Kindergarten, Riverside Kindergarten, Winshare Vocational College, Zhengzhuo Vocational School and the other subsidiaries controlling by the School Sponsors (collectively known as the "PRC Operating Entities"). The School Sponsors and PRC Operating Entities herein collectively refer to "Consolidated Affiliated Entities". Due to regulatory restrictions on foreign ownership in the private-owned schools in the PRC, Chengdu Bojun and Chengdu Bomao, both are wholly-owned subsidiaries of the Company, have 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 and Chengdu Bomao 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 and Chengdu Bomao 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 and Chengdu Bomao.

## 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.

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.

### Going concern basis

At 31 August 2024, the Group recorded net current liabilities of approximately RMB820,078,000 (2023: RMB952,466,000), included in which were contract liabilities of approximately RMB293,360,000 as at 31 August 2024 (2023: RMB277,041,000).

In view of the net current liability position, the Directors 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 after considering the following:

(i) Mr. Wang Jinglei and the non-controlling shareholders of the Group's subsidiaries have agreed to provide financial support of not more than RMB250 million for the Group to meet its liabilities as they fall due;

(ii) Subsequent to the year-end date, the Group obtained a new banking facilities line of RMB380 million from a licensed bank in the PRC;

(iii) the cash inflow generated from the operations of providing education services to students subsequent to the year-end date; and

(iv) the Group is contemplating an asset realisation plan and is actively exploring opportunities to dispose of its certain land and buildings. It is the intention of the Directors that such realisation plan could be finalised by the end of the forthcoming financial year ending 31 August 2025. As of the date of these consolidated financial statements, no definitive legally binding agreement has been entered by the Group.

Having considered the cash flows from operations and other financial supports, the Directors are of the opinion that the Group is able to meet its financial obligations in full as they fall due for the foreseeable future and it is appropriate to prepare the consolidated financial statements on a going concern basis.

## 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 2023. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards ("HKAS") 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. MATERIAL 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. 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 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 material accounting policies adopted are set out below.

## 4. MATERIAL 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.

*For the year ended 31 August 2024*

## 4. MATERIAL ACCOUNTING POLICIES (Continued)

### Business combination and goodwill

The acquisition method is used to account for the acquisition of a subsidiary in a business combination. The cost of acquisition is measured at the acquisition-date fair value of the assets given, equity instruments issued, liabilities incurred and contingent consideration. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received. Identifiable assets and liabilities of the subsidiary in the acquisition are measured at their acquisition-date fair values.

The excess of the cost of acquisition over the Company's share of the net fair value of the subsidiary's identifiable assets and liabilities is recorded as goodwill. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss as a gain on bargain purchase which is attributed to the Company.

In a business combination achieved in stages, the previously held equity interest in the subsidiary is remeasured at its acquisition-date fair value and the resulting gain or loss is recognised in consolidated profit or loss. The fair value is added to the cost of acquisition to calculate the goodwill.

If the changes in the value of the previously held equity interest in the subsidiary were recognised in other comprehensive income (for example, equity investments at fair value through other comprehensive income), the amount that was recognised in other comprehensive income is recognised on the same basis as would be required if the previously held equity interest were disposed of.

Goodwill is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is measured at cost less accumulated impairment losses. The method of measuring impairment losses of goodwill is the same as that of tangible assets as stated in the accounting policy below. Impairment losses of goodwill are recognised in consolidated profit or loss and are not subsequently reversed. Goodwill is allocated to cash-generating units that are expected to benefit from the synergies of the acquisition for the purpose of impairment testing.

The non-controlling interests in the subsidiary are initially measured at the non-controlling shareholders' proportionate share of the net fair value of the subsidiary's identifiable assets and liabilities at the acquisition date.

*For the year ended 31 August 2024*

## 4. MATERIAL ACCOUNTING POLICIES (Continued)

### 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.

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.

## 4. MATERIAL ACCOUNTING POLICIES (Continued)

### Investment in an associate (Continued)

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.

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.

*For the year ended 31 August 2024*

## 4. MATERIAL ACCOUNTING POLICIES (Continued)

### Revenue from contracts with customers (Continued)

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.

**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.

## 4. MATERIAL ACCOUNTING POLICIES (Continued)

### Leases (Continued)

**The Group as a lessee (Continued)**

*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.

*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.

*For the year ended 31 August 2024*

## 4. MATERIAL ACCOUNTING POLICIES (Continued)

### Leases (Continued)

**The Group as a lessee (Continued)**

*Lease liabilities (Continued)*

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.

*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.

*For the year ended 31 August 2024*

## 4. MATERIAL ACCOUNTING POLICIES (Continued)

**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.

### 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.

*For the year ended 31 August 2024*

## 4. MATERIAL ACCOUNTING POLICIES (Continued)

### Government grants

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

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

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

### Retirement benefit costs

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

### Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short term employee benefits are recognised as an expense unless another 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.

*For the year ended 31 August 2024*

## 4. MATERIAL 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.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

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 and does not give rise to equal taxable and deductible temporary differences.

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.

## 4. MATERIAL 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.

*For the year ended 31 August 2024*

## 4. MATERIAL ACCOUNTING POLICIES (Continued)

### Related parties

A related party is a person or entity that is related to the Group.

(A) A person or a close member of that person's family is related to the Group if that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Company or of a parent of the Company.

(B) An entity is related to the Group if any of the following conditions applies:

- (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.
- (vi) The entity is controlled or jointly controlled by a person identified in (A).
- (vii) A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to a parent of the Company.

*For the year ended 31 August 2024*

## 4. MATERIAL ACCOUNTING POLICIES (Continued)

### 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.

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.

### Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for intangible assets with a finite useful life are reviewed at least at each financial year end.

**Software patents and license**

Acquired software patents and licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (3 to 10 years). The Group's computer software mainly includes the acquired software license for operational and financial systems. Based on the current functionalities equipped by the software and the Group's daily operation needs, the Group considers useful lives of 3 to 10 years are the best estimation under the current financial reporting needs.

*For the year ended 31 August 2024*

## 4. MATERIAL ACCOUNTING POLICIES (Continued)

### 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 fair value through profit or loss ("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 2024*

## 4. MATERIAL 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.

*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.

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.

*For the year ended 31 August 2024*

## 4. MATERIAL ACCOUNTING POLICIES (Continued)

### Financial instruments (Continued)

**Financial assets (Continued)**

*Impairment of financial assets (Continued)*

(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 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.

## 4. MATERIAL ACCOUNTING POLICIES (Continued)

### Financial instruments (Continued)

**Financial assets (Continued)**

*Impairment of financial assets (Continued)*

(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 2024*

## 4. MATERIAL 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.

## 4. MATERIAL ACCOUNTING POLICIES (Continued)

### Financial instruments (Continued)

**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.

*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.

*For the year ended 31 August 2024*

## 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.

**(a) Going concern basis**

These consolidated financial statements have been prepared on a going concern basis, the validity of which is explained in note 2 to consolidated financial statements.

**(b) 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 and Chengdu Bomao, the Consolidated Affiliated Entities and their respective legal equity holders are in compliance with the relevant PRC laws and regulations and are legally enforceable.

## 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.

**(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.

## 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 three reportable segments comprising (i) the provision of profit-making kindergarten and the provision of high school education services; (ii) the provision of vocational education services and (iii) the provision of education consultancy and management services.

The Group's revenue represents service income comprising tuition fees, boarding fees and education consultancy and management services 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:

| | **Profit-making kindergarten and high school education services RMB'000** | **Vocational education services RMB'000** | **Education consultancy and management services RMB'000** | **Total RMB'000** |
|---|---|---|---|---|
| **For the year ended 31 August 2024** | | | | |
| Tuition fees | **48,842** | **336,960** | **–** | **385,802** |
| Boarding fees | **1,144** | **26,313** | **–** | **27,457** |
| Education consultancy and management services fees | **–** | **–** | **16,504** | **16,504** |
| Total | **49,986** | **363,273** | **16,504** | **429,763** |

| | Profit-making kindergarten and high school education services RMB'000 | Vocational education services RMB'000 | Education consultancy and management services RMB'000 | Total RMB'000 |
|---|---|---|---|---|
| **For the year ended 31 August 2023** | | | | |
| Tuition fees | 36,241 | – | – | 36,241 |
| Boarding fees | 8,483 | – | – | 8,483 |
| Education consultancy and management services fees | – | – | 36,581 | 36,581 |
| Total | 44,724 | – | 36,581 | 81,305 |

### Performance obligations for contracts with customers

Revenue from the provision of (i) education services comprising tuition fee and boarding fee (each being a single performance obligation) and (ii) education consultancy and management services. 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 2024 and 2023, 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 2024*

## 6. REVENUE AND SEGMENT INFORMATION (Continued)

### Major customers

| | Year ended 31 August | |
|---|---|---|
| | **2024** | 2023 |
| | **RMB'000** | RMB'000 |
| Customer A Group (Note 32) | **N/A*** | 14,807 |

No major customers for the year ended 31 August 2024 contributing over 10% of the total sales of the Group.

* Customer A Group represents the affected entities ultimately controlled by Mr. Jinglei Wang. Revenue from these customers did not exceed 10% of total revenue in this year.

### 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 | |
|---|---|---|
| | **2024** | 2023 |
| | **RMB'000** | RMB'000 |
| Interest income from banks | **392** | 82 |
| Interest income from other loans | **1,583** | – |
| Release of asset-related government grants (Note 29) | **8,291** | 1,534 |
| Recharge income for the occupation of school campus | **2,473** | 2,465 |
| Others | **3,242** | – |
| | **15,981** | 4,081 |

*For the year ended 31 August 2024*

## 8. OTHER GAINS, NET

| | Year ended 31 August | |
|---|---|---|
| | **2024** | 2023 |
| | **RMB'000** | RMB'000 |
| Net exchange (loss)/gain | **(100)** | 361 |
| Loss on disposal of property, plant and equipment, net | **(1,870)** | (2) |
| Gains on bargain purchase arising in acquisition of subsidiaries | **–** | 85,648 |
| Gain on disposal of a subsidiary (Note 35(i)) | **2,539** | – |
| Loss on disposal of an associate | **(7)** | – |
| Recognition of financial guarantee contracts | **(38,704)** | (3,945) |
| Amortisation of financial guarantee contracts | **20,749** | 10,141 |
| Loss allowance reversal/(recognised) for financial guarantee contracts | **53** | (761) |
| Gain on waiver of amount due to Pengzhou Bojun School | **19,226** | – |
| Others | **(651)** | (285) |
| | **1,235** | 91,157 |

## 9. FINANCE COSTS

| | Year ended 31 August | |
|---|---|---|
| | **2024** | 2023 |
| | **RMB'000** | RMB'000 |
| Interest on: | | |
| Bank borrowings | **53,042** | 10,382 |
| Lease liabilities | **142** | 54 |
| Other borrowings | **36,627** | – |
| Imputed interests recognised upon the early payments of the deferred considerations | **12,578** | – |
| | **102,389** | 10,436 |
| Unwinding of discount on amounts due to a related company (Note 22) | **5,324** | 5,600 |
| Total finance costs | **107,713** | 16,036 |

*For the year ended 31 August 2024*

## 10. INCOME TAX EXPENSES

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 USA Bojun Education, Inc. 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.

During the year, the Company received a notice of assessment from the Inland Revenue Department, pursuant to which the final profit tax of the Company for the year of assessment 2019/20 was assessed at approximately HK$4,546,000 (equivalent to approximately RMB4,133,000) even though no assessable profit was recorded in that year of assessment. The Group engaged an independent tax advisor to assist in lodging the objection against the aforesaid notice of assessment. As of the date of this report, the objection has still been processed by the Inland Revenue Department. The Directors are of the view that the objection is highly probable to be accepted, and therefore, no provision for such income tax was made to the consolidated financial statements.

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. Under the Western Development Tax Incentive Scheme, certain subsidiaries of the Group are subject to the preferential tax rate of 15% on their respective taxable income with an effective date on 1 January 2021.

Pursuant to State Taxation Administration Announcement 2023 No. 6, from 1 January 2023 to 31 December 2024, certain subsidiaries of the Group that are categorised as small and low-profit enterprises can enjoy a 20% preferential tax rate on 25% of their taxable income amount for the proportion of taxable income not exceeding RMB3 million.

| | **Year ended 31 August** | |
|---|---|---|
| | **2024** | 2023 |
| | **RMB'000** | RMB'000 |
| Tax expense comprises: | | |
| PRC EIT— Current year | **3,901** | 1,482 |
| Deferred tax (Note 20) | **(1,516)** | 383 |
| Total tax charge for the year | **2,385** | 1,865 |

*For the year ended 31 August 2024*

## 10. INCOME TAX EXPENSES (Continued)

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

| | Year ended 31 August | |
|---|---|---|
| | **2024** | 2023 |
| | **RMB'000** | RMB'000 |
| (Loss)/profit before tax | **(37,923)** | 52,912 |
| Tax at applicable tax rate of 25% | **(9,481)** | 13,228 |
| Effect of preferential income tax rates | **(3,638)** | – |
| Effect of tax losses not recognised | **7,268** | 6,264 |
| Tax effect of expenses not deductible for tax purpose | **9,758** | 5,322 |
| Tax effect of income not taxable for tax purpose | **(1,924)** | (23,986) |
| Effect of different tax rates of other jurisdiction | **402** | 1,037 |
| Taxation for the year | **2,385** | 1,865 |

## 11. (LOSS)/PROFIT FOR THE YEAR

(Loss)/profit for the year has been arrived at after charging/(crediting):

| | Year ended 31 August | |
|---|---|---|
| | **2024** | 2023 |
| | **RMB'000** | RMB'000 |
| Directors' and chief executive's remuneration (Note 12) | **1,457** | 1,392 |
| Other staff costs | | |
| — Salaries and other benefits | **116,528** | 39,751 |
| — Staff welfare | **4,042** | 1,523 |
| — Retirement benefit schemes | **10,064** | 1,731 |
| Total staff costs | **132,091** | 44,397 |
| Depreciation of property, plant and equipment | **102,449** | 11,178 |
| Depreciation of right-of-use assets | **18,408** | 3,019 |
| Amortisation of intangible assets | **670** | – |
| Increase of loss allowance on other receivables | **979** | – |
| Business promotion expenses | **16,371** | – |
| Auditor's remuneration | **1,550** | 1,700 |

*For the year ended 31 August 2024*

## 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 2024**

| | Fees<br>RMB'000 | Salaries and allowances<br>RMB'000 | Defined contribution benefit<br>RMB'000 | Total<br>RMB'000 |
|---|---|---|---|---|
| **Executive directors** | | | | |
| Mr. Wang Jinglei* | – | 814 | 33 | 847 |
| Mr. Lin Juncheng** | – | 97 | – | 97 |
| Ms. Tang Hui*** | – | – | – | – |
| | – | 911 | 33 | 944 |
| **Non-executive director** | | | | |
| Mr. Wu Jiwei | – | 164 | 3 | 167 |
| | – | 164 | 3 | 167 |
| **Independent non-executive directors** | | | | |
| Mr. Cheng Tai Kwan Sunny | 163 | – | 3 | 166 |
| Mr. Mao Daowei**** | 60 | – | – | 60 |
| Ms. Luo Yunping**** | 60 | – | – | 60 |
| Mr. Yang Yuan**** | 60 | – | – | 60 |
| Mr. Yang Yuchuan*** | – | – | – | – |
| Mr. Tao Qizhi*** | – | – | – | – |
| | 343 | – | 3 | 346 |
| | 343 | 1,075 | 39 | 1,457 |

*For the year ended 31 August 2024*

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

### Directors' and chief executive's emoluments (Continued)

**Year ended 31 August 2023**

| | Fees RMB'000 | Salaries and allowances RMB'000 | Defined contribution benefit RMB'000 | Total RMB'000 |
|---|---|---|---|---|
| **Executive director** | | | | |
| Mr. Wang Jinglei* | – | 856 | 32 | 888 |
| | – | 856 | 32 | 888 |
| **Non-executive director** | | | | |
| Mr. Wu Jiwei | – | 162 | – | 162 |
| | – | 162 | – | 162 |
| **Independent non-executive directors** | | | | |
| Mr. Cheng Tai Kwan Sunny | 162 | – | – | 162 |
| Mr. Mao Daowei**** | 60 | – | – | 60 |
| Ms. Luo Yunping**** | 60 | – | – | 60 |
| Mr. Yang Yuan**** | 60 | – | – | 60 |
| | 342 | – | – | 342 |
| | 342 | 1,018 | 32 | 1,392 |

* Chairman of the board.

** Chief executive officer of the Company and appointed on 4 July 2024.

*** Appointed on 5 September 2024.

**** Resigned on 5 September 2024.

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.

*For the year ended 31 August 2024*

## 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 one Director (2023: one Director). Details of the remuneration for the year of the remaining four (2023: four) highest paid employees who are neither a director nor chief executive of the Company are as follows:

| | Year ended 31 August | |
|---|---|---|
| | **2024** | 2023 |
| | **RMB'000** | RMB'000 |
| Salaries and allowances | **2,491** | 2,319 |
| Contributions to retirement benefits scheme | **71** | 55 |
| | **2,562** | 2,374 |

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

| | Number of employees Year ended 31 August | |
|---|---|---|
| | **2024** | 2023 |
| **Emolument bands** | | |
| Nil to Hong Kong dollar ("HK$") 1,000,000 | **5** | 5 |

During the years ended 31 August 2024 and 2023, 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.

## 13. DIVIDEND

No dividend has been paid or declared by the Company for the years ended 31 August 2024 and 2023, nor has any dividend been proposed subsequent to 31 August 2024.

## 14. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

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

| | Year ended 31 August | |
|---|---|---|
| | **2024** | 2023 |
| (Loss)/profit attributable to the owners of the Company (RMB'000) | **(39,566)** | 51,047 |
| Weighted average number of ordinary shares issued ('000) | **903,138** | 821,856 |
| Basic (loss)/earnings per share (RMB cents) | **(4.38)** | 6.21 |

No adjustment has been made to the (loss)/earnings per share as the outstanding share options had anti-dilutive effect for the year ended 31 August 2024 and 2023.

## 15. PROPERTY, PLANT AND EQUIPMENT

| | Buildings and facilities 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 2022 | 690,511 | 1,134 | 5,106 | 1,951 | 4,293 | 480,445 | 1,183,440 |
| Additions | – | 2,329 | 302 | 1,083 | 267 | 4,094 | 8,075 |
| Transfers | 82,753 | – | – | 1,311 | – | (84,064) | – |
| Acquisition of a subsidiary | 1,873,000 | 132,023 | 4,070 | – | 191 | – | 2,009,284 |
| Disposals | – | (16) | – | (4) | – | – | (20) |
| At 31 August 2023 and 1 September 2023 | 2,646,264 | 135,470 | 9,478 | 4,341 | 4,751 | 400,475 | 3,200,779 |
| Additions | 64,382 | 40,949 | 8,527 | 320 | – | 81,081 | 195,259 |
| Disposals | (8,989) | (5,786) | (4,486) | (244) | – | – | (19,505) |
| At 31 August 2024 | **2,701,657** | **170,633** | **13,519** | **4,417** | **4,751** | **481,556** | **3,376,533** |
| **ACCUMULATED DEPRECIATION AND IMPAIRMENT** | | | | | | | |
| At 1 September 2022 | 330,812 | 506 | 1,302 | 1,308 | 3,925 | 179,812 | 517,665 |
| Charge for the year | 8,751 | 590 | 730 | 501 | 606 | – | 11,178 |
| Elimination on disposals | – | (3) | – | (4) | – | – | (7) |
| At 31 August 2023 and 1 September 2023 | 339,563 | 1,093 | 2,032 | 1,805 | 4,531 | 179,812 | 528,836 |
| Charge for the year | 73,166 | 26,587 | 1,873 | 606 | 217 | – | 102,449 |
| Elimination on disposals | (7,870) | (5,706) | (2,104) | (115) | – | – | (15,795) |
| At 31 August 2024 | **404,859** | **21,974** | **1,801** | **2,296** | **4,748** | **179,812** | **615,490** |
| **NET CARRYING VALUE** | | | | | | | |
| At 31 August 2024 | **2,296,798** | **148,659** | **11,718** | **2,121** | **3** | **301,744** | **2,761,043** |
| At 31 August 2023 | 2,306,701 | 134,377 | 7,446 | 2,536 | 220 | 220,663 | 2,671,943 |

Note: At 31 August 2024, the Group has not yet obtained the building ownership certificates for its buildings amounted to approximately RMB773,519,000 (2023: RMB793,721,000), out of which amounts of approximately RMB705,512,000 (2023: RMB722,529,000) were in the process of obtaining building ownership certificates.

*For the year ended 31 August 2024*

## 15. 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 and facilities | 8–50 years or over the lease term |
| 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.

**Property, plant and equipment and right-of-use assets occupied by the Affected Entities**

At 31 August 2024, property, plant and equipment and right-of-use assets with the respective net carrying value of approximately RMB572,654,000 and RMB77,627,000 (2023: approximately RMB573,384,000 and RMB79,404,000) held by the Consolidated Affiliated Entities were occupied by certain entities (which were deconsolidated from the Group on 1 September 2021) ("Affected Entities") and are expected to be continuously occupied by these entities subsequent to the deconsolidation. For the details of the deconsolidation, please refer to the Company's annual report for the year ended 31 August 2021. The Group concluded that impairment indicators existed in relation to such assets due to the fact that the Regulations for the Implementation of the Private Education Promotion Law of the PRC (the "Implementation Regulation") 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 2024 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 2024 (2023: Nil).

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% (2023: 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 RMB31,040,000 and RMB60,080,000 (2023: decrease of approximately RMB31,910,000 and RMB61,710,000), respectively, in the total fair value measurement of the property, plant and equipment and right-of-use assets, and vice versa.

**Cash-generating units ("CGUs") of Vocational Education Business**

At 31 August 2024, property, plant and equipment and right-of-use assets with the respective net carrying value of approximately RMB2,100,154,000 and RMB660,456,000 (2023: RMB2,009,020,000 and RMB505,000,000, respectively)were allocated to Vocational Education Business (as defined in Note 18). For details of the impairment assessment on the CGU of Vocational Education Business, please refer to Note 18 to the consolidation financial statements.

*For the year ended 31 August 2024*

## 16. RIGHT-OF-USE ASSETS

| | Leasehold land RMB'000 | Leased properties RMB'000 | Total RMB'000 |
|---|---|---|---|
| **CARRYING VALUES** | | | |
| At 1 September 2022 | 96,704 | 1,076 | 97,780 |
| Addition | – | 524 | 524 |
| Acquisition of subsidiaries | 505,000 | – | 505,000 |
| Depreciation provided for the year | (2,199) | (820) | (3,019) |
| At 31 August 2023 and 1 September 2023 | 599,505 | 780 | 600,285 |
| Addition | 170,732 | 4,521 | 175,253 |
| Depreciation provided for the year | (17,501) | (907) | (18,408) |
| At 31 August 2024 | **752,736** | **4,394** | **757,130** |

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 other leasehold lands are depreciated on a straight-line basis over 50 years, 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.

| | Year ended 31 August | |
|---|---|---|
| | **2024** | 2023 |
| | **RMB'000** | RMB'000 |
| Expense relating to short-term leases | **3,141** | 2,397 |
| Total cash outflow for leases (Note) | **3,848** | 3,333 |

Note: Total cash outflow for leases includes expenses related to short-term leases, variable lease payments 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 2024, 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 2024, 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.

*For the year ended 31 August 2024*

## 17. INTANGIBLE ASSETS

| | Software patents and license RMB'000 |
|---|---|
| **Cost** | |
| At 1 September 2022 | – |
| Acquisition of subsidiaries (Note 35(ii)) | 3,782 |
| At 31 August 2023,1 September 2023 and 31 August 2024 | **3,782** |
| **Accumulated amortisation** | |
| At 1 September 2022, 31 August 2023, and 1 September 2023 | – |
| Amortisation for the year | 670 |
| At 31 August 2024 | **670** |
| **Carrying amount** | |
| At 31 August 2024 | **3,112** |
| At 31 August 2023 | 3,782 |

The intangible assets of the Group which have finite useful lives are amortised on a straight-line basis based on their estimated useful lives ranged from 3 years to 10 years.

## 18. GOODWILL

| | RMB'000 |
|---|---|
| **COST** | |
| At 1 September 2022 | – |
| Acquisition of subsidiaries | 12,105 |
| At 31 August 2023, 1 September 2023 and 31 August 2024 | **12,105** |
| **ACCUMULATED IMPAIRMENT LOSSES:** | |
| At 1 September 2022, 31 August 2023, 1 September 2023 and 31 August 2024 | **–** |
| **CARRYING AMOUNT:** | |
| At 31 August 2024 | **12,105** |
| At 31 August 2023 | 12,105 |

Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating units ("CGUs") that are expected to benefit from that business combination. As at 31 August 2024, the carrying amount of goodwill had been allocated to the CGUs within the business segment of the vocational education business in the PRC ("Vocational Education Business") which was acquired by the Group on 31 August 2023.

The recoverable amounts of the CGUs are determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using an estimated growth rate of 2.5% (2023: 2.5%) which does not exceed the average long-term growth rate for the relevant markets. The cash flows are discounted using a discount rate of 10% (2023: 10.8%) which reflects specific risks relating to the relevant segments. The other key assumptions on which management has based its cash flow projections are those regarding the growth rates and budgeted gross margin and revenue during the period. The growth rates are based on the long-term average economic growth rate of the geographical area in which the businesses of the CGUs operate. Budgeted gross margin and revenue are based on past practices and expectations of business development.

*For the year ended 31 August 2024*

## 19. INTEREST IN AN ASSOCIATE

| | As at 31 August | |
|---|---|---|
| | **2024** | 2023 |
| | **RMB'000** | RMB'000 |
| Cost of unlisted investment | **–** | 17,500 |
| Share of post-acquisition profits and other comprehensive income | **–** | 7 |
| | **–** | 17,507 |

On 27 November 2023, Chengdu Bojun entered into the agreement with the purchaser, pursuant to which Chengdu Bojun agreed to sell and the purchaser to agree to purchase the partnership equity interest in the associate at the consideration of RMB17.5 million in cash. Upon the completion of the transaction, the above associate would cease to be an associate of the Group.

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 2024 | 2023 | Principal activities |
|---|---|---|---|---|---|
| Chengdu Tongxing Wanbang Enterprise Management Center (Limited Partnership)* ("Tongxing Wanbang") (成都同興萬邦企業管理中心(有限合夥)) | The PRC/The PRC | RMB1,000,000 | **Nil** | 33.34% | Provision of business consultancy services |

* For identification purpose only.

## 20. DEFERRED TAX

Movement in deferred income tax assets and liabilities for the year ended 31 August 2024 and 2023 is as follows:

### Deferred tax assets

| | Temporary difference on deferred income RMB'000 |
|---|---|
| At 1 September 2022 | 17,672 |
| Credit to profit or loss (Note 10) | (383) |
| At 31 August 2023 and 1 September 2023 | 17,289 |
| Charge to profit or loss (Note 10) | (384) |
| At 31 August 2024 | **16,905** |

### Deferred tax liabilities

| | Fair value adjustments arising in acquisition of subsidiaries RMB'000 |
|---|---|
| At 31 August 2022 | – |
| Acquisition of subsidiaries | 64,836 |
| At 31 August 2023 and 1 September 2023 | 64,836 |
| Credited to profit or loss (Note 10) | (1,900) |
| At 31 August 2024 | **62,936** |

As at 31 August 2024, the Group has unused and unrecognised tax losses of approximately RMB696,241,000 (2023: RMB735,833,000) available for offset against future profits which will expire by the end of 2029 (2023: 2028). No deferred tax asset has been recognised in respect of such losses due to the unpredictability of future profit streams. The Group has no other significant unrecognised deferred tax assets for deductible temporary differences at 31 August 2024 and 2023.

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 RMB13,084,000 (2023: RMB11,726,000). 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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## 21. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

| | | As at 31 August | |
|---|---|---|---|
| | | **2024** | 2023 |
| | Notes | **RMB'000** | RMB'000 |
| Prepayment to an independent construction contractor | | **–** | 50,000 |
| Secured deposits for other borrowings (Note 27) | | **24,750** | 25,200 |
| Deposits for establishment of school campus | (i) | **3,145** | 3,145 |
| Deposit for a parcel of land | | **–** | 2,729 |
| Other tax receivables | (ii) | **57,022** | 50,310 |
| Advances to staffs | | **14,993** | 11,006 |
| Amount due from Hongde Guanghua | (iii) | **24,364** | 32,000 |
| Loan and other receivables from Daying Estate | (iv) | **7,797** | 17,711 |
| Loan and interest receivables from four independent vocational schools | (v) | **11,482** | – |
| Consideration receivable from the disposal of equity interest | (vi) | **14,410** | 12,933 |
| Consideration receivable from the disposal of an associate | | **6,500** | – |
| Prepaid expenses | | **2,596** | 3,879 |
| Other deposits and receivables | | **9,204** | 6,261 |
| Total | | **176,263** | 215,174 |
| Analysed into: | | | |
| — Current assets | | **121,040** | 120,630 |
| — Non-current assets | | **55,223** | 94,544 |
| | | **176,263** | 215,174 |

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## 21. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

Notes:

(i) 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 (2023: RMB3,145,000).

(ii) The balance as at 31 August 2024 mainly represented the deductible input value-added tax generated from the procurement of construction services for the Group's buildings and facilities.

(iii) The balance represents 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. The carrying amount before loss allowance was RMB25,357,000 (2023: RMB32,000,000). An amount of approximately RMB6,633,000 (2023: RMB5,000,000) was refunded during the year ended 31 August 2024.

On 31 January 2024, the Group, Hongde Guanghua and Pengzhou Bojun School entered a second supplemental agreement pursuant to which the parties agreed to amend the payment terms by a yearly instalment between 30 September 2025 and 30 September 2028. The balance was reclassified to non-current assets as of 31 August 2024. The amount is guaranteed by independent third parties and is non-interest-bearing. For details, please refer to the announcements of the Company dated 31 January 2024 and 15 April 2024.

(iv) The balances as at 31 August 2024 represented the receivables due from Daying Tianshi Real Estate Company Limited (大英天世置業有限公司) ("Daying Estate"), a former subsidiary of Sichuan Gaojiao prior to the acquisition on 31 August 2023. The gross amount of the outstanding receivables amounted to approximately RMB7,797,000 (2023: RMB22,566,000) before the fair value adjustment arising in the acquisition of subsidiaries, which is unsecured, non-interest bearing and without a fixed repayment term.

As at 31 August 2023, out of the gross outstanding receivables, amount of approximately RMB15,000,000 represents an unsecured interest-bearing loan at an annual interest rate of 4.2% and repayable on 30 June 2025, which was repaid during the year ended 31 August 2024.

(v) The balances as of 31 August 2024 represented the loans and interests receivable from four independent third parties. Out of the balance, the principal amounts of RMB8,500,000 are unsecured, interest-bearing at 6.9% per annum, and repayable within one year, and principal amounts of RMB2,500,000 are unsecured, non-interest bearing, and repayable within one year.

(vi) The balances as at 31 August 2024 represented the remaining consideration receivables due from an independent third party for the disposal of the entire equity interest in Daying Estate after the fair value adjustment. The balance is expected to be settled on or before the end of 2024.

Reconciliation of loss allowance for other receivables, deposits and prepayments:

| | **2024**<br>**RMB'000** | 2023<br>RMB'000 |
|---|---|---|
| At the beginning of the year | **24** | 24 |
| Increase in loss allowance for the year | **979** | – |
| At the end of the year | **1,003** | 24 |

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## 22. AMOUNTS DUE FROM/TO RELATED COMPANIES

### Amounts due from related companies

| Name | Relationship | As at 31 August 2024 RMB'000 | 2023 RMB'000 | Maximum amounts outstanding during the year ended 31 August 2024 RMB'000 | 2023 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 |
| Shenzhen Hongyuan Education Investment Company Limited (深圳弘遠教育投資有限公司) ("Shenzhen Hongyuan") | Non-controlling shareholder of a subsidiary | **47,457** | 11,507 | **47,457** | 11,507 |
| Sichuan Yuanmao Education Management Company Limited (四川沅懋教育管理有限公司) | 99% interest held by Mr. Wang Jinglei | **6** | – | **6** | – |
| Sichuan Gaojiao Group Limited (四川高教集團有限公司) | Non-controlling shareholder of a subsidiary | **10** | – | **10** | – |
| Affected Entities | Beneficially owned by Mr. Wang Jinglei | **15,852** | 16,539 | **16,539** | 95,196 |
| *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** | 294 |
| Total, presented under current assets | | **63,325** | 28,766 | | |

Out of the amount due from Shenzhen Hongyuan, an amount of RMB30,000,000 represents an unsecured interest-bearing loan at an annual interest rate of 4.75% and repayable by the end of 2024. The non-trade nature amounts due from related companies are unsecured, non-interest bearing and without a fixed repayment term other than the loan receivable from Shenzhen Hongyuan.

As at 31 August 2024 and 2023, 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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## 22. AMOUNTS DUE FROM/TO RELATED COMPANIES (Continued)

### Amounts due to related companies

| Name | Relationship | As at 31 August 2024 RMB'000 | 2023 RMB'000 |
|---|---|---|---|
| Affected Entities: | Beneficially owned by | | |
| — Nanjiang Bojun School | Mr. Wang Jinglei | **280,448** | 280,892 |
| — Wangcang Bojun School | | **228,581** | 228,972 |
| — Lezhi Bojun School | | **103,511** | 103,773 |
| Sichuan Zhengzhuo Industrial Company Limited (四川正卓實業有限公司) ("Zhengzhuo Industrial") | Non-controlling shareholder of a subsidiary | **86,328** | 137,322 |
| Sichuan Zhuotai Investment Limited (四川卓泰投資有限公司) | Controlling shareholder of Zhengzhuo Industrial | **38,000** | – |
| | | **736,868** | 750,959 |
| Less: Amounts due for settlement within 12 months shown under current liabilities | | **(124,328)** | (137,322) |
| | | **612,540** | 613,637 |

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.

The amounts due to Nanjiang Bojun School, Wangcang Bojun School and Lezhi Bojun School are non-interest bearing, unsecured and repayable on 1 September 2036. Included in the balance with Nanjiang Bojun School, a principal amount of approximately RMB193,011,000 advanced by Nanjiang Bojun School to the Group during the year ended 31 August 2022 which 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 shareholder of approximately RMB104,644,000 recognised in other reserve. During the year ended 31 August 2024, unwinding of discount on the aforesaid principal amounted to approximately RMB5,324,000 was recognised in the profit or loss. The amounts due to Affected Entities as at 31 August 2024 were classified as non-current liabilities.

The amounts due to Zhengzhuo Industrial are unsecured, non-interest bearing and without fixed repayment terms.

## 23. BANK BALANCES AND CASH/RESTRICTED BANK DEPOSITS

As at 31 August 2024, bank balances carry interest at prevailing market rates of 0.01% to 0.25% (2023: 0.01% to 0.55%) per annum.

As at 31 August 2024, there is no restricted bank deposits of the group. As at 31 August 2023, restricted bank deposits represent the secured bank deposits pledged for the Group's bank borrowings as at 31 August 2023 (Note 27) and the restricted bank deposits carry interest at prevailing market rates of 0.25% to 0.35% per annum.

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## 24. OTHER PAYABLES AND ACCRUALS

| | | As at 31 August | |
|---|---|---|---|
| | | **2024** | 2023 |
| | Notes | **RMB'000** | RMB'000 |
| Payables for purchases of property, plant and equipment | | **270,388** | 251,610 |
| Miscellaneous expenses received from students | (i) | **10,867** | 20,950 |
| Payroll payables | | **8,734** | 10,083 |
| Payables for scholarship | (ii) | **39,320** | 67,797 |
| Other payables and accrued expenses | | **80,499** | 62,265 |
| Other tax payables | | **5,175** | 151 |
| Deferred cash considerations | (iii) | **1,000** | 166,410 |
| Amounts due to Pengzhou Bojun School | | **–** | 15,680 |
| Deposits received | | **30,709** | 32,921 |
| Total | | **446,692** | 627,867 |
| Analysed into: | | | |
| — Current liabilities | | **445,692** | 461,457 |
| — Non-current liabilities | | **1,000** | 166,410 |
| | | **446,692** | 627,867 |

Notes:

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

(ii) The amount represents the subsidies received from different parties for distribution to students as scholarships to students.

(iii) As at 31 August 2024 the amount represents the remaining consideration payables to the non-controlling shareholders of the Group's subsidiaries, namely Zhengzhuo Industrial, for the acquisitions of subsidiaries in 2023 (Note 35(ii)(a)). Amounts of approximately RMB1,000,000 are repayable after twelve months after the end of the reporting period in accordance with acquisition agreements is classified as a non-current liability.

As at 31 August 2023 the amount represents consideration payables to the non-controlling shareholders of the Group's subsidiaries, namely Shenzhen Hongyuan and Zhengzhuo Industrial, for the acquisitions of subsidiaries in the year ended 31 August 2023 (Note 35(ii)(a)). Amounts of approximately RMB166,410,000 which are repayable after twelve months after the end of the reporting period in accordance with acquisition agreements were included in other payables as non-current liabilities.

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## 25. CONTRACT LIABILITIES

| | As at 31 August | |
|---|---|---|
| | **2024** | 2023 |
| | **RMB'000** | RMB'000 |
| Tuition fees | **270,295** | 250,904 |
| Boarding fees | **23,065** | 26,137 |
| | **293,360** | 277,041 |

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

| | Year ended 31 August | |
|---|---|---|
| | **2024** | 2023 |
| | **RMB'000** | RMB'000 |
| Balance at the beginning of the year | **277,041** | 36,810 |
| Revenue recognised that was included in the contract liabilities balance at the beginning of the year | **(277,041)** | (36,810) |
| Receipts in advance of tuition and boarding fees | **293,360** | 49,160 |
| Acquisition of subsidiaries | **–** | 227,881 |
| Balance at the end of the year | **293,360** | 277,041 |

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.

## 26. LEASE LIABILITIES

| | As at 31 August | |
|---|---|---|
| | **2024** | 2023 |
| | **RMB'000** | RMB'000 |
| Lease liabilities payable: | | |
| Within one year | **540** | 175 |
| After one year but within two years | **370** | 186 |
| After two years but within five years | **1,283** | – |
| After five years | **2,124** | – |
| | **4,317** | 361 |
| Less: Amounts due for settlement within 12 months shown under current liabilities | **(540)** | (175) |
| Amounts due for settlement after 12 months shown under non-current liabilities | **3,777** | 186 |

*For the year ended 31 August 2024*

## 27. BANK AND OTHER BORROWINGS

| | | As at 31 August | |
|---|---|---|---|
| | | **2024** | 2023 |
| | Notes | **RMB'000** | RMB'000 |
| Bank loans — secured | (i) | **946,620** | 866,120 |
| Other borrowings — secured | (ii) | **550,159** | 641,153 |
| | | **1,496,779** | 1,507,273 |
| The carrying amounts of the above borrowings are repayable: | | | |
| On demand or within one year | | **328,704** | 704,991 |
| Within a period of more than one year but not exceeding two years | | **430,387** | 367,195 |
| Within a period more than two years but not exceeding five years | | **523,188** | 401,337 |
| Within a period of more than five years | | **214,500** | 33,750 |
| | | **1,496,779** | 1,507,273 |
| Less: Amounts due within one year shown under current liabilities | | **(328,704)** | (704,991) |
| Amounts shown under non-current liabilities | | **1,168,075** | 802,282 |

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

| | **2024** | 2023 |
|---|---|---|
| Fixed-rate bank and other borrowings | **4.20%-8.53%** | 5.00%-8.35% |
| Variable-rate bank and other borrowings | **5.00%-10.10%** | 5.00%-10.10% |

Notes:

(i) At 31 August 2024, total secured bank loans of approximately RMB946,620,000 were secured by pledging (a) the equity interests in the Group's subsidiaries; and (b) tuition and boarding fee receivable rights of various schools including Winshare Vocational College, Zhengzhuo Vocational School, three schools of the Affected Entities and Tianfu High School. In addition, the aforesaid secured bank loans were guaranteed by (a) the non-controlling shareholders of the Group's subsidiaries and their related parties; (b) certain directors of the Group's subsidiaries; (c) the Company; (d) Tianfu Bojun; (e) Chengdu Mingxian; (f) a former executive director; and (g) a shareholder of the Company and his spouse.

At 31 August 2023, total secured bank loans of approximately RMB866,120,000 were secured by pledging (a) restricted bank deposits of approximately RMB150,000,000 (Note 23); (b) the equity interests in the Group's subsidiaries; and (c) tuition and boarding fee receivable rights of various schools including Winshare Vocational College, Zhengzhuo Vocational School, a school of the Affected Entities and Tianfu High School. In addition, the aforesaid secured bank loans were guaranteed by (a) the non-controlling shareholders of the Group's subsidiaries and their related parties; (b) certain directors of the Group's subsidiaries; (c) the Company; (d) Chengdu Bojun; (e) Chengdu Mingxian; (f) a former executive director; and (g) a shareholder of the Company and his spouse.

(ii) At 31 August 2024, total secured other borrowings from other financial institutions of approximately RMB550,159,000 were secured by pledging (a) secured deposits of approximately RMB24,750,000 (Note 21); and (b) tuition and boarding fee receivable rights of Winshare Vocational College. In addition, the aforesaid other borrowings were guaranteed by (a) the non-controlling shareholders of the Group's subsidiaries and their related parties; (b) certain directors of the Group's subsidiaries; (c) the Company; (d) Yunmao Jiaoyu; and (e) a shareholder of the Company and his spouse.

At 31 August 2023, total secured other borrowings from other financial institutions of approximately RMB641,153,000 were secured by pledging (a) secured deposits of approximately RMB25,200,000 (Note 21); and (b) tuition and boarding fee receivable rights of Winshare Vocational College. In addition, the aforesaid other borrowings were guaranteed by (a) the non-controlling shareholders of the Group's subsidiaries and their related parties; and (b) certain directors of the Group's subsidiaries.

## 28. FINANCIAL GUARANTEE CONTRACTS

| | Year ended 31 August | |
|---|---|---|
| | **2024** | 2023 |
| | **RMB'000** | RMB'000 |
| At beginning of the year | **7,670** | 13,105 |
| Financial guarantee provision recognised | **38,704** | 3,945 |
| Amortisation of financial guarantee provision | **(20,749)** | (10,141) |
| (Reversal of loss allowance)/loss allowance on financial guarantee contracts | **(53)** | 761 |
| At end of the year | **25,572** | 7,670 |

The financial guarantee contracts provided to Affected Entities were recognised in the consolidated financial statements on 31 August 2021. At 31 August 2024, 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 RMB453,600,000 (2023: RMB264,272,000) 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 | |
|---|---|---|
| | **2024** | 2023 |
| | **RMB'000** | RMB'000 |
| Amounts recognised in profit or loss during the year: | | |
| Subsidies related to assets (Note) | **(8,291)** | (1,534) |

The movement of deferred income is as follows:

| | As at 31 August | |
|---|---|---|
| | **2024** | 2023 |
| | **RMB'000** | RMB'000 |
| At beginning of the year | **272,363** | 70,688 |
| Acquisition of subsidiaries | **–** | 203,209 |
| Receipt of government subsidies | **157,981** | – |
| Amount credited to profit or loss during the year (Note 7) | **(8,291)** | (1,534) |
| At end of the year | **422,053** | 272,363 |

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 2022, 31 August 2023 and 1 September 2023 | 821,856,000 | 8,218,560 | 7,137,822 | 7,138 |
| Issue of the consideration shares | 81,282,460 | 812,825 | 751,816 | 752 |
| At 31 August 2024 | **903,138,460** | **9,031,385** | **7,889,638** | **7,890** |

Note:

On 31 August 2023, the Group acquired each of the 51% equity interest in Sichuan Zhengzhuo Group and Sichuan Gaojiao, respectively. Part of the consideration is 81,282,460 shares of the Company at the contractual issue price of HK$0.85 per share. On 19 October 2023, these consideration shares have been allotted and issued to the nominee of the vendors. The excess of the quoted market price at the acquisition date of the 81,282,460 shares amounting to approximately RMB6,616,000 has been credited to the share premium.

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. The Group makes contributions to the retirement schemes at the applicable rates based on the amounts stipulated by the local government authorities. During the year ended 31 August 2024, no forfeited contribution under the plan concerned is available to offset the future contributions or reduce the existing level of contributions.

The contributions made by the Group in respect of the retirement benefit scheme amounting to approximately RMB10,103,000 for the year ended 31 August 2024 (2023: RMB1,763,000) 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 | |
|---|---|---|---|
| | | **2024** | 2023 |
| **Entities** | **Nature of transactions** | **RMB'000** | RMB'000 |
| Affected Entities | Provision of education management services | **5,171** | 14,807 |
| Affected Entities | Recharge income for the occupation of school campus | **2,473** | 2,465 |
| Chengdu Hengyu | Rental expenses incurred | **187** | 187 |

### 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 | |
|---|---|---|
| | **2024** | 2023 |
| | **RMB'000** | RMB'000 |
| Short-term benefits | **7,397** | 3,417 |
| Post-employment benefits | **197** | 68 |
| | **7,594** | 3,485 |

## 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 27, net of bank balances and cash and equity attributable to owners of the Group, comprising share capital, 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 | |
|---|---|---|---|
| | | **2024** | 2023 |
| | | **RMB'000** | RMB'000 |
| **Financial assets** | | | |
| Restricted bank deposits | At amortised cost | **–** | 150,000 |
| Bank balances and cash | At amortised cost | **225,803** | 346,553 |
| Other receivables and deposits | At amortised cost | **105,163** | 108,256 |
| Amounts due from related companies | At amortised cost | **63,325** | 28,766 |
| Total financial assets at amortised cost | | **394,291** | 633,575 |
| **Financial liabilities** | | | |
| Other payables and accruals* | At amortised cost | **441,517** | 627,716 |
| Amounts due to related companies | At amortised cost | **736,868** | 750,959 |
| Bank and other borrowings | At amortised cost | **1,496,779** | 1,507,273 |
| Total financial liabilities at amortised cost | | **2,675,164** | 2,885,948 |
| Lease liabilities | At amortised cost | **4,317** | 361 |
| Financial guarantee contracts | Refer to Note 4 | **25,572** | 7,670 |

* 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, restricted bank deposits, bank balances and cash, other payables and accruals, lease liabilities, bank and other borrowings and financial guarantee liabilities. 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 2024*

## 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 and other 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 and bank and other borrowings 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 2024 would have decreased/increased by approximately RMB395,000 (2023: decreased/increased by approximately RMB56,000). 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 | |
|---|---|---|
| | **2024** | 2023 |
| | **RMB'000** | RMB'000 |
| Bank balances and cash — HK$ | **6,878** | 4,788 |

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 | |
|---|---|---|
| | **2024** | 2023 |
| | **RMB'000** | RMB'000 |
| Increase in post-tax profit | **344** | 239 |

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, deposits and prepayments**

For other receivables and deposits. the Directors make a periodic individual assessment on the recoverability of other receivables and deposits based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The Directors believe that there are no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12m ECL. For the year ended 31 August 2024.the Group assessed the ECL for other receivables and deposits with a gross carrying amount of approximately RMB177,266,000 (2023: approximately RMB215,198,000) and record the ECL amounted to RMB1,003,000 (2023: RMB24,000).

**Amounts due from related companies/restricted bank deposits/bank balances**

No allowance has been recognised for 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 restricted bank deposits and 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 2024, 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. Reversal of loss allowance approximately RMB53,000 (2023: additional loss allowance of approximately RMB761,000) was recognised in the profit or loss for the year ended 31 August 2024. 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 2024. 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.

*For the year ended 31 August 2024*

## 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 | 4 to 6 months RMB'000 | 6 to 12 months RMB'000 | 1-2 years RMB'000 | 3-5 years RMB'000 | Over 5 years RMB'000 | Total undiscounted cashflows RMB'000 | Carrying amount RMB'000 |
|---|---|---|---|---|---|---|---|---|---|
| **As at 31 August 2024** | | | | | | | | | |
| *Non-interest bearing* | | | | | | | | | |
| Other payable and accruals | N/A | 440,517 | – | – | – | – | – | 440,517 | 440,517 |
| Amounts due to related companies | N/A | 124,328 | – | – | – | – | 512,414 | 636,742 | 636,742 |
| Financial guarantee contracts | N/A | 453,600 | – | – | – | – | – | 453,600 | 25,572 |
| *Interest bearing* | | | | | | | | | |
| Deferred cash considerations | 3.45% | – | – | – | 1,000 | – | – | 1,000 | 1,000 |
| Amounts due to related companies | 5.65% | – | – | – | – | – | 193,846 | 193,846 | 100,126 |
| Lease liabilities | 5.93% | 187 | 268 | 268 | 535 | 1,671 | 2,341 | 5,270 | 4,317 |
| Bank and other borrowings | 4.2%–10.1% | 140,276 | 116,920 | 139,023 | 452,274 | 542,549 | 219,349 | 1,610,391 | 1,496,779 |
| | | 1,158,908 | 117,188 | 139,291 | 453,809 | 544,220 | 927,950 | 3,341,366 | 2,705,053 |
| **As at 31 August 2023** | | | | | | | | | |
| *Non-interest bearing* | | | | | | | | | |
| Other payable and accruals | N/A | 461,306 | – | – | – | – | – | 461,306 | 461,306 |
| Amounts due to related companies | N/A | 137,322 | – | – | – | – | 518,835 | 656,157 | 656,157 |
| Financial guarantee contracts | N/A | 264,272 | – | – | – | – | – | 264,272 | 7,670 |
| *Interest bearing* | | | | | | | | | |
| Deferred cash considerations | 3.45% | – | – | – | 61,750 | 117,239 | – | 178,989 | 166,410 |
| Amounts due to related companies | 5.65% | – | – | – | – | – | 193,846 | 193,846 | 94,802 |
| Lease liabilities | 5.93% | 187 | – | – | 187 | – | – | 374 | 361 |
| Bank and other borrowings | 5.0%–10.1% | 565,512 | 94,401 | 133,537 | 407,339 | 428,279 | 36,281 | 1,665,349 | 1,507,273 |
| | | 1,428,599 | 94,401 | 133,537 | 469,276 | 545,518 | 748,962 | 3,420,293 | 2,893,979 |

### 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.

*For the year ended 31 August 2024*

## 35. DISPOSAL OF A SUBSIDIARY/ACQUISITION OF SUBSIDIARIES

### (i) For the year ended 31 August 2024

On 1 April 2024, the Group disposed of the entire equity interest of a subsidiary, Chengdu Youshi Preschool Education Investment Management Company Limited, to an independent third party for a total cash consideration of RMB400,000.

Net liabilities at the date of disposal were as follows:

| | **RMB'000** |
|---|---|
| Prepayments, deposits and other receivables | 600 |
| Accruals and other payables | (2,739) |
| Net liabilities disposed of | (2,139) |
| Gain on disposal of a subsidiary | 2,539 |
| Total consideration — satisfied by cash | 400 |
| Net cash inflow arising on disposal: | |
| Cash consideration received | 400 |

### (ii) For the year ended 31 August 2023

**(a) Acquisitions of Sichuan Zhengzhuo and Sichuan Gaojiao**

With reference to the Company's circular dated 28 June 2023, on 8 December 2021, the Company, Sichuan Yunmao, Chengdu Bomao, Sichuan Zhengzhuo, Sichuan Gaojiao and the independent third parties (the "Vendors") entered into the equity transfer agreements, pursuant to which Sichuan Yunmao and Chengdu Bomao conditionally agreed to purchase and the Vendors conditionally agreed to sell a total of 51% of the equity interest in Sichuan Zhengzhuo and its subsidiaries (the "Sichuan Zhengzhuo Group") and a total of 51% of the equity interest in Sichuan Gaojiao in the aggregate consideration of RMB283,050,000 and RMB26,010,000, respectively. On 10 April 2023, the parties to the above equity transfer agreements entered into the amended equity transfer agreements which mainly amended the payment terms in the original agreements.

Pursuant to the amended equity transfer agreement for the acquisition of Sichuan Zhengzhuo Group, the total consideration of RMB283,050,000 consisted of (i) a deposit of RMB73,500,000 paid by the Group in the prior year; (ii) cash of RMB56,750,000 in total which shall be settled before 31 December 2024; (iii) cash of RMB76,825,000 in total which shall be settled before 31 December 2025; (iv) cash of approximately RMB24,165,000 which shall be settled before 31 December 2026; and (v) the allotment and issue of 74,441,857 consideration shares at the issue price of HK$0.85 per share by the Company.

Pursuant to the amended equity transfer agreement for the acquisition of Sichuan Gaojiao, the total consideration of RMB26,010,000 consisted of (i) cash of RMB5,000,000 which shall be settled before 31 December 2024; (ii) cash of RMB11,005,000 in total which shall be settled before 31 December 2025; (iii) cash of approximately RMB5,244,000 which shall be settled before 31 December 2026; and (iv) the allotment and issue of 6,840,603 consideration shares at the issue price of HK$0.85 per share by the Company.

*For the year ended 31 August 2024*

## 35. DISPOSAL OF A SUBSIDIARY/ACQUISITION OF SUBSIDIARIES (Continued)

### (ii) For the year ended 31 August 2023 (Continued)

#### (a) Acquisitions of Sichuan Zhengzhuo and Sichuan Gaojiao (Continued)

Fair value of consideration transferred for the acquisitions of:

| | Sichuan Zhengzhuo Group RMB'000 | Sichuan Gaojiao RMB'000 | Total RMB'000 |
|---|---|---|---|
| Deposit paid in prior year | 73,500 | – | 73,500 |
| Payable by consideration shares (note (i)) | 6,748 | 620 | 7,368 |
| Payable by deferred cash payments (note (ii)) | 146,783 | 19,627 | 166,410 |
| | 227,031 | 20,247 | 247,278 |

Notes:

(i) The consideration shares were subsequently settled by the allotment and issue of 81,282,460 new ordinary shares of the Company on 19 October 2023. At the date of acquisitions, the consideration payable for consideration shares is initially recognised at deferred consideration shares as equity instrument as the number of consideration shares to be issued is fixed. The amount of the deferred consideration shares at the date of acquisitions of Sichuan Zhengzhuo and Sichuan Gaojiao of approximately RMB6,748,000 and approximately RMB620,000 is determined by reference to the quoted market price of HK$0.098 (equivalent to RMB0.0906) per each ordinary share of the Company at the date of obtaining the control of Sichuan Zhengzhuo Group and Sichuan Gaojiao.

(ii) The consideration payable for deferred cash payments is initially recognised at fair value at the date of acquisition. At the acquisition date, the aggregate fair value of the deferred cash payables was estimated to be approximately RMB166,410,000.

The acquisitions are part of the Group's business strategy to expand its footprints in the vocational education sector. Sichuan Zhengzhuo is the school sponsor of Winshare Vocational College, a formal higher vocational education institution, and Zhengzhuo Vocational School, a secondary vocational education institution. Sichuan Gaojiao is principally engaged in the business of investment in vocational education institutions.

For the purpose of the acquisitions, the Group engaged an external independent valuer to perform the valuation with the identification and determination of fair values to be assigned to the acquiree's assets and liabilities as at the acquisition date.

*For the year ended 31 August 2024*

## 35. DISPOSAL OF A SUBSIDIARY/ACQUISITION OF SUBSIDIARIES (Continued)

### (ii) For the year ended 31 August 2023 (Continued)

#### (a) Acquisitions of Sichuan Zhengzhuo and Sichuan Gaojiao (Continued)

The fair values of the identifiable assets and liabilities of Sichuan Zhengzhuo and Sichuan Gaojiao as at the date of acquisition were as follows:

| | Sichuan Zhengzhuo Group RMB'000 | Sichuan Gaojiao RMB'000 | Total RMB'000 |
|---|---|---|---|
| Property, plant and equipment | 958,666 | 1,050,354 | 2,009,020 |
| Right-of-use assets | 245,000 | 260,000 | 505,000 |
| Intangible assets | 3,782 | – | 3,782 |
| Other receivables, deposits and prepayments | 90,779 | 84,198 | 174,977 |
| Amounts due from related companies | 288,989 | 31,370 | 320,359 |
| Bank balances and cash | 265,505 | 5,488 | 270,993 |
| Other payables and accruals | (207,099) | (202,510) | (409,609) |
| Contract liabilities | (226,428) | – | (226,428) |
| Amounts due to related companies | (117,322) | (341,843) | (459,165) |
| Bank and other borrowings | (641,153) | (650,000) | (1,291,153) |
| Income tax payable | – | (1,987) | (1,987) |
| Deferred income | – | (203,209) | (203,209) |
| Deferred tax liabilities | (48,940) | (15,896) | (64,836) |
| Total identifiable net assets | 611,779 | 15,965 | 627,744 |
| Non-controlling interests | (299,772) | (7,823) | (307,595) |
| Goodwill arising on acquisition | – | 12,105 | 12,105 |
| Gain on bargain purchase arising on acquisition | (84,976) | – | (84,976) |
| Consideration transferred | 227,031 | 20,247 | 247,278 |

The fair value of the other receivables, deposits and prepayments is approximately RMB174,977,000 in total. The gross contractual amounts of the other receivables, deposits and prepayments are approximately RMB183,638,000, of which approximately RMB8,661,000 is expected to be uncollectible.

The non-controlling interests recognised at the acquisition date were measured by reference to the proportionate share of recognised amounts of net assets of Sichuan Zhengzhuo and Sichuan Gaojiao and amounted to approximately RMB299,772,000 and approximately RMB7,823,000.

The Group recognised a gain on bargain purchase of approximately RMB84,976,000 in the acquisition of Sichuan Zhengzhuo. The gain is included in "Other gains, net".

*For the year ended 31 August 2024*

## 35. DISPOSAL OF A SUBSIDIARY/ACQUISITION OF SUBSIDIARIES (Continued)

### (ii) For the year ended 31 August 2023 (Continued)

#### (a) Acquisitions of Sichuan Zhengzhuo and Sichuan Gaojiao (Continued)

The first equity transfer agreement for the acquisition of Sichuan Zhengzhuo Group was entered into by the parties on 8 December 2021 and the consideration was determined by the parties after arm's length negotiations based on several factors including the then appraised equity value of Sichuan Zhengzhuo at 31 August 2021. Since the date of the first equity transfer agreement, Winshare Vocational College and Zhengzhuo Vocational School have been expanding the operation scale. The increase in fair value of Sichuan Zhengzhuo represented the upward adjustment on assets, in particular, of the school campus and facilities through out the years. As such, business combination resulted in a gain on bargain purchase as the fair value of Sichuan Zhengzhuo Group increased accordingly after the date of the first equity transfer agreement.

The goodwill recognised is primarily attributed to the expected business synergies arising from the acquisition of Sichuan Gaojiao, which is not separately recognised. The goodwill recognised is not expected to be deductible for income tax purposes.

*Net cash inflow arising on acquisitions*

| | Sichuan Zhengzhuo Group RMB'000 | Sichuan Gaojiao RMB'000 | Total RMB'000 |
|---|---|---|---|
| Cash consideration transferred | – | – | – |
| Cash and cash equivalents in the entities acquired | 265,505 | 5,488 | 270,993 |
| Net cash inflow from the acquisitions | 265,505 | 5,488 | 270,993 |

Had the acquisitions of Sichuan Zhengzhuo Group and Sichuan Gaojiao taken place at the beginning of the year, the proforma revenue and profit of the Group for the year would have been approximately RMB405,535,000 and approximately RMB36,401,000, respectively.

## 35. DISPOSAL OF A SUBSIDIARY/ACQUISITION OF SUBSIDIARIES (Continued)

### (ii) For the year ended 31 August 2023 (Continued)

#### (b) Acquisition of Riverside Kindergarten Business

Riverside Kindergarten was established on 29 November 2022 for the purpose of succeeding to the assets and liabilities of Chengdu Jinjiang District Youshi Riverside Kindergarten (成都市錦江區幼師河濱幼兒園, formerly known as "成都幼師河濱印象實驗幼兒園") ("Old Riverside"), one of the affected entities which deconsolidated from the Group on 31 August 2021. On 30 November 2022, Riverside 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 Riverside Kindergarten), pursuant to which the parties confirmed that Riverside Kindergarten had succeeded to (i) the entire assets and liabilities of Old Riverside (the "Riverside Kindergarten Business") and (ii) all the rights and obligations which Old Riverside entitled and obliged under the Structured Contracts.

As advised by the Company's PRC legal adviser, the Group is able to exercise control over Riverside 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 Regulation. 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 Riverside 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 | 264 |
| Other receivables, deposits and prepayments | 128 |
| Amounts due from a related company | 2,085 |
| Bank balances and cash | 60 |
| Other payables and accruals | (383) |
| Amounts due to the Group | (29) |
| Contract liabilities | (1,453) |
| Total identifiable net assets | 672 |
| Cash consideration transferred | – |
| Gain on bargain purchase arose in the acquisition | (672) |
| **Net cash inflow arising on acquisition** | |
| Consideration transferred | – |
| Cash and cash equivalents in the entity acquired | 60 |
| Net cash inflow from the acquisition | 60 |

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

*For the year ended 31 August 2024*

## 36. 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.

| | Amounts due to related companies RMB'000 | Lease liabilities RMB'000 | Interest payable RMB'000 | Borrowings RMB'000 | Total RMB'000 |
|---|---|---|---|---|---|
| At 1 September 2022 | 674,487 | 719 | – | 160,120 | 835,326 |
| Changes from financing cash flows | (63,985) | (936) | (9,618) | 56,000 | (18,539) |
| Finance costs recognised | – | 54 | 10,382 | – | 10,436 |
| Acquisition of subsidiaries | 459,165 | – | 2,084 | 1,291,153 | 1,752,402 |
| Reclassification and elimination of inter-company's current accounts upon acquisition | (321,843) | – | – | – | (321,843) |
| Increase in lease liabilities from entering into new leases | – | 524 | – | – | 524 |
| Non-cash recharge income | (2,465) | – | – | – | (2,465) |
| Unwinding of discount on amounts due to a related company | 5,600 | – | – | – | 5,600 |
| At 31 August 2023 and 1 September 2023 | 750,959 | 361 | 2,848 | 1,507,273 | 2,261,441 |
| Changes from financing cash flows | 33,058 | (707) | (91,752) | (10,494) | (69,895) |
| Non-cash changes: | | | | | |
| Finance costs recognised | – | 142 | 89,669 | – | 89,811 |
| Increase in lease liabilities from entering into new leases | – | 4,521 | – | – | 4,521 |
| Settled by other receivables | (50,000) | – | – | – | (50,000) |
| Non-cash recharge income | (2,473) | – | – | – | (2,473) |
| Unwinding of discount on amounts due to a related company | 5,324 | – | – | – | 5,324 |
| At 31 August 2024 | **736,868** | **4,317** | **765** | **1,496,779** | **2,238,729** |

*For the year ended 31 August 2024*

## 37. PARTLY-OWNED SUBSIDIARIES

The following table shows information of subsidiaries that have non-controlling interests ("NCI") material to the Group. The summarised financial information represents amounts before inter-company eliminations.

| Name | Sichuan Zhengzhuo Group | | Sichuan Gaojiao | |
|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 |
| **Principal place of business/country of incorporation** | **PRC/PRC** | PRC/PRC | **PRC/PRC** | PRC/PRC |
| **% of equity interests held by NCI** | **49%** | 49% | **49%** | 49% |
| | **RMB'000** | RMB'000 | **RMB'000** | RMB'000 |
| **At 31 August:** | | | | |
| Non-current assets | **1,221,313** | 1,282,648 | **1,568,504** | 1,313,084 |
| Current assets | **575,561** | 570,073 | **118,456** | 118,326 |
| Non-current liabilities | **(343,046)** | (444,682) | **(917,968)** | (219,105) |
| Current liabilities | **(820,526)** | (796,260) | **(756,064)** | (1,196,340) |
| Net assets | **633,302** | 611,779 | **12,928** | 15,965 |
| Accumulated NCI | **310,318** | 299,772 | **6,335** | 7,823 |
| **For the year ended 31 August** | | | | |
| Revenue | **363,273** | N/A | **57,334** | N/A |
| Profit/(loss) and total comprehensive income/(expense) for the year | **21,523** | N/A | **(23,037)** | N/A |
| Profit allocated to NCI | **10,546** | N/A | **(11,288)** | N/A |
| Dividend paid to NCI | **–** | N/A | **–** | N/A |
| Cash flow from operating activities | **168,209** | N/A | **17,231** | N/A |
| Cash flow from investing activities | **(58,085)** | N/A | **(107,399)** | N/A |
| Cash flow from financing activities | **(330,579)** | N/A | **84,898** | N/A |

The financial information of Sichuan Zhengzhuo Group and Sichuan Gaojiao was consolidated to the Group's consolidated financial statements on 31 August 2023 upon the completion of acquisitions. As such, no profit or loss and cash flow were allocated to the NCI during the last reporting period.

*For the year ended 31 August 2024*

## 38. FINANCIAL INFORMATION OF THE COMPANY

### Statement of financial position:

| | As at 31 August | |
|---|---|---|
| | **2024** | 2023 |
| | **RMB'000** | RMB'000 |
| **Non-current assets** | | |
| Investment in a subsidiary | **9** | 9 |
| Amount due from a subsidiary | **75,334** | 83,031 |
| | **75,343** | 83,040 |
| **Current assets** | | |
| Bank balances and cash | **2,364** | 1,859 |
| Prepayments | **27** | – |
| | **2,391** | 1,859 |
| **Current liabilities** | | |
| Accruals | **1,911** | 4,782 |
| Amounts due to subsidiaries | **11,018** | 11,018 |
| Financial guarantee contracts | **1,277** | 4,351 |
| | **14,206** | 20,151 |
| **Net current liabilities** | **(11,815)** | (18,292) |
| **Net assets** | **63,528** | 64,748 |
| **Capital and reserves** | | |
| Share capital | **7,890** | 7,138 |
| Reserves | **55,638** | 57,610 |
| | **63,528** | 64,748 |

### Statement of changes in equity:

| | Share Capital RMB'000 | Share premium RMB'000 | Deferred consideration shares RMB'000 | Share option reserve RMB'000 | Accumulated losses RMB'000 | Total RMB'000 |
|---|---|---|---|---|---|---|
| At 1 September 2022 | 7,138 | 671,945 | – | 262 | (609,383) | 69,962 |
| Loss and total comprehensive expense for the year | – | – | – | – | (12,582) | (12,582) |
| Acquisition of subsidiaries | – | – | 7,368 | – | – | 7,368 |
| At 31 August 2023 and 1 September 2023 | 7,138 | 671,945 | 7,368 | 262 | (621,965) | 64,748 |
| Loss and total comprehensive expense for the year | – | – | – | – | (1,512) | (1,512) |
| Share option expenses | – | – | – | 292 | – | 292 |
| Issue of consideration shares | 752 | 6,616 | (7,368) | – | – | – |
| At 31 August 2024 | **7,890** | **678,561** | **–** | **554** | **(623,477)** | **63,528** |

*For the year ended 31 August 2024*

## 39. 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 2023.

### (a) Granted on 13 May 2021

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.

### (b) Granted on 17 August 2023

Pursuant to the Company's announcement on 17 August 2023, the Company granted to an eligible participant 5,000,000 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$0.130 per share.

All of the share options granted to the eligible participant shall be vested on 18 August 2024. The share options granted have a 10-year exercisable period upon the date of grant.

The closing price of the Company's shares immediately before 17 August 2023, being the date of grant, was HK$0.109 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 RMB292,000).

*For the year ended 31 August 2024*

## 39. SHARE OPTION SCHEME (Continued)

### (b) Granted on 17 August 2023 (Continued)

The following assumptions were used to calculate the fair values of share options granted on 17 August 2023:

| | |
|---|---|
| Grant date share price (per share) | HK$0.109 |
| Exercise price (per share) | HK$0.130 |
| Contractual life | 10 years |
| Expected volatility (%) | 89.08% |
| Dividend yield (%) | 0.00% |
| Risk-free interest rate (%) | 4.02% |

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.

Details of the share options outstanding during the year are as follows:

| | **2024** | | 2023 | |
|---|---|---|---|---|
| | **Number of share options** | **Weighted average exercise price HK$** | Number of share options | Weighted average exercise price HK$ |
| Outstanding at the beginning of the year | **6,000,000** | **0.208** | 1,000,000 | 0.598 |
| Granted during the year | **–** | **–** | 5,000,000 | 0.130 |
| Outstanding at the end of the year | **6,000,000** | **0.208** | 6,000,000 | 0.208 |

As at 31 August 2024, the number of share options exercisable is 6,000,000 (2023: 1,000,000). The options outstanding at the end of the year have a weighted average remaining contractual life of 8.6 years (2023: 9.6 years) and a weighted average exercise price of HK$0.208 per share (2023: HK$0.208 per share).

## 40. CAPITAL COMMITMENT

The Group's capital commitments at the end of the reporting period are as follows:

| | **As at 31 August** | |
|---|---|---|
| | **2024** | 2023 |
| | **RMB'000** | RMB'000 |
| Property, plant and equipment | | |
| Contracted but not provided for | **15,081** | – |

# DEFINITIONS

| | |
|---|---|
| "Acquisition" | the acquisition of 51% equity interest in Sichuan Zhengzhuo and Sichuan Gaojiao completed on 31 August 2023 |
| "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 the results of which have been deconsolidated from that of the Group due to implementation of the Implementation Regulation |
| "Articles of Association" or "Articles" | the articles of association of the Company adopted on 20 July 2023 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 |
| "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) |
| "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 Bomao" | Chengdu Bomao Education Management Company Limited* (成都博懋教育管理有限公司), a limited liability company established under the laws of the PRC on 9 July 2020 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 |
| "Chengdu Junxian" | 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 |

# DEFINITIONS

| | |
|---|---|
| "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 |
| "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 |
| "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 primary, middle and high schools |
| "Director(s)" | the director(s) of the Company |
| "Directors' (Council Members') Powers of Attorney A" | 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 |
| "Directors' (Council Members') Power of Attorney B" | the directors' (council members') powers of attorney executed by directors (or council members) appointed by Sichuan Zhengzhuo to Winshare Vocational College and Zhengzhuo Vocational School dated 27 June 2023 |

| | |
|---|---|
| "Equity Pledge Agreement A" | the amended and restated equity pledge agreement dated 19 June 2020 entered into by and among Chengdu Bojun, Chengdu Junxian 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 |
| "Equity Pledge Agreement B" | the equity pledge agreement dated 27 June 2023 entered into among Chengdu Bomao, Sichuan Yuanmao, Sichuan Yunmao, Sichuan Gaojiao and Sichuan Zhengzhuo |
| "Exclusive Business Cooperation Agreement A" | the amended and restated exclusive business cooperation agreement dated 19 June 2020 entered into by and among Chengdu Bojun, Chengdu Junxian 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 Business Cooperation Agreement B" | the exclusive business cooperation agreement dated 27 June 2023 entered into among Chengdu Bomao, Sichuan Yuanmao and the Vocational Group |
| "Exclusive Call Option Agreement A" | the amended and restated exclusive call option agreement dated 19 June 2020 entered into by and among Chengdu Bojun, Chengdu Junxian 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 |
| "Exclusive Call Option Agreement B" | the exclusive call option agreement dated 27 June 2023 entered into among Chengdu Bomao, Sichuan Yuanmao and the Vocational Group |

# DEFINITIONS

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|---|---|
| "Global Offering" | the Hong Kong public offering and the international offering |
| "Graymind" | Graymind Investments Limited, an international business company incorporated under the laws of Republic of Sychelles on 9 July 2024 and wholly-owned by Ms. Tang Hui |
| "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 |
| "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 |
| "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" | 17 December 2024, 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 |

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|---|---|
| "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 |
| "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 A" | 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 |
| "Loan Agreement B" | the loan agreement dated 27 June 2023 entered into among Chengdu Bomao and the Vocational Group |
| "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 C3 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 |
| "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, Qingyang Kindergarten, Winshare Vocational College and Zhengzhuo Vocational School |
| "Preschool Education" | preschool education provided by kindergartens |
| "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 |
| "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 |
| "Reporting Period" | from 1 September 2023 to 31 August 2024 |

| | |
|---|---|
| "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 |
| "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, Lezhi Bojun and Sichuan Zhengzhuo which were our school sponsors as at the Latest Practicable Date 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 A" | 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' and Directors' (Council Members') Rights Entrustment Agreement B" | the school sponsors' and directors' (council members') rights entrustment agreement dated 27 June 2023 entered into among Chengdu Bomao, the Vocational Group and directors (or council members) appointed by Sichuan Zhengzhuo to Winshare Vocational College and Zhengzhuo Vocational School |
| "School Sponsors' Powers of Attorney A" | the school sponsor's power of attorney dated 19 June 2020 executed by each of the School Sponsors in favour of Chengdu Bojun |
| "School Sponsors' Powers of Attorney B" | the school sponsors' powers of attorney executed by Sichuan Zhengzhuo dated 27 June 2023 |
| "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 |

# DEFINITIONS

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|---|---|
| "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 A" | the powers of attorney dated 19 June 2020 executed by Chengdu Junxian, which replaced the shareholder's powers of attorney in place then |
| "Shareholder's Powers of Attorney B" | the shareholder's powers of attorney executed by Sichuan Yuanmao dated 27 June 2023 |
| "Shareholder's Rights Entrustment Agreement A" | the amended and restated shareholder's rights entrustment agreement dated 19 June 2020 entered into by and among Chengdu Bojun, Chengdu Junxian 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 |
| "Shareholder's Rights Entrustment Agreement B" | the shareholder's rights entrustment agreement dated 27 June 2023 entered into among Chengdu Bomao, Sichuan Yuanmao and Sichuan Yunmao |
| "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 an Independent Third Party |
| "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 |
| "Sichuan Gaojiao" | Sichuan Gaojiao Investment Company Limited* (四川高教投資有限公司), a limited liability company incorporated in the PRC on 5 March 2020 and a Consolidated Affiliated Entity |
| "Sichuan Yuanmao" | Sichuan Yuanmao Education Management Company Limited* (四川沅楙教育管理有限公司), a limited liability company established under the laws of the PRC on 1 December 2021 and owned as to 99% by Mr. Wang Jinglei, an executive Director and a substantial Shareholder, and as to 1% by Ms. Duan Ling, the spouse of Mr. Wang Jinglei as at the Latest Practicable Date |
| "Sichuan Yunmao" | Sichuan Yunmao Education Management Company Limited* (四川沄楙教育管理有限公司), a limited liability company established under the laws of the PRC on 1 December 2021 and a Consolidated Affiliated Entity |

# DEFINITIONS

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| "Sichuan Zhengzhuo" | Sichuan Zhengzhuo Education Investment Company Limited* (四川正卓教育投資有限公司) (formerly known as Sichuan Wenxuan Zhuotai Investment Company Limited* (四川文軒卓泰投資有限公司) and Sichuan Taihe Zhengzhuo Education Investment Company Limited* (四川泰合正卓教育投資有限公司)), a limited liability company established under the laws of the PRC in July 2012 and a Consolidated Affiliated Entity |
| "Stock Exchange" or "Hong Kong Stock Exchange" | The Stock Exchange of Hong Kong Limited |
| "Structured Contracts" | the Structured Contracts A and the Structured Contracts B |
| "Structured Contracts A" | collectively, the Exclusive Business Cooperation Agreement A, the Exclusive Call Option Agreement A, the Equity Pledge Agreement A, the School Sponsors' and Directors' (Council Members') Rights Entrustment Agreement A, the School Sponsors' Powers of Attorney A, the Directors' (Council Members') Powers of Attorney A, the Loan Agreement A, the Shareholder's Rights Entrustment Agreement A and the Shareholder's Powers of Attorney A |
| "Structured Contracts B" | collectively, the Exclusive Business Cooperation Agreement B, the Exclusive Call Option Agreement B, the Equity Pledge Agreement B, the School Sponsors' and Directors' (Council Members') Rights Entrustment Agreement B, the School Sponsors' Powers of Attorney B, the Directors' (Council Members') Powers of Attorney B, the Loan Agreement B, the Shareholder's Rights Entrustment Agreement B and the Shareholder's Powers of Attorney B |
| "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 |
| "Tongxing Wanbang" | Chengdu Tongxing Wanbang Enterprise Management Center (Limited Partnership)* (成都同興萬邦企業管理中心(有限合夥)), is a limited liability partnership established in the PRC and an associate of the Company immediately prior to the completion of disposal as detailed in the announcement of the Company dated 27 November 2023 |
| "U.S." or "United States" | the United States of America, its territories, its possessions and all areas subject to its jurisdiction |

# DEFINITIONS

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| "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 |
| "Winshare Vocational College" | Sichuan Winshare Vocational College (Dayi Campus) (四川文軒職業學院大邑校區), a formal higher vocational education institution (普通高等職業學校) established in February 2013 and a Consolidated Affiliated Entity |
| "Vocational Group" | Sichuan Gaojaio, Sichuan Zhengzhuo and their subsidiaries |
| "Zhengzhuo Vocational School" | Chengdu Daiyi County Zhengzhuo Education Vocational School* (成都市大邑縣正卓教育職業學校) (formerly known as Sichuan Winshare Vocational School* (四川文軒職業學校)), a secondary vocational education institution (中等職業教育學校) established in December 2012 and a Consolidated Affiliated Entity |
| "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 |
| "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 |
| "Zhengzhuo Industrial" | Sichuan Zhengzhuo Industrial Company Limited* (四川正卓實業有限公司), a limited company established under the laws of the PRC on 17 June 2015 |
| "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, 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.