BOJUN EDUCATION COMPANY LIMITED
博駿教育有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock code: 1758

2021 Annual Report

博學致遠　駿馳天下

A knowledgeable Man Wins The Whole World

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COMPANY PROFILE

We are one of the leading private education service groups in Chengdu, Sichuan Province, the PRC, with a proven record of more than 20 years in the private education services sector. Through our schools, we provide education services to students at different ages, covering kindergarten to high school, and continue to expand the service scope to include vocational education institute. As at 31 August 2020, we operated 13 schools in total, comprising six kindergartens, one primary and middle school, two middle schools and one middle and high school in Chengdu, as well as one primary and middle school in Nanjiang County of Bazhong City, Sichuan Province, one primary and middle school in Wangcang County of Guangyuan City, Sichuan Province and one primary, middle and high school in Lezhi County of Ziyang City, with total enrolment of 12,697 students, supported by 1,751 employees, including 1,015 teachers.

Since 2001, we have built the foundation of our business upon private preschool education and expanded our footprints to the private primary and middle school education industry. In June 2001, we established Youshi Kindergarten, our first kindergarten in joint venture 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 of Jinjiang School. After years of planning and preparations, in September 2018, we launched our new education brand of "Bojun School" and established three Bojun schools in the same pattern in Chengdu, Bazhong and Guangyuan in Sichuan Province respectively, to provide education services from primary to middle school. In September 2019, we established a Bojun school of the same model in Ziyang City in Sichuan Province, to provide education from primary to high-school levels. In 2020, we started to plan our way into the vocational education field and we entered into equity transfer agreements with certain parties to acquire equity of entities in the vocational education sector in December 2021, subject to approval of the Shareholders.

We are committed to providing quality education services with a strong emphasis on the all-round development of students. With increasing demand for quality private education from parents in the PRC, we have made significant progress since opening our first school back in 2001. On the back of the dedication of our management team and the teaching management experience gained over the years, we have built a strong reputation for quality education in the industry, which will allow us to attract talented students and outstanding teachers as we further expand our school network and geographic coverage to enhance and cement our market position in the private education sector in Sichuan Province.

CORPORATE INFORMATION

BOARD OF DIRECTORS
Executive Director
Mr. Wang Jinglei *(Chairman of the Board and Chief Executive Officer)*#

Non-executive Director
Mr. Wu Jiwei

Independent Non-executive Directors
Mr. Cheng Tai Kwan Sunny
Mr. Mao Daowei
Ms. Luo Yunping
Mr. Yang Yuan

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

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

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

COMPANY SECRETARY
Mr. Lam Wai Kei

AUTHORISED REPRESENTATIVES
Mr. Wu Jiwei
Mr. Lam Wai Kei

AUDITOR##
ZHONGHUI ANDA CPA Limited

LEGAL ADVISORS
As to Hong Kong law:
Loeb & Loeb LLP

As to PRC law:
Jingtian & Gongcheng
Sichuan Ronghua Law Firm

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

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

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC
No. 209 Sanse Road, Jinjiang District
Chengdu, Sichuan Province
The PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG###
2206-19, Jardine House
1 Connaught Place
Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE
Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE####
Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

STOCK CODE
1758

COMPANY'S WEBSITE
http://bojuneducation.com

INVESTOR RELATIONS
Phone: +86-28-86006028
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appointment of chief executive officer with effect from 26 November 2020
PKF Hong Kong Limited resigned as the auditor of the Company with effect from 22 July 2022 and ZHONGHUI ANDA CPA Limited was appointed auditor of the Company with effect from 29 July 2022
with effect from 8 March 2021
with effect from 15 July 2022

FINANCIAL HIGHLIGHTS

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

FIVE-YEAR COMPARISON OF KEY FINANCIAL FIGURES

	For the year ended 31 August				
Result of operation	2017 RMB'000	2018 RMB'000	2019 RMB'000	2020 RMB'000	**2021** **RMB'000**
Revenue	181,240	231,259	338,019	375,740	**398,774**
Gross profit	59,134	61,814	89,755	104,411	**109,497**
Profit/(loss) for the year	35,050	15,308	28,941	15,242	**(758,656)**
Adjusted net profit/(loss) (Note)	37,858	26,294	28,998	15,760	**(9,761)**
Profit and total comprehensive income/(expense) for the year attributable to owners of the Company	35,377	17,133	26,597	9,100	**(763,277)**
Basic earnings/(loss) per share (RMB)	0.06	0.03	0.03	0.01	**(0.93)**

	For the year ended 31 August				
Financial ratio	2017	2018	2019	2020	**2021**
Gross profit margin (%)	32.6%	26.7%	26.6%	27.8%	**27.5%**
Net profit (loss) margin (%)	19.3%	6.6%	8.6%	4.1%	**(190.2%)**
Adjusted net profit/(loss) margin (%)	20.9%	11.4%	8.6%	4.2%	**(2.4%)**

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

Assets and liabilities	2017 RMB'000	2018 RMB'000	2019 RMB'000	2020 RMB'000	**2021 RMB'000**
	As at 31 August				
Non-current assets	274,041	848,658	1,370,899	1,742,966	**886,787**
Current assets	427,327	631,127	437,467	463,435	**308,974**
Current liabilities	333,295	621,778	899,076	854,485	**227,601**
Net current assets/(liabilities)	94,032	9,349	(461,609)	(391,050)	**81,373**
Total assets less current liabilities	368,073	858,007	909,290	1,351,916	**968,160**
Non-current liabilities (Note)	2,946	45,634	69,720	496,586	**884,136**
Capital and reserves	365,127	812,373	839,570	855,330	**84,024**
Property, plant and equipment	224,341	671,226	1,106,119	1,311,630	**658,889**
Bank balances and cash	332,531	607,062	336,647	426,772	**93,214**
Contract liabilities (Deferred revenue)	201,325	280,481	350,837	369,348	**7,296**
Borrowings	–	60,000	140,000	416,500	**179,000**

Financial ratio	2017	2018	2019	2020	**2021**
	As at 31 August				
Current ratio	1.28	1.02	0.49	0.54	**1.36**
Gearing ratio (Note)	1.0%	7.4%	16.7%	48.7%	**213.0%**

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

Cash flows	2017 RMB'000	2018 RMB'000	2019 RMB'000	2020 RMB'000	**2021 RMB'000**
	For the year ended 31 August				
Net cash from operating activities	127,812	126,931	103,870	125,515	**127,681**

Note: The School Sponsors own property, plant and equipment for use by the schools including the Affected Entities. Over the years, the Affected Entities generated income from tuition fees and school boarding fees, and the Group had spent certain of such amount on the expansion of schools and construction or purchase of property, plant and equipment of the Group. Due to the implementation of Private Education Promotion Law of the PRC, the Affected Entities have been deconsolidated from the Group and the amount spent by the Affected Entities for expansion of schools and construction or purchase of property, plant and equipment of the Group becomes amount due from the Group to the Affected Entities.

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

The remaining part of the amounts due to related companies are unsecured, non-interest bearing and without a fixed repayment term. For more detail, refer to Note 21 to the consolidated financial statements.

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 2021.

RESULTS OVERVIEW

Compared with the corresponding period in the previous year, the Group's total revenue for the year ended 31 August 2021 grew by approximately 6.13% to RMB398.8 million. Profit for the year decreased and turned to loss for the year to RMB758.7 million, while adjusted net loss for the year decreased by approximately 161.9% to RMB9.8 million.

SUMMARY OF BUSINESS

We have been running private schools in Chengdu, Sichuan Province, China for more than 20 years and have built a strong reputation in the region. The overwhelming number of applications for enrolment received, outstanding examination results achieved by our graduates and the positive responses and supports made to our school network expansion on the part of local governments, all bear vivid testimonies to the Group's sufficient influence in the field of private education in Sichuan Province. As at 1 September 2021, we had a student enrolment of 12,697, representing a year-over-year growth of approximately 4.7%. There is an increase in the number of students due to the opening of five new schools by the Group in September 2021. However, the number has reflected no significant growth since the new schools only admitted students of one grade.

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. For the results of the Entrance Examination for Secondary School of 2021, approximately 88% (2020: 89.5%) of our graduating middle school students scored well enough for admission by key high schools in Chengdu. For the results of the National College Entrance Examination of 2021, approximately 98% (98.1% in 2020) of our high school graduates were admitted to universities, and approximately 90% of them were admitted to key universities (90.8% in 2020).

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 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**") 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 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 high schools and vocational education in Sichuan Province and proactively seek more opportunities to continuously expand our educational services.

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

APPRECIATION

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

Bojun Education Company Limited
Wang Jinglei
Chairman and chief executive officer

Chengdu, the PRC, 21 November 2022

BUSINESS REVIEW

Our Schools

We are a leading private education service group in Chengdu, Sichuan Province, the PRC, operated 13 schools in Sichuan Province for the year ended 31 August 2021. In the 2020/2021 school year, we operated (i) one middle and high school, two middle schools, one primary and middle school and six kindergartens in Chengdu, Sichuan Province; (ii) one primary and middle school in Nanjiang County (南江縣) of Bazhong City (巴中市), Sichuan Province; (iii) one primary and middle school in Wangcang County (旺蒼縣) of Guangyuan City (廣元市), Sichuan Province and (iv) one primary, middle and high school in Lezhi County (樂至縣) of Ziyang City (資陽市), Sichuan Province.

Affected Business

On 14 May 2021, the State Council of the PRC promulgated the Implementation Regulations which became effective on 1 September 2021. The Implementation Regulations set series of restrictions and guidelines on operation, taxation, shareholding structure, connected transactions and merge and acquisition of entities providing compulsory education, especially non-profit private primary and middle schools, including: (i) no social organisation and individual are permitted to take control of private compulsory education schools and non-profit private preschool through mergers and acquisitions and control agreement; and (ii) private compulsory education schools are prohibited from conducting connected transactions, and other private schools shall conduct connected transactions in an open, reasonable and fair manner, which shall not harm national interests, school interests and rights and interests of all teachers and students.

Since the Implementation Regulations was announced, the Group has been actively communicating with government authorities, and the management discussed with its PRC legal advisors and auditors to specifically assess the impacts of the Implementation Regulations on the Group. The Implementation Regulations impose significant uncertainties and restrictions on the Group's control over the affiliated entities operating private schools offering compulsory education and non-profit kindergartens. As at the Latest Practicable Date, the Group concluded that the Group's ability to use its power from the Contractual Arrangements to direct the relevant activities of and its ability to affect its variable returns from the Affected Entities had ceased by 31 August 2021 and the Group lost control over the Affected Entities on 31 August 2021. Consequently, the financial results of the Affected Entities have been separately presented by the Group, and the net asset value of the Affected Entities has been deconsolidated in the consolidated financial statements of the current year. For details, please refer to the consolidated statement of profit or loss and other comprehensive income of the Group.

Affected Entities

The following sets out the types of education provided by each of our schools as at 31 August 2021:

	Kindergartens	Primary school section	Middle school section	High school section
Jinjiang School			✓	
Longquan School			✓	✓
Tianfu School			✓	
Wangcang Bojun School		✓	✓	
Nanjiang Bojun School		✓	✓	
Pengzhou Bojun School		✓	✓	
Lezhi Bojun School		✓	✓	✓
Youshi Kindergarten	✓			
Lidu Kindergarten	✓			
Longquan Kindergarten	✓			
Peninsula Kindergarten	✓			
Riverside Kindergarten	✓			
Qingyang Kindergarten	✓			

Students of Affected Entities

As of 1 September 2020, we had an enrolment of a total of 12,126 students, including 1,160 kindergarten students, 1,885 primary school students, 8,315 middle school students and 766 high school students.

Number of students by school sections	Student enrolment As at 1 September			
	2020	2019	**Change**	**Change in Percentage**
Kindergartens	**1,160**	1,283	–123	–9.6%
Primary schools	**1,885**	1,950	–65	–3.3%
Middle schools	**8,315**	8,164	+151	+1.8%
High schools	**766**	685	+81	+11.8%
Total	**12,126**	12,082	+44	+0.4%

The aggregate number of students enrolled in all of our Affected Entities increased by approximately 0.4% from 1 September 2019 to 1 September 2020 mainly because of the increase in the number of students at Lezhi Bojun School, Nanjiang Bojun School and Wangcang Bojun School for the 2020/2021 school year, as well as the decrease in the number of students at Pengzhou Bojun School for the 2020/2021 school year.

The decrease in the number of kindergarten students enrolled from 1 September 2019 to 1 September 2020 was mainly due to the loss of private kindergarten students as a result of the PRC government's increased investment in the number of public kindergartens.

Establishment of a High School

Tianfu School is a private boarding school. It was established in 2016 and provides schooling for grade seven to nine students. The school is situated at no. 19, Section 2, Lushan Avenue, Chengdupian District, New Tianfu District, Chengdu, Sichuan with beautiful garden-like surroundings and a site area of approximately 100 acres. As a well-established new experimental school, it has been equipped with distinctive features which ensure that the school's operations run smoothly.

To satisfy the demand for high-quality education of parents and students, the Group decided to open an independent high school in the autumn of 2019, which not only benefits the brand development strategy of "Shiyi School", but also eases the social concern that the students in the region can hardly gain access to high school education services of good quality. In March 2021, Tianfu High School was officially established. The school is a for-profit private high school providing Degree Education. 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. The school has a designed capacity of 1,500 students, with a planned enrolment of a total of 200 students in 4 classes in the autumn of 2021 and a total of 400 students in 8 classes in the autumn of 2022. In subsequent years, it will gradually expand its enrolment according to the planned target of 500 students in 10 classes per school year.

The autumn enrolment of Tianfu High School for the school year 2021/2022 has been completed with a total of 151 students enrolled. Tuition fee is fixed at RMB42,000 per school year. The revenue generated by the tuition fee and boarding fee of Tianfu High School will be included in the Group's revenue in the next financial year.

Teachers and Teacher Recruitment

We believe that teachers are the key to maintain our high standards of educational programmes and services as well as safeguard the reputation of our schools. We consider that teachers should act as role models for our students and, therefore, they should be competent in teaching and dedicated to their teaching profession and the well-being of students. Hiring teachers who meet the recruitment requirements and thrive in our schools is essential for the development of our students and the success of our schools. In addition to hiring outstanding teachers, our schools also regularly engage nationally renowned education experts to participate in our classroom teaching and provide hands-on guidance to our teachers in relation to teaching skills of various academic subjects. All of these help accelerate the growth of a large number of young and middle-aged teachers through educational research to ensure the overall quality and stability of the teaching staff.

As of 1 September 2020, we had a total of 1,015 teachers. Approximately 97.5% of our primary school, middle school and high school teachers hold a bachelor's degree or above, while approximately 19.6% of them hold a master's degree or above. The following table sets forth the number of teachers at all of our school sections as at the dates indicated:

School sections	Number of teachers[1] As at 1 September	
	2020	2019
Kindergartens	**126**	119
Primary schools	**162**	153
Middle schools	**652**	659
High schools	**75**	65
Total	**1,015**	996

Note:

(1) Excluding teachers engaging in administrative duties.

OUTLOOK

Development Trends in the Private Education Industry in Sichuan and Chengdu

Due to the promulgation of the Implementation Regulations, the Group ceased to have control over the Affected Entities observing the PRC laws and regulations with effect from 1 September 2021. Meanwhile, based on years of experiences in school operation and subject to the PRC laws and regulations, the Group actively and swiftly develops and expands its business, including private independent high school education, private vocational education and provision of related services.

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

OUR BUSINESS DEVELOPMENT STRATEGIES AND PLANS

Developing the Vocational Education Industry

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

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

Transforming the Existing Business

Due to the impact of the Implementation Regulations, the Group has decided to take measures to optimise its operating structure to mitigate this negative influence to the maximum extent: (i) the Group will consider to transform high schools sharing operating licenses with the existing compulsory education schools (the "**mixed high schools**") to high schools with independent operating licenses in the PRC (the "**independent high schools**"); (ii) the Group's Nanjiang School, Wangcang School and Lezhi School are planning to gradually transform to intermediate vocational and technical schools; and (iii) all existing non-profit kindergartens will endeavor to transform to for-profit kindergartens. As at the Latest Practicable Date, Lidu Kindergarten and Riverside Kindergarten have been converted into for-profit kindergartens.

Providing Overseas Education Consulting Services

Adhering to the original intention of education and with the core concept of cultivating talents with international vision and sound personality, our Group delivers a wide range of high-end international education services to students of all ages. For each client, the "T2P" or "team to individual" service model is adopted, in which experienced teachers provide one-on-one guidance to clients in every aspect and tailor-make individual solutions of study planning and application to achieve an effective integration of standardisation and personalisation to ultimately assist students in their growth.

Our study abroad planning and application process is personalised and supervised by our education director. Our excellent writing team and teaching guidance team can also help students better represent their strengths and personal characteristics to help them get the suitable admissions for themselves and escort each student from the initial planning stage to the campus abroad in the end.

Education Management Services

Since 2001, Sichuan Boai and Chengdu Youshi Education Companies have successfully established six kindergartens in Chengdu, Sichuan Province with a high starting point by combining modern preschool education philosophy, strong teams of experts and abundant teaching resources. After decades of development, "Youshi Kindergarten" has become a distinguished 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.

Sticking to the tenet of providing quality education with philanthropy, cutting-edge education with scientific research, and characteristic education with cultural deposit, the Group will continue to cooperate with the six kindergartens in depth and develop the brand of early childhood education, and plan to find more partners to realise the output of comprehensive education management of kindergartens, so as to reach a win-win situation for all parties.

Extra-curricular Activities

Camp education originated in the United States and has been around for more than 150 years. The camp education programme is a useful supplement to classroom education, as it is the best way for young people to develop practical and collaborative skills. In 2021, the Group began exploring the camp education services industry, as both primary and middle schools need to provide extended education services to their students. Camp education provides a venue for students and enables schools to use the venue for extended education, such as organising educational camps and day camps. Together with the Group's past experience in school operation and educational resources, it is more feasible to operate camp education targeted for primary and middle school students and make profits. Therefore, the Group expects to launch camp education services in 2022/23 school year.

Environment, Health and Safety

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

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

As far as the Board and the Company's management are aware of, the Group is in compliance with the relevant laws and regulations that have a significant impact on the Group's businesses and operations in all material aspects. There was no material violation of or non-compliance with applicable laws and regulations by the Group during the year ended 31 August 2021.

Impact of the COVID-19 pandemic

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

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

Latest Regulatory Developments

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

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

The Group believes that there are still uncertainties in the interpretation and implementation of the Implementation Regulations. As at the Latest Practicable Date, 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. For details, please refer to the paragraph headed "Affected Business" in this report. The Company will closely follow up the development of the Implementation Regulations and continuously assess the possible impact on the Company after its implementation.

The Company will continue to monitor developments of the above and other related laws and regulations, and will make further announcements in respect thereof in accordance with the Listing Rules as and when appropriate.

FINANCIAL REVIEW

Revenue

We derive revenue from tuition fees and boarding fees collected by our schools from our students. The following table sets forth the breakdown of major components of the revenue for the years indicated:

	For the year ended 31 August			
	2021		2020	
	RMB'000	**%**	RMB'000	%
Tuition fees				
— Tuition fees of kindergartens	**47,932**	**12.0**	33,877	9.0
— Tuition fees of primary schools, middle schools and high schools	**339,310**	**85.1**	331,130	88.1
Sub-total of tuition fees	**387,242**	**97.1**	365,007	97.1
Boarding fees	**11,532**	**2.9**	10,733	2.9
Total	**398,774**	**100.0**	375,740	100.0

Our revenue increased by approximately RMB23.1 million or 6.1% from approximately RMB375.7 million for the year ended 31 August 2020 to approximately RMB398.8 million for the year ended 31 August 2021. The increase was mainly attributable to the increased total student enrolment, which resulted in an increase in tuition fees and boarding fees.

Student enrolment in our schools increased by approximately 0.4% from 12,082 as of 1 September 2019 to 12,126 as of 1 September 2020, mainly due to an increase in the number of students enrolled in our middle schools and high schools including Nanjiang Bojun School, Wangcang Bojun School and Lezhi Bojun School.

Costs of services

Our costs of services primarily consist of staff costs, depreciation, cost of cooperative education, rental expenses and other costs. For the years ended 31 August 2020 and 2021, our costs of services represented approximately 72.2% and 72.5% of our total revenue, respectively. The table below sets forth the breakdown of the major components of our costs of services for the years indicated:

	For the year ended 31 August	
	2021	2020
	RMB'000	RMB'000
Staff costs	**184,717**	171,183
Depreciation	**65,002**	60,965
Royalty fees	**12,618**	15,803
Office expenses	**11,585**	11,097
Repair and maintenance	**9,279**	5,439
Utilities expenses	**3,055**	3,233
Training expenses	**2,345**	1,376
Others	**676**	2,233
Total	**289,277**	271,329

Our costs of services increased by approximately RMB18.0 million or 6.6% from approximately RMB271.3 million for the year ended 31 August 2020 to approximately RMB289.3 million for the year ended 31 August 2021. The increase was primarily attributable to the increase in staff costs, the repair fees of the school premises, training expenses and related operating costs. Among which,

(i) staff costs increased by approximately RMB13.5 million or 7.9% from approximately RMB171.2 million for the year ended 31 August 2020 to approximately RMB184.7 million for the year ended 31 August 2021. The increase was primarily because the number of teachers increased from 996 as of 1 September 2019 to 1,015 as of 1 September 2020. In particular, (i) there was an increase in classes and the number of teachers as a result of the increase in the number of students; (ii) adjustment in the salary of teachers resulted in an increase in staff costs; (iii) there was a subsidy of staff social insurance for a half-year period under the impact of the pandemic in the corresponding period of last year.

(ii) training expenses of teachers increased by approximately RMB0.9 million or 64.3% from approximately RMB1.4 million for the year ended 31 August 2020 to approximately RMB2.3 million for the year ended 31 August 2021. The increase was mainly due to the increase in training expenses to enhance the quality of teachers.

(iii) repair and maintenance fees increased by approximately RMB3.9 million or 72.2% from approximately RMB5.4 million for the year ended 31 August 2020 to approximately RMB9.3 million for the year ended 31 August 2021, due to renovation of Jinjiang School, Longquan School and certain kindergarten campuses in the current year as a result of their obsolescence.

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

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

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

	For the year ended 31 August					
	2021			2020		
	Segment revenue RMB'000	**Gross profit RMB'000**	**Gross profit margin %**	Segment revenue RMB'000	Gross profit (loss) RMB'000	Gross profit (loss) margin %
Primary schools, middle schools and high schools	**350,841**	**97,772**	**27.9**	341,863	106,505	31.2
Kindergartens	**47,933**	**11,725**	**24.5**	33,877	(2,094)	(6.2)
Total	**398,774**	**109,497**	**27.5**	375,740	104,411	27.8

Gross profit margin of our primary schools, middle schools and high schools decreased from approximately 31.2% for the year ended 31 August 2020 to approximately 27.9% for the year ended 31 August 2021. The decrease in gross profit margin was mainly because of (i) increase in personnel costs due to adjustment in salary of teachers; and (ii) increase in repair fee as a result of general repairment of obsolete campuses. On the other hand, closure of kindergartens for a school term under the impact of the pandemic across the country in 2020 and resumption of normal operations for the year ended 31 August 2021 resulted in a significant change from gross loss margin of approximately 6.2% for the year ended 31 August 2020 to gross profit margin of approximately 24.5% for the year ended 31 August 2021.

Other income (expenses)

Our other income increased by approximately RMB6.1 million or 174.3% from other expenses of approximately RMB3.5 million for the year ended 31 August 2020 to other income of approximately RMB2.6 million for the year ended 31 August 2021.

Our other income (expenses) primarily consists of (i) interest income from banks, amounting to approximately RMB0.2 million for the years ended 31 August 2021 and 2020; (ii) release of asset-related government grants, amounting to approximately RMB1.3 million for the year ended 31 August 2020, which increased by approximately RMB0.2 million to approximately RMB1.5 million for the year ended 31 August 2021; (iii) other government grants, amounting to approximately RMB1.0 million for the year ended 31 August 2020, and nil for the year ended 31 August 2021; and (iv) settlement of long-aged creditors waived in previous years of approximately RMB6.2 million for the year ended 31 August 2020, and nil for the year ended 31 August 2021.

(Expenses)/income incurred from non-operational activities

	For the year ended 31 August	
	2021	2020
	RMB'000	RMB'000
Net exchange loss	**(9,668)**	(3,564)
Gain arising on disposal of property, plant and equipment, net	**4**	15
Gain on disposal of financial assets at FVTPL	**–**	5,536
Fair value changes for financial assets at FVTPL	**–**	3,672
Recognition of financial guarantee contracts	**(19,171)**	–
Impairment loss recognised on		
— property, plant and equipment	**(480,164)**	–
— right-of-use assets	**(66,163)**	–
Others	**(5)**	(854)
Total	**(575,167)**	4,805

Expenses incurred from non-operational activities changed by approximately RMB580.0 million or 121 times from net income of approximately RMB4.8 million for the year ended 31 August 2020 to net expenses of approximately RMB575.2 million for the year ended 31 August 2021, primarily due to (i) increase in net exchange loss of approximately RMB6.1 million and (ii) gain on disposal of financial assets and gain on fair value changes for financial assets of approximately RMB9.2 million for the year ended 31 August 2020, and nil for the year ended 31 August 2021, both accounting for approximately 318.8% of the total income incurred from non-operational activities in the last financial year.

Administrative expenses

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

Our administrative expenses decreased by approximately RMB6.2 million or 11.0% from approximately RMB56.2 million for the year ended 31 August 2020 to approximately RMB50.0 million for the year ended 31 August 2021, mainly attributable to the increase in certain administrative expenses due to the enhanced measures for disease prevention and control under the impact of the pandemic for the year ended 31 August 2020. The Group implemented measures to enhance production capacity and reduce expenses for the year ended 31 August 2021, resulting in a reduction in administration and logistics expenses.

Finance costs

Our finance costs primarily consist of bank borrowings, other borrowing and lease liabilities.

Our finance costs increased by approximately RMB9.3 million or 45.1% from approximately RMB20.6 million for the year ended 31 August 2020 to approximately RMB29.9 million for the year ended 31 August 2021, mainly because there was a loan granted to us in July 2020 and only two months of interests from which had been recognised for the year ended 31 August 2020.

Taxation

Our income tax expenses for the years ended 31 August 2020 and 2021 amounted to approximately RMB13.7 million and RMB12.5 million, respectively. The main reason for the decrease in income tax expenses for the year ended 31 August 2021 was due to the decrease in the taxable profits.

(Loss) profit for the year

Our (loss) profit for the year decreased by approximately RMB773.9 million or 50.9 times from the profit of approximately RMB15.2 million for the year ended 31 August 2020 to the loss of approximately RMB758.7 million for the year ended 31 August 2021, which was primarily attributable to (i) an increase in expenses incurred from non-operational activities of approximately RMB6.1 million due to the increase in exchange loss and no gain on disposal of financial asset; (ii) an increase in finance costs of approximately RMB4.3 million due to the increase in maturity of outstanding borrowings; and (iii) an increase in revenue of approximately RMB23.1 million due to the increase in number of students enrolled, which offsets the loss on deconsolidation of the Affected Entities of approximately RMB203.1 million. For details, please refer to the section headed "Financial review of deconsolidation of the Affected Entities" of this report.

Contract liabilities

We record tuition fees and boarding fees collected initially as a liability under contract liabilities and recognise such amounts as revenue proportionately over the relevant period of the applicable programme. Our contract liabilities decreased by approximately RMB362.0 million or 98.0% from approximately RMB369.3 million as of 31 August 2020 to approximately RMB7.3 million as of 31 August 2021. The decrease was primarily due to the deconsolidation of the Affected Entities.

Adjusted net profit/loss

The adjusted net profit eliminates the effect of certain non-cash or one-off items, including imputed interest income from advances to related companies, imputed interest income from advances due to directors, impairment loss recognized on PPE and ROU, loss on deconsolidation of affected entities and the listing expenses and redefined benefit obligations. The term adjusted net profit is not defined under HKFRS. As a non-HKFRS measure, adjusted net profit is presented because our management believes such information will be helpful for investors in assessing our performance.

The following table reconcile our adjusted net profit/loss for the years presented to the most directly comparable financial measure calculated and presented in accordance with HKFRS:

	For the year ended 31 August	
	2021	2020
	RMB'000	RMB'000
Profit for the year	**(758,656)**	15,242
Add:		
Loss on deconsolidation of affected entities	**203,144**	–
Impairment loss on property, plant and equipment and right-of-use assets	**546,327**	–
Remeasurement of defined benefit obligations	**(576)**	518
Adjusted net profit	**(9,761)**	15,760

For the year ended 31 August 2021,our adjusted net loss amounted to approximately RMB9.8 million, representing a decrease of approximately RMB25.6 million or 162.0% from approximately RMB15.8 million as recorded for the year ended 31 August 2020, mainly attributable to the recognition of financial guarantee of RMB19.2 million.

FINANCIAL REVIEW OF THE REMAINING BUSINESS

Revenue

Schools provide compulsory education and kindergartens were deconsolidated as at 31 August 2021 due to the Implementation Regulations.

Tianfu High School, which commence schooling from 1 September 2021, did not generate any revenue for the year ended 31 August 2021. Since Longquan School and Lezhi Bojun School did not have separate licenses to operate their high school education business, all incomes generated from these two schools were classified as revenue generated from Affected Entities.

The Group's revenue in the future will mainly come from the following four areas: (i) education income from Tianfu High School, Lidu Kindergarten and Riverside Kindergarten; (ii) service fee income received from the continued provision of quality education services and logistic support services to kindergartens; (iii) education income received from the Group's expected entry into vocational education; and (iv) service fee received from education management and school supplemental services.

Other income or expense

Other income primarily consists of government subsidies, release of asset-related government grants and interest income from banks. Other expense increased by approximately RMB5.4 million or 145.9% from expense of approximately RMB3.7 million for the year ended 31 August 2020 to the net income of approximately RMB1.7 million for the year ended 31 August 2021, mainly due to the repayment of previously waived payables for the year ended 31 August 2020, as compared to none for the year ended 31 August 2021.

Other gains and losses

Other gains and losses primarily consist of exchange gain/loss, financial guarantee product and impairment of PPE and ROU. The decrease in other gains and losses was mainly due to (i) the gain on disposal of financial assets at fair value through profit or loss of approximately RMB5.5 million and the change in fair value of financial assets at fair value through profit or loss of approximately RMB3.7 million for the year ended 31 August 2020 and no such gains were made for the year ended 31 August 2021; (ii) recognition of financial guarantee is RMB1.9 million for the year ended 31 August 2021, and nil for the year ended 31 August 2020; and (iii) impairment recognised for PPE and ROU amounting to approximately RMB546.3 million, and nil for the year ended 31 August 2020.

Administrative expenses

Administrative expenses primarily consist of (i) salaries and other benefits for general and administrative staff; (ii) travel expenses; (iii) hospitality expenses; and (iv) other expenses, which mainly include repair and maintenance expenses, public facilities, legal and professional fees, cleaning expenses and other administrative expenses.

Administrative expenses increased by approximately RMB8.4 million or 36.4% from approximately RMB23.1 million for the year ended 31 August 2020 to approximately RMB31.5 million for the year ended 31 August 2021, mainly due to the increase in staff costs to improve the quality of our services and the impact of COVID-19 on our operations for the year ended 31 August 2020.

Finance costs

Finance costs include interest expenses on bank and other borrowings and lease liabilities.

Finance costs increased from approximately RMB2.7 million for the year ended 31 August 2020 to approximately RMB5.3 million for the year ended 31 August 2021, mainly because there was a loan granted to us in July 2020 and only two months of interests from which had been recognised for the year ended 31 August 2020.

Loss before taxation

In view of the above factors, the loss before taxation for the year ended 31 August 2021 was approximately RMB630.2 million.

Taxation

The income tax expense of the Group decreased by approximately RMB4.1 million from approximately RMB3.0 million for the year ended 31 August 2020 to net credit of approximately RMB1.1 million for the year ended 31 August 2021.

Loss for the year arising from the Remaining Business

In view of the above factors, the loss for the year arising from the Group's Remaining Business was approximately RMB629.0 million for the year ended 31 August 2021.

FINANCIAL REVIEW OF DECONSOLIDATION OF THE AFFECTED ENTITIES

Revenue

	For the year ended 31 August			
	2021	**Percentage of total**	2020	Percentage of total
	RMB'000	**%**	RMB'000	%
Tuition fees	**387,242**	**97.1**	365,007	97.1
Boarding fees	**11,532**	**2.9**	10,733	2.9
Total	**398,774**	**100.0**	375,740	100.0

The increase in the Group's revenue was mainly due to the number of students enrolled.

Tuition fees and boarding fees

Our academic year generally runs from 1 September to 31 August the next year (including summer vacation) and is divided into two semesters. Tuition fees and boarding fees are generally paid in advance of the beginning of each academic year, and we record these payments initially as contract liabilities and subsequently recognise tuition fees and boarding fees as revenue on a pro rata basis over the relevant period of each academic year.

The contract liabilities of the Affected Entities that were deconsolidated as of 31 August 2021 were approximately RMB351.3 million.

Loss/profit for the year of the Affected Entities

The operations of the Affected Entities' school business remained stable during the year ended 31 August 2021. The profit contributed by the Affected Entities decreased by approximately RMB183.9 million or 338.7% from approximately RMB54.3 million for the year ended 31 August 2020 to the loss of approximately RMB129.6 million for the year ended 31 August 2021 after the one-off loss recognised on the deconsolidation of the net assets of the Affected Entities, mainly due to (i) decrease in other gains; (ii) increase in finance costs; and (iii) the one-off loss of approximately RMB203.1 million arising from the deconsolidation of the Affected Entities.

LIQUIDITY AND CAPITAL RESOURCES

During the year ended 31 August 2021, we have principally financed our operations through internally generated cash flows from our operations, proceeds from the pre-IPO investment, proceeds from the Global Offering and bank borrowings. Our bank borrowings amounted to approximately RMB179.0 million as of 31 August 2021, all denominated in Renminbi. As of 31 August 2021, our short-term bank borrowings have a fixed interest at 7.0%. As at 31 August 2021, approximately RMB179 million (31 December 2020: approximately RMB50.0 million) of the Group's total borrowings were subject to fixed interest rates. Carrying amounts of borrowings of (i) approximately RMB20.0 million are repayable within one year; (ii) approximately RMB30.0 million are repayable within a period more than one year but not exceeding two years; (iii) approximately RMB95.0 million are repayable within a period more than two years but not exceeding five years; (iv) approximately RMB34.0 million are repayable within a period more than five years. Our cash and cash equivalents amounted to approximately RMB426.8 million and RMB93.2 million as at 31 August 2020 and 2021, respectively.

Financial position and borrowings

The Group's cash and bank balances are mostly denominated in RMB or HK$. 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 2021, we did not experience any difficulties in settling our obligations in the normal course of business, which would have had a material impact to our business, financial condition or results of operations.

The following table sets forth a summary of our cash flows for the most recent two financial years:

	For the year ended 31 August	
	2021	2020
	RMB'000	RMB'000
Net cash from operating activities	**127,681**	125,515
Net cash used in investing activities	**(472,406)**	(273,687)
Net cash from financing activities	**20,835**	241,861
Net (decrease) increase in cash and cash equivalents	**(323,890)**	93,689
Cash and cash equivalents at the beginning of the year	**426,772**	336,647
Effect of exchange rate changes	**(9,668)**	(3,564)
Cash and cash equivalents at the end of the year, represented by bank balances and cash	**93,214**	426,772

CAPITAL EXPENDITURES

Our capital expenditures were primarily related to (i) development and construction of new schools; (ii) purchase of leasehold land and buildings for our schools; (iii) maintenance, renovation, expansion and upgrade of our existing schools; and (iv) purchase of education facilities and equipment. The following table sets forth our additions of property, plant and equipment and leasehold land for the years indicated:

	For the year ended 31 August	
	2021	2020
	RMB'000	RMB'000
Payment for property, plant and equipment	**(199,858)**	(240,228)
Payment for leasehold land	**–**	(275)
Prepayment made for property, plant and equipment	**–**	(4,574)

We plan to satisfy such capital expenditures with a combination of our existing cash, cash generated from our operations, proceeds from the pre-IPO investment, proceeds from the Global Offering and/or bank borrowings 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 decreased from approximately 48.7% as at 31 August 2020 to approximately 213.0% as at 31 August 2021 since some of the Group's affiliated entities were deconsolidated due to the impact of the Implementation Regulations, resulting in a decrease in total equity attributable to owners of the Company.

INTEREST RATE RISK

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to cash flow interest rate risk on the variable rate of interest earned on the bank balances and incurred by bank borrowings. The Group currently does not use any financial instrument to hedge interest rate risk exposure. However, the management of the Group monitors interest rate risk and will consider hedging significant interest rate exposure should the need arise.

If interest rate of variable-rate bank balances had been 10 basis points higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 August 2021 would have decreased/increased by approximately RMB70,000 (2020: RMB320,000). The analysis is prepared assuming the financial instruments outstanding as at 31 August 2021 were outstanding for the whole year.

If interest rate of variable-rate 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 2021 would have decreased/increased by approximately RMBNil (2020: RMB275,000).

FOREIGN EXCHANGE EXPOSURE

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

As at 31 August 2020 and 2021, the book value of the monetary asset of the Group denominated in foreign currency was as follows:

	As at 31 August	
	2021	2020
	RMB'000	RMB'000
Bank balances and cash — HK$	**17,843**	167,932

The following shows the Group's sensitivity to 5% appreciation of US$ and HK$ against RMB which represents the management's assessment of the reasonable possible change in US$–RMB and HK$–RMB exchange rate. The sensitivity analysis of the Group includes the outstanding US$ and HK$ denominated balances as adjusted for 5% appreciation of US$ and HK$ as at 31 August 2020 and 2021. The analysis is prepared assuming the financial instruments settled at the end of 31 August 2020 and 2021 were outstanding for the whole year of 2020 and 2021, respectively.

	For the year ended 31 August	
	2021	2020
	RMB'000	RMB'000
Increase in post-tax profit	**892**	6,297

There would be an equal and opposite impact on the post-tax results, should the US$ and 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 31 August 2020 and 2021 did not reflect the exposure during the year. The Group currently does not use any financial instrument to hedge the foreign exchange risk exposure. 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 2021.

CONTINGENT LIABILITIES

As at 31 August 2021, except for the financial guarantee provided to the Affected Entities as disclosed in notes 27 to the consolidated financial statements, the Group did not have any material contingent liabilities.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

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

Such termination was approved on an extraordinary general meeting of the Company held on 26 October 2021. Pursuant to such termination, the Group ceased to own 51% equity interest in Pengzhou Bojun School and Chengdu Mingxian ceased to be the school sponsor of Pengzhou Bojun School with effect from 19 August 2022. As at the Latest Practicable Date, Pengzhou Bojun School is not a Consolidated Affiliated Entity.

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

Save for the above, for the year ended 31 August 2021, the Group did not have any material acquisitions and disposals of subsidiaries, associates or joint ventures.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save for the proposed transactions as detailed in the paragraph headed "Events after the reporting period" below, the Company does not have any future plan for material investments or capital assets as at the Latest Practicable Date.

USE OF PROCEEDS FROM THE LISTING

Net proceeds from the Listing (including the partial exercise of over-allotment option) of approximately HK$494.0 million (equivalent to approximately RMB428.9 million), after deducting the underwriting fees, commissions and expenses payable by us in connection with the Listing, will be applied in the manner as set out in the section headed "Future plans and use of proceeds" of the Company's prospectus dated 19 July 2018. As at 31 August 2021, the Company applied the net proceeds in the following manner:

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

Note:

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

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

SIGNIFICANT INVESTMENT HELD

As at 31 August 2021, the Group held approximately 33.3% equity interests in Chengdu Tongxing Wanbang Enterprise Management Centre LLP* (成都同興萬邦企業管理中心(有限合夥)) with investment amounting to RMB17.5 million. Such entity is primarily engaged in the business of providing cultural activities services including display services in conferences and exhibitions, organising large-scale events and corporate image planning services. As at 31 August 2021, the proposed investment project of the entity is still in the initial phase, and the entity has no income. As daily operational expenditure is incurred, the Group shared a loss of approximately RMB6,000 from the entity for the year ended 31 August 2021.

SIGNIFICANT LEGAL PROCEEDINGS

For the year ended 31 August 2021, 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

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

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

Disposal of 51% Equity Interest in Pengzhou Bojun School

On 27 August 2021, Chengdu Mingxian entered into the Termination Agreement with Hongde Guanghua, Pengzhou Bojun School, and the Guarantors, pursuant to which, among others, Chengdu Mingxian has agreed to terminate the Cooperation Agreement. Pursuant to such termination, the Group ceased to own 51% equity interest in Pengzhou Bojun School and Chengdu Mingxian ceased to be the school sponsor of Pengzhou Bojun School with effect from 19 August 2022. As at the Latest Practicable Date, Pengzhou Bojun School is not a Consolidated Affiliated Entity and the Group has received RMB3,000,000 out of the RMB41,164,941.29 funds to be refunded. For further details, please refer to the paragraph headed "Material acquisitions and disposals of subsidiaries, associates and joint ventures" in this report.

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

On 8 December 2021:

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

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

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

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

Change of Chief Financial Officer

Mr. Tang Peng was appointed as the chief financial officer in the place of Mr. Wang Chunguo with effect from 31 May 2022. For details, please refer to the announcement of the Company dated 31 May 2022.

Provision of Education Service to Various Kindergartens

On 31 May 2022, Chengdu Bojun and the School Sponsors (together the "**Service Providers**") and Peninsula Kindergarten, Longquan Kindergarten, Qingyang Kindergarten, Riverside Kindergarten and Youshi Kindergarten (collectively the "**Kindergartens**") entered into a management agreement with the Service Providers providing various management services to the Kindergartens for 2021/22 school year. On 30 June 2022, such management agreement was renewed on an expanded service scope for 2022/25 school years. For details, please refer to the announcements of the Company dated 31 May 2022, 30 June 2022 and 4 July 2022, and the circular of the Company dated 1 September 2022.

Company Suspension of Trading

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

EMPLOYEE BENEFITS

As at 31 August 2021, the Group had 1,751 employees (as at 31 August 2020: 1,732). The Group participates in various employee benefit plans, including provident fund, pension, medical insurance and unemployment insurance. The Company has also adopted a share option scheme for its employees and other eligible persons. Salaries and other benefits of the Groups' employees are generally reviewed on a regular basis in accordance with individual qualifications and performance, result performance of the Group and other relevant market conditions. The Group also provides internal and external training programmes to its employees. For the year ended 31 August 2021, the staff costs (including directors' fees) amounted to approximately RMB186.3 million (2020: RMB172.8 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. The Share Option Scheme will remain in force for a period of 10 years from the date of its adoption. On 13 May 2021, the Company granted 1,000,000 share options at an exercise price of HK$0.598 per share. The share options shall be valid for a period of 10 years commencing from the date of grant to 12 May 2031 (both days inclusive). As at 31 August 2021, 1,000,000 share options remained outstanding under the Share Option Scheme.

FINAL DIVIDENDS

The Board does not recommend the payment of final dividend for the year ended 31 August 2021.

REPORT OF DIRECTORS

The Board presents its report together with the audited financial statements of the Group for the year ended 31 August 2021.

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 K-12 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 2021 are set out in Notes 1 and 39 to the consolidated financial statements.

FINANCIAL RESULTS

The results of the Group for the year ended 31 August 2021 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 2021, 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 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 2021.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

During the year ended 31 August 2021, the Group was not aware of material non-compliance with the relevant laws and regulations that have a significant impact on the business and operations of the Group.

ANNUAL GENERAL MEETING

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

CLOSURE OF REGISTER OF MEMBERS

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

FINANCIAL SUMMARY

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

MAJOR CUSTOMERS AND SUPPLIERS

Major customers

For the year ended 31 August 2021, 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 2021, the Group's five largest suppliers accounted for approximately 36.26% of the Group's total purchases and the Group's single largest supplier accounted for approximately 17.13% of the Group's total purchases.

For the year ended 31 August 2021, none of the Directors or any of their close associates or any Shareholders (which, to the best knowledge of the Directors, own more than 5% of the number of issued Shares) had any interest in the Group's five largest suppliers.

RELATIONSHIP WITH EMPLOYEES, SUPPLIERS AND CUSTOMERS

The Group understands the importance of maintaining a good relationship with its employees, suppliers and customers to meet its immediate and long-term goals. The Group maintains a good relationship with its employees, suppliers and customers. During the year ended 31 August 2021, 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 2021.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year ended 31 August 2021 are set out in Note 16 to the Consolidated Financial Statements in this annual report.

SHARE CAPITAL

The Company issued 223,510,000 new Shares at the issue price of HK$2.36 per Share in connection with the Listing. The net proceeds, after deducting the underwriting fees, commissions and expenses payable by the Company in connection with the Listing, amounted to approximately HK$494.0 million (equivalent to approximately RMB428.9 million). The net proceeds has been applied in the manner as set out in the section headed "Future plans and use of proceeds" in the Prospectus. As at 31 August 2021, the Company has utilised approximately RMB416.0 million of the net proceeds. The unutilised net proceeds of approximately RMB12.9 million are generally placed in licenced financial institutions as short-term interest-bearing deposits.

Further, details of movements in the share capital of the Company during the year ended 31 August 2021 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 2021 are set out in the Consolidated Statement of Changes in Equity of this annual report.

DISTRIBUTABLE RESERVES

As at 31 August 2021, the Company's reserve available for distribution was approximately RMB76.9 million. Details of movements in the reserves of the Company are set out in the Consolidated Statement of Changes in Equity to the Consolidated Financial Statements in this report.

BANK BORROWINGS

Particulars of bank borrowings of the Group as at 31 August 2021 are set out in Note 26 to the Consolidated Financial Statements in this report.

DIRECTORS

The Directors during the year ended 31 August 2021 and up to the date of this report are:

Executive Directors

Mr. Wang Jinglei (Chairman of the Board and
appointed as the chief executive officer of the Company on 26 November 2020)
Mr. Ran Tao (resigned as an executive Director and the chief executive officer of the Company on 26 November 2020)

Non-executive Director

Mr. Wu Jiwei

Independent Non-executive Directors

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

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

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

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

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

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules from each of the independent non-executive Directors and the Company considers such Directors to be independent throughout the year ended 31 August 2021 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 2021.

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 2021.

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 2021.

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 2021.

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 2021 are set out in Note 12 to the Consolidated Financial Statements in this annual report.

RETIREMENT AND EMPLOYEE BENEFITS SCHEME

Details of the retirement and employee benefits scheme of the Company are set out in Notes 28 and 33 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 2021, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or which were recorded in the register required to be kept pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix 10 to the Listing Rules were as follows:

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

Note:

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

Save as disclosed above, as at 31 August 2021, 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 2021 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 2021, to the best knowledge of the Directors, the following persons (other than being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name	Capacity/Nature of interest held	Number of shares	Long position/ Short position	Approximate percentage of shareholding held in the Company
Act Glory (Note 1)	Beneficial owner	233,920,000	Long position	28.46%
Act Best (Note 1)	Interest in a controlled corporation	233,920,000	Long position	28.46%
Ms. Duan Ling (Note 2)	Interest of spouse	233,920,000	Long position	28.46%
Mr. Xiong Tao (Note 3)	Interest in a controlled corporation	82,853,550	Long position	10.08%
Cosmic City Holdings Limited (Note 4)	Beneficial owner	82,853,550	Long position	10.08%
Wuxi Guolian Shoukong Capital Investment LLP* (無錫國聯首控股權投資基金中心(有限合夥))(Note 5)	Beneficial owner	150,000,000	Long position	18.25%
Wuxi Shoukong Lianxin Investment Management LLP* (無錫首控聯信投資管理中心(有限合夥))(Note 5)	Interest in a controlled corporation	150,000,000	Long position	18.25%
First Capital Fund Management Company Limited* (首控基金管理有限公司)(Note 5)	Interest in a controlled corporation	150,000,000	Long position	18.25%
Shanghai Shenlian Investment Management Company Limited* (上海申聯投資管理有限公司)(Note 5)	Interest in a controlled corporation	150,000,000	Long position	18.25%
Shanghai Jintang Investment Consultancy Company Limited* (上海錦塘投資諮詢有限公司)(Note 5)	Interest in a controlled corporation	150,000,000	Long position	18.25%

Name	Capacity/Nature of interest held	Number of shares	Long position/ Short position	Approximate percentage of shareholding held in the Company
Brilliant Rich International Holdings Limited (錦地國際控股有限公司)(Note 5)	Interest in a controlled corporation	150,000,000	Long position	18.25%
Brilliant Rich Holdings Limited (錦豐控股有限公司)(Note 5)	Interest in a controlled corporation	150,000,000	Long position	18.25%
China First Capital Group Limited (Note 5)	Interest in a controlled corporation	150,000,000	Long position	18.25%
Zhongyuan Bank Co., Ltd.* (中原銀行有限公司)(Note 6)	Interest in a controlled corporation	150,000,000	Long position	18.25%

Notes:

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

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

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

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

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

(6) On 24 September 2020, Wuxi Guolian, as mortgagor, executed a deed of share mortgage in favour of Zhongyuan Bank Co., Ltd., as mortgagee, pursuant to which Wuxi Guolian agreed to mortgage the 150,000,000 Shares it holds in favour of Zhongyuan Bank Co., Ltd.

Save as disclosed above, as at 31 August 2021, the Directors were not aware of any persons (who were not Directors or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

SHARE OPTION SCHEME

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

(i) Purpose of the Scheme

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

(ii) Who may join

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

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

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

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

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

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

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

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

(iii) Maximum number of shares

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

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

(iv) Maximum entitlement of each participant

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

(v) Grant of options to connected persons

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

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

(vi) Time of acceptance and exercise of option

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

(vii) Performance targets

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

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

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

(xi) Period of the Share Option Scheme

The Share Option Scheme will remain in force for a period of 10 years commencing on the date on which the Share Option Scheme is adopted. The remaining life of the Share Option Scheme is approximately 7 years as at 31 August 2021.

During the year ended 31 August 2021, no share options had been exercised, lapsed or cancelled by the Company under the Share Option Scheme. On 13 May 2021, the Company granted 1,000,000 share options at an exercise price of HK$0.598 per Share. The share options shall be valid for a period of 10 years commencing from the date of grant to 12 May 2031 (both days inclusive). As at 31 August 2020 and 2021, nil and 1,000,000 share options remained outstanding under the Share Option Scheme, respectively. As at the date of this report, a total of 79,000,000 Shares (representing approximately 9.61% of the existing issued Shares) may be granted under the Share Option Scheme and a total of 1,000,000 Shares (representing approximately 0.12% of the existing issued Shares) may be issued upon exercise of all options which had been granted and yet to be exercised under the Share Option Scheme.

EQUITY-LINKED AGREEMENTS

Save as disclosed in the section headed "Report of the Directors — Share Option Scheme" of this annual report, during the year ended 31 August 2021, neither the Company nor any of its subsidiaries had entered into (i) any agreement that will or may result in the Company issuing Shares; or (ii) any agreement requiring the Company to enter into any agreement specified in (i).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 August 2021, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

PRE-EMPTIVE RIGHTS

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

DIRECTORS' INTEREST IN COMPETING BUSINESS

During the year ended 31 August 2021, none of the Directors or their respective associates had engaged in or had any interest in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

CONNECTED TRANSACTIONS

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

Non-exempt connected transaction

Termination of Cooperation Agreement

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

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

Listing Rules Implications

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

Exempt Continuing Connected Transactions

Office lease

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

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

The fixed rent payable by us for the year ended 31 August 2020 and 2021 were approximately RMB0.2 million and RMB0.2 million, respectively, under the Office Lease Agreement and the Renewed Agreement.

Listing Rules Implications

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

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

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

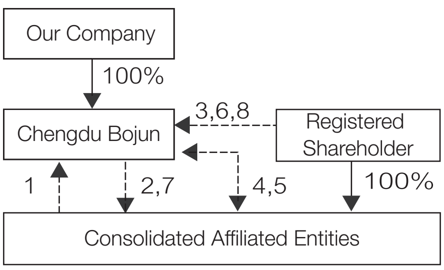
NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Structured contracts

A. OVERVIEW

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

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



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

—— denotes the Structured Contracts

Notes:

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

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

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

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

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

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

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

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

B. SUMMARY OF THE MATERIAL TERMS OF THE STRUCTURED CONTRACTS

(1) Exclusive Business Cooperation Agreement

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

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

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

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

(2) Exclusive Call Option Agreement

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

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

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

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

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

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

(4) School Sponsors' Powers of Attorney

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

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

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

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

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

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

(6) Equity Pledge Agreement

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

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

(7) Loan Agreement

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

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

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

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

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

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

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

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

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

C. BUSINESS ACTIVITIES OF THE CONSOLIDATED AFFILIATED ENTITIES

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

D. SIGNIFICANCE AND FINANCIAL CONTRIBUTIONS OF CONSOLIDATED AFFILIATED ENTITIES

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

	Revenue For the year ended 31 August		**Net profit/(loss) For the year ended 31 August**		**Total assets As of 31 August**	
	2021	2020	**2021**	2020	**2021**	2020
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Consolidated Affiliated Entities	**398,774**	375,740	**(709,020)**	54,297	**1,022,886**	4,195,264

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 2021 RMB'000	Total Assets As of 31 August 2021 RMB'000
Consolidated Affiliated Entities	398,774	1,022,886

F. REGULATORY FRAMEWORK

1. Primary and Middle School Education

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

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

2. Preschool and High School Education

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

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

3. Compliance with the Qualification Requirement

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

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

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

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

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

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

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

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

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

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

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

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

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

For the year ended 31 August 2021, 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 include: (1) no social organisation or individual shall control private schools that implement compulsory education or non-profit private schools that implement preschool education through merger and acquisition or control by agreement; and (2) private schools that implement compulsory education shall not enter into transactions with stakeholders. Other private schools shall follow the principles of openness, fairness, equity, reasonable pricing, and standardised decision making, and shall not harm the interests of the state, the interest of our schools and the rights of our teachers and students when conducting transactions with stakeholders. Private schools shall establish an information disclosure system for transactions with stakeholders. Education, human resources and social security, and financial departments shall strengthen the supervision of agreements between non-profit private schools and stakeholders, and conduct annual reviews of related transactions.

As advised by our PRC legal advisor, PRC laws and regulations do not have retrospective effect and the Company may continue to control the school sponsors and assets held by which (including and, properties and equipment) through the Structured Contracts upon the Implementation Regulations becoming effective on 1 September 2021. However, the Company and schools sponsors controlled by the Company may no longer control private schools offering compulsory education and not-for-profit schools through mergers and acquisitions and contractual agreements, and the Company (including connected persons of the Company) may no longer conduct connected transactions with such schools controlled by the Company through contractual arrangement. For the year ended 31 August 2021, 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.

I. UNWINDING OF THE STRUCTURED CONTRACTS

As of the date of this annual report, there has not been any unwinding of any Structured Contracts, nor has there been any failure to unwind any Structured Contracts when the restrictions that led to the adoption of the Structured Contracts are removed. If there are changes in applicable PRC laws and regulations and all of the Qualification Requirement, the Foreign Ownership Restriction and the Foreign Control Restriction are removed, Chengdu Bojun will exercise the Equity Call Option (as defined in the paragraph headed "Structured Contracts — Operation of the Structured Contracts — Summary of the material terms of the Structured Contracts — (2) Exclusive Call Option Agreement" in this section) in full to unwind the contractual arrangements so that we are able to operate our schools directly without using the Structured Contracts. For further details, please see the section headed "Structured Contracts — Termination of the Structured Contracts" in this report.

Contractual arrangements in place

Listing rules implications

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

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

Waiver from the Stock Exchange and Annual Review

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

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

Provision of Financial Assistance to a Substantial Shareholder at Subsidiary Level

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

Listing Rules Implications

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

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

CONFIRMATION FROM INDEPENDENT NON-EXECUTIVE DIRECTORS

The independent non-executive Directors have reviewed the contractual arrangements and confirmed that (i) the transactions carried out during the year ended 31 August 2021 have been entered into in accordance with the relevant provisions of the contractual arrangements and have been operated so that the profit generated by the Consolidated Affiliated Entities has been substantially retained by the Group, (ii) no dividends or other distributions have been made by the Consolidated Affiliated Entities to the Registered Shareholders which are not otherwise subsequently assigned or transferred to the Group, (iii) the Structured Contracts and if any, any new transactions, contracts and agreements entered into, renewed or reproduced between the Group and the Consolidated Affiliated Entities during the relevant financial period are fair and reasonable, or are in the interests of the Group and the Shareholders as a whole; (iv) entered into in the ordinary and usual course of business of the Group; and (v) conducted on normal commercial terms or better. The independent non-executive Directors have reviewed the continuing connected transactions and confirmed that such transactions have been entered into: (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) according to the agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

CONFIRMATIONS FROM THE COMPANY'S INDEPENDENT AUDITOR

The auditor of the Company has confirmed in a letter to the Board that, with respect to the continuing connected transactions:

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

b. were not entered into, in all material respects, in accordance with the pricing policies of the Group if the transactions involve the provision of goods or services by the Group;

c. have exceed the annual cap as set by the Company (if any);

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

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

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 2021 are set out in Note 34 to the consolidated financial statements.

SIGNIFICANT LEGAL PROCEEDINGS

For the year ended 31 August 2021, 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 2021 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 are set out in the section headed "Environmental, Social and Governance Report" in this annual report.

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 2021.

SUFFICIENCY OF PUBLIC FLOAT

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

AUDITOR

PKF was appointed as the auditor of the Company for the year ended 31 August 2021. The accompanying financial statements prepared in accordance with HKFRSs have been audited by PKF. PKF shall hold office until the conclusion of the next annual general meeting of the Company pursuant to the Articles of Association. Deloitte Touche Tohmatsu ("**Deloitte**") resigned as the auditor with effect from 2 July 2020. The Board resolved to appoint PKF as the new auditor with effect from 3 July 2020 to fill the casual vacancy following the resignation of Deloitte. For details, please refer to the announcement of the Company dated 3 July 2020.

PKF resigned as the auditor of the Company with effect from 22 July 2022 and ZHONGHUI ANDA CPA Limited was appointed as the 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, 3 March 2022

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Executive director

Mr. Wang Jinglei (王惊雷), aged 49, has been appointed as the executive Director of the Company, the chairman of the Board and the chairman of the Nomination Committee on 25 March 2020. He was appointed as the chief executive officer of the Company with effect from 26 November 2020. Mr. Wang Jinglei is mainly responsible for the Group's overall business development and strategic planning.

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

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

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

Non-executive director

Mr. Wu Jiwei (吳繼偉), aged 50, was appointed as our non-executive Director on 1 September 2019. Mr. Wu is primarily responsible for giving independent advice to the Board.

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

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

Independent Non-executive Directors

Mr. Cheng Tai Kwan Sunny (鄭大鈞), aged 48, was appointed as our independent non-executive Director and chairman of the Audit Committee on 11 July 2018. Mr. Cheng is primarily responsible for giving independent advice to the Board.

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

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

Mr. Mao Daowei (毛道維), aged 70, was appointed as our independent non-executive Director on 11 July 2018. He is primarily responsible for giving independent advice to the Board. He is also a member of each of the Audit Committee, the Nomination Committee and the Remuneration Committee.

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

Ms. Luo Yunping (雒蘊平), aged 71, was appointed as our independent non-executive Director on 11 July 2018. She is also a member of each of the Audit Committee, the Nomination Committee and the Remuneration Committee. Ms. Luo is primarily responsible for giving independent advice to the Board.

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

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

Mr. Yang Yuan (楊玉安), aged 59, was appointed as our independent non-executive Director and the chairman of the Remuneration Committee on 1 September 2019. Mr. Yang is primarily responsible for giving independent advice to the Board.

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

Senior management

Mr. Wang Chunguo (王淳國), aged 55, has been appointed as the chief financial officer of the Company on 1 September 2019. Mr. Wang is mainly responsible for the Group's financial management and corporate governance.

Mr. Wang Chunguo has approximately 37 years of experience in accounting and financial management. Mr. Wong finished secondary school in Da Country Finance and Trading School* (達縣財貿學校) in July 1983. He is a member of the Chinese Institute of Certified Public Accountants and has been granted qualification as an accountant by the Ministry of Finance of the PRC in November 1993. In July 1983, he commenced his career at Dazhou City Dachuan District Promotion Cooperative Association* (達州市達川區促銷合作社聯合社) as an accounting staff and progressed to the accounting person in-charge by the time he left in September 1988. He then worked at various accounting related positions, including deputy manager of auditing department, deputy manager of finance department, accounting teacher and accountant at Wanyuan City Supply and Promotion Association* (萬源市供銷社) between October 1988 and March 1996. He then worked as an accountant at Sichuan Dajia Accounting Firm* (四川大家會計師事務所) in the PRC from April 1996 to October 2012. From November 2012 to May 2019, he was employed as the head of finance department at Haojun Development Group Company Limited* (浩均發展集團有限公司). In June 2019, Mr. Wang was appointed as the independent non-executive director of Sichuan Guangan AAA Public Co., Ltd.* (四川廣安愛眾股份有限公司) (stock code: 600979).

Mr. Wang Chunguo resigned as the chief financial officer of the Company with effect from 31 May 2022.

Mr. Duan Bicong (段必聰), aged 57, joined the Group as the education director in June 2016, and took up the post of principal of Pengzhou Bojun School in September 2018.

Mr. Duan Bicong has accumulated approximately 36 years of working and management experience in the education industry. He worked at No. 1 Middle School of Xichang* (西昌市第一中學) from July 1984 to July 1996. From July 1996 to December 2009, he served as a supervisor of academic affairs office, assistant to principal and vice-principal of Chengdu No. 7 High School* (成都七中). From December 2009 to May 2016, he served as the principal and secretary of the communist committee of Chengdu Foreign Languages School* (成都外國語學校).

Mr. Duan Bicong graduated from China West Normal University* (西華師範大學) with a degree in political education in July 1984.

Mr. Jiang Bohan (蔣伯瀚), aged 48, joined the Group in April 2012, and is the principal of Jinjiang School.

Mr. Jiang Bohan has accumulated approximately 25 years of working experience in the education industry. From July 1995 to July 2005, he served as the dean (教導主任) of Experimental School (Primary School Division) Attached to Sichuan Normal University* (四川師範大學附屬實驗學校小學部). From July 2005 to March 2012, he served as the school principal of Experimental School (Secondary School Division) Attached to Sichuan Normal University* (四川師範大學附屬實驗學校(中學部)). Since September 2017, he has been the chairman of the committee of principals of No. 1 Experimental Schools Attached to Sichuan Normal University* (師大一中校長委員會主任). Mr. Jiang Bohan is also a supervisor of Sichuan Normal University Haowen Education Investment Management Company Limited* (四川師大浩文教育投資管理有限公司).

Mr. Jiang Bohan studied mathematics and graduated from Leshan Normal Higher Education Institute* (樂山師範高等專科學校) in July 1995. He completed a programme on education studies and graduated from the Education Science Faculty of the Sichuan Normal University* (四川師範大學教育科學學院) in January 2007.

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

CORPORATE GOVERNANCE REPORT

The Board is pleased to present this corporate governance report for the purpose of inclusion in the Company's annual report for the year ended 31 August 2021.

Compliance with the Corporate Governance Code

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

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

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

THE BOARD

Responsibilities

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

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

To oversee particular aspects of the Company's affairs, the Board has established three Board committees including the Audit Committee, the Remuneration Committee and the Nomination Committee (collectively, the "**Board Committees**"). The Board has delegated to the Board Committees responsibilities as set out in their respective terms of reference.

BOARD COMPOSITION

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

Executive Director

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

Non-executive Director

Mr. Wu Jiwei

Independent non-executive Directors

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

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

Change of Directors and Directors' information

As disclosed in the announcement of the Company dated 26 November 2020, Mr. Ran Tao resigned as an executive Director and the chief executive officer of the Company while Mr. Wang Jinglei, an executive Director and chairman of the Board, was appointed as the chief executive officer of the Company with effect from 26 November 2020.

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 2021 and up to the date of this annual report.

Independent non-executive Directors

From 1 September 2020 to 31 August 2021, the Board has met at all times the requirements under Rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications or accounting or related financial management expertise.

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

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

Board diversity

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

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

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

Induction and continuous professional development

Each newly appointed Director is provided with necessary induction and information to ensure that he/she has a proper understanding of the Company's operations and businesses as well as his/her responsibilities under the relevant statues, laws, rules and regulations. The Company also arranges regular seminars to provide Directors with updates on the latest development and changes in the Listing Rules and other relevant legal and regulatory requirements from time to time. The Directors are also provided with regular updates on the Company's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties.

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

The principal approaches taken by the Directors for continuous professional development during the year ended 31 August 2021 are as follows:

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

Chairman and chief executive officer

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

However, Mr. Ran Tao resigned as an executive Director and the chief executive officer of the Company, and Mr. Wang Jinglei, an executive Director and chairman of the Board, was appointed as the chief executive officer of the Company, with effect from 26 November 2020. The Group therefore does not have a separate chairman and chief executive officer as at the date of this report and Mr. Wang Jinglei currently performs these two roles. The Board believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider segregating the roles of chairman of the Board and chief executive officer of the Company at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole.

Appointment and re-election of Directors

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

Each of the independent non-executive Directors has been appointed for an initial term of two years commencing from the Listing Date or the date of appointment.

The procedures and process of appointment, re-election and removal of Directors are set out in the Articles of Association. The Nomination Committee is responsible for reviewing the Board composition and making recommendations to the Board on the appointment or re-election of Directors and succession planning for Directors.

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

Board meetings

The Company adopts the practise of holding Board meetings regularly, at least four times a year, and at approximately quarterly intervals. Notices of not less than fourteen days are given for all regular Board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for a regular meeting.

For other Board and Board Committee meetings, reasonable notice is generally given. The agenda and accompanying board papers are dispatched to the Directors or Board Committee members at least three days before the meetings to ensure that they have sufficient time to review the papers and are adequately prepared for the meetings. When Directors or Board Committee members are unable to attend a meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the chairman of the Board or the Board Committees prior to the meeting. Minutes of meetings are kept by the company secretary of the Company with copies circulated to all Directors for information and records.

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

During the year ended 31 August 2021, eleven Board meetings and one general meeting 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	12/12
Mr. Wu Jiwei	12/12
Mr. Yang Yuan	12/12
Mr. Cheng Tai Kwan Sunny	12/12
Mr. Mao Daowei	12/12
Ms. Luo Yunping	12/12

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as the code of conduct for dealings in the Company's securities by the Directors. Having made specific enquiries to the Directors, all Directors confirmed that they had complied with the required standards set out in the Model Code for the period between 1 September 2020 and 31 August 2021.

Corporate governance function

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

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

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

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

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

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

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

Delegation by the Board

The Board reserves for its decision all major matters of the Company, including approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters.

Directors could have recourse to seek independent professional advice in performing their duties at the Company's expense and are encouraged to access and to consult with the Company's senior management independently.

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

BOARD COMMITTEES

Audit Committee

The Company established the Audit Committee in accordance with Rule 3.21 of the Listing Rules pursuant to a resolution of the Board passed on 12 July 2018 with written terms of reference in compliance with paragraph C3 (paragraph updated and renumbered as D3 since 1 January 2022) of the CG Code as set out in Appendix 14 of the Listing Rules.

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

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

During the year ended 31 August 2021, two meetings were held by the Audit Committee.

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

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

The Audit Committee reviewed the interim results and interim report for the six months ended 28 February 2021 and the annual results and annual report for the year ended 31 August 2021, significant issues on the financial reporting and compliance procedures, internal control and risk management systems, effectiveness of the Company's internal audit function, scope of work and appointment of external auditor of the Company. Having reviewed the effectiveness of the internal and external audit process as well as the independence, the Audit Committee is satisfied with this relationship.

Nomination Committee

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

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

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

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

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

During the year ended 31 August 2021, two meetings were held by the Nomination Committee.

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

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

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

Remuneration Committee

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

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

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

During the year ended 31 August 2021, two meetings were held by the Remuneration Committee.

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

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

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

Remuneration of Directors and senior management

Details of the remuneration by band of the members of the Board and senior management of the Company for the year ended 31 August 2021 are set out below:

Remuneration band	Number of individuals
RMB1 million or above	2
Nil to RMB1 million	12

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 2021 which give a true and fair view of the affairs of the Company and the Group and of the Group's results and cash flows.

The management has provided to the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Company's financial statements, which are put to the Board for approval. The Directors were not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group's ability to continue as a going concern.

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

RISK MANAGEMENT AND INTERNAL CONTROLS

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

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

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

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

During the financial year ended 31 August 2021, 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 2021 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 2021, the total fees paid/payable, excluding disbursements, in respect of audit and non-audit services provided by the Group's independent auditor are set out below:

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

COMPANY SECRETARY

In order to uphold good corporate governance and ensure compliance with the Listing Rules and applicable Hong Kong ordinances, the Company engages Mr. Lam Wai Kei as a joint company secretary. During the year ended 31 August 2021, Mr. Lam Wai Kei has undertaken not less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

CHANGE IN CONSTITUTIONAL DOCUMENTS

The Company has adopted the amended and restated memorandum and articles of association of the Company on 12 July 2018, with effect from the same date and the Listing Date, respectively. There had been no change in the memorandum and articles of association of the Company during the year ended 31 August 2021.

SHAREHOLDERS' RIGHTS

To safeguard Shareholders' interests and rights, a separate resolution will be proposed for each issue at general meetings, including the election of individual Directors. All resolutions put forward at general meetings will be voted by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and the Stock Exchange in a timely manner after each general meeting.

Convening of extraordinary general meeting and putting forward proposals

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

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

Putting forward enquiries to the Board

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

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

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

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

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

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

The annual general meetings of the Company provide opportunities for the Shareholders to communicate directly with the Directors. The chairmen of the Board Committees will attend the annual general meetings to answer shareholders' questions. The auditor of the Company will also attend the annual general meetings to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor independence.

To promote effective communication, the Company adopts a shareholders' communication policy which aims at establishing a two-way relationship and communication between the Company and the Shareholders and maintains a website of the Company at http://bojuneducation.com, where up-to-date information on the Company's business operations and developments, financial information, corporate governance practises and other information are available for public access.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

I. PREAMBLE

As one of the largest listed education providers in Sichuan, Bojun Education Company Limited and its subsidiaries (collectively, the "**Group**" or "**Bojun**") perseveres in striving for improved performance and practices in environmental, social and commercial development across all of its operations. In early 2020, the COVID-19 Pandemic (the "**Pandemic**") caused abrupt and profound changes around the world, which was believed to be the worst shock to global education systems in decades, with the longest school closures and strictest emergency controls combined with looming recession. Since the beginning of 2021, when the world has been undergoing an orderly recovery and rising from the hit of the challenging time, the Group recognised and fulfilled its responsibility to positively contributed to protecting the future of the most valuable and vulnerable members of the society, and were deeply committed to taking action on creating an environment where the "Flowers of the Motherland" can feel safe and be able to thrive.

While the Pandemic gradually faded with the roll-out of vaccinations and medications, other disruptive crises including climate change, environmental degradation, the shortage of resources and social unrest are still the imminent challenges that human beings are facing nowadays. Given the increasingly grave environmental and social problems, and the rising demands from the market concerning sustainable value creation, the Group endured in the face of adversity by working together with its teachers, students and all stakeholders in innovative ways to respect environment as well as support the wellbeing of its people including students, families, staff, investors and local communities.

Sticking to the development goal of "Sustainability" and to align with the national call for concerted efforts towards building an inclusive, sustainable and resilient future for our people and planet, including the national pledge of "3060 Carbon Goals (3060雙碳目標)", the Group has been keeping abreast of both domestic and global trend in improving internal governance for sustainability, and has been committed to strengthening its Environmental, Social and Governance (ESG) management for daily operations through a systematic approach. As the Group recognises that building a robust governance system based on effective management approaches through ESG lens lays the foundation for business development that is in the interests of promoting long-termism for the organisation, investors and all other stakeholders, the Group has been and will relentlessly be dedicated to optimising its ESG management system from within.

During the year under review, the Group implemented effective sustainability strategies, management approaches and governance systems that align with the ESG principles, in constant pursuit of a long-term business success in a sustainable manner, while achieving its vision of being the best-in-class education provider that is the first choice for parents who care for their children.

II. ABOUT THE REPORT

In compliance with the requirements under Appendix 27 — Environmental, Social and Governance Reporting Guide ("**ESG Guide**") of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Stock Exchange**"), the Group is pleased to present its forth Environmental, Social and Governance Report for the year from 1 September 2020 to 31 August 2021 ("**FY2020/2021**"), which demonstrates the Group's approach and performance in terms of ESG management and corporate sustainable development for FY2020/2021.

In compliance with the latest updates of the ESG Guide which has been effective since July 2020, an enhanced reporting framework was implemented to monitor, evaluate and articulate the Group's performance and achievements as a responsible and sustainable business.

Reporting boundaries

Focusing on the core business operations and material development plans of the Group, this ESG Report covers the significant environmental and social performance within the operational boundaries of the Group that include the Group's 3 management offices and the 13 schools that were in operation as of 1 September 2021 in the mainland of the PRC. Specifically, the 13 schools consisted of 6 kindergartens, 4 elementary and middle schools (with one including high school), 2 middle schools and 1 middle and high school in Sichuan province, the PRC.

For the corporate governance section, please refer to pages 56 to 66 of this annual report. The reporting period of this ESG report is for FY20202/2021 unless specifically stated otherwise.

Reporting principles

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

REPORTING PRINCIPLES

Materiality

Materiality Assessment is a strategic tool in identifying and evaluating the ESG issues that have a material impact on the Group's sustainable development. The Group performed substantial assessments by ways of directly communicating with relevant key stakeholders and collecting their opinions through online surveys. As one of the core items in the Group's sustainability governance and the ESG reporting practice, the assessments results were handed to the Board of Directors (the "**Board**") for review and verification. The verified outcome were the basis for forming the content of this ESG Report and will guide the Group's sustainability initiatives and commitments moving forward.

Quantitative

The principle of Quantitative was demonstrated by the disclosure of the environmental and social performance against a list of key performance indicators ("**KPIs**") in the ESG Report, including emissions, consumption of natural resources and employment information.

Balance

To delineate a complete picture of the Group's sustainable development to its stakeholders, the Group fully conformed to the disclosure requirements under the ESG Guide and unveiled both its sustainability achievements and rooms for improvement during the preparation of this ESG Report. The ESG Report avoids inappropriate selections, omissions or presentation formats that might significantly influence a judgement of readers on the Group's ESG performance.

Consistency

To facilitate year-on-year comparisons and drive meaningful peer benchmarking, the structure and content of the ESG Report were built with reference to the Group's previous reports and based on metrics and disclosures extracted from globally recognised standards and frameworks on which the Group's stakeholders can rely to monitor and assess the Group's corporate journey towards sustainable value creation in a consistent way.

Information Disclosure

The information in this ESG Report was gathered from the official documents and statistics of the Group, the integrated information of supervision, management approach and operating process in accordance with relevant policies, the internal quantitative and qualitative data through questionnaires based on the reporting framework, and the sustainability practices recorded by different subsidiaries of the Group. This ESG Report was prepared in both English and Chinese and for any conflict or inconsistency, the English version shall prevail. A complete content index is available at the end of the ESG report for readers' convenience to check its integrity.

Opinions and Feedback

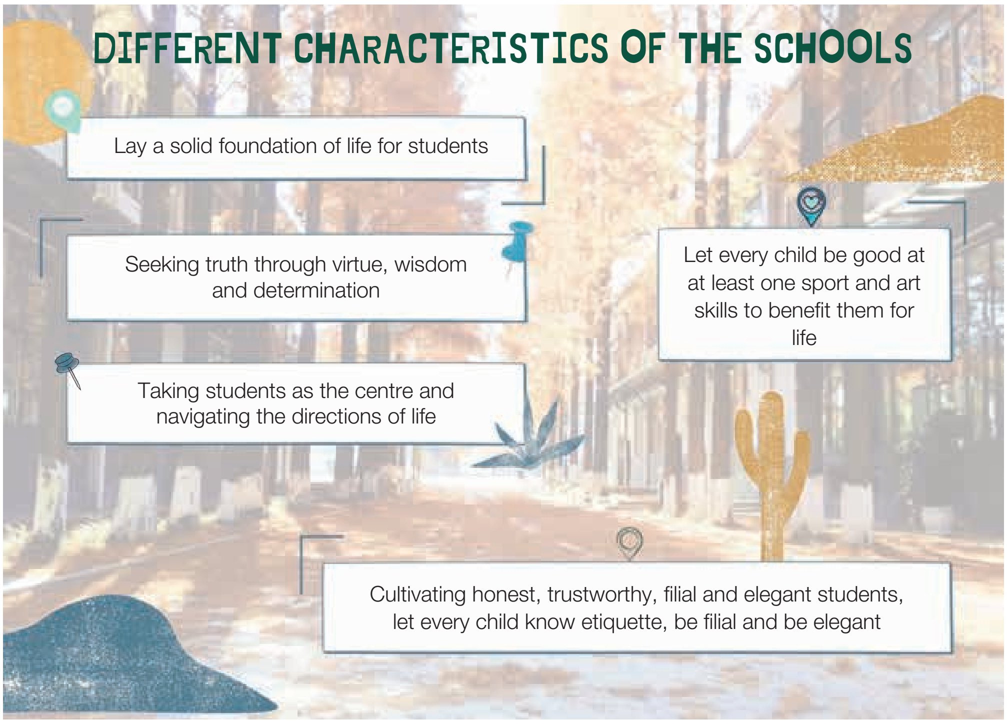
As the Group strives for excellence, all opinions and feedback from readers and stakeholder are welcome and valued. If you are in doubt or have any recommendation about the Report, especially on topics listed as highly material issues to the Group, please share your views with the Group via:

Address: 2206–19, Jardine House, 1 Connaught Place, Central, Hong Kong
Phone: (+86) 28-86002115
Email: BJJY@bojuneducation.com

III. COMPANY MANAGEMENT

At Bojun, we hold ourselves to the highest ethical standards and take pride in our leadership and governance practices. A sustainability-focused and information-based approach to risk management and governance has been taken in defining our purpose for business in a way that integrates societal impacts while focusing more on long-term value creation for all stakeholders.

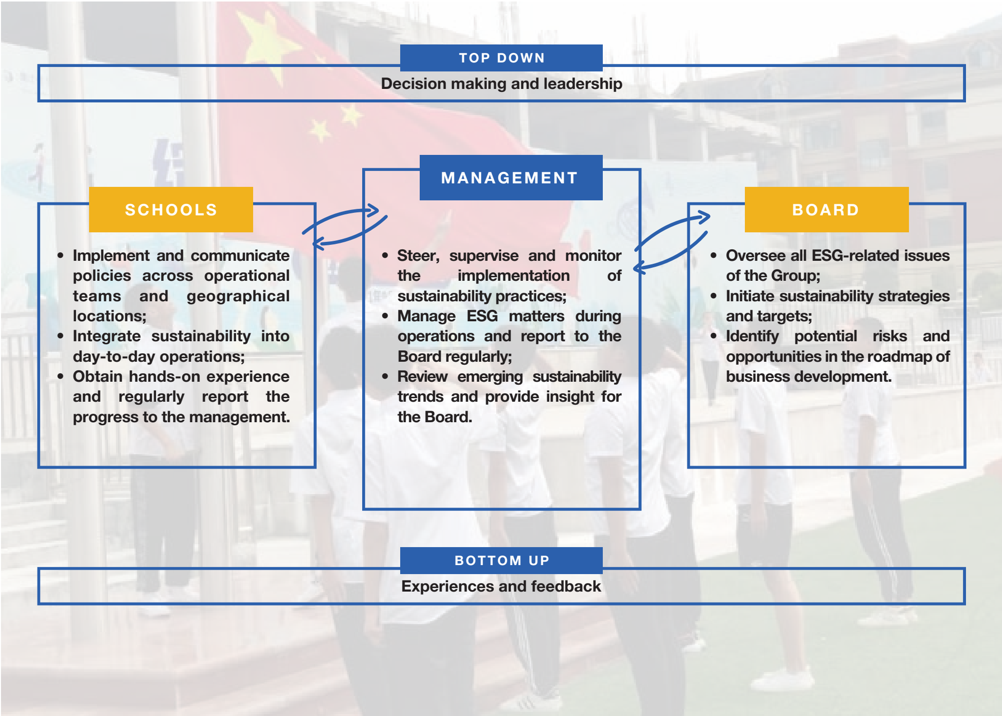
"A Knowledge Man Wins The Whole World" (「博學致遠，駿馳天下」) is the cultural spirit of the Group, while "Learn Intently In Pursuit Of Knowledge And Care About The World" (「靜學問道，天下關懷」) is the motto of all schools under the Group. The Group hopes that through stimulating students' interest in learning, sharpening their will to grow, cultivating their core abilities and broadening their horizons, it can cultivate more students who are courteous, knowledge-seeking, life-loving, and caring.



In terms of company management, in order to achieve the governance goal of "Govern Without Intervention" (「無為而治」), the Group implements strict and systematic management policies and promotes rule awareness to encourage teachers, students, and parents to participate in the management together, achieving the state of "Action Through Inaction" (「無為而無不為」) by the ancient Chinese philosopher Laozi.

Corporate governance is a material issue for Bojun, with the awareness that robust governance establishes foundation-level priorities for ESG policy implementation, enabling the management team to take a holistic and tailored approach to internal management. The Group maintains a high level of transparency and accountability through regular monitoring and strict adherence to guidelines across its operations, so as to ensure that at every level of Bojun, responsibility and sustainability are invariably viewed as the core values that underpin decision-making for each and every employee, member of management and the Board.

The Group combines top-down visions with bottom-up implementation and feedback across its operations. This two-way dialogue mechanism, in which the Board, with rich experience and insight, holds the overall accountability for the Group's ESG strategies and performance. The ESG Management Committee oversees the Group's ESG issues in controlling ESG-related risks and capturing potential opportunities. On the operation level, the Group's management is responsible for reporting on the material ESG issues in the Group to the Board, recommending strategies and initiatives for implementation, and supervising the execution across the organisation. For instance, the Board is regularly updated on the hands-on experiences, risks that may arise in operations and difficulties faced by frontline colleagues. In the meantime, the outputs of the management and business units are reported to and endorsed by the Board to further drive the Group's ESG performance accordingly. Relying upon the improved monitoring system and the top-down and bottom-up management approach, the Board can keep track of the completion of targets according to well-defined metrics, adjust business development strategies and lead the Group to deliver prosperity in a way that respects people and the planet.



Risk management

The Group believes that the ESG issues including climate risks, quality education, and professional teachers are all essential in its enterprise risk management. As such, through its good governance framework which drives a positive and clear purpose, the Group is able to better understand the long-term risks and opportunities which have significant impacts on itself. In order to manage the social risks of the school operations, the Group has established various rigorous management systems, including labour standards and anti-corruption practices management, to ensure that risks arising from operations can be minimised and the brand image of the Group's schools can be promoted.

Labour Standards

In FY2020/2021, the Group resolutely prohibited hiring child labour or forced labour and performed in strict compliance with relevant laws and regulations, including but not limited to:

— Labour Law of the People's Republic of China (中華人民共和國勞動法);

— Labour Contract Law of the People's Republic of China (中華人民共和國勞動合同法);

— Teachers Law of the People's Republic of China (中華人民共和國教師法); and

— Law on the Protection of Minors of the People's Republic of China (中華人民共和國未成年人保護法).

To combat illegal employment of child labour, underage workers, forced labour or servitude in any forms, the Group's Human Resources Department has formulated a set of internal policies to standardise the recruitment and employment process. The systems and procedures from recruitment to entry are strictly managed and written into the policies to prevent illegal employment. The employment management system details the recruitment steps, personnel information collection and background check process, and interview evaluation. The Human Resources Department of the Group built a team responsible for work inspection and assessment. Specifically, the team monitors and carries out investigations on the implementation of labour and employment policies of all schools of the Group regularly with meticulous attention being paid to the details from recruitment to the signing of labour contracts. The Human Resources Department also ensures the consistent compliance of corporate policies and practices with relevant laws that prohibit child labour and forced labour, and supervises schools to strictly abide by applicable laws, regulations and the Group's labour standards, aiming to ensure the legality and standardisation of employment of all schools of the Group, as well as eliminating any risks of violating relevant labour laws. All staff of the Group should work on a voluntary basis without any forced actions or fraudulence. Once the Group finds any case against labour standards, the corresponding employment will be immediately terminated.

In FY2020/2021, the Group was not in violation of any relevant laws and regulations, in relation to the prevention of child and forced labour that has a significant impact on the Group.

Anti-corruption

As a place for education, the Group realises that it is duty-bound to motivate, encourage, and guide its students to become a person with honesty and integrity, and is laden with heavy but proud responsibility to create a learning environment immune to the impact of unhealthy tendency in society. Driven to do the right thing in a right way and aspiring to create a good culture of integrity and diligence throughout the organisation to prevent any kinds of fraud, in FY2020/2021, the Group emphasised the conformance to and strictly complied with relevant local laws and regulations including but not limited to:

— Anti-Corruption Law of the People's Republic of China (中華人民共和國反腐敗法);

— Law of the People's Republic of China on Anti-money Laundering (中華人民共和國反洗錢法);

— Criminal Law of the People's Republic of China (中華人民共和國刑法);

— Anti-unfair Competition Law of the People's Republic of China (中華人民共和國反不正當競爭法); and

— Criminal Procedure Law of the People's Republic of China (中華人民共和國刑事訴訟法).

All schools of the Group are subjected to the administration of the Education Bureau. Under the unified management of the Group, the schools set up Staff Manual that specify the rules and regulations for teacher disciplines and ethics and the punishment system for the violation of any rules in the Staff Manual. The Group seeks to promote honest and ethical conduct, discourage and mitigate wrongdoing, familiarise staff with the group policy and act with integrity in everything it does. Inappropriate behaviour including inducing parents to bribe is firmly prohibited by the Group in its policies where stringent regulations and severe consequences associated with the practice are detailed. Specifically, based on the severity of the incident, a significant part of the salary of employees who have breached the rules will be deducted, and the employment contract will be terminated if necessary.

The Group has built an effective grievance mechanism through which both its employees and outsiders can report any suspected operations including any person whose act may conflict with the Group's interests and any company which is involved in the corrupt practices. Anyone, including the parents and teachers, who are suspicious of anyone in relation to the Group that has performed inappropriately and potentially violated the anti-corruption regulations, can file complaints to the local administrative department and the discipline inspection department, and supervise the investigation process. Once receiving the report regarding the complaints from the corresponding department, the school will immediately set up an investigation team comprised of administrative staff to conduct investigations and verifications. This whistleblowing mechanism regulates that all processes undergo in confidentiality and strict anti-retaliation policy be implemented to protect employees and workers. Where any criminality is substantiated, a report will be made to the relevant regulators or law enforcement authorities when necessary.

Bojun's grievance mechanism applies to operations and circumstances beyond its own operations. The Group encourages its employees, partners and other third-parties to express concerns or report suspected compliance or ethical violations to Bojun's management, Board or legal team. The Group believes that the joint endeavours in monitoring the construction of a clean and honest administration in schools can facilitate the Group to respond more rapidly to the potential misconduct, to build trust with employees and to prevent the potential harm to its long-term value.

To further enhance the employees' awareness of the consequences of being involved in bribery, extortion, fraud and money-laundering, approximately 15 anti-corruption-related seminars and training programmes were organised by the Group for the directors, management, general staff and teachers in the reporting year, equipping all employees with the sensitivity to the practices that might infringe upon the Group's interests or violate relevant laws. For example, on 29 May at the Anti-Corruption and Integrity Education Conference (反腐倡廉警示教育會議), the Group organised a total of 52 employees to watch an education series named "Always on the Road" (《永遠在路上》) that aimed to raise the awareness of employees in rooting out corruption and upholding business ethics.

In FY2020/2021, there were zero legal cases regarding corrupt practices brought or concluded against the Group or its employees.

IV. LETTER TO STAKEHOLDERS

MESSAGE FROM THE BOARD

DEAR VALUED STAKEHOLDERS,

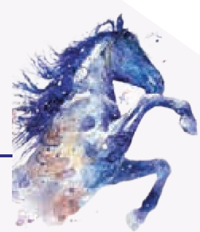
On behalf of the Board, I hereby present to you our fourth ESG Report illustrating the Group's ESG strategy, performance and progress in the financial year ended 31 August 2021. Under the oversight of our Board-level ESG Committee, ESG issues that are material to our business have been carefully identified, assessed, monitored and disclosed. These issues have been brought forth for consideration by the ESG Committee to guide our long-term sustainability strategy, while the progress towards our sustainability ambitions is monitored through the well-defined KPIs based on materiality assessments.

"A knowledge man wins the whole world" (「博學致遠，駿馳天下」), as the Group's vision and purpose, has been integrated into its business actions and gradually become a lifestyle and professional consciousness of all members of the Group. Being a leading private education service group that strives to provide education with quality and feature-oriented curriculum and practices, the Group has never slowed down its footsteps to bring knowledge to the kids and students with dreams and expanded its footprints across the education industry continuously from kindergarten to high school since 2001, when its original aspiration for education was incubated.

Over the past 20 years, we have witnessed countless milestones of successful development and innovation of the Group in Southwest China. All of our schools have been committed to adhering to the Group's vision of education and proactively build distinct management approaches, development targets, education mottos, campus culture and school characteristics, including "cultivating contemporary elites through absorbing essence of Chinese and Western culture" (「汲中西文化精髓，育當代精英人才」), "one unique curriculum, all-round talents" (「一生一課表，兩走兩擅長」) and "learn intently in pursuit of knowledge and care about the world" (「靜學問道，天下關懷」).

Saddle up and pursue your dreams

Live up to your youth

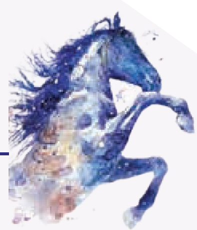


Since 2000s, the world has witnessed enormous progress in achieving the target of universal primary education and a dramatic increase in literacy rates and gender equality in schools further demonstrated the remarkable successes on the global level. Under the theme of "Education equality and sustainable development in the post-pandemic era", China has sought to keep enhancing its role of education for peace and development, and encouraging mutual learning and win-win outcome through educational exchange and cooperation. In response to this global trend and national call, Bojun has long been committed to achieving inclusive and quality education for all and holds the belief that education should and will be used as one of the most powerful and proven vehicles for sustainable development.

Sustainability Approaches

Over the past years, we have seen a significant mainstreaming of the pursuant of long-term value creation for all given the rising awareness of the importance of environmental protection and social well-being. Being most keen to do so, not only have we been balancing our development philosophy and modes with considerations of our economic, environmental and social achievements impacts, but also benchmarking our business operations against the best practices that contribute to global Sustainable Development Goals ("**SDGs**"). As overarching strategic guidance, the SDGs and associated recommendations for business actions and objectives are used to evaluate our sustainability impacts, prioritise our allocation of resources to address the most pressing issues and manage our development through an ESG lens.

We endeavour to create our corporate culture and management mechanism featuring sustainability that is organically integrated into our daily operations reflecting the purpose and policy quintessence of the national government. Through continuous adaptation to the latest market by management innovation, system innovation and technological innovation, we have set a range of appropriate ESG-related goals and metrics on various levels using internationally recognised frameworks. SDGs and Science-Based Targets Initiatives ("**SBTi**") are two common tools adopted by the Group to review and monitor its progress in pursuing sustainability and climate resilience.



Saddle up and pursue your dreams Live up to your youth

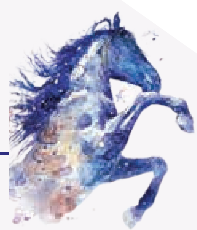
Safeguarding Health and Safety without Compromising Quality

Facing the challenges caused by the global pandemic with its ripple effects still impacting a variety of sectors, health and safety have remained paramount in our consideration. To “keep the learning going under school suspension”, we have been working on the development of more online teaching opportunities while maintaining sound quality of online classes, enabling all teachers and students to maintain the normal teaching and learning progress, and complete the academic tasks of each semester safely and efficiently.

In the meantime, we focus on cultivating our teachers’ qualities, ethics and working abilities through the provision of continuous training opportunities and the arrangement of different types of seminars for all teaching staff. As team spirit plays a critical role in driving the morale of colleagues as well as stimulating people to fulfil their potential, we also strive to encourage teamwork among our staff by providing training programmes that equip them with interpersonal skills, collaborative knowledge and overall thinking.

While living and studying on campus resumed after the pandemic eases, all schools of the Group still efficiently implemented the policies of the government on epidemic prevention and control. The Group has organised a couple of emergency drills in case of any infected cases and thorough disinfection of classrooms, dormitories, canteens and all types of facilities in schools before students arrive at schools at the beginning of the semester. All teachers and staff have been well trained and prepared for creating and maintaining a safe, orderly and welcoming learning environment which is critical to educating our youth to achieve their highest potential and contribute to society in the future.

Saddle up and pursue your dreams   Live up to your youth



Climate Change and Environmental Concerns

Climate change impacts are manifesting all around the world but its distributional effects on different businesses remain uncertain. To better prepare Bojun for the unforeseen future and any possible opportunities that may arise, we have taken a step further this year to commence a preliminary scenario analysis that references the recommendations of the Task Force on Climate-related Financial Disclosures ("**TCFD**") to evaluate the climate-related physical and transition risks Bojun may be facing. The self-examination process, as well as impact assessment outcomes, can guide us to improve our climate strategy and actions.

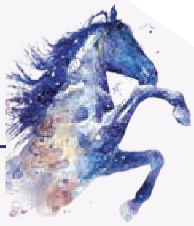
Adhering to the principles of the group-level climate strategy, our schools and administrative offices have promoted a shift to sustainable practices, by strengthening environmental governance, campaigns and management capacity. Further, the Group aims to build awareness and intellectual capacity among all, thereby encouraging knowledge sharing through a series of indoor and outdoor learning activities that inspire its students to become environmental pioneers.

Prospects of Future

As we march into the third decade of business in the post-pandemic era, we believe our culture of sustainability will continue to position us in the market to create long-term value for all stakeholders. We are excited about the next chapter in our journey and remain committed to fulfilling our purpose by making meaningful contributions to the communities we serve.

Wang Jinglei
Chairman of the Board and Chief Executive Officer

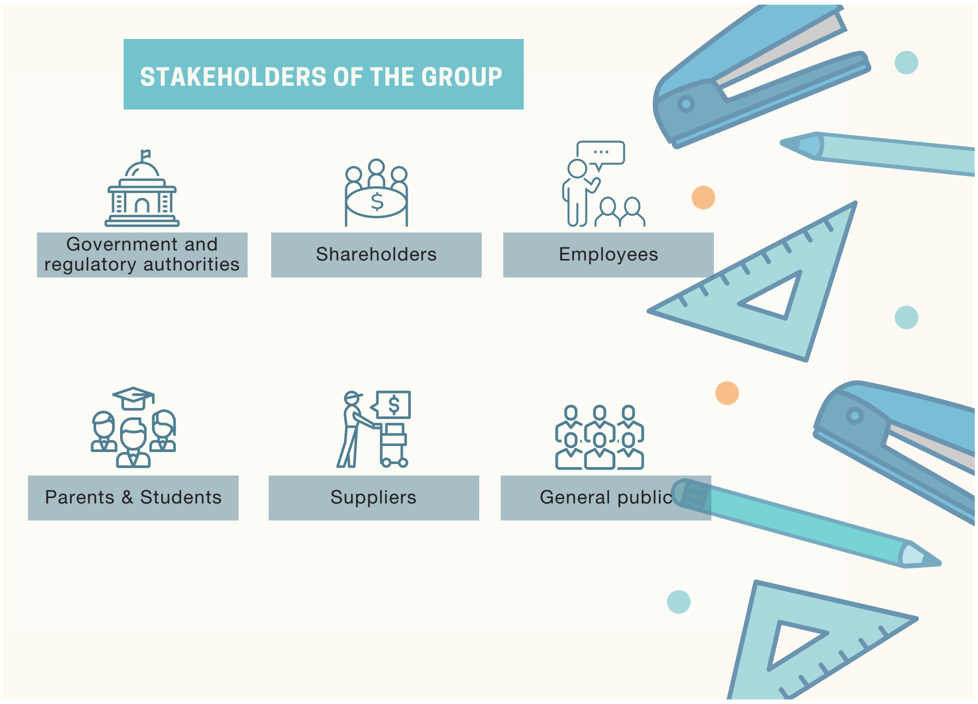
Hong Kong, 13 December, 2021



Saddle up and pursue your dreams

Live up to your youth

V. STAKEHOLDER ENGAGEMENT

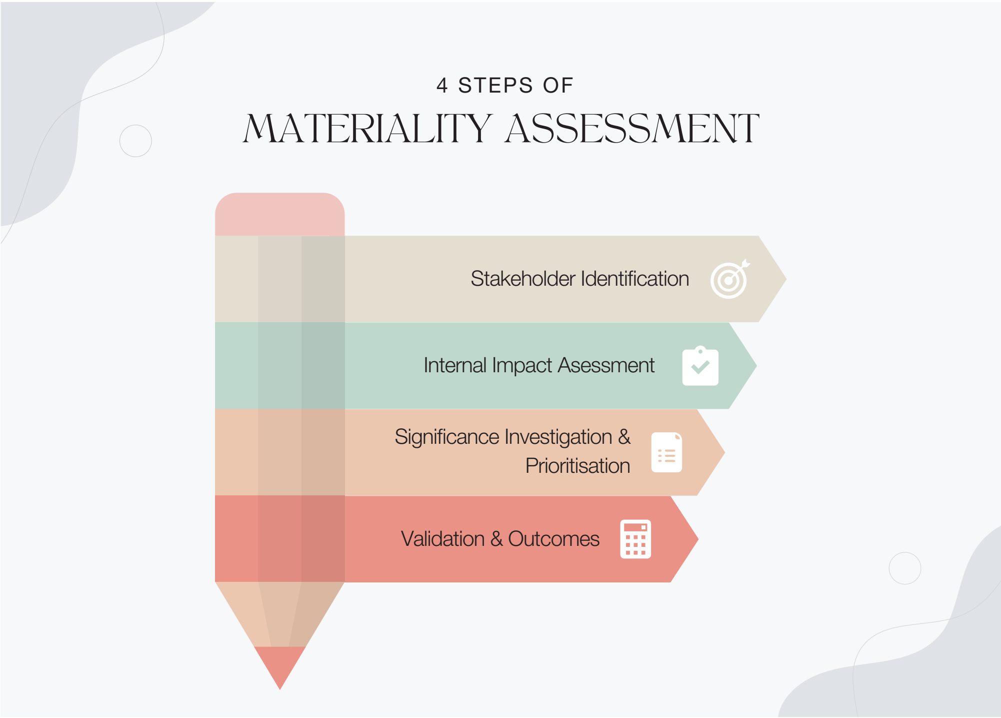


Bojun values its stakeholders and is committed to achieving top parents and students satisfaction while prioritising the health and well-being of its teachers and staff, the financial strength of business and the endless drive to provide the best-quality education. Through regular engagement via various channels listed below, Bojun has received meaningful feedback from its key stakeholders including government and regulatory authorities, shareholders, employees, parents and students, suppliers, and the general public. The input of its stakeholders is invaluable and Bojun makes every effort to respond to the concerns identified through the engagement activities.

Communication with Stakeholders

Stakeholders	Expectations and concerns	Communication Channels
Government and regulatory authorities	— Compliance with laws and regulations — Sustainable development — Occupational health and safety	— Supervision on the compliance with local laws and regulations — Routine reports and tax payments
Shareholders	— Return on investments — Corporate governance — Compliance with laws and regulations — Attention to changes in education needs	— Regular reports and announcements — Regular general meetings — Official website of the Group
Employees	— Employees' remuneration and benefits — Career development — Health and safety in the workplace	— Performance reviews — Regular meetings and training — Emails, notice boards, hotline, team building activities with the management
Parents and students	— High-quality teachers and facilities for education — Students' rights — Students' satisfaction — The promotion of students' health and safety	— Written comments and responses — Face-to-face meetings and on-site tours — Telephone discussions — Daily communication through social media platforms
Suppliers	— Fair and open procurement — Win-win cooperation with upstream and downstream stakeholders	— Open tendering — Suppliers' satisfaction assessment — Telephone conferences, face-to-face meetings and on-site visits
General public	— Involvement in communities — Compliance with laws and regulations — Environmental protection awareness	— Media conferences and responses to inquiries — Public welfare activities

Materiality Assessment



Since ESG risks and opportunities for the Group vary across different stakeholders with various backgrounds and concerns, materiality assessment is a fundamental step for Bojun to understand how to leverage sustainability performance to provide long-term value to its stakeholders. In FY2020/2021, the Group engaged an external consultant to undertake a materiality assessment that aimed to identify the most material and relevant ESG issues. The following steps were taken to perform the materiality assessment:

Step 1: Stakeholder identification

Key stakeholders were identified based on the degree to which they were affected by the Group's activities, as well as by their ability to influence the Group's business objectives. After the key stakeholder groups were identified, the Group chose the representatives or representative organisations from each stakeholder group for engagement.

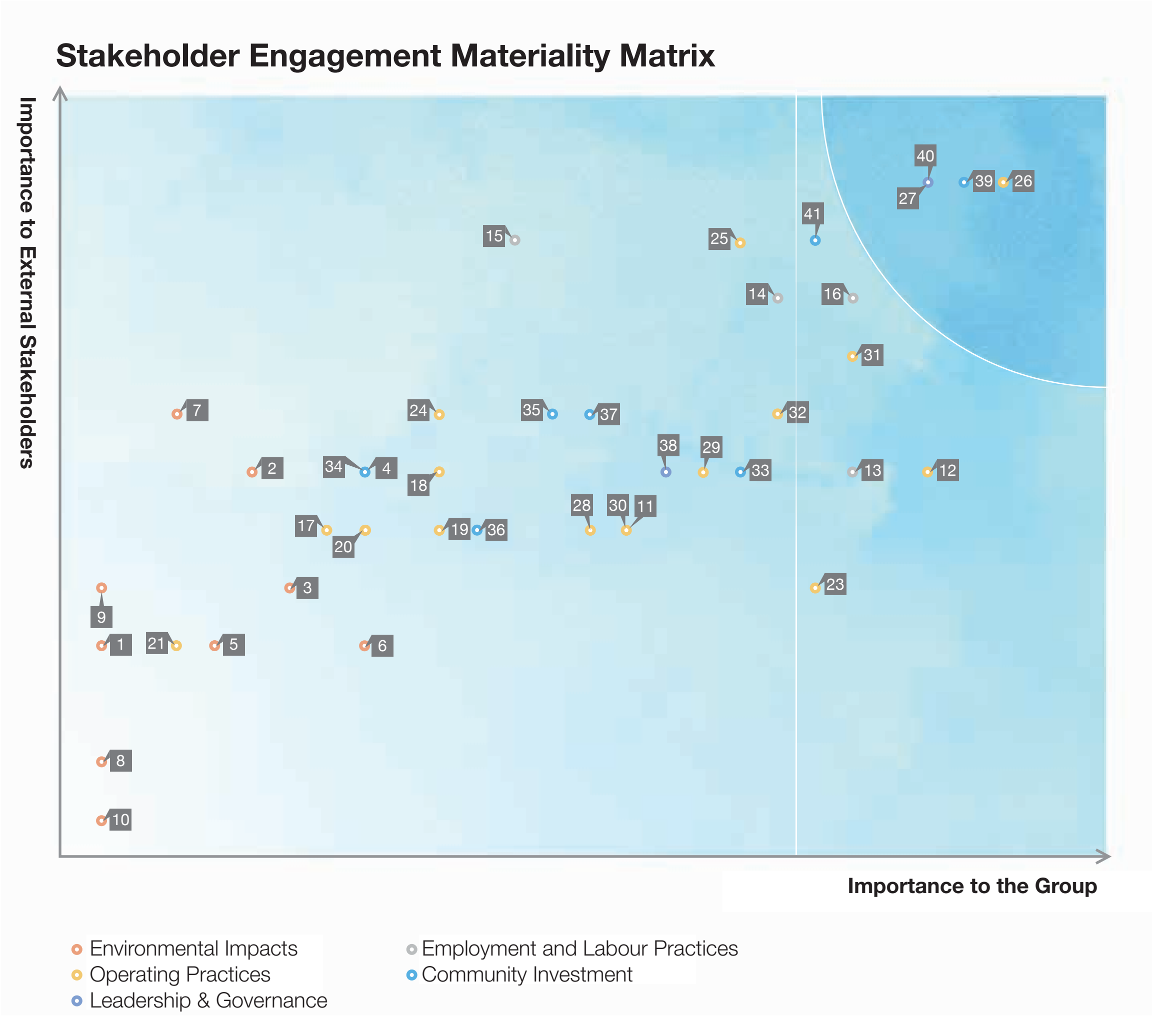
Step 2: Internal impact assessment

Through an internal desktop impact assessment, a list of 41 priority issues relevant to the Group's development strategy, industry development trend, regulatory market requirements, as well as social responsibility, among others, were generated.

1	GHG Emissions	15	Preventing Child and Forced Labour	29	Product Design & Lifecycle Management
2	Air Pollution	16	Labour Practices	30	Access & Affordability
3	Energy Management	17	Green Procurement	31	Business Ethics & Anti-corruption
4	Water & Wastewater Management	18	Communication and Engagement with Suppliers	32	Internal Communication & Grievance Mechanism
5	Solid Waste Stewardship	19	Environmental Risk (e.g. pollution) Management of Supply Chain	33	Community Engagement
6	Materials Management	20	Social Risk (e.g. human rights or corruption) Management of Supply Chain	34	Participation in Philanthropy
7	Land Use, Ecosystem and Biodiversity	21	Supply Chain Materials Sourcing & Efficiency	35	Cultivation of Local Employment
8	Climate Change Mitigation & Adaptation	22	Health and Safety Relating to Products/Services	36	Local Environmental Protection
9	Packaging Material Management	23	Customers Welfare	37	Support of Local Economic Development
10	Renewable and Clean Energy	24	Marketing and Promotion	38	Business Model Adaptation and Resilience to Environmental, Social, Political and Economic Risks and Opportunities
11	Diversity & Equal Opportunity	25	Intellectual Property Rights	39	Management of the Legal & Regulatory Environmental (regulation-compliance management)
12	Employee Remuneration and Benefits	26	Product Quality	40	Critical Incident Risk Responsiveness
13	Occupational Health and Safety	27	Customer Privacy and Data Security	41	Systemic Risk Management (e.g. Financial Crisis)
14	Employee Development and Training	28	Labelling Relating to Products/ Services		

Step 3: Significance investigation and prioritisation

An online evaluation survey was distributed among and completed by the well-selected key internal and external stakeholders. The scores of issues were analysed, prioritised and mapped into a final materiality matrix as shown below.



Step 4: Validation and outcomes

Through the materiality analysis, the Group identified “Product Quality”, “Customer Privacy and Data Security”, “Management of the Legal & Regulatory Environment (regulation compliance management)” and “Critical Incident Risk Responsiveness” as issues of high importance. By ranking the topics most significant to its business and applying the learnings to the Group’s risk management framework, Bojun can proactively manage its material economic, social and environmental risks that are most concerned by its stakeholders and make more informed as well as better decisions that best reflect their considerations and expectations of the Group’s business.

Sustainable Development Goals (SDGs)

In addition to our top material issues, as an organisation with operations of schools spanning across multiple age groups, Bojun recognises the importance of elevating and aligning its sustainability visions to solving the shared global challenges. The Group supports the SDGs and have particularly identified three SDGs that are most applicable and relevant to its business, committed to addressing important issues such as accessibility to quality education for all and reducing inequalities.

With a survey undertaken by an external sustainability consulting agency that engaged the Group's key stakeholders, Goal 3 (Good health and well-being), Goal 4 (Quality education) and Goal 10 (Reduced inequality) topped the list among all 17 SDGs. In response to the concerns from its stakeholders, the Group has and will continue to lay more emphasis on the specific sub-targets under these three goals, in particular:

The Group deeply understands how important a healthy and safe campus is to teachers and students. The Group believes that health is not just the absence of disease, but the overall well-being that must also be considered. Therefore, the Group spares no effort to build a healthy campus. In addition to improving healthcare facilities and professional medical staff, the Group also arranges physical examinations for teachers and students, and has established a psychological counselling centre to provide counselling services to teachers and students to ensure their physical and mental well-being.

4 QUALITY EDUCATION

As an educational institution providing services to 13 schools, quality education no doubt should be the focus of the Group's attention. To ensure the delivery of high-quality education, the Group has been implementing its internal policies to ensure excellent teachers quality, useful teaching content and diversified pedagogical models. To facilitate the versatile development of students, in addition to the general academic tasks required by the state, the Group also provides students with various types of extracurricular activities and overseas study opportunities, such that students can obtain the experience from various channels on top of the basic academic abilities and grow into one all-round talent.

10 REDUCED INEQUALITIES

Confucius (孔子) is a great educator in Chinese history. As a member of the education industry, the Group has always been adhering to the philosophy of Confucius-"Education without class (有教無類)", believing that everyone has the right to receive fair education regardless of their wealth, wisdom, nationality, regions, etc. In order to enable teachers and children in poverty-stricken areas to have access to jobs and quality education, the Group has provided them with free teaching venues and donated books and other reading materials. The Group hopes to contribute to the elimination of social inequality, and equip the children in remote and impoverished regions with the knowledge that empowers them to change their fate.

VI. QUALITY EDUCATION

Teaching philosophy and model

As innovation drives the experiment and development of transformative products and services, including creative and interactive curriculums and advanced pedagogical approaches, the Group has focused its efforts on the research, design and application of advanced ways for educating and communicating with students, which it believes is vital in delivering on the selected SDGs as well. The Group always insists on deepening teaching reforms and establishing an education concept of "respecting individuality and delivering people-oriented education", in which the unique and innovative education approaches of the Group are demonstrated through the following cases.

Case study: Kindergarten — The Group's kindergarten upholds the education vision of "Focusing on the continuous development of children, nurturing healthy, intelligent, happy and beautiful international citizens, and facilitate children to begin a life full of sunshine and hope". Their goal is to let children enjoy an all-round development including the skills to work together, timely reflection and the courage to explore. The kindergartens of the Group adhere to the education philosophy of "Activity Generating Environment, Environment Producing Activity" (活動生成環境，環境製成活動), by which under the influence of scholarly and artistic campus culture and environment, children can become the people who are fond of reading, expressing and creating. As such, in addition to basic courses, there are extended courses and special classes that are designed for children, such as early reading courses and three-dimensional modelling classes, which aim to give children inspirations and encourage them to think beyond imagination.

Scholarly & Artistic Environment in Kindergarten

Case study: Wangcang Bojun School — In addition to the philosophy of "One Unique Curriculum, All-Round Talents" (一生一課表，兩走兩擅長), the school also focuses on developing the six important qualities of students: "Humanity, Scientific Spirit, Life-Long Learning, Healthy Living, Responsibility And Innovation" (人文底蘊、科學精神、學會學習、健康生活、責任擔當、實踐創新) and implementing the "Three Lives Courses" (三生課程), which represent life, livelihood and development (生命、生活、生長). The "Three Live Courses" include safety education class, security experience class, ideological and political class, and psychological counselling class. The school's educational approach and concept are based on its teaching proposition of "Student-Based Classroom" (生本課堂), which concentrates more on the life-long development of students, the cultivation of academic ability and the improvement of teachers' teaching skills. Under this pedagogical model, teachers and students have established a "Learning Community" (學習共同體) that promotes the active participation and independent learning of students, and encourages students to take the lead in learning and coordinated development.

Case study: Pengzhou Bojun School — The school implements the principle of "Integrating Chinese And Western Cultures, Combining Liberal Arts And Science" (融貫中西、文理並蓄) in education, thereby providing a characteristic curriculum framework which underscores a systematic, selective, social, developmental and hierarchical (系統性、選擇性、社會性、發展性、層次性) teaching concept. On top of the national curriculum, the school also offers elective classes. Elective classes are arranged appropriately based on students' grades, evaluation results from teachers and self-assessment. To carry forward "equity" in classes, the school has adopted the small-class size method, which requires each class to be limited to a maximum of 30 students. As for fundamental classes, 15 or even fewer students are allowed in one classroom to receive education. The electives are normally split into three modules: art, sports and foreign language. Meanwhile, the learning results are assessed scientifically by taking into considerations the outcome of each stage and the final exam in each semester.

During the summer vacation, English teachers have carefully designed listening, speaking, reading and writing materials suitable for students in different ages from all grades so as to promote the development of students' mindsets. After the semester starts, students are required to bring their reading materials back to school and share them with one another, so as to build their own English Library and experience different cultures.

Other activities including field trips to media centres have already been organised for students with interest in new media industry.

Diversified extracurricular activities

Striving for developing versatility, the schools of the Group has organised myriads of extracurricular activities for students as well. For instance, activities including Science and Technology Art Festival, Sports Meetings, speech contest and singing contest were designed, prepared and successfully held during the year under review, aiming to enrich students' lives at school.

During special occasions and festivals, the Group normally makes good preparations in advance to celebrate the day, including the Chinese New Year gala, National Day event, Teachers' Day, etc. The Group believes that such diversified extracurricular activities can not only bring students happiness, strengthen teacher-parent-student bonds through interaction and relieve students' pressure from study, but also enable students to obtain knowledge beyond textbooks.

Specifically, students were arranged and encouraged to earn and use Bojun coins (博駿幣), a self-developed idea for entertainment by the Group, to buy "chance tickets" for visiting fire station and observing the work of firemen. In the activity, all students gained more knowledge about different occupations and garnered more practical life experience, while familiarising themselves with basic financial knowledge.

On top of campus-based activities, the schools of the Group focus on both physical and mental wellbeing of students, designing and organising a wide variety of outdoor activities for students that can exponentially boost their mental health and make their physical exercises more fruitful. For example, Tianfu School of the Group has organised several overseas study trips for its students to Singapore, Japan, Australia and the United Kingdom in the past. These study tours successfully helped students to foster international dialogue, embrace cultural diversity, learn the importance of inclusiveness and sow the seeds of dreams. Further, the Group has created platforms and opportunities for teachers and students to connect and communicate with a wide range of communities abroad. With a deep understanding of the genuine needs of local societies in different countries and by listening to the voices of people from all walks of life, the Group hopes that its students can develop ambitious life goals and make unwavering efforts towards the one that takes the world as his/her duty (以天下為己任).

Activities under the Epidemic Control Restrictions

As the saying goes "Reading ten thousand books is no better than travelling ten thousand miles" (讀萬卷書不如行萬里路), Bojun has been holding the belief that travelling is not only for entertainment but also to increase student's knowledge by broadening their horizons. However, under the restrictions of the epidemic prevention and control measures, while overseas study trips were hardly to be implemented, the schools of the Group arranged various types of alternative extracurricular activities including domestic travel for its students and teachers. For instance, students of Jinjiang School were divided into different groups and visited a great many meaningful places in Sichuan. Grade two students in junior high school went to Dujiangyan (都江堰), a World Cultural Heritage listed by the UNESCO in 2000, to observe and learn the water conservancy project in the history. They also went to the Dujiangyan Base of China Giant Panda Conservation and Research Center (中國大熊貓保護研究中心都江堰基地) to experience the panda protection work, enhancing their awareness of protecting endangered species and the natural environment.

Course quality control

To nurture the best students, the Group steps up efforts to facilitate the maintenance of good lecturing quality and acknowledges its responsibility to provide students with the best education. To keep courses in premium quality, all schools under the Group have implemented different internal policies and measures to improve their teaching quality. For example,

— **Kindergarten:** Adhering to the spirit of "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 for providing guidance and professional training to teachers.

— **Nanjiang School:** The "Teaching Convention and Management System" (教學常規及管理制度) has been set up, requiring its teachers to continuously improve their quality of teaching. For lesson preparation, teachers are required to discuss and confirm lesson standards and textbooks, exercises, teaching ideas and teaching tools. There are also clear guidelines for class structure, assignments, tutoring, teaching research, examination work, etc.

— **Longquan School:** The "Teaching Management Rules and Regulations" (教學管理規章制度) has been implemented to regulate teachers' professional ethics, taboo terms, responsibilities of each group leader, lesson preparation system, teaching routine requirements and discipline matters.

— **Lezhi school:** Teachers are required to comply with the principles of "six serious and five principles" (備課六認真、教學五原則) in class preparation to ensure the delivery of good quality and well-structured classes.

Six serious 備課六認真	**Five principles 教學五原則**
— Prepare lessons seriously	— Principle of objectivity (目標性原則)
— Deliver lessons seriously	— Principle of pertinence (針對性原則)
— Mark coursework seriously	— Principle of subjectivity (主體性原則)
— Supervise students seriously	— Principle of thinking teaching (思路教學原則)
— Organise tests and examinations seriously	— Principle of refinement (精講精練原則)
— Implement the "Four Must" (四個必) seriously: must practise, must mark, must comment, must correct mistakes (講必練、練必閱、閱必評、錯必糾)	

To further improve the course quality, teachers at schools are encouraged and arranged to do the research in pedagogics, attend seminars and training, and continuously engage in advanced studies. In addition to theoretical discussions, Bojun believes that concrete practices are also of paramount importance in improving the quality of education. Since 2015, the Ministry of Education (MOE) has launched a nationwide campaign to build schools with sports characteristics, and this has played a pivotal role in improving students' physique and health. In response to the call for appropriate school scheduling to ensure that students at the compulsory education stage engage in one hour of physical activity both during and after school hours every day, the Group thoroughly assessed and implemented the national and local requirements, including the reform of physical education examination in Chengdu. For example, the PE teachers of Longquan School enthusiastically practised and strived to challenge all examination items with full marks.

Quality control during and after the Pandemic

Since the outbreak of the pandemic as well as in the face of the accelerating trend of digitalisation after the crisis, the Group has been focusing on making research on and utilising advance technologies to upgrade its educating facilities as well as diversifying pedagogies. The Group requires its teachers to work on optimising the process and quality of remote learning and online courses from both technical and pedagogical perspectives. For instance, a task force has been set up for each subject and grade in Tianfu School responsible for establishing a detailed work plan during the pandemic and monitoring the implementation. The "Online Teaching Process Management" (線上教學過程管理) has been formulated and implemented to guide the teachers at work and all staff has been required to operate in accordance with the "Quality Requirements for Distance Teaching" (遠程教學質量要求). Feedback on home learning and tutorial trial operation in the early stage of implementation can be collected timely and the enhancement plans are then discussed accordingly. The "Online Teaching Quality Inspection Implementation Plan" (線上教學質量檢測實施方案) is the guideline that instructs teachers to conduct a phased survey of online teaching quality and then revise teaching plans for later stages.

Academic achievements

The Group has been unremittingly providing its students with high-quality education, and the graduation rate and enrolment rate of all schools under the Group reached 100% in FY2020/2021. With the concerted efforts of all, the Group's students achieved outstanding academic results, while the performance of teachers and other faculty members of the Group also brought them numerous awards and accolades.

Case study: Wangcang Bojun School — As the only authorised training centre outside Chengdu for American Mathematical Competition (AMC) training, the school sent 19 students to compete in the AMC in 2019 and all completed the competition with flying colours, ranking top 50% in the world. Among them, 3 students won the gold award, 1 with silver award and 2 with bronze award.

Case study: Tianfu School Graduation Rate — A total of 856 students have successfully graduated in the four years since the school was established, and achieved superb results with over 80% of students entering top-tier prestigious universities.

Case study: Wangcang Bojun School — Bojun is committed to cultivating innovative talents for the 21st century. In the 35th Youth Science and Technology Innovation Competition, students from Wangcang Bojun School actively participated the competition under the guidance of teachers, and achieved gratifying results including two city-level first class award and one province-level third class award.

In addition to the impressive academic achievements, the schools of the Group also won various kinds of awards in sports competitions, education quality and teacher contests. For example, the kindergarten of the Group was assessed as AAAAA Rating in the China Social Organisation Evaluation Grade by the Ministry of Civil Affairs.

Home-school communication

The Group emphasises the smooth communication with parents in order to foster a collaborative environment where students can grow up in a healthy condition. Apart from establishing a Family Committee as a channel for dialogues between homes and schools, the schools have also adopted other effective policies, such as:

— **Hold parent meeting:** Let parents be familiar with the school operations, teaching approaches, and their children's school life. Set up letter-reading session in the meeting to encourage students to have in-depth communication with their parents.

— **Send home-letter (傳家書):** Teachers write to the parents about what their children have learnt at schools and praise outstanding students on a weekly basis. The letter includes the specific homework assignment, review tasks, or reading materials that students are required to finish, which makes it more efficient for parents in supervising their children's study.

— **Online home visits (線上家訪):** In the implementation of online classes, teachers pay online home visits to understand the children's progress in learning and provide any assistance if needed.

Advertising and admissions

All publicity and admission activities of the Group strictly abided by the Advertising Law of the People's Republic of China (《中華人民共和國廣告法》) and followed the internal requirements of the Group in FY2020/2021. All contents for promotion including the schools' philosophy, curriculum system and management characteristics were based on the brochure prepared by the Group. To ensure that all marketing materials are correct and unbiased, a standard and strict process for preparation has been adopted. Specifically, advertising materials drafted by the Admission Office need to be submitted to the principal and the administrative committee for discussion and confirmation. After being reviewed by the school and approved by the Education Bureau, the materials are be printed and released.

The Group made the best use of online platforms such as schools' official websites and corresponding WeChat public account (微信公眾號) for advertisement and news sharing. The primary schools of the Group have also partnered with other kindergartens in the district to hold school visits for the children as an alternative method for marketing and advertising.

In FY2020/2021, the Group strictly complied with relevant laws and regulations and the Group did not receive any complaints related to its advertising and admission activities.

Privacy matters

The Group respects students' privacy and does not collect any unnecessary information from its students or their families. All the students' data collected is only used for the enrolment, during which the personal information is checked carefully and reviewed regularly. All the paper documents and electronic files are properly collected, safely stored, orderly saved and managed by the Group. If any personal information or data is leaked, the relevant employees will be held accountable and disciplined according to the Group's policies.

By signing the labour contract which specifies the terms of the confidentiality agreement, teachers and all faculty staff are forbidden from disclosing any of the schools' information, colleague information or the personal information of children and parents to any third party without their consent. The schools have established the "Confidentiality System" (保密制度) and implemented effective measures to protect its students' privacy. The video surveillance of the kindergarten is not connected to the external network, and the key is managed by the Administrative Office of the Group. Except for the routine security inspection and the public security agency that needs to obtain evidence, the internal video surveillance system can only be accessed with the specific authorisation of the management.

In FY2020/2021, there were no incidents in relation to personal data leakage in the Group and the Group did not receive any complaints related to privacy matters. On 20 August 2021, the Personal Information Protection Law of People's Republic of China was adopted. The Group will further strengthen its management of personal information and strictly follow the rules on protecting privacy of its students and staff.

Complaints handling and risk management

In FY2020/2021, the Group did not receive any substantial complaints from students, parents or nearby residents. In the past years, several types of comments received by the schools of the Group were mainly divided into parents' suggestions and recommendations on the school management, students' opinions about the schools' arrangement and the local residents' concerns in terms of how to create a quieter campus.

Over the years, the Group valued and fully respected the feedback from its stakeholders by building task forces that undertook comprehensive investigations into the potential issues raised by its stakeholders, and made immediate actions as highlighted below.

— **Parents:** The schools actively communicated with the Family Committee to fathom their concerns. After a thorough investigation and internal discussion, the Academic Affairs Office issued a rectification order, and required that any ambiguous information about the school's management process should be clarified to parents potentially and listed clearly (e.g. fee items).

— **Students:** The school arranged psychology teachers as psychological counsellors to communicate with each student individually. Through the talks, the students overcame their psychological barriers and understood the purpose and good intentions of the schools' arrangement. The school also communicated with the General Affairs Office and the supervising teachers to ensure that the students' voices should be heard and their appropriate needs can be met.

— **Residents:** The school timely discussed the concerns with the community property management in multiple ways, and finally reached a consensus on minimising the noise impact on local residents while ensuring the normal operation of school.

Given the business nature of the Group, labelling and intellectual properties are not applicable to the operations of the Group and therefore not considered material to the Group's businesses. In FY2020/2021, the Group was not in violation of any relevant laws and regulations regarding 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

As a Group with 13 schools under its management, the Group believes that teachers are its greatest asset and only through the efficient recruitment, training and management of professional and highly qualified teachers, can the Group ensure that the education it delivers is of the best quality. As such, the Group has formulated and implemented strict hiring procedures and employment system to ensure the best control over the professionalism of its teachers.

As of 31 August 2021, there were a total of 1,673 staff employed by the Group in the PRC. The breakdown of the distribution of the Group's employee structure by employment type, position level, gender and age can be found in Table S3 in APPENDIX — PERFORMANCE TABLE.

To ensure the quality of teachers, the Group prioritises the teaching experience and education level of its teachers during the employment process, and keeps track of its year-on-year changes. In FY2020/2021, the Group employed a total of 974 teachers for the 13 schools that it operated. The teachers' quality profile was summarised in the table below.

Teacher Quality Profile

	Kindergarten	Primary, Middle and High Schools
Total number of teachers	114	860
Average teaching experience (years)	7.48	10.18
Education level	100% education diploma or above, with 5.79% bachelor's degree	97.09% bachelor's degree or above, with 19.30% master's degree

Law compliance

The Group's employment policies are periodically updated and adjusted to cater to social changes since the inception of the Group, and importantly, to abide by the relevant laws and regulations in the PRC. In FY2020/2021, the Group complied with all applicable laws and regulations, including the following:

— Employment Promotion Law of the People's Republic of China (中華人民共和國就業促進法);

— Labour Contract Law of the People's Republic of China (中華人民共和國勞動合同法);

— Labour Law of the People's Republic of China (中華人民共和國勞動法); and

— Insurance Law of the People's Republic of China (中華人民共和國社會保險法).

During the year under review, the Group provided its employees with mandatory social insurance and medical insurance schemes. The Human Resources Department of the Group and its subsidiaries are responsible for reviewing and updating relevant company policies regularly in accordance with the latest laws and regulations.

Recruitment and promotion

The Group strictly implements its internal policies in the process of recruitment and employee management. The Group considers talent acquisition as a pivot aspect to maintain the vitality and competitiveness of the Group in the industry. The Group establishes long-term cooperative relationships with colleges and universities, and regularly holds campus recruitment. The Group also leverages online marketing tools to carry out recruitment and release recruitment information for various positions from time to time. Social platforms such as WeChat account and Tencent online posting are the popular software of which the Group makes use for recruitment.

The Group normally undertakes detailed assessment process including written test, interview, skills presentation and principal interview. All applicants are carefully graded by three to five interviewers according to the grading sheet. The applicants' working experience, education qualifications and speciality are carefully reviewed and assessed. Any promotion within the Group should be based on clear and legitimate procedures. Teachers can obtain promotion opportunities based on their performance according to the Teacher Promotion Application Assessment Form (教師晉級申請考核表).

Compensation and dismissal

Remuneration policy of the Group has been formulated under the guidance of relevant laws and regulations of local jurisdictions of the member schools and the respective compensation standards have been determined by the schools based on the employment by function and position (e.g. teachers, administrative and assistant, general staff, etc.). The Group has set up a rigorous compensation system that regulates the establishment and review of teachers' salaries in the Group in accordance with 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), and based on indicators such as work attitude, professional skills, workload, and performance. The Group's principle of "Work More, Get More; Work Better, Get Better" (多勞多得、優勞優得) is engrained deeply in all staff's minds. Salaries are approved and issued on a monthly basis according to the relevant management system, and the final performance remuneration is issued according to the semester "Final Appraisal Reward Method" (期末考核獎勵辦法). The Group also provides end-of-term bonuses, allowances, holiday condolences, overtime pay, etc. for its staff.

Since the Group prohibits any kind of unfair or illegitimate dismissal, stringent policies regulating the procedures of dismissal of employees have been in place for management. The guidelines and procedures for the dismissal of employees and the termination of contracts with schools are clearly stated in relevant human resources policies and the employment contract. For those who remain untamed despite making the same mistakes repeatedly, the Group will terminate their employment contracts and economic compensation will be provided to eligible employees in accordance with the relevant laws and regulations in the PRC. In FY2020/2021, the turnover rate of the Group was approximately 17.69%. For more information, please refer to Table S4 in APPENDIX — PERFORMANCE TABLE.

Working hours and rest periods

All the working hours and rest periods are set and agreed upon in the labour contracts for all staff, which have been formulated based on Articles 36, 38, 39, 40, 41, 42 and 44 of the Labour Law of the People's Republic of China (中華人民共和國勞動法). Working hours are controlled to be less than 44 hours a week, and at least one day off is scheduled per week. The Group is also concerned about the rest periods of its employees, as such the number of hours for overtime working is controlled to be less than 36 hours per month.

Equal opportunity and anti-discrimination

The Group pursues an inclusive workplace culture and a diverse workforce that can function as a role model for students to learn to be non-discriminative. The Group is committed to providing equitable opportunities to all employees in recruitment and selection, training, development and promotion, which remain unaffected by their gender, race, age, ethnicity, disability and sexual orientation. Recognising that the strength comes from the dedication, talent, experience and perspective of every employee of the Group, the Group embraces diversity and equal opportunities in the workplace, and celebrates this diversity as a major contributor to its inclusive and high-performing culture. During the reporting year, in addition to Chinese workers, the Group hired staff from the United States of America and South Africa in pursuit of improved cultural diversity.

Meanwhile, the equal opportunity policy has zero tolerance in relation to any workplace discrimination, harassment or vilification in accordance with local ordinances and regulations. Employees are highly encouraged to report any incidents involving discrimination to the Human Resources Department of the Group. The Group's commitment to eliminating discrimination and harassment in the workplace to large extent reduces the risks of inequalities and upholds the organisational culture that focuses on the performance and merit of employees. Empowering and promoting diversity within the company, irrespective of employees' age, sex, disability, race, ethnicity, origin, religion or other status is an important aspect of good people management. The Group believes that more diversity can bring it more opportunities to innovate, attract talent, improve customer orientation, enhance employees' satisfaction and secure a social licence to operate.

Other benefits and welfare

In FY2020/2021, to create a pleasant and relaxed atmosphere in the workplace as well as alleviate the pressure of staff from daily work, the Group arranged a series of recreational activities, including birthday parties, yoga class, dancing class, golf class, tennis class, etc. to enrich the teachers' lives after school.

Case study: The teacher basketball team of Longquan School successfully crowned the "Sunshine Cup" basketball championship. Upholding to the thinking that "Life lies in movement, and movement is the source of life", Longquan School gathered a group of teachers and formed a basketball team for teachers to relieve stress after work, to exercise their bodies and ultimately to build team cohesion.

Case study: Lezhi Bojun School organised a team building activity with the theme of "Working Together • Passing Love" in order to improve the happiness, effectively boost the morale of staff and develop personal sense of belonging to the team.

Working Together Passing Love

Creating a sound channel for communication within the Group is beneficial to increasing the satisfaction level of employees. As such, the Group has established a communication mechanism between the management and general staff. The dialogues within this mechanism can be divided into several types including "request and report", "file and information sharing", "internal publication" and "employee growth system". "Employee growth system" can be further subdivided into eight aspects such as pre-employment training communication, regular assessment communication, resignation interview and post-employment communication. Furthermore, the Group has also held seminars regularly to facilitate communication between the administrative leaders and teacher representatives. Through the seminars, the management leaders have the opportunities to listen to the voice of frontline teachers, understand their difficulties and needs, provide necessary support and make any suggestions for improvement.

To welcome new teachers and promote opinion exchange, schools of the Group organised New Teacher Forum in September to help new teachers to feel the warmth and be integrated into the big family of Bojun as soon as possible. In the forum, senior teachers and school principal shared their thoughts with the new teachers in hope of guiding them to adjust their mentality and be ready to meet the new work and life such that they can grow together with the students.

In FY2020/2021, the Group was in compliance with relevant laws and regulations in relation to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, welfare and other benefits that have a significant impact on the Group.

Development and training

Bojun believes that a good teacher must embrace the idea of lifelong learning. In such a rapidly changing market with technologies progressing and revolutionising the way people work and study, the Group is aware of the importance to identify and fill the skill gap with training.

The continuous development of teachers is essential to the Group's business. The cognitive level of students nowadays has a higher starting point with the development of times. Teachers can only improve their professional knowledge and teaching methods by maintaining lifelong learning, mastering knowledge in various realms and having a good command of a variety of educational methods to improve their professional skills.

The training concept of the Group is roughly split into 4 steps, which are self-knowledge, formulate personal professional development plan, theoretical study and reflection. According to 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 provides teachers with professional training platforms, including inviting educational and psychology experts to schools regularly, and encouraging teachers to attend external training courses in accordance with the internal policy of "Going Out And Inviting In" (走出去，請進來).

The Group is convinced that training should be regarded as a strategic investment for the business. Thus, the Group has established an employee training reward and punishment system to commend teachers with outstanding performance. The Group designs and provides a variety of training programmes in different formats for teachers. The Group also delves into the development and adoption of online training courses where teachers are allowed to flexibly use their leisure time for learning and development.

Case Study: Tianfu School organised a teaching staff training conference in autumn 2021, promoting the professional growth of teachers and greeting the beginning of school year with the best attitude. Regarding that "teacher's ethics is the foundation of all teaching work", in addition to the in-depth interpretation of the "Two Goals" and "Three Movements" of the school, teachers in this conference, were also enlightened by several examples to deeply feel the great responsibility that they shoulder for the new semester.

Case Study: In order to promote teacher professional development and prepare for better quality classes, Lezhi School carried out sessions of Key Teacher Demonstration Lessons, in which senior teachers went on stage one after another to demonstrate their superb classroom teaching skills and play their leading role of key teachers in guiding the new and junior teachers.

Case Study: To create a positive competing environment and push teachers to improve continuously, the schools of the Group organise internal contests and examinations from time to time. In FY2020/2021, Pengzhou Bojun School held the Young Teacher Fundamental Skills Competition in which a total of 14 young teachers participated, covering 11 subjects including Chinese, English and Mathematics. The purpose of the competition was to hone the teaching skills of young teachers, optimise the overall quality of the teaching team, deepen the reform of efficient teaching in the classroom, and facilitate the improvement of the quality of Bojun's education.

Meanwhile, Nanjiang School held an examination for the primary school teachers to test their ontological knowledge, which not only prompted teachers to accumulate theoretical knowledge of the subjects that they teach, but also encourage them to master the teaching requirements under the new curriculum standards. Further, it also allowed the teachers to establish a crisis awareness and strengthen their perseverance in seeking continuous learning.

COMPETITIONS & EXAMINATIONS

During FY2020/2021, a total of 145,904 hours of training were arranged by the Group for 93.84% of its employees, among which 74.84% were teachers. For more information about the training participants and detailed categorisation of training hours received, please refer to Table S5 and S6 in APPENDIX — PERFORMANCE TABLE.

VIII. HEALTHY & SAFE CAMPUS

Health and safety

It is invariably a priority topic for the Group to create and maintain a safe and orderly learning environment in schools to nurture students to grow healthily and become good law-abiding citizens. Aiming to keep the campus safe, the Group has set up various measures and installed facilities to provide everyone with a safe, healthy and pleasant living and learning environment.

Law compliance

Bojun remains resolute in its commitment to protecting the health and safety of its employees and its students. Precautionary measures have been taken to minimise potential occupational and other hazards on its premises throughout its operations in accordance 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 People's Republic of China 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

According to the "School Hygiene Work Regulations" (學校衛生工作條例), infirmaries, health rooms or health care centres with "Medical Institution Practice License" (醫療機構執業許可證) are built and well-equipped in all schools of the Group. In accordance with the "Basic Standards for Medical Institutions" (醫療機構基本標準), the Group's schools have established "Infirmary Work System" (醫務室工作制度), "Infirmary Management System" (醫務室管理制度) and "Infirmary Disinfection and Isolation System" (醫務室消毒隔離制度) to clarify the duties and regulation of medical staff and school doctors. All the medical staff, nurses and doctors of the Group must be qualified and should have practising certificates.

The schools of the Group have organised health inspections for teachers and students every year. For instance, Purified Protein Derivative (PPD) screening of tuberculosis (TB) for new students are performed every year, while an annual physical examination is provided for faculty members and staff as well. According to the requirements of the Chinese Centre for Disease Control and Prevention (CDC), all students are vaccinated during enrolment. For kindergartens, the Group has strictly abided by the requirements 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 established the "Kindergarten Health Care System" (幼兒園衛生保健制度) to determine the job responsibilities of health workers.

Campus safety management

In addition to the well-equipped health and safety facilities, the Group has also enforced a series of health and safety management policies including "Emergency Plan For Major Risk Prevention And Control Work" (重大風險防控工作應急預案) for the prevention, handling and notification of issues related to students' safety (campus bullying and accidents), fire safety, food safety in canteens and mental health. The schools of the Group have set up an early warning mechanism for safety control, formulated plans for emergencies, implemented measures for accident prevention and eliminated potential safety hazards through monitoring and rectifications. Meanwhile, the Group has been working on providing safety education and training to improve teachers' and students' awareness and capabilities of safety protection.

To further safeguard the campus, the Group has set up a series of effective policies, including:

— Set up internal task forces including health management and protection teams as well as campus security mainly responsible for health and safety issues at schools;

— Establish a gatekeeper system to check the entry and exit of external personnel;

— Prohibit strangers, suspicious vehicles and non-teaching hazardous materials (such as flammable materials, toxic materials) from entering the campus;

— Establish a system for regular inspections and reporting of school safety and dangerous buildings;

— Execute fire safety policies, strengthen the maintenance of fire protection equipment, post safety signs at prominent areas and ensure that evacuation exits are always unblocked; and

— Set up safety management systems for water, electricity and other related facilities, and carry out inspections and maintenance on a regular basis.

Occupational health and safety

Due to the characteristics and working environment as an education provider, most of the Group's employees, such as teachers and administrative staff are not exposed to significant occupational hazard risks, while a minority of staff including the general staff who is responsible for the maintenance and outdoor activities may potentially be vulnerable to limited types of occupational hazards risks.

The Group has implemented its policies, cleaning and disinfecting the campus facilities thoroughly every semester. Smoking tobacco and drinking liquor are strictly forbidden in all school areas and workplace to guarantee the health of all staff. Meanwhile, adequate personal protection equipment (PPE) and safe operating procedures are provided for outdoor workers to minimise occupational hazards. The Administrative Department and the back office are responsible for reviewing and monitoring the effective implementation of the safety measures to ensure the continuous improvement of the Group's safety performance.

As a result of its dedication, the Group did not have any work-related fatalities during the past three years including the current reporting period. In FY2020/2021, the Group recorded 4 injury incidents with 4 employees being hurt causing a total of 647 lost days. Facing these work-related injuries, the Group took immediate and effective measures in accordance with relevant internal policies, and compensated relevant employees appropriately. To minimise the exposure of people to health-related risks and to strive for zero injury rate, the Group is committed to reviewing and improving the implementation and monitoring of its occupational health and safety measures, as well as enhancing people's awareness of occupational hazards through training.

During FY2020/2021, the Group was not in violation of any of the relevant laws and regulations in relation to providing a safe working environment and protecting the employees from occupational hazards that have a significant impact on the Group.

Physical education

In response to the call that physical education classes and campus exercise activities should not be squeezed out in favour of other programs, all the schools of the Group focus their efforts on the all-round development of students by teaching students health knowledge, basic exercise skills and special sports skills, as the Group believes that good physique through exercises is of equal importance as intelligence.

The ideology of the Group's physical education is to be people-oriented and prioritise health first. The Group is committed to cultivating and stimulating students' interest in sports activities and developing a good habit of exercising. The Group has established a scheme called Sunshine Sports, which is to ensure that students have no less than 1 hour of activities per day. Other than inter-class activities like group gymnastics, extracurricular activities such as basketball, volleyball, badminton, etc. are also available for students. Monthly competitions like sports meets, and track and field games are organised for students to practise their skills and add more fun to their learning process. For the kindergartens, different activities are arranged for the younger children. For instance, they get 30 minutes of outdoor physical exercise every morning and afternoon, and outdoor walking activities once a week.

Emergency drills and training

Considering that natural disasters and unpredictable emergencies are inevitable, the Group pays great attention to the education of how to be fully prepared for emergency among teachers and students, and how to calmly and correctly cope with emergency situations such as following the emergency escape routes at the campus. The theme of emergency drills and training includes fire, earthquake, drowning and food poisoning.

Emergency Drills & Training

Response to COVID-19

Since the outbreak of the Pandemic, the unprecedented crisis transformed the ways people live, work and study. In response to the country-wide epidemic prevention and control measures, the schools of the Group acted immediately and formulated epidemic prevention policies, guidelines and emergency plans in accordance with the Law of the People's Republic of China on the Prevention and Treatment of Infectious Diseases (中華人民共和國傳染病防治法). All schools took effective measures, including intensifying the education work of epidemic prevention, setting up health inspection of teachers and students and improving the infectious disease reporting system, strengthening school cleaning and disinfection management and formulating plans for public health emergencies.

Case study: Nanjiang School — In compliance with the implementation of the local laws and regulations including the "National Coronavirus Infection Case Surveillance, Inspection and Management Plan" (全國新型冠狀病毒感染肺炎病例監測排查和管理方案) and "Emergency Regulations on Public Health Emergencies" (突發公共衛生事件應急條例), Nanjiang School established the "Coronavirus Prevention and Control Work Plan" (新型冠狀病毒肺炎疫情防控工作方案) and built a leading task force responsible for the work of epidemic prevention and control, which can be divided into three categories:

- **Prevention and control team:**
  - Ensure that the school is equipped with epidemic prevention materials and skilled staff
  - Arrange thorough cleaning and disinfection of campus facilities before school reopens
  - Perform body temperature monitoring and information registration of foreign personnel
  - Arrange shift peak returning to school and prepare assistance for the scanning of Health Code at all entrances
- **Teaching secure and assurance team:**
  - Coordinate the teaching work during the Pandemic
  - Supervise the teaching work of teachers and ensure the normal teaching works for all classes
  - Enable remote Q&A counselling for students at home through Internet, telephone or other media
- **Pandemic response team:**
  - Monitor the students' dynamics and physical condition on a daily basis
  - Promptly report to school infirmary and the authority once any infection is detected
  - Guide students and parents to correctly comprehend the knowledge about the Pandemic and guide them to develop good habits in strengthening the preventive measures

As China becomes first major economy to recover from Pandemic owing to the nationwide determination and efforts on curbing the spread of virus, schools have been gradually resumed. All schools and its facilities were completely disinfected before the new semester began. Meanwhile, to ensure that all staff can be well prepared for the smooth arrangement of students getting back to school and the quick handling of any emergency case, emergency plans have been formulated and rehearsals have been performed.


手部消毒处

Canteen

Adhering to the vision of allowing all teachers and students to enjoy safe, healthy, nutritious, warm and delicious meals, all canteens of the Group's schools have strictly abided by the Food Safety Law, the Implementation Regulation of the Food Safety Law, and the Food Safety Supervision of Catering Services Management Measures. The Group put unremitting efforts in implementing its internal policies such as 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 ensure food safety in the cafeteria and secure the health of children, the Group has seriously and rigorously implemented its internal policies:

— Implement an accountability system and set the principal as the responsible person;

— Establish internal systems for material procurement and certification, registration and meal retention inspections;

— Strictly control the hygiene of the canteen and ensure that canteen areas are disinfected by professional cleaners on a daily basis;

— Ensure secondary disinfection of all public tableware;

— Require all canteen staff to obtain health certificates, receive pre-job training, and pay attention to their personal hygiene;

— Inspect the canteen areas once a week and organise large-scale joint inspections on a monthly basis;

— Design recipes every week by following the "Chinese Residents Dietary Guidelines" (中國居民膳食指南) as a guide; and

— Provide sick/patient meals for children with special needs.

Food safety We never let up

Let children eat well Let parents rest assured

In terms of purchasing food and ingredients, the Group strictly controls the purchasing process in accordance with the "Implementation Measures for the Unified Distribution of Bulk Food Ingredients in Canteens of Primary and Secondary Schools in Chengdu" (成都市中小學食堂大宗食品原料統一配送實施辦法), which requires the schools to maintain long-term partnerships with their suppliers and to deploy special vehicles for food delivery. Two or more specific personnel are assigned to inspect inventory items, take photos and keep receipts for records. Meanwhile, they are also required to wear masks and gloves during the process. Food materials inspection should be carried out strictly following the vegetables and fresh meat inspection standards, in which the principle of “look, smell and feel” should be adhered to. To enhance the transparency of the campus food supervision, principals, teachers and parents are invited to have meals with the students, during which the quality of canteen services and materials are under the supervision of all.

Psychological and mental health

In addition to physical fitness, the Group also pays great attention to the psychological and mental health of its teachers and students. In FY2020/2021, the schools of the Group held a number of activities educating its faculty staff and students about mental health issues, guiding them to learn how to alleviate the distressing symptoms of anxiety, and teaching them ways to keep optimistic about life, work and study.

Case Study: To guide children in understanding emotions and help them build their self-identity, Wangcang Bojun School has organised a series of seminars and talks to facilitate student's exploration of self and emotions through interactive activities and sharing.

Case study : Pengzhou Bojun School has set up a psychological care centre and counselling room for providing individual or group counselling. A fixed mailbox has been set up for students to share feelings, to which teachers will timely respond in different ways. Psychological files, contact records and follow-up performance of students are kept confidential. All psychology teachers are required to comply with psychological work rules, professional ethics, and basic principles of consultation.

The schools of the Group have also launched a number of initiatives to set up guidance instructing how to maintain wholesome communication between teachers and students. For instance, Wangcang Bojun School has set up "Notice on Establishing Good Communication between Teachers and Students" (關於建立師生良好溝通通知), encouraging teachers to keep emotional stability, develop empathy and have sincere dialogues with students instead of being perfunctory or overwhelming. For new students, teachers need to spend sufficient time on and pay particular attention to them, shorten their adaption period by organising welcome ceremonies and guide other students to be polite and friendly.

While teachers take good care of the students with much love, students also care about and love their teachers. During special events and festivals, such as Teacher's Day, students will prepare self-made presents and performances to send gratitude to teachers for their contribution during the year.

The Group focuses on peer communication as well since peer influence is crucial for youngsters. For example, in Pengzhou Bojun School, senior students have shared their learning tips and living experience in the school through well-designed videos to help junior new students to adapt to their campus life and learn to overcome the challenges towards success.

Mental wellbeing is also great concern that the Group pays particular attention as a high level of stress is considered one of the most common occupational health risks for teachers at school. To safeguard the psychological health of teaching staff, the management of the Group maintains close communication with frontline teachers to understand and ease their doubts, while the Administrative Department organises relaxing activities for teachers from time to time. A "master-apprentice system" has been set up to link junior teachers with senior teachers, through which the junior teachers can learn how to accomplish their required tasks effectively and in a high quality manner, while managing their stress and balancing their lives at the same time from their experienced senior.

Psychological support after the Pandemic

After a long period of studying at home, students may have poorer conditions to adapt to schooling and living in the campus, causing potential anxiety and stress.

As such, the schools of the Group organised psychology lectures as the first class after students returning to school that comforted and better prepared them for the campus life ahead. Meanwhile, teachers in charge of each class have been required to pay close attention to the emotion of students and provide individual assistance for those who feel uneasy. A “Tree Hole” mailbox has been set up for students who prefer not to talk face-to-face to confide in their feelings and thoughts, and the psychology teacher will write in reply and comfort them accordingly.

In the meantime, being stuck in the busy situation of adapting to new teaching requirements and epidemic prevention and control restriction can also make teaching staff mentally exhausted and stressed. As such, activities including topic-specific training and interactive conferences were organised before school work resumed, guiding teachers to deal with potential mental uneasiness.

Supply chain management

As an education provider with boarding service, Bojun mainly engages its suppliers for offices supplies, teaching devices and materials, daily necessities of the students and raw food material for canteens. As suppliers play an important role in enabling Bojun's progress towards its sustainability objectives, the Group strives to practise responsible sourcing by carefully managing the potential environmental and social risks along its supply chain. To this end, the Group is committed to forging and maintaining a robust supply chain management system, while keeping barrier-free communication with suppliers. In FY2020/2021, the Group partnered with 21 primary suppliers, among which 19 were located in Sichuan Province, 1 in Hebei Province and 1 in Chongqing City. The Group believes that an effective supply chain management facilitates the Group to run the schools smoothly, as such the Logistic Department of the Group maintains a long-term and stable relationship with all of its primary suppliers by regular engagement through on-site visits, telephone conference and WeChat messages. During the year under review, 100% of the Group's suppliers had stable engagement with the Group and the Group did not face any under-qualified supplies or delay in supplies.

To minimise the environmental and social risks along the supply chain, the Group has not only complied with relevant laws and regulations, but also implemented relevant policies to standardise it daily practices in supplier inspection, bidding, cooperation and management. Sticking to the implementation of its internal policies on supply chain management, the Group ensures that its well-selected suppliers are in strict compliance with the applicable laws, as well as the Group's own standards and contracts.

The Logistic Department of the Group is responsible for the communication and selection of suppliers, and performs its duties according to the "Supplier Selection Mechanism and Evidence for Selection" (供應商選擇的相關制度及證據), in which the selection of suppliers is divided into three stages:

— **Factors to consider:** Suppliers should have a three-in-one business license, registered capital and relevant national qualifications. They should be in strict compliance with laws and regulations, and possess strong production, supply and delivery capabilities. It is also a key requirement of the Group that all suppliers that have been selected should meet the quality standards and possess testing capabilities.

— **Factors for selection:** Suppliers are selected based on the comparison of quality and price with peers. Industry experience and business case are important references to the Group as well, while the Group's priority is given to suppliers who have obtained ISO (International Organisation for Standardisation) and other third-party certificates.

— **Selection process:** The Logistic Department of the Group fills in the "Supplier Basic Information Registration Form" and discusses with various departments for evaluation, scoring and issuing opinions on the "Long-term Supplier Periodic Evaluation and Assessment Form". After the evaluation, the suppliers who meet the qualification requirements will be recorded in accordance with the supplier approval procedures and included in the list of qualified suppliers after approval by the Group's leaders.

For suppliers in collaboration with the Group for the first time, relevant information such as business license, account opening permit, food business permit, legal person's ID and other relevant certificates must be provided to the Group. The Group performs regular evaluations of the suppliers on if their delivery timeliness, price, product quality perfectly meets the requirements of schools. The Group's Logistic Department is responsible for evaluating the performance of suppliers every six months and eliminating those who are deemed unqualified from the list.

Once any defect of supplies is found, the Logistic Department will organise on-site process verification, analyse the root causes and propose corrective measures with confirmation by both parties. In the event of major quality matters that may have or will possibly lead to economic losses, compensation shall be requested by the Group according to the quality guarantee fund system. The Group should suspend the procurement and issue a rectification notice to the unqualified suppliers immediately. The supplier's qualification shall be revoked immediately and the contract should be terminated if no significant improvement or proactive rectification efforts are made.

Along with the supplier selection policies, the Group fractionises its procurement process into phases in order to timely identify and rapidly address hidden risks.

Green Procurement

As materials come through the supply chain strongly influence and have a substantial impact on the Group's sustainability performance, the Group is dedicated to the prioritisation of environmentally-friendly products and services during its procurement so as to create a positive feedback in driving the whole value chain towards a more sustainable future.

In order to promote the preferential selection of green suppliers, the Logistic Department of the Group treats "low-carbon" as an important indicator in the process of supplier selection.

— **Supplier qualification:** Bojun believes that companies in large scale with better qualifications have higher execution power and stronger motivation in achieving low-carbon measures.

— **Supplier location:** To reduce the energy consumption for transportation and in turn the "carbon mileage", the Group actively supports the concept of local procurement and prioritises local suppliers with shorter transportation distance with its operation sites.

— **Technical indicators:** To assess the innovation ability of enterprises in the field of green and low-carbon technologies, the Group directly examines the carbon level of the targeted candidate.

As of 31 August 2021, the Group maintained stable cooperative relationships with 21 suppliers in the PRC, and the Group's green procurement policy covered 100% of all of its suppliers.

IX. SUSTAINABLE CAMPUS

Environment stewardship is one of the key focus areas in Bojun's sustainability strategy. Since the Group is principally engaged in education services, the types and volumes of emissions generated in its daily operations are mostly limited, thereby not causing significant environmental impacts. As a leading private education service group with 13 schools, the Group believes that creating a green and sustainable campus is vital and it is the Group's inescapable responsibility to improving the environmental awareness of students.

In terms of environmental protection, the Group has made every effort to strictly abide by the laws and regulations in the PRC, including but not limited to:

— Law of the People's Republic of China 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 People's Republic of China 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 People's Republic of China (中華人民共和國環境保護法);

— Law of the People's Republic of China 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 People's Republic of China (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 that make the schools into the sustainable campus in FY2020/2021.

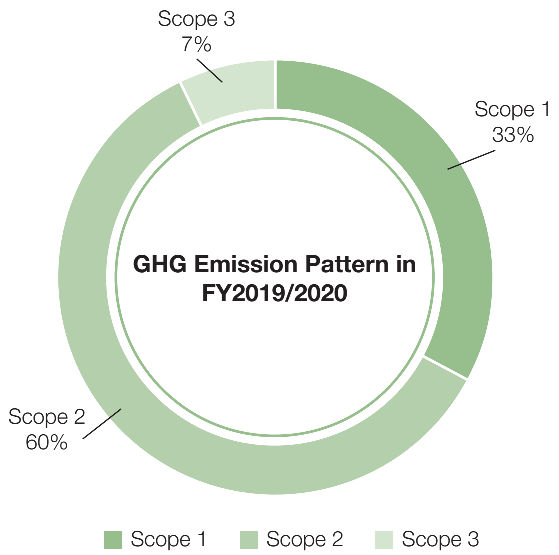
Emissions

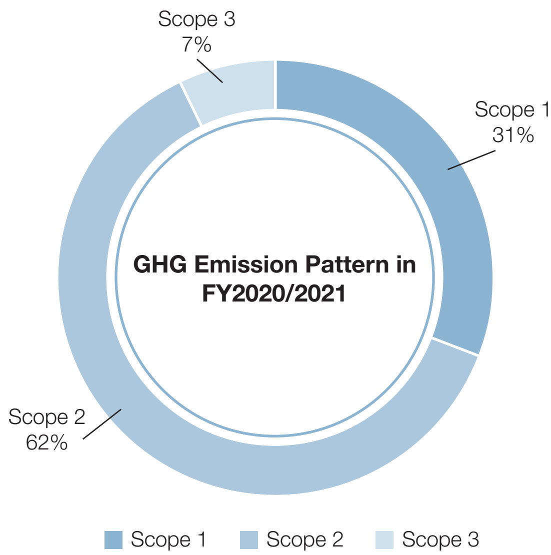
In FY2020/2021, the Group was in compliance with relevant applicable national and local environmental laws in terms of emissions during its daily operations. In particular, the Group was not in violation of any laws and regulations concerning air and greenhouse gas ("**GHG**") emissions, discharges into water and land, generation of hazardous and non-hazardous wastes, and noise that have a significant impact on the Group. Operating beyond compliance and guided by doing the right thing in a responsible manner, Bojun has set out an overarching approach to lowering its environmental impact in its operations across different schools of the Group. Building on this foundation, different schools of the Group adopted relevant school-specific guidelines and observed international trends to formulate their environmental management approaches. More information about the total and different categories emission of the Group during the year under review can be found in Table E1 in APPENDIX — PERFORMANCE TABLE.

Air & GHG Emissions

In FY2020/2021, the air and GHG emissions generated by the Group mainly came from the use of diesel, petrol, natural gas and electricity for the school's operations and transportation. To reduce its air pollution impact, the Group dedicated its efforts to promoting emission reduction practices. For instance, the schools with canteens partnered with professional organisations to install fume filtration facilities and clean the exhaust hoods at least twice a year. The kindergartens also installed fresh air systems for filtering the air in the campus to maintain good air quality on campus for the sake of children's health.

In FY2020/2021, the patterns of GHG emissions of the Group remained barely unchanged, in which indirect emissions (Scope 2 and Scope 3) still dominated. Despite the expansion of schools, the Group successfully curbed its Scope 1 GHG emission, with a 3.67% decline in the intensity as compared with the figures in FY2019/2020, demonstrating the solid progress of the Group made towards a cleaner and more sustainable development.





The build-up of greenhouse gases (GHGs) in the atmosphere as a result of anthropogenic emissions is changing our climate and affecting the way people work and live at a rate never seen before. As such, the Group has been putting an effort to identify and deploy solutions that reduce its energy consumption as well as lower emissions related to the energy it consumes, including strengthening the education, replacing outmoded facilities with energy-efficient ones and implementing and sharing innovative and eco-friendly practices in daily operations.

The policies and actions implemented by the Group to control its emissions are further discussed in the subsections headed "Electricity" and "Other energy resources" below.

Wastewater

The wastewater from the Group during the reporting year mainly consisted of non-hazardous domestic wastewater from the students and staff on the campus, and hazardous wastewater from the laboratories in certain schools.

Non-hazardous wastewater

To minimise its impacts on water quality and the environment, the Group has not only strictly complied with the relevant local laws and regulations, but also formulated the "School Wastewater Discharge Management Method" to monitor and manage the wastewater generated at schools. Specifically, management methods include:

— Wastewater shall all be discharged through sewage pipes;

— Drainage pipe networks and related facilities shall be maintained and managed regularly;

— Quality of wastewater shall be tested to ensure its compliance with relevant regulations (national and local sewage pollutant discharge standards);

— Oily sewage from canteens must be separated by the grease trap before sewage treatment;

— Detergent and cleaning liquid should be non-phosphorus products and shall be filtered before discharging to the sewage pipe network;

— Sediments in canteen wastewater shall be filtered and disposed of before being poured into the sewage pipeline; and

— Professional units shall be invited to clean up the sewage at least twice a year.

In FY2020/2021, Tianfu School put a lot of efforts and resources into rectifying the rainwater and sewage mixed drainage to prevent the contamination of natural water resources.

Hazardous wastewater

In FY2020/2021, hazardous wastewater primarily came from the laboratories of certain schools. To eliminate the risks of accidental leakage, the Group has set up the policy of "Laboratory Wastewater Treatment and Management Methods", regulating the behaviour in managing the laboratory wastewater:

HAZARDOUS WASTEWATER

- Set up special containers and treat wastewater scientifically before discharging according to the property of its chemical components, such as treating it with microbial contact oxidation automatic equipment;
- Collect the waste by classification and store the waste at designated locations;
- Ensure the concentration of effluent pollutants is lower than the standard limit in Table 2 of the GB21905-2008 Extraction Pharmaceutical Industry Water Pollutant Discharge Standard (提取類製藥工業水污染物排放標準);
- Assign staff for the collection, storage, supervision and inspection of wastewater; and
- Strictly forbid the dumping of hazardous waste into the drain or storage in public areas such as corridors and balconies.

Solid wastes

The solid wastes of the Group in FY2020/2021 were categorised into non-hazardous solid wastes that mainly came from the dormitories and daily activities in the campus, and hazardous solid wastes from the laboratories.

Non-hazardous solid wastes

In FY2020/2021, the main types of non-hazardous solid wastes from the campus were paper, plastic and food waste. To better monitor and manage the solid waste, the Group has established the policy of "School Solid Waste Management Method", of which the requirements are highlighted as follows:

— Arrange separable rubbish bins for the collection of recyclable and non-recyclable solid wastes;

— Promote the idea of waste classification through bulletin boards, assemblies and electronic devices;

— Encourage students to practise waste classification and influence the people around them to do the same;

— Organise professional units to collect, clean, process and recycle the solid waste; and

— Strengthen the management of the waste transfer process.

To reduce the amount of solid waste generated at source, the Group has formulated the Asset Management System, in which control measures on the scrap and disposal of facilities and equipment are listed clearly, while emphasising the recycling of scrapped assets according to the approval process as well as highlighting the importance of entrusting a qualified recycling company to ensure the waste are properly handled. Meanwhile, to better manage the food waste from canteens, Regulations on the Management of Kitchen Waste Disposal has been formulated to inspect and supervise the management of the collection, storage and disposal of food waste, and partner with the qualified company to collect and further process the waste into useful resources. For example, the food waste of Tianfu School has been collected every day and sent to Wanan Home (萬安靜脈家園) as compost.

In FY2020/2021, the Group recycled around 200 tonnes of solid waste, of which 185 tonnes were general domestic wastes, while others were plastic, metal and paper wastes.

At Bojun, the Group aims to eliminate waste and advance a regenerative and closed loop future for next generation by leveraging circular economy practices. The Group has been committed to responsible management of waste through modifying operation processes to avoid waste production, adopting alternative materials to promote reusability and classifying unavoidable waste to optimise recycling.

Over the years, the Group has endeavoured to work on different waste management initiatives. For instance, to set meaningful goals to scale Bojun's progress toward zero waste, plastic bottles and foam boards have been collected and made into children's favourite toys in kindergartens, while the wastepaper and cardboards are transformed into 3-D artwork. Through these innovations, Bojun believes that not only can the waste be diverted from landfills, but the awareness of zero waste and environmental protection can also be instilled into children's hearts.

Hazardous solid waste

In FY2020/2021, the hazardous solid wastes primarily came from the laboratories of the schools, which were being treated and managed according to the "Laboratory Harmful or Dangerous Articles Management System" set up by the schools and other relevant local laws and regulations. The wastes from laboratories should be identified carefully and stored separately from other wastes. The schools notify the suppliers and other professional units for the centralised collection of the wastes. For animal carcasses and organs from laboratories for biological experiments, the Group normally collects these wastes uniformly and entrusts professional organisations for further treatment. For other waste generated from experiments including dry batteries, the special storage boxes have been used for collection and transported to the battery recycling boxes in local communities. To promote safe handling and treatment of hazardous solid waste to prevent any risk of contaminating the environment, the schools have carefully selected professionals with Hazardous Waste Business License (危險廢物經營許可證) and signed Entrustment Agreement for the Safe Disposal of Hazardous Wastes with the selected parties to ensure the quality of the subsequent treatment.

Noise

The noise was mainly from daily activities in schools, including setting-up exercises, lectures, school broadcasts and the ringing of school bells. Although noise from schools, teaching activities and outdoor school events are generally perceived at reasonable and expected noises, Bojun has put emphasis on controlling the noise from operations and committed to minimising the nuisance to nearby residents as much as possible. By installing decibel meters in areas including the corridors on campus, all teachers and students are reminded to keep the noise at a normal level (around 60 to 65 decibel) that will not cause disturbance to the local residents nearby.

Targets and Progress

In pursuit of a resilient business model amid the fast changing physical and legal environment, the Group has been working on reviewing its performance and identifying suitable long-term environmental targets that align with local, national and international ambitions. Since the schools of the Group are still in expansion and the potential for the alignment with international goals is under evaluation, the Group has been cautious about setting long-term goals at this moment. Hence, the Group has carefully evaluated its context and current performance, and decided to set a series of year-on-year goals at this moment to demonstrate its determination and practicalism in environmental stewardship, as well as striking a balance in managing unforeseen uncertainties.

The Group will actively transform its business model, drastically advance the control of the total discharge of major pollutants, strengthen structural emission reduction, optimise emission reduction measures through engineering approaches, reinforce internal supervision and management, and vigorously support the construction of ecological civilisation, in order to uphold the principles of and objectives of the "Fourteenth Five-Year" (十四五) in environmental protection.

	Targets	Progress & Steps
Air Emissions	Taking FY2020/2021 as the baseline year, Bojun aims to reduce air emissions per gross floor area (GFA) by 3% in FY2021/2022.	In FY2020/2021, the air emissions from company cars surged dramatically almost four times due to the rebound of business in the post-pandemic period. Despite this dramatic rise, the intensity of air emissions from school buses and natural gas consumption dropped by 14.59% and 12.63% respectively, demonstrating the Group's unremitting effort in controlling the use of fossil fuels during its operations. To further lower its air emissions, the Group will focus on the management of vehicle uses, with steps including utilisation of electric vehicles, energy efficiency upgrade of vehicles, etc.
GHG Emissions	Taking FY2020/2021 as the baseline year, Bojun aims to lower the GHG emissions per GFA by 3% in FY2021/2022.	In FY2020/2021, despite the expansion of business and reporting scope, the intensity of GHG emissions of the Group remained almost the same as the record of previous year, revealing the endeavours and dedication of Bojun in controlling its carbon emission. The amount of GHG offset from the atmosphere due to planting went up by 12.04% as compared to last year's record. To further lower its GHG emissions, the Group will focus on carbon mitigation through the management of vehicle uses as well as electricity conservation, with steps including utilisation of electric vehicles, energy efficiency upgrade of vehicles, procurement of energy efficient facilities, education on energy conservation among staff and students, etc.
Waste	Taking FY2020/2021 as the baseline year, Bojun commits to bringing down all categories of non-hazardous waste (including solid waste and wastewater) per GFA by 3% in FY2021/2022. Since the hazardous waste is principally generated from the Group's school laboratories, and the amount of hazardous waste highly depends on the number of student participating in the laboratory experiments, the Group endeavours to cap the amount of hazardous waste generated and disposed of in FY2021/2022 as that in FY2020/2021.	In FY2020/2021, the intensity of non-hazardous solid waste generated by the Group slightly increased by 16.83%. Meanwhile, the intensity of non-hazardous wastewater and hazardous solid waste recorded 14.48% and 14.59% reductions respectively. To further reduce its amount of non-hazardous waste, the Group plans to further its promotion of 3R principles — reduce, reuse and recycle. For the management of hazardous waste, the Group commits to encourage and educate its student who participate in laboratory experiments not to waste through lectures and notices. Meanwhile, schools will work on the design of integrated tool kit and guidelines for proper laboratory chemical waste management and disposal.

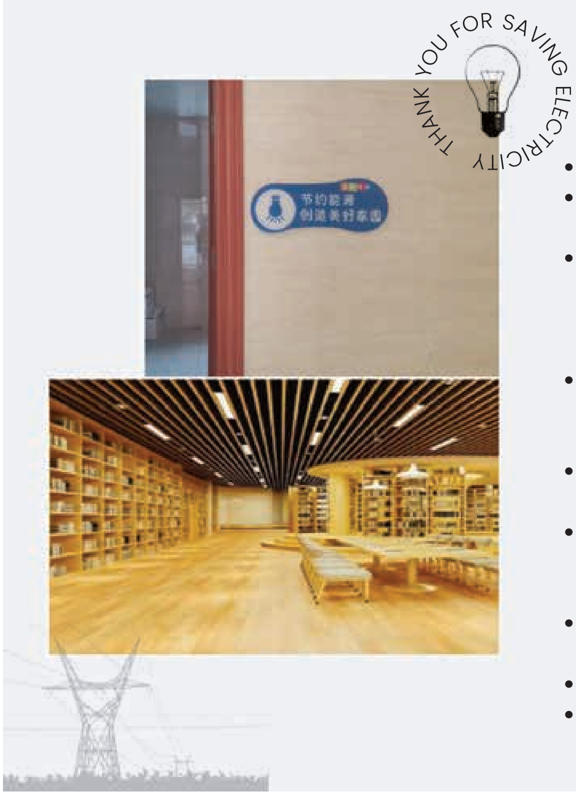
Use of resources

In FY2020/2021, the primary resources consumed by the Group were electricity, diesel, gasoline, natural gas, water and paper. Other materials including plastic bags and cardboard boxes were mainly used for teaching purposes. Given its business nature, the Group did not consume a significant amount of packaging materials during the reporting year. Table E2 in the APPENDIX — PERFORMANCE TABLE illustrates the amount of different resources used by the Group.

To better manage the use of resources within the organisation, the Group has built a leading taskforce and set up a sound management system promoting the system of accountability and effective implementation of the assessment, reward and punishment policies. The schools of the Group have assessed their corresponding resources reduction goals and improved their resources conservation and records management in accordance with the Group's guidance, as well as staying in line with the megatrend pushed by respective local jurisdictions.

Electricity

In FY2020/2021, the Group purchased and consumed electricity in its daily operations on the campus and offices. With more than 98% of electricity consumption coming from the operations of the schools of Bojun, the Group is committed to lowering its electricity consumption and cutting the related indirect GHG emissions (Scope 2 emission) through providing practical guidance and implementing effective measures in all of its schools, including:



- Formulate "School Power Management System";
- Incorporate "saving power" into school management and class assessment, report and criticise violators;
- All electrical facilities for student dormitories and classrooms shall be installed, maintained and managed by the General Affairs Department. No one may change or connect the lines without authorisation;
- Strictly forbid the use of all kinds of power-intensive appliances including microwave oven, rice cooker, etc. without permission;
- Use natural daylight and try not to turn on artificial lightings;
- Turn off all electronic equipment including air conditioners and multimedia systems when leaving classrooms;
- Use air conditioners only when the temperature is over 30°C in summer and below 16°C in winter;
- Replace more than 90% of lights with LED lights; and
- Affix "Save Electricity" labels in prominent places.

Case study: Wangcang Bojun School

– The school replaced 110 road lamps with LED light bulbs, and refitted the lightings of stairs with 66 lamps with PIR motion sensor switches (光感紅外綫人體感應燈) to reduce non-essential electricity consumption on campus.

Other energy resources

Given the Group's business nature, the consumption of other energy resources for operations in the schools' canteens and dormitories as well as transportation, in the form of diesel, gasoline and natural gas, has invariably been a critical issue to which the Group pays special attention. Since the use of other energy resources constituted around 60% of the Group's energy consumption profile in FY2020/2021, the Group kept improving its energy performance against well-defined energy performance indicators and strived to achieve its intended outcomes of the internal energy management system by exploring new solutions and adopting environmentally friendly technologies in its operations, in order to minimise the implications of climate-related risks on the Group's long-term development.

In terms of natural gas, the consumption of gaseous fuels accounted for more than 50% of the annual energy profile of the Group in FY2020/2021, and its major use was for the operations of boilers and other cooking equipment in the dormitories and canteens. To better control the consumption of natural gas and thus the consequent air and GHG emissions, Bojun has enacted a series of procedures to effectively manage the energy use. Specifically, hot water supply to the student dormitories is only available specific timeslots in winter and summer time, while the water temperature of boilers should be controlled according to the Group's policies. The Group prioritises the environmentally friendly and energy-saving models of boilers during the procurement. Relevant training has been provided to the staff responsible for boiler management, who is expected to distribute air reasonably, maintain stable pressure and temperature, and control the boiler operation in the optimal range. The schools have also strengthened the inspection and maintenance of boiler equipment to check the thermal insulation materials regularly to reduce heat and gas loss and eliminate any leakage. Meanwhile, to lower the consumption of natural gas at source, the Group has given priority to gas-saving model equipment during procurement, as well as gradually replacing the current stoves on campus with gas-saving new models.

For liquid fuels, diesel and gasoline are two major types of fuels for the power generation and transportation of the Group, covering the use of company cars and school buses. As gasoline is the most significant fuel for school buses, the Group has been paying tremendous efforts in improving the energy efficiency with constructive approaches, including the following:

— Reducing the number of school bus trips;

— Maximising the use efficiency through carpooling;

— Optimising the route arrangement;

— Urging drivers to enhance their driving skills so as to reduce unnecessary acceleration and braking and thus the consumption of fuels;

— Inspecting and repairing vehicles regularly to keep them well-functioned; and

— Encouraging staff to take public transport in non-urgent circumstances.

Water

Bojun recognises the scarcity of water in many parts of the world, especially in China, where more than 400 cities suffer from water shortages to varying degrees. Therefore, as an educational institution for nurturing “the motherland’s flowers”, the Group keeps fulfilling its responsibility of saving water on the campus and advocating the idea of water conservation among students. The Group has incorporated water-saving concepts into its assessment system and promoted water conservation in various ways, such as theme essays, speech activities, hand-written posters and the activity of “water conservation obligatory supervisors”.

In FY2020/2021, the Group did not face any problem in sourcing water that was fit for its purpose. Bojun's water strategy is mainly focused on lowering water consumption where possible, encouraging recycling and installing collection system for rainwater harvesting to meet irrigation and flushing demands. Despite not being a water-intensive company, the Group still concentrates its efforts on water conservation and aims to reduce the potential impacts of discharge where feasible. During the year under review, the Group strictly followed the "3R principles — Reduce, Reuse and Recycle" in its daily operations and implemented the following practices:

SAVE WATER

- Strengthen patrols to prevent non-turn off taps;
- Repair and restore damaged faucets timely;
- Use water-saving appliances in all dormitories, bathrooms and public classrooms;
- Affix posters next to the taps to raise the awareness of water conservation;
- Recycle and reuse water as much as possible, such as harvesting rainwater for irrigation of campus green belts;
- Supply hot water for student dormitories in limited time intervals;
- Equip all dormitory buildings and canteens with water meters to monitor seasonal changes; and
- Refit water-saving faucets with sensor switches for basins and toilets.

Case Study: Wangcang Bojun School

To raise the water conservation awareness of students, on 22 March the World Water Day (世界水日), the school organised a series of activities including seminars, poster design and signing the "Water Saving Proposal (節約用水倡議書)", which guided students on how to smartly save water in their daily lives.

Paper

Innovation is highly recommended in developing more advanced operating processes that minimise the generation of waste and improve the recyclability of its paper resources. To preserve the environment and reduce the consumption of paper resources, the Group has actively implemented various paper-saving initiatives, including:

— Encourage the use of electronic documents and network sharing platform;

— Motivate staff to sign the “Paper Saving Proposal”;

— Remind staff to check before printing to avoid mistakes that lead to more printings;

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

— Promote the concept of paperless office and office automation, and disseminate information by electronic means (i.e. via email or e-bulletin boards) as much as possible;

— Assign responsible personnel for the management of each printer and copier;

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

— Spread the idea of “Think before print” by using posters and stickers, such as “Save paper and treat natural resources well” (節約用紙，善待資源) in the offices to remind the staff of avoiding unnecessary printings;

— Sort and bundle all wastepaper to professional companies for recycling every half semester;

— Place wastepaper collection box next to the printer; and

— Reuse and recycle non-confidential documents used on both sides as wastepaper for children’s handcraft activities.

Wastepaper was collected and reused for internal document, drafting, and even creating artwork.

Other resources

Other than energy, water and paper resources, the Group has also consumed other types of resources including plastic bags, cardboard boxes, toys and books during its operations. To minimise its environmental footprint, the Group highly promotes the efficient use of materials in its operations through recycling and reusing. For instance, toys that are no longer suitable for the students should be handed back to the main office for redistribution. Meanwhile, the schools of the Group have also set up book recycling shelves, such that students can donate and share the knowledge and fun with other children, thereby further controlling the unnecessary waste.

Targets and Progress

For more than a decade, the world has been facing and suffering from environmental degradation and the threat of climate crisis. Striving to reduce its environmental footprint, the Group has carefully reviewed its current situation and come up with a set of practical energy and water targets to guide the schools under its management to work jointly as a collective force in creating a more sustainable future for the next generations.

	Targets	Progress & Steps
Electricity	Taking FY2020/2021 as the baseline year, Bojun aims to lessen the electricity consumption per GFA by 3% in FY2021/2022.	In FY2020/2021, the absolute amount of electricity consumed slightly ascended by 3.15% as compared to that of FY2019/2020, while its intensity fell by 11.89%. This demonstrated that despite the rise in electricity usage due to the expansion of operating offices, the Group's unremitting efforts in controlling electricity usage worked successfully. The Group will further explore better ways and opportunities to improve the efficiency of electricity consumption at schools through the substitution of energy-efficient facilities for energy-intensive ones, energy conservation training and initiatives on campus, etc.
Natural Gas	Taking FY2020/2021 as the baseline year, Bojun aims to limit the consumption of natural gas per GFA by 3% in FY2021/2022.	In FY2020/2021, the absolute amount of natural gas consumed rose by 2.29% due to the expansion of operating sites, while the intensity dropped by 12.63%. The substantial decline in natural gas consumption intensity of the Group revealed the effectiveness of Bojun in managing its gaseous fuel use by controlling supplies of boilers and hot water supply in dormitories. The Group will keep on pursuing the goals through the smart use and scientific management of the gas-using equipment.

	Targets	Progress & Steps
Diesel and Gasoline	The Group targets to maintain the amount of diesel consumed in FY2021/2022 as that in FY2020/2021, while commits to lower the consumption of diesel in the near future by improving the efficiency of its power generating engine as well as bringing down the campus area which needs self-generating power supply. Taking FY2020/2021 as the baseline year, Bojun aims to reduce the consumption of gasoline per GFA by 3% in FY2021/2022.	Since the consumption of diesel was mainly used by the power generation engines, the amount of diesel consumed in FY2020/2021 remained the same as that of the previous year. In terms of gasoline, both the amount and intensity of gasoline consumption dramatically doubled during the reporting year. While the gasoline usage of school buses remained similar to the previous year, the amount of gasoline used by company cars surged substantially due to the resumption of business operation in the post-pandemic period. To seek the targets, the Group endeavours to continue to focus on the management of vehicle uses, with steps including exploring the opportunities of switching to the utilisation of electric vehicles, energy efficiency upgrade of vehicles, etc.
Water	Taking FY2020/2021 as the baseline year, Bojun aims to lower its water consumption per GFA by 3% in FY2021/2022.	In FY2020/2021, the amount of water consumed by the Group slightly increased by 0.13%, primarily due to the expansion of operating places and the frequent cleaning demand due to the pandemic. However, a 14.48% reduction in water use intensity showed the Group's relentless endeavours in water conservation throughout the year. To take its steps further, the Group will continue to enhance its water efficiency during operations, strengthen its efforts in water conservation and encourage both teachers and students to act together through more training programmes and initiatives.

The environment and natural resources

Seeking economic development and environmental enhancement simultaneously is one of the defining issues of this decade. Natural disasters in year 2020 and 2021, including severe wildfire and catastrophic flood that cost many lives, have highlighted the ongoing risk and importance of responding to the environmental crisis by taking drastic actions immediately. As one of the leading private educators in China, Bojun realises its important role in educating children on environmental awareness, while reducing its environmental footprint at the same time.

Over the years, the Group put enormous efforts into the fulfilment of its environmental responsibilities and made significant progress towards the building of a reliable, resilient and sustainable campus by monitoring and controlling its consumption of natural resources. In pursuit of the specific targets of striding towards a sustainable campus in the future, the Group has been investing in and developing new ways for operating the schools and insisting on its original aspiration of developing all-around students in an environmentally friendly manner. Through a series of scalable measures and solutions to reduce the consumption of electricity, water, natural gas, paper and other materials during operations as disclosed, the Group's routine operations barely caused significant negative impacts on its surroundings.

With a comprehensive evaluation of its business impacts, in FY2020/2021, the Group's relatively significant environmental impacts were the ineluctable GHG emissions due to the consumption of electricity and fossil fuels, and the generation of general wastes and discharge of sewage. However, the Group's overall environmental impact was well controlled due to its dedicated efforts in simplifying the operational process and boosting energy efficiency in every corner of the campus.

Create an energy-saving "green school" and build an ecological campus

To forge a "green" campus that embraces sustainable solutions, the Group has established a target responsibility and evaluation mechanism for energy conservation and emissions reduction, which guides the Group to better manage and track its progress.

In response to the "Clean Plate Campaign", the schools have promoted an initiative called "Empty Your Dish Action" that encourages students to treasure their meals and avoid food waste. Deriving from the concept of "Circular Economy", teachers provide guidance for students to learn and practise the fermentation of food waste into fertilisers for plants on the campus.

To further its steps in becoming an environmentally sustainable private education service group, multiple green projects have been launched to improve the campus environment. For instance, the greening of the kindergartens has already reached 30% with trees in the park and green decorations in classrooms, while the greening rate of Tianfu School has been 35% after it officially commenced into operation in 2016, and larger areas of gardenias and yellow horn orchids have been continually planted in different periods until today. In order to create a campus culture that embraces "green", 20 peach trees and 40 plum trees have been planted around the playground, implying the meaning of "Students Are Everywhere" (桃李滿天下).

The Group encourages its schools to actively implement greening projects to improve the campus environment. For example, in Wangcang Bojun School, staff has been stepping up efforts on opening up wasteland and grassland in transformation for green planting.

Strengthen education and promote ecological civilisation education activities

To instil environmental awareness in children's minds as early as possible, the Group has long been focusing on enhancing students' environmental awareness through education by integrating the knowledge of environmental protection into learning activities. For instance, lessons about waste classification have been organised for kindergarten children, while "Environmental Awareness Proposal" are distributed to parents for the promotion of environmental actions that families can take together.

For students with the foundation knowledge of environmental protection, the schools of the Group have arranged more advanced practical activities for them to have hands-on experience the importance of conserving natural resources. In general, schools usually organise students to participate in tree planting activities on Arbor Day (植樹節). In this reporting year, several schools of the Group arranged its students to be involved in Spring Ploughing (春耕) after the Beginning of Spring (立春). A couple of field trips to farms and fields were organised for senior students to have a taste of planting trees, as well as taking care of natural resources including fish in ponds and wheat in paddy. Until FY2020/2021, a total of 105 trees taller than 5 metres have been planted and thriving in the Group.

Climate change

As climate change remains at the top global agenda with nations pledging to meet targets stipulated in the Paris Agreement, increasing investor interests in climate-related commitments and disclosures are pushing for a more transparent disclosure as recommended in the Task Force on Climate-related Financial Disclosures (TCFD). As one of the leading private educators in China, the Group is committed to developing and advancing its environmental stewardship to address global and national challenges. In response to the grand vision of the "3060" targets of China, Bojun has actively taken measures to stay in line with the national direction, and will make continuous efforts to assess climate impacts in its strategic planning as well as managing the potential physical and transition climate risks and opportunities for enhanced business resilience.

Governance

As detailed in the section of COMPANY MANAGEMENT, the Board oversees all material ESG as well as climate-related issues of the Group relying on tools including materiality assessment. Starting from initiating and reviewing the effective climate countermeasures, the Board is also responsible for monitoring the implementation, progress and performance of such measures through regular reporting of the management.

Strategy

Taking into consideration both physical and transition variables, the Group has evaluated the exposure of its assets and operations under the threat of climate change.

Transition Risks: Increasingly stringent regulations (local, regional and national) to limit carbon emissions and impact carbon pricing may increase the operational costs of the Group. Despite not being a carbon-intensive business, the reliance on and consumption of fossil fuels and electricity may potentially render some of the Group's facilities stranded or decommissioned earlier.

Physical (acute) Risks: Major hazards driven by climate change such as typhoons, storms and floods, could have adverse effects on the Group's operations by threatening the schools' buildings' structure and the safety of all members living and dwelling there including staff and students. Potential health threats to children will also raise parents' doubt about the safety management of schools.

Physical (chronic) Risks: Chronic climate-related risks such as prolonged heatwaves and increasingly higher temperature in summer could have an adverse effect on the Group's operations, especially pose a serious threat to the wellbeing of its staff and students.

Risk Management

The risk assessment outcomes enable the Group to gain a better understanding of its most significant climate-related risks. To enhance Bojun's climate change resilience across its operations, the management of the identified risks will be integrated into Bojun's business practices and decision-making process.

To mitigate the transition risk, the Group endeavours to promote the concept of "resources conservation" through the teaching and training process. Via thematic activities, for example, teachers have carried out action-oriented learning programmes, providing students with the knowledge and skills that are drivers to create positive changes as they grow up. Meanwhile, a low-carbon transition of the Group will particularly focus on the upgrade of existing facilities.

To effectively handle the physical climate hazards, the schools of the Group have strengthened emergency drills to prepare for extreme weather events. Some schools, for example, have also maintained a stable connection with the meteorological department in checking the reliability and resilience of basic infrastructure, facilities and equipment and taking corresponding actions including fixing drainage system blockage, placing flood control sandbags and ensuring tree health in an early stage before any extreme weather events.

Metrics & Targets

In addition to the emissions target set in the above Targets and Progress subsection, Bojun is also endeavouring to assess the feasibility of developing science-based targets (SBTi), in response to the global best practice in attaining the Paris Agreement.

Other than Scope 1 and Scope 2 emissions, the Group plans to further its analysis into its GHG emissions profile that covers more of its value chain activities, namely Scope 3 emissions. Related data will be collected, calculated and disclosed as part of the environmental key performance indicators in Bojun's annual ESG Report in the near future.

In addition to the regular maintenance of school facilities and climate emergency drill, schools of the Group have also organised seminars about climate change, ozone layer and other environmental issues from time to time to raise students' awareness and enhance their "knowledge reserve", such that they can grow up into a group of smart and responsible youngsters to further push forward the action of protecting our planet.

To better consider climate-related issues and provide a guiding strategy for the Group, Bojun is in the process of undertaking a more detailed and forward-looking scenario analysis to align itself with the TCFD recommendations. Together with its increasingly improved GHG emission inventory, Bojun will identify opportunities to enhance its climate mitigation actions and formulate a long term GHG emission reduction strategy in the future.

X. COMMUNITY CONTRIBUTIONS

Traditionally, the top priority of the private education sector's business philosophy has been mainly focusing on the admission rate, school reputation and business revenue. As an enterprise featuring responsibility and innovation, Bojun recognises that corporates have a social responsibility to contribute to the wider community, and that it should look for a larger sustainability purpose. The Group is committed to investing in social development projects that improve the social mobility of under-resourced children, support the promotion of culture and create shared value, which requires the Group to strike a balance between delivering returns for shareholders while responding to the societal needs of all stakeholders.

As a socially responsible enterprise, the Group holds its belief that engaging in social activities and contributing to the community where it operates can bring positive influence towards not only the society but also the Group and its students. Establishing a good relationship with the community can enhance the image of the Group, while involving students can enable them to get out of the school, get in touch with society, and experience real life, thereby cultivating students' character, developing their sense of social responsibility, and improving their soft skills in the process. As such, the Group spares no effort to actively seek opportunities for community contributions.

Committed to creating a positive impact on society while building a corporate culture of community engagement, Bojun's community investment strategy aligns with and supports the UN SDGs and central government's direction. In FY2020/2021, the Group engaged in several community activities which focused on areas such as people's livelihood, culture construction, sports promotion, education improvement and children's wellbeing:

— Donate daily necessities to poor families and charities;

— Provide free teaching venues and guidance for preschool teachers in poverty-stricken areas;

— Partner with governmental units in remote areas to support the education of impoverished children via donations;

— Participate in charity performances and spread community culture; and

— Support the government's initiatives in combating the COVID 19 crisis.

In March 2021, a "Love Market" charity sale was organised for students to sell their artwork and creative products. All revenue of the event was donated to local charities in need of help.

In July 2021, the Group donated RMB20,000 to support the Sichuan Tianfu Park City Happy Run activities in order to support the sports promotion of the District Office.

While the severity of the pandemic was being eased with the roll-out of vaccines, the heavy burden on the medical staff including doctors and nurses has never been relieved for a day. To show our support and gratitude towards the hard work of all medical staff and volunteers who are safeguarding the public health of the community, the Group has donated 100 bottles of mineral water to the medical staff at the Wan'an Sports Park Vaccination Site in June 2021.

During the epidemic, many elderly in nursing homes spent less time with their families due to the social distancing measures. In order to alleviate the loneliness of the elderly, the kindergarten teachers and students sent blessings to the elderly in Chengdu Shuangxin Haojia Nursing Home in October 2020 and December 2020, respectively.

During the reporting year, due to the restriction of the epidemic prevention and control measures, the Group only organised a limited number of community activities. Moving forward, the Group aims to expand its community engagement and by kindling these small flames, Bojun hopes to light the path ahead for other like-minded people to bring about social changes and thus progress into a more beautiful China and sustainable world.

XI. APPENDIX — PERFORMANCE TABLE

Table E1. The Group's Total Emissions by Category in FY2020/2021 and FY2019/2020 [9]

Emission Category		Key Performance Indicator (KPI)	Unit	**FY2020/2021** Amount	**FY2020/2021** Intensity [1] (Unit/m^2)	FY2019/2020 Amount [2]	FY2019/2020 Intensity [2] (Unit/m^2)	Variation of Intensity
Air Emissions [3]	Company cars	SO_x	Kg	**1.56**	**3.61×10^{-6}**	0.31	8.40×10^{-7}	↑
		NO_x	Kg	**86.95**	**2.02×10^{-4}**	17.27	4.69×10^{-5}	↑
		PM	Kg	**6.40**	**1.48×10^{-5}**	1.27	3.45×10^{-6}	↑
	School buses	SO_x	Kg	**0.56**	**1.30×10^{-6}**	0.56	1.52×10^{-6}	↓
		NO_x	Kg	**601.90**	**1.40×10^{-3}**	601.90	1.63×10^{-3}	↓
		PM	Kg	**59.67**	**1.38×10^{-4}**	59.67	1.62×10^{-4}	↓
	Natural gas	SO_x	Kg	**7.70**	**1.79×10^{-5}**	7.52	2.04×10^{-5}	↓
		NO_x	Kg	**410.51**	**9.52×10^{-4}**	401.32	1.09×10^{-3}	↓
		PM	Kg	**97.31**	**2.26×10^{-4}**	95.13	2.58×10^{-4}	↓
GHG Emissions		Scope 1 (Direct Emissions)[4]	Tonnes of CO_2e	**2,094.26**	**4.86×10^{-3}**	1,854.7	5.04×10^{-3}	↓
		Scope 2 (Energy Indirect Emissions)[5]	Tonnes of CO_2e	**4,083.52**	**9.47×10^{-3}**	3,411.08	9.26×10^{-3}	↑
		Scope 3 (Other Indirect Emissions)[6]	Tonnes of CO_2e	**466.59**	**1.08×10^{-3}**	380.78	1.03×10^{-3}	↑
		GHG removal from trees planted (5m or taller)	Tonnes of CO_2e	**2.42**	**–**	2.16	–	–
		Total (Scope 1, 2 & 3)	Tonnes of CO_2e	**6,641.96**	**0.02**	5,642.29	0.02	–
Non-hazardous Waste		Solid Waste [7]	Tonnes	**463.54**	**1.08×10^{-3}**	338.89	9.20×10^{-4}	↑
		Wastewater [8]	m^3	**400,308**	**0.93**	399,795	1.09	↓
Hazardous Waste		Solid Waste	Tonnes	**0.012**	**2.78×10^{-8}**	0.012	3.26×10^{-8}	↓

(1) Intensity for FY2020/2021 was calculated by dividing the amount of air, GHG and other emissions respectively by the Group's gross floor area (GFA) of 431,158.55 m^2 in FY2020/2021;

(2) The amount and intensity in FY2019/2020 were extracted from the data in the ESG Report FY2019/2020 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. Air emission data of school buses in FY2019/2020 has been recalculated in accordance with the updated calculation method which specifies the buses weight so as to ensure consistency with the data of FY2020/2021 for meaningful comparison;

(4) The Group's Scope 1 (Direct Emissions) included only the consumption of liquid fuels in motor vehicles and gaseous fuels on campus during operations;

(5) The Group's Scope 2 (Energy Indirect Emissions) included only electricity consumption;

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

(7) The amount of solid waste in FY2020/2021 only covered domestic and commercial wastes from the schools and offices of the Group where the employees and students worked, studied and lived in the PRC;

(8) Since the wastewater generated from the Group in FY2020/2021 that was incorporated in the calculation only covered domestic sewage from employees and students, the total amount of wastewater discharged from the Group in FY2020/2021 was based on the assumption that 100% of the fresh water consumed entered the municipal sewage system; and

(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.

Table E2. Total Resource Consumption in FY2020/2021 and FY2019/2020 [4]

Use of Resources	Key Performance Indicator (KPI)	Unit	FY2020/2021 Amount	FY2020/2021 Intensity [1] (Unit/m^2)	FY2019/2020 Amount [2]	FY2019/2020 Intensity [2] (Unit/m^2)	Variation of Intensity
Energy	Electricity	MWh	**6,693.20**	**0.016**	6,488.65	0.018	↓
	Gasoline	MWh	**1,395.17**	**0.003**	572.55	0.002	↑
	Diesel	MWh	**7.49**	**1.74×10^{-5}**	7.49	2.03×10^{-5}	↓
	Natural gas	MWh	**8,593.96**	**0.020**	8,401.47	0.023	↓
	TOTAL [3]	**MWh**	**16,689.82**	**0.039**	**15,470.16**	**0.042**	↓
Water		m^3	**400,308**	**0.93**	399,795	1.09	↓
Paper		Kg	**71,154.30**	**0.17**	56,910.00	0.15	↑
Other materials	Plastic	Tonnes	**3.55**	**8.23×10^{-6}**	1.05	2.85×10^{-6}	↑
	Carboard	Tonnes	**3.70**	**8.58×10^{-6}**	2.40	6.52×10^{-6}	↑

(1) Intensity for FY2020/2021 was calculated by dividing the amount of resources that the Group consumed in FY2020/2021 by the Group's gross floor area (GFA) of 431,158.55 m^2 in FY2020/2021;

(2) The amount and intensity in FY2019/2020 were extracted from the data in the ESG Report FY2019/2020 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" and the United States Energy Information Administration (EIA); and

(4) The environmental data disclosed includes the operations of 3 management offices and 13 schools of the Group in the PRC.

Table S3. Number of Employees by Age Group, Gender, Employment Type, Position Type, Geographical Locations of The Group in FY2020/2021 [1]

Unit: Number of employees

Gender	Age group: Aged 35 or below	Aged between 36 and 50	Aged 51 or above	Total
Male	179	187	88	454
Female	712	423	84	1,219
Total	891	610	172	1,673

Unit: Number of employees

Gender	Position: General staff	Teachers	Administrative & supporting staff	Senior management	Total
Male	64	264	122	5	455
Female	1	710	506	1	1,218
Total	65	974	628	6	1,673

Employment type: Full time	Part time	Total
1,669	4	1,673

Geographical location

Locations	Number of employees
PRC	1,673
Total:	**1,673**

(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. 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 FY2020/2021 [1]

Unit: Number of employees	**Age group**			
Gender	**Aged 35 or below**	**Aged between 36 to 50**	**Aged 51 or above**	**Total**
Male	30	21	9	60
Employee turnover rate (%)	16.76	11.23	10.23	13.22
Female	153	60	23	236
Employee turnover rate (%)	21.49	14.18	27.38	19.36
Total	183	81	32	296
Total employee turnover rate (%)	20.54	13.28	18.60	17.69

Geographical locations

Locations	Employee turnover	Employee turnover rate
PRC	296	17.69

(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. Turnover rate was calculated by dividing the number of employees who resigned in FY2020/2021 by the number of employees in FY2020/2021. 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 FY2020/2021 [1]

Unit: Number of employees	**Position**				
Gender	**General staff**	**Teachers**	**Administrative & supporting staff**	**Senior management**	**Total**
Male	71	410	62	1	544
% of employees trained	4.52	26.11	3.95	0.06	34.65
Female	1	765	260	0	1,026
% of employees trained	0.06	48.73	16.56	0.00	65.35

Total Employees Trained:

	General staff	Teachers	Administrative & supporting staff	Senior management	Total
Total	72	1,175	322	1	1,570
% of employees trained	4.59	74.84	20.51	0.06	93.84

(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 FY2020/2021. 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 FY2020/2021 [1]

Unit: Training Hours			**Position**		
Gender	**General staff**	**Teachers**	**Administrative & supporting staff**	**Senior management**	**Total**
Male	1,751	39,503	2,260	131	43,645
Average training hours	27.36	149.63	18.52	26.20	95.92
Female	2	92,465	9,792	0	102,259
Average training hours	2.00	130.23	19.35	0.00	83.96
Total	1,753	131,968	12,052	131	145,904
Average training hours	26.97	135.49	19.19	21.83	87.21

(1) The training information was obtained from the Group's Human Resources Department. 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

HKEx ESG Guide content index

Aspects	ESG Indicators	Description	Section	Page
A. Environmental				
A1: Emissions	General Disclosure	Information on: (a) the policies; and (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. *Note: Air emissions include NOx, SOx, and other pollutants regulated under national laws and regulations.* *Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride.* *Hazardous wastes are those defined by national regulations.*	Sustainable Campus — Emissions	122
	KPI A1.1	The types of emissions and respective emissions data.	Sustainable Campus — Emissions	123, 145
	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	145
	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	145
	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	145
	KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Emissions — Targets and Progress	129
	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	124, 129

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. *Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.*	Sustainable Campus — Use of Resources	130
	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	146
	KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Appendix — Performance Table	146
	KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Use of Resources — Targets and Progress	135
	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	132, 136
	KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Use of Resources	130
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	136
	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	136
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	140
	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	140

Aspects	ESG Indicators	Description	Section	Page
B. Social				
Employment and Labour Practices				
B1: Employment	General Disclosure	Information on: (a) the policies; and (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	99
	KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Appendix — Performance Table	146
	KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Appendix — Performance Table	147
B2: Health and Safety	General Disclosure	Information on: (a) the policies; and (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	108
	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	110
	KPI B2.2	Lost days due to work injury.		110
	KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.		110

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. *Note: Training refers to vocational training. It may include internal and external courses paid by the employer.*	Professional Teachers — Development and Training	105
	KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Appendix — Performance Table	147
	KPI B3.2	The average training hours completed per employee by gender and employee category.	Appendix — Performance Table	148
B4: Labour Standards	General Disclosure	Information on: (a) the policies; and (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	72
	KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Company Management — Risk management	72
	KPI B4.2	Description of steps taken to eliminate such practices when discovered.		72

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	120
	KPI B5.1	Number of suppliers by geographical region.	Health and Safe Campus — Supply Chain Management	120
	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.		120
	KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.		120
	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	122

Aspects	ESG Indicators	Description	Section	Page
B6: Product Responsibility	General Disclosure	Information on: (a) the policies; and (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	85
	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.	Not Applicable
	KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Quality Education — Complaints Handling and Risk Management	98
	KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Due to the Group's business nature, this is not applicable to the Group's operations.	Not Applicable
	KPI B6.4	Description of quality assurance process and recall procedures.	Quality Education	85
	KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Quality Education — Privacy matters	97

Aspects	ESG Indicators	Description	Section	Page
B7: Anti-corruption	General Disclosure	Information on: (a) the policies; and (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	72
	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	73
	KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.		73
	KPI B7.3	Description of anti-corruption training provided to directors and staff.		73
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	142
	KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Contributions	142
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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 161 to 228, which comprise the consolidated statement of financial position as at 31 August 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 August 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to Note 2 to the consolidated financial statements which mentions that the Group incurred loss attributable to owners of the Company of approximately RMB762,701,000 for the year ended 31 August 2021 and the uncertainty of the impact of Implementation Regulation. These conditions indicate a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. The Group is undertaking a number of measures as described in Note 2 to the consolidated financial statements in order to ensure it will have the ability to continue as going concern. Our opinion is not modified in respect of this matter.

KEY AUDIT MATTERS

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

REVENUE RECOGNITION

Refer to Note 6 to the consolidated financial statements

Revenue represents service income from tuition fees, and boarding fees less returns and discounts. For the year ended 31 August 2021, revenue from the discontinued operations amounted to approximately RMB398,774,000. The recognition of the Group's revenue is significant to our audit because the amount of revenue is significant to the consolidated financial statements as a whole.

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

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

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

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

— Examining, on a sample basis, whether the revenue of tuition fees and boarding 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 for tuition fees and boarding fees.

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

CHANGE IN REGULATIONS

Refer to Notes 2 and 13 to the consolidated financial statements

As set out in Notes 2 and 13 to the consolidated financial statements, the PRC State Council announced the issuance of the Regulations for the Implementation of the Private Education Promotion Law of the PRC (the "Implementation Regulation"), effective on 1 September 2021, which prohibit social organisations and individuals from taking control of non-profit private compulsory education schools and non-profit private preschool through mergers and acquisitions, and control agreement; and prohibit private compulsory education schools from conducting transactions with their related parties.

The Directors evaluated the impact of the Implementation Regulation, identified the Affected Entities (as defined in Note 2) and assessed that the Group ceased to have its control over the Affected Entities by 31 August 2021. Accordingly, the carrying amount related to the net assets of the Affected Entities was deconsolidated from the consolidated financial statements of the Group as of 31 August 2021.

There were significant judgements exercised by the management of the Group in assessing and concluding whether the Group could cease to control the Affected Entities at the reporting date.

Our audit procedures in relation to the deconsolidation of the Affected Entities included, among others:

— Reviewing the Implementation Regulation and discussing with the management and its external PRC legal advisor to understand how the Implementation Regulation impact the power held by the Group to direct the relevant activities, exposure to variable returns through its involvement and the Group's ability to affect the variable returns through the Group's power over the Affected Entities;

— Evaluating management's assessment and judgement on the control over the Affected Entities arising from the Implementation Regulation;

— Obtaining the written opinion prepared by the Group's external PRC legal advisor regarding the impacts of the Implementation Regulation;

— Assessing the independence and competence of the Group's external PRC legal advisor which provided opinions to the Group; and

— Assessing the disclosures relating to the significant judgement applied by management on this matter and also the presentation and disclosures on the discontinued operations in the Group's consolidated financial statements.

We consider that the deconsolidation of the Affected Entities by the Group is supported by the available evidence.

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

Refer to Notes 16 and 17 to the consolidated financial statements

At 31 August 2021, the Group had property, plant and equipment and right-of-use assets amounted to approximately RMB1,139,053,000 and RMB166,975,000, respectively (before impairment) held by the Consolidated Affiliated Entities (as defined in Note 2 to the consolidated financial statements) of the Group and were occupied by the Affected Entities.

The Group assessed the amount of property, plant and equipment and right-of-use assets for impairment. This impairment assessment is significant to our audit because the balances of property, plant and equipment and right-of-use assets as at 31 August 2021 are material to the consolidated financial statements. In addition, the Group's impairment assessments involve the application of judgement and is based on assumptions and estimates.

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

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

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

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

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

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

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

OTHER INFORMATION IN THE ANNUAL REPORT

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

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

A further description of our responsibilities for the audit of the consolidated financial statements is located at the HKICPA's website at:

https://www.hkicpa.org.hk/en/Standards-setting/Standards/Our-views/auditre
This description forms part of our auditor's report.

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 August 2021

	Notes	**Remaining Business* 2021 RMB'000**	**Affected Entities* 2021 RMB'000**	**Total 2021 RMB'000**	Remaining Business* 2020 RMB'000 Restated	Affected Entities* 2020 RMB'000 Restated	Total 2020 RMB'000 Restated
Revenue	6	**–**	**398,774**	**398,774**	–	375,740	375,740
Costs of services		**(23,699)**	**(265,578)**	**(289,277)**	(12,116)	(259,213)	(271,329)
Gross profit		**(23,699)**	**133,196**	**109,497**	(12,116)	116,527	104,411
Other income/(expenses)	7	**1,700**	**882**	**2,582**	(3,679)	132	(3,547)
Other gains/(losses), net	8	**(571,373)**	**(3,794)**	**(575,167)**	5,579	(774)	4,805
Share of loss of an associate		**(6)**	**–**	**(6)**	(16)	–	(16)
Administrative expenses		**(31,472)**	**(18,527)**	**(49,999)**	(23,123)	(33,049)	(56,172)
Finance costs	9	**(5,303)**	**(24,627)**	**(29,930)**	(2,739)	(17,817)	(20,556)
Loss on deconsolidation of Affected Entities	13	**–**	**(203,144)**	**(203,144)**	–	–	–
(Loss)/profit before tax		**(630,153)**	**(116,014)**	**(746,167)**	(36,094)	65,019	28,925
Income tax credit/(expenses)	10	**1,136**	**(13,625)**	**(12,489)**	(2,961)	(10,722)	(13,683)
(Loss)/profit for the year	11, 13	**(629,017)**	**(129,639)**	**(758,656)**	(39,055)	54,297	15,242
Other comprehensive (expense)/income:							
Income that will not be reclassified subsequently to profit or loss:							
— Remeasurement of defined benefit obligations	28	**–**	**(576)**	**(576)**	–	518	518
Other comprehensive (expense)/ income for the year		**–**	**(576)**	**(576)**	–	518	518
Total comprehensive (expense)/ income for the year		**(629,017)**	**(130,215)**	**(759,232)**	(39,055)	54,815	15,760
(Loss)/profit for the year attributable to:							
Owners of the Company		**(629,017)**	**(133,684)**	**(762,701)**	(39,055)	47,637	8,582
Non-controlling interests		**–**	**4,045**	**4,045**	–	6,660	6,660
		(629,017)	**(129,639)**	**(758,656)**	(39,055)	54,297	15,242
Total comprehensive (expense)/income for the year attributable to:							
Owners of the Company		**(629,017)**	**(134,260)**	**(763,277)**	(39,055)	48,155	9,100
Non-controlling interests		**–**	**4,045**	**4,045**	–	6,660	6,660
		(629,017)	**(130,215)**	**(759,232)**	(39,055)	54,815	15,760
(LOSS)/EARNINGS PER SHARE	15						
Basic (RMB cents)		**(76.54)**	**(16.27)**	**(92.81)**	(4.75)	5.80	1.05
Diluted (RMB cents)		**N/A**	**N/A**	**N/A**	N/A	N/A	N/A

* Affected Entities and Remaining Business are defined in Note 2 to the consolidated financial statements. The profit or loss of the Remaining Business is regarded as the Group's continuing operations whereas the profit or loss of Affected Entities is regarded as the Group's discontinued operation presented in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 August 2021

	Notes	2021 RMB'000	2020 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	16	**658,889**	1,311,630
Right-of-use assets	17	**100,812**	322,863
Interest in an associate	18	**17,478**	17,484
Deferred tax assets	19	**18,055**	16,919
Deposits	20	**91,553**	24,070
Prepayments for purchase of property, plant and equipment		**–**	50,000
Total non-current assets		**886,787**	1,742,966
CURRENT ASSETS			
Other receivables, deposits and prepayments	20	**72,659**	34,038
Amounts due from related companies	21	**143,101**	2,625
Bank balances and cash	22	**93,214**	426,772
Total current assets		**308,974**	463,435
Total assets		**1,195,761**	2,206,401
CURRENT LIABILITIES			
Other payables and accruals	23	**138,198**	321,484
Contract liabilities	24	**7,296**	369,348
Amounts due to related companies	21	**36,988**	–
Lease liabilities	25	**817**	8,146
Borrowings	26	**20,000**	115,000
Income tax payable		**5,131**	40,507
Financial guarantee liabilities	27	**19,171**	–
Total current liabilities		**227,601**	854,485
NET CURRENT ASSETS/(LIABILITIES)		**81,373**	(391,050)
TOTAL ASSETS LESS CURRENT LIABILITIES		**968,160**	1,351,916

	Notes	**2021 RMB'000**	2020 RMB'000
NON-CURRENT LIABILITIES			
Lease liabilities	25	**719**	123,546
Borrowings	26	**159,000**	301,500
Defined benefits obligations	28	**–**	3,864
Amounts due to related companies	21	**652,195**	–
Deferred income	29	**72,222**	67,676
Total non-current liabilities		**884,136**	496,586
NET ASSETS		**84,024**	855,330
CAPITAL AND RESERVES			
Share capital	30	**7,138**	7,138
Reserves		**76,886**	839,901
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		**84,024**	847,039
Non-controlling interests		**–**	8,291
TOTAL EQUITY		**84,024**	855,330

The consolidated financial statements on pages 161 to 228 were approved and authorised for issue by the Board of Directors on 30 November 2022 and are signed on its behalf by:

Mr. Wang Jinglei
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 August 2021

	Attributable to owners of the Company									
	Share capital RMB'000	Share premium RMB'000	Other reserve RMB'000 (Note (i))	Statutory surplus reserve RMB'000 (Note (ii))	Share option reserve RMB'000	Defined benefit obligation remeasurement reserve RMB'000 (Note (iii))	Accumulated profits/ (losses) RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 September 2019	7,138	671,945	28,805	61,843	–	(129)	68,337	837,939	1,631	839,570
Profit for the year	–	–	–	–	–	–	8,582	8,582	6,660	15,242
Other comprehensive income for the year	–	–	–	–	–	518	–	518	–	518
Total comprehensive income for the year	–	–	–	–	–	518	8,582	9,100	6,660	15,760
Transfer	–	–	–	7,206	–	–	(7,206)	–	–	–
At 31 August 2020	7,138	671,945	28,805	69,049	–	389	69,713	847,039	8,291	855,330
Loss for the year	–	–	–	–	–	–	(762,701)	(762,701)	4,045	(758,656)
Other comprehensive expense for the year	–	–	–	–	–	(576)	–	(576)	–	(576)
Total comprehensive expense for the year	–	–	–	–	–	(576)	(762,701)	(763,277)	4,045	(759,232)
Recognition of equity-settled share-based payments	–	–	–	–	262	–	–	262	–	262
Deconsolidation of Affected Entities (Note 13)	–	–	–	(69,049)	–	187	68,862	–	(12,336)	(12,336)
At 31 August 2021	**7,138**	**671,945**	**28,805**	**–**	**262**	**–**	**(624,126)**	**84,024**	**–**	**84,024**

Notes:

(i) The amount comprises of those arising from group restructuring prior to the completion of the listing of the Company's shares and deemed contribution from shareholders resulting from disposal of non-schooling business in prior years.

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

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

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 August 2021

	2021 RMB'000	2020 RMB'000
OPERATING ACTIVITIES		
(Loss)/profit before tax		
— from continuing operations (Remaining Business)	**(630,153)**	(36,094)
— from discontinued operation (Affected Entities)	**(116,014)**	65,019
	(746,167)	28,925
Adjustments for:		
Depreciation of property, plant and equipment	**49,395**	44,880
Depreciation of right-of-use assets	**17,279**	17,750
Impairment loss recognised on property, plant and equipment and right-of-use assets	**546,327**	–
Share of result of an associate	**6**	16
Equity-settled share-based payments	**262**	–
Release of asset-related government grants	**(1,454)**	(1,342)
Finance cost	**29,930**	20,556
Gain on disposal of property, plant and equipment, net	**(4)**	(15)
Gain on disposal of financial assets at fair value through profit or loss ("FVTPL")	**–**	(5,536)
Fair value changes on financial assets at FVTPL	**–**	(3,672)
Interest income from banks	**(354)**	(333)
Defined benefit plan (income)/expenses	**(277)**	80
Loss on deconsolidation of Affected Entities	**203,144**	–
Unrealised exchange loss	**9,668**	3,564
Recognition of financial guarantee contracts	**19,171**	–
Operating cash flows before working capital changes	**126,926**	104,873
Movements in working capital:		
Change in other receivables, deposits and prepayments	**(8,531)**	62,943
Change in amounts due from related companies	**1,905**	159
Change in contract liabilities	**(10,774)**	18,511
Change in other payables and accruals	**24,629**	(56,514)
Cash generated from operations	**134,155**	129,972
Interest received from banks	**354**	333
Income tax paid	**(6,828)**	(4,790)
NET CASH GENERATED FROM OPERATING ACTIVITIES	**127,681**	125,515

	2021 RMB'000	2020 RMB'000
INVESTING ACTIVITIES		
Payment for property, plant and equipment	**(199,858)**	(240,228)
Acquisition of assets through acquisition of a subsidiary	**–**	(21,796)
Acquisition of an associate	**–**	(17,500)
Payment for leasehold land	**–**	(275)
Purchase of financial assets at FVTPL	**–**	(16,830)
Advance to related companies	**–**	(2,441)
Loans advanced to third parties	**(70,000)**	–
Prepayment made for property, plant and equipment	**–**	(4,574)
Proceeds from disposal of property, plant and equipment	**168**	319
Proceeds from disposal of financial assets at FVTPL	**–**	26,038
Net cash outflow from loss of control of Affected Entities	**(135,216)**	–
Receipt of assets-related government grants	**6,000**	3,600
Deposit paid for acquisition of subsidiaries	**(73,500)**	–
NET CASH USED IN INVESTING ACTIVITIES	**(472,406)**	(273,687)
FINANCING ACTIVITIES		
Proceeds from new borrowings raised	**339,000**	416,500
Repayment of leases liabilities	**(15,418)**	(17,500)
Interest paid	**(28,747)**	(17,139)
Repayment of borrowings	**(274,000)**	(140,000)
NET CASH GENERATED FROM FINANCING ACTIVITIES	**20,835**	241,861
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(323,890)**	93,689
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**426,772**	336,647
Effect of foreign exchange rate changes	**(9,668)**	(3,564)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, REPRESENTED BY BANK BALANCES AND CASH	**93,214**	426,772

1. CORPORATE AND GROUP INFORMATION

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

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

The Group is mainly engaged in the provision of full spectrum private fundamental education, including kindergartens, primary, middle and high schools in the PRC.

INFORMATION ABOUT SUBSIDIARIES

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

Name of subsidiary	Place of incorporation/ establishment and operation	Share capital/ registered capital	Equity interest attributable to the Group At 31 August 2021	Equity interest attributable to the Group At 31 August 2020	Principal activities
Bojun Education Investment Holdings Company Limited# ("Bojun Investment")	British Virgin Islands ("BVI")	USD50,000	**100%**	100%	Investment holding
Hong Kong Bojun Education Investment Co., Limited 香港博駿教育投資有限公司	Hong Kong	HK$10,000	**100%**	100%	Investment holding
USA Bojun Education, Inc.	USA	USD80,000	**100%**	100%	Education consultancy and management services
Chengdu Tianfu Bojun Education Management Company Limited* ("Chengdu Bojun") 成都天府博駿教育管理有限公司 (Note i)	PRC	HK$120,000,000	**100%**	100%	Education consultancy services
成都博懋教育管理有限公司 (Note i)	PRC	HK$300,000,000 (2020: HK$150,000,000)	**100%**	100%	Education consultancy and management services
四川九洲桃源里生態旅游開發有限公司 (Note ii)	PRC	RMB20,000,000	**100%**	100%	Eco-tourism agriculture
成都旌賢教育管理有限公司 (Note ii)	PRC	RMB20,000,000	**100%**	100%	Education consultancy and information services

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 2021	Equity interest attributable to the Group At 31 August 2020	Principal activities
成都鉅賢教育管理有限公司 (Note ii)	PRC	RMB20,000,000	**51%**	51%	Education consultancy and management services
Chengdu Junxian Education Management Company Limited* ("Chengdu Junxian") 成都駿賢教育管理有限公司 (Note ii)	PRC	RMB1,000,000	**100%**	100%	Education consultancy and management services
四川博棣企業管理服務有限公司 (formerly known as 成都白鷺灣會務服務有限公司) (Note ii)	PRC	RMB1,000,000	**100%**	100%	Exhibition services
四川銘賢教育管理有限公司 (Note ii)	PRC	RMB100,000,000	**60%**	60%	Education consultancy and management services
PRC Operating Entities					
Sichuan New Tianfu District No. 1 High School Attached to Sichuan Normal University* ("Tianfu High School") 四川天府新區師大一中高級中學有限公司 (Note ii)	PRC	RMB10,000,000	**100%**	N/A	Provision of high school education services
School Sponsors					
Chengdu Mingxian Education Investment Company Limited* ("Chengdu Mingxian") 成都銘賢教育投資有限公司 (Note ii)	PRC	RMB32,500,000	**100%**	100%	Education investment and management
Sichuan Boai Preschool Education Development Company Limited* ("Sichuan Boai") 四川省博愛幼兒教育事業發展有限責任公司 (Note ii)	PRC	RMB4,000,000	**100%**	100%	Education investment and management
Chengdu Youshi Preschool Education Investment Management Company Limited* ("Chengdu Youshi Preschool Investment") 成都幼獅幼兒教育投資管理有限公司 (Note ii)	PRC	RMB1,000,000	**100%**	100%	Education investment and management

1. CORPORATE AND GROUP INFORMATION (Continued)

INFORMATION ABOUT SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ establishment and operation	Share capital/ registered capital	Equity interest attributable to the Group At 31 August 2021	Equity interest attributable to the Group At 31 August 2020	Principal activities
Renshou Bojun Education Investment Management Company Limited* ("Renshou Bojun") 仁壽博駿教育投資管理有限公司 (Note ii)	PRC	RMB20,000,000	**100%**	100%	Education investment and management
Chengdu Jinbojun Education Consultancy Company Limited* ("Chengdu Jinbojun") 成都金博駿教育諮詢有限公司 (Note ii)	PRC	RMB5,000,000	**100%**	100%	Education investment and management
Nanjiang Bojun Education Management Company Limited* ("Nanjiang Bojun") 南江博駿教育管理有限公司 (Note ii)	PRC	RMB80,000,000 (2020: RMB60,000,000)	**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 (2020: RMB60,000,000)	**100%**	100%	Education investment and management
Lezhi Bojun Education Management Company Limited* ("Lezhi Bojun") 樂至縣博駿教育管理有限公司 (Note ii)	PRC	RMB80,000,000	**100%**	100%	Education investment and management
Zhongjiang Bojun Education Management Company Limited* ("Zhongjiang Bojun") 中江博駿教育管理有限公司 (Note ii)	PRC	RMB10,000,000	**100%**	100%	Education investment and management
Bojun Lixing Education Management Company Limited* ("Bojun Lixing") 成都博駿勵行教育管理有限公司 (Note ii)	PRC	RMB5,000,000	**100%**	100%	Education consultancy and management services

* For identification purpose only

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 2021	Equity interest attributable to the Group At 31 August 2020	Principal activities
Affected Entities					
Chengdu Jinjiang District No. 1 Middle School Attached to Sichuan Normal University* ("Jinjiang School") 成都市錦江區四川師大附屬第一學校 (2020: 成都市錦江區四川師大附屬第一實驗中學 (Note iii))	PRC	RMB12,000,000	-	100%	Provision of primary and middle school education services (2020: Provision of middle school education services)
Chengdu Longquanyi District No. 1 Experimental Middle School Attached to Sichuan Normal University* ("Longquan School") 成都市龍泉驛區四川師大附屬第一實驗中學 (Note iii)	PRC	RMB10,000,000	-	100%	Provision of middle school and high school education services
Chengdu New Tianfu District No. 1 Experimental Middle School Attached to Sichuan Normal University* ("Tianfu School") 成都市天府新區四川師大附屬第一實驗中學 (Note iii)	PRC	RMB1,200,000 (2020: RMB1,000,000)	-	100%	Provision of middle school education services
Wangcang Bojun School* 旺蒼博駿公學 (Note iii)	PRC	RMB1,000,000	-	100%	Provision of primary and middle school education services
Nanjiang Bojun School* 南江博駿學校 (Note iii)	PRC	RMB1,000,000	-	100%	Provision of primary and middle school education services
Pengzhou Bojun School* ("Pengzhou School") 彭州市博駿學校 (Note iii)	PRC	RMB1,200,000	-	51%	Provision of primary and middle school education services
Chengdu Youshi Experimental Kindergarten* ("Youshi Kindergarten") 成都幼師實驗幼兒園 (Note iii)	PRC	RMB30,000	-	100%	Provision of kindergarten education services

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 2021	At 31 August 2020	Principal activities
Chengdu Youshi Lidu Experimental Kindergarten* ("Lidu Kindergarten") 成都幼師麗都實驗幼兒園 (Note iii)	PRC	RMB1,000,000	–	100%	Provision of kindergarten education services
Chengdu Youshi Riverside Impression Experimental Kindergarten* ("Riverside Kindergarten") 成都幼師河濱印象實驗幼兒園 (Note iii)	PRC	RMB50,000	–	100%	Provision of kindergarten education services
Chengdu Youshi Longquan Dongshan Experimental Kindergarten* ("Longquan Kindergarten") 成都幼師龍泉東山實驗幼兒園 (Note iii)	PRC	RMB100,000	–	100%	Provision of kindergarten education services
Chengdu Qingyang Youshi Jingjie Experimental Kindergarten* ("Qingyang Kindergarten") 成都青羊幼師境界實驗幼兒園 (Note iii)	PRC	RMB100,000	–	100%	Provision of kindergarten education services
Chengdu High and New District Youshi Peninsula City Centre Kindergarten* ("Peninsula Kindergarten") 成都高新區幼獅半島城邦幼兒園 (Note iii)	PRC	RMB600,000	–	100%	Provision of kindergarten education services
Lezhi Bojun School* 樂至博駿公學學校 (Note iii)	PRC	RMB1,000,000	–	100%	Provision of primary and middle school education services

\# 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.

iii. Pursuant to the Implementation Regulation, the Group loss control over the Affected Entities by the end of 31 August 2021 immediately before the Implementation Regulation became effective and no equity interest attributable to the Group though the management is operating the schools business in legal form.

2. STRUCTURED CONTRACTS AND BASIS OF PREPARATION

The provision of private education services of the Group was carried out by PRC operating entities, comprising Chengdu Junxian, Chengdu Mingxian, Sichuan Boai, Chengdu Youshi Preschool Investment, Renshou Bojun, Chengdu Jinbojun, Nanjiang Bojun, Wangcang Bojun, Lezhi Bojun, Zhongjiang Bojun, Jianyang Jinbojun and Bojun Lixing (collectively known as the "School Sponsors"), Jinjiang School, Longquan School, Tianfu School, Nanjiang Bojun School, Wangcang Bojun School, Pengzhou School, Youshi Kindergarten, Lidu Kindergarten, Riverside Kindergarten, Longquan Kindergarten, Qingyang Kindergarten and Peninsula Kindergarten, Lezhi Bojun 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 after collectively refer to"Consolidated Affiliated Entities". Due to regulatory restrictions on foreign ownership in the private-owned schools in the PRC, Chengdu Bojun, the wholly-owned subsidiary of the Company, has entered into the Structured Contracts with, among others, the PRC Operating Entities, the School Sponsors and their respective legal equity holders. On 23 March 2021, a supplementary agreement was entered and Tianfu High School was added in the Structured Contracts.

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

- exercise effective financial and operational control over the Consolidated Affiliated Entities;

- exercise equity holders' voting rights of the Consolidated Affiliated Entities;

- receive substantially all of the economic interest returns generated by the Consolidated Affiliated Entities in consideration for the exclusive technical and management consultancy services including, among others, (a) design of curriculum; (b) preparation, selection and/or recommendation of course materials; (c) provision of teacher and staff recruitment and training support and services; (d) provision of student recruitment services and support; (e) provision of public relation services; (f) formulation of long term strategic development plans and annual working plans; (g) formulation of management mode, business plans and market development plans; (h) development of financial management systems and recommendation and optimisation on annual budget; (i) advising on design of internal structures and internal management system of the Consolidated Affiliated Entities; (j) provision of management and consultancy training for executive staff; (k) conduct of market survey and research, and advising on market information and business development; (l) formulation of regional and national market development plan; (m) assisting the Consolidated Affiliated Entities in building of education management network and improving management of business operation; (n) assisting in building online and offline marketing network; (o) providing management and consultancy services in respect of daily operations, finance, investment, assets, liabilities and debt, human resources, internal informatisation and other management and consultancy services; (p) assisting the Consolidated Affiliated Entities and their subsidiaries to find suitable financing channels where fund is required in the operation of the Consolidated Affiliated Entities; (q) assisting the Consolidated Affiliated Entities to formulate programs to maintain relationships with their suppliers, customers, cooperation partners and students, and assisting to maintain such relationships; (r) advising and providing recommendations on asset and business operating of the Consolidated Affiliated Entities; (s) advising and providing recommendations to negotiate, sign and perform the material contracts of the Consolidated Affiliated Entities and (t) providing other technical services reasonably requested by the Consolidated Affiliated Entities; and

- obtain an irrevocable and exclusive right to purchase all or part of equity interests in the Consolidated Affiliated Entities from the respective equity holders at nil consideration or a minimum purchase price permitted under PRC laws and regulations. Chengdu Bojun may exercise such options at any time until it has acquired all equity interests in and/or all assets of the Consolidated Affiliated Entities. In addition, the Consolidated Affiliated Entities are not allowed to sell, transfer, or dispose any assets, or make any distributions to their equity holders without prior consent of Chengdu Bojun.

2. STRUCTURED CONTRACTS AND BASIS OF PREPARATION (Continued)

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

CHANGE IN REGULATIONS

The entities that are involved in preschool education and compulsory education business, i.e. the kindergartens, middle schools and primary schools of the Group providing grade one to nine education services and private schools that provide compulsory education and high school education under the same operating licence (the "Affected Entities", which are shown in Note 1 above) were deconsolidated on 31 August 2021 due to the Regulations for the Implementation of the Private Education Promotion Law of the PRC* (《中華人民共和國民辦教育促進法實施條例》) (the "Implementation Regulation") becoming effective on 1 September 2021.

The Implementation Regulation set series of restrictions and guidelines on operation, taxation, shareholding structure, connected transactions and merge and acquisition of entities providing compulsory education, especially non-profit private primary and middle schools, including:

(i) no social organisation and individual are permitted to take control of non-profit private compulsory education schools and non-profit private preschool through mergers and acquisitions, and control agreement; and

(ii) private compulsory education schools are prohibited from conducting connected transactions, and other private schools shall conduct connected transactions in an open, reasonable and fair manner, which shall not harm national interests, school interests and rights and interests of all teachers and students.

Prior to the Implementation Regulation becoming effective, due to regulatory restrictions on foreign ownership in schools in the PRC, the Group conducted a substantial portion of its business through Chengdu Junxian and its subsidiaries in the PRC. Chengdu Bojun, a wholly-owned subsidiary of the Company, entered into contractual arrangements through structured contracts signed on 16 June 2020 (the "Contractual Arrangements") with Chengdu Junxian, the Consolidated Affiliated Entities and the directors and council members of Jinjiang School, Longquan School, Tianfu School, Nanjiang Bojun School, Wangcang Bojun School, Pengzhou Bojun School, Lezhi Bojun School, Peninsula Kindergarten, Youshi Kindergarten, Lidu Kindergarten, Longquan Kindergarten, Riverside Kindergarten and Qingyang Kindergarten, which enable Chengdu Bojun and the Group to use its power from the Contractual Arrangements to direct the relevant activities of and its ability to affect its variable returns from the Affected Entities.

Based on the reassessment of the Contractual Arrangements and the implications of the Implementation Regulation, the Directors considered that the Group's ability to use its power from the Contractual Arrangements to direct the relevant activities of and its ability to affect its variable returns from the Affected Entities had ceased by 31 August 2021 immediately before the Implementation Regulation becoming effective on 1 September 2021. Consequently, the Group lost control over the Affected Entities on 31 August 2021 and the Affected Entities were deconsolidated from the consolidated financial statements of the Company on 31 August 2021 and the operations of the Affected Entities were classified as discontinued operations as of 31 August 2021. The remaining business of the Group subsequent to the deconsolidation of the Affected Entities is mainly engaged in the provision of high school education and education consultancy and management services (the "Remaining Business").

2. STRUCTURED CONTRACTS AND BASIS OF PREPARATION (Continued)

CHANGE IN REGULATIONS (Continued)

The Directors consider the statement of profit or loss information of the Remaining Business and Affected Entities is useful and necessary to better understand the Group's financial results for the years ended 31 August 2021 and 31 August 2020 in the context of the Implementation Regulation. As such, this additional information is presented in the consolidated statement of profit or loss and other comprehensive income.

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

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

GOING CONCERN BASIS

For the year ended 31 August 2021, the Group incurred a loss attributable to owners of the Company of approximately RMB762,701,000. Together with the uncertainty of the impact of Implementation Regulation indicate the existence of material uncertainty which may cast doubt on the Group's ability to continue as going concern and therefore the Directors have implemented the following measures to ensure the Group will have the ability to continue as going concern:

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

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

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

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

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

Should the Group fail to achieve the plans and measures mentioned above, it may not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, where applicable. The effect of these adjustments has not been reflected in the consolidated financial statements.

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

In the current year, the Group has adopted all the new and revised HKFRSs and new interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are relevant to its operations and effective for its accounting year beginning on 1 September 2020. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's consolidated financial statements and amounts reported for the current year and prior years.

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

4. SIGNIFICANT ACCOUNTING POLICIES

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

The consolidated financial statements have been prepared on the historical cost basis, except for defined benefits obligations that are measured using "projected unit credit method", as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 Share-based payment, leasing transactions that are within the scope of HKFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 Inventories or value in use in HKAS 36 Impairment of Assets.

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies adopted are set out below.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation

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

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

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

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

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

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation (Continued)

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.

Loss of control of subsidiaries

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs).

Investment in an associate

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment in an associate (Continued)

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

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

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

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

Revenue from contracts with customers

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue from contracts with customers (Continued)

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

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

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

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

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

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

Leases

Definition of a lease

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

The Group as a lessee

Allocation of consideration to components of a contract

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

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

Short-term leases and lease of low-value assets

The Group applies the short-term lease recognition exemption to leases of land and buildings that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payment on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Right-of-use assets

The cost of right-of-use asset includes:

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

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

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life. The remaining right-of-use assets are depreciated on a straight-line basis over the terms of the leases.

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Refundable rental deposits

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

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be paid the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate the lease.

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Lease modifications

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

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

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

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

The Group as a lessor

Classification and measurement of leases

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

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

Allocation of consideration to components of a contract

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

Refundable rental deposits

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

Lease modification

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

Sale and leaseback transactions

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

The Group as a seller-lessee

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies

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

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

Borrowing costs

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

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

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

Government grants

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

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

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

Retirement benefit costs

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Retirement benefit costs (Continued)

Defined benefit costs are categorised as follows:

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

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

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

Short-term employee benefits

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

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

Share-based payments

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

Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in these consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

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.

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.

4. SIGNIFICANT 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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

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

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Amortised cost and interest income

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

Financial assets at FVTPL

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

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

Impairment of financial assets

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

The Group measures the loss allowance equal to 12m ECL for all the financial assets, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

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

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

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor;

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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

Despite the aforegoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if (i) it has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(i) Significant increase in credit risk (Continued)

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

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

(ii) Definition of default

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

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

(iii) Credit-impaired financial assets

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

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(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.

(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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Derecognition of financial assets

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

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

Financial liabilities and equity instruments

Classification as financial liabilities or equity instruments

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

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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Discontinued operations

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

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

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.

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

Critical judgements in applying accounting policies (Continued)

Contractual arrangements

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

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

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

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.

The impairment loss recognised for property, plant and equipment and right-of-use assets during the year ended 31 August 2021 amounted to approximately RMB480,164,000 and RMB66,163,000, respectively. Further details are set out in Note 16 and Note 17 to the consolidated financial statements.

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

In determining the useful lives and residual values of items of property, plant and equipment, the Group has to consider various factors, such as technical or commercial obsolescence arising from changes or improvements in the provision of services, or from a change in the market demand for the service output of the asset, expected usage of the asset, expected physical wear and tear, care and maintenance of the asset, and legal or similar limits on the use of the asset. The estimation of the useful life of the asset is based on the experience of the Group with similar assets that are used in a similar way. Additional depreciation is made if the estimated useful lives and/or residual values of items of property, plant and equipment are different from the previous estimation. Useful lives and residual values are reviewed at the end of each reporting period based on changes in circumstances. As at 31 August 2021, the carrying amount of property, plant and equipment other than construction in progress is approximately RMB370,547,000 (2020: RMB959,320,000).

6. REVENUE AND SEGMENT INFORMATION

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

For the year ended 31 August 2021, the Group had three reportable segments comprising (i) the provision of high school and for-profit education services; (ii) the provision of education consultancy and management services; and (iii) the provision of preschool education and degree education services ("Affected Business"). As disclosed in note 2 to the consolidated financial statements, the operations of the Affected Entities, which formed the Affected Business, were classified as discontinued operations as of 31 August 2021.

For the year ended 31 August 2020, the Group had two reportable segments, namely (i) preschool education services and (ii) degree education services. As a result of the impact of the Implementation Regulation, the CODM aggregated these two segments into a single reportable segment.

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

6. REVENUE AND SEGMENT INFORMATION (Continued)

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

	Continuing operations		Discontinued operations	
	Education consultancy and management services RMB'000	High school education services RMB'000	Affected Business RMB'000	Total RMB'000
For the year ended 31 August 2021				
Tuition fees	**–**	**–**	**387,242**	**387,242**
Boarding fees	**–**	**–**	**11,532**	**11,532**
Total	**–**	**–**	**398,774**	**398,774**
			Restated	
For the year ended 31 August 2020				
Tuition fees	–	–	365,007	365,007
Boarding fees	–	–	10,733	10,733
Total	–	–	375,740	375,740

Performance obligations for contracts with customers

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

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

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

Geographical information

During the years ended 31 August 2021 and 2020, 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.

Major customers

No single customer contributes 10% or more of total revenue of the Group during the years ended 31 August 2020 and 2021.

Segment assets and liabilities

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

7. OTHER INCOME/(EXPENSES)

	Year ended 31 August	
	2021	2020
	RMB'000	RMB'000
		Restated
Continuing operations		
Settlement of long-aged creditors waived in previous years	**–**	(6,247)
Interest income from banks	**246**	222
Release of asset-related government grants (Note 29)	**1,454**	1,342
Other government grants	**–**	1,004
	1,700	(3,679)

8. OTHER GAINS/(LOSSES), NET

	Year ended 31 August	
	2021	2020
	RMB'000	RMB'000
		Restated
Continuing operations		
Net exchange loss	**(9,668)**	(3,564)
Gain arising on disposal of property, plant and equipment, net	**33**	–
Gain on disposal of financial assets at FVTPL (Note)	**–**	5,536
Fair value changes on financial assets at FVTPL (Note)	**–**	3,672
Recognition of financial guarantee contracts	**(19,171)**	–
Impairment loss recognised on		
— property, plant and equipment (Note 16)	**(480,164)**	–
— right-of-use assets (Note 17)	**(66,163)**	–
Others	**3,760**	(65)
	(571,373)	5,579

Note: During the year ended 31 August 2020, the Group purchased equity securities listed in Hong Kong which were held for trading, approximately RMB16,830,000. The Group disposed the equity securities during the year ended 31 August 2020 and proceeds from disposal were approximately RMB26,038,000.

9. FINANCE COSTS

	Year ended 31 August	
	2021	2020
	RMB'000	RMB'000
		Restated
Continuing operations		
Interest on:		
Bank borrowings	**10,468**	7,796
Lease liabilities	**116**	60
Total borrowing costs	**10,584**	7,856
Less: amount capitalised in the cost of qualifying assets	**(5,281)**	(5,117)
	5,303	2,739

10. INCOME TAX CREDIT/(EXPENSE)

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

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

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

	Year ended 31 August	
	2021	2020
	RMB'000	RMB'000
		Restated
Continuing operations		
Tax (credit)/expense comprises:		
PRC EIT — Current year	**–**	3,526
Deferred tax (Note 19)	**(1,136)**	(565)
Total tax (credit)/charge for the year from continuing operations	**(1,136)**	2,961
Discontinued operations		
Total tax charge for the year from discontinued operation (Note 13)	**13,625**	10,722
	12,489	13,683

10. INCOME TAX CREDIT/(EXPENSE) (Continued)

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

	Year ended 31 August	
	2021	2020
	RMB'000	RMB'000
		Restated
Loss before tax from continuing operations	**(630,153)**	(36,094)
Tax at applicable tax rate of 25%	**(157,538)**	(9,023)
Effect of tax losses not recognised	**151,143**	11,469
Tax effect of expenses not deductible for tax purpose	**5,829**	2,645
Tax effect of income not taxable for tax purpose	**(1,167)**	(2,302)
Effect of different tax rates of other jurisdiction	**597**	172
Taxation for the year	**(1,136)**	2,961

11. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging:

	Year ended 31 August	
	2021	2020
	RMB'000	RMB'000
		Restated
Continuing operations		
Directors' and chief executive's remuneration (Note 12)	**1,541**	1,621
Other staff costs		
— Salaries and other benefits	**10,383**	9,220
— Staff welfare	**5**	467
— Retirement benefit schemes		
— defined contributions benefits	**558**	430
Total staff costs	**12,487**	11,738
Depreciation of property, plant and equipment	**17,566**	9,918
Depreciation of right-of-use assets	**6,133**	2,198
Auditor's remuneration		
— Current auditor	**1,300**	–
— Former auditor	**1,431**	1,264

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 2021

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

* Chief executive officer of the Company

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

Directors' and chief executive's emoluments (Continued)

Year ended 31 August 2020

	Fees RMB'000	Salaries and allowances RMB'000	Defined contribution benefit RMB'000	Total RMB'000
Executive directors				
Mr. Xiong Tao (Note ii)	–	425	44	469
Mr. Ran Tao (Note iii)	–	353	41	394
Mdm. Liao Rong (Note iv)	–	–	–	–
Mr. Wang Jinglei (Note i)	–	234	18	252
	–	1,012	103	1,115
Non-executive director				
Mr. Wu Jiwei	–	163	–	163
	–	163	–	163
Independent non-executive directors				
Mr. Cheng Tai Kwan Sunny	163	–	–	163
Mr. Mao Daowei	60	–	–	60
Ms. Luo Yunping	60	–	–	60
Mr. Yang Yuan	60	–	–	60
	343	–	–	343
	343	1,175	103	1,621

Notes:

i. Mr. Wang Jinglei was appointed as an executive director and chairman of the Board on 25 March 2020.

ii. Mr. Xiong Tao passed away on 18 August 2020.

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

iv. Mdm. Liao Rong resigned as an executive director on 25 March 2020.

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

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

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

Employees' remuneration

The five highest paid employees of the Group during the year included two Directors (2020: Nil Directors). Details of the remuneration for the year of the remaining three (2020: five) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	Year ended 31 August	
	2021	2020
	RMB'000	RMB'000
Salaries and allowances	**3,623**	5,546
Contributions to retirement benefits scheme	**97**	125
	3,720	5,671

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

	Number of employees Year ended 31 August	
	2021	2020
Emolument bands		
Nil to Hong Kong dollar ("HK$") 1,000,000	**2**	3
HK$1,000,001 to HK$1,500,000	**1**	–
HK$1,500,001 to HK$2,000,000	**2**	1
HK$2,000,001 to HK$2,500,000	**–**	1
	5	5

During the years ended 31 August 2021 and 2020, 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. DISCONTINUED OPERATIONS/LOSS ON DECONSOLIDATION OF AFFECTED ENTITIES

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

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

	31 August 2021 RMB'000
Non-current assets	
Property, plant and equipment (Note 16)	328,157
Right-of-use assets (Note 17)	138,609
Deposits	2,014
Total non-current assets	468,780
Current assets	
Other receivables, deposits and prepayments	53,913
Amounts due from related companies (Note 21)	689,183
Bank balances and cash	135,216
Total current assets	878,312
Total assets	1,347,092
Current Liabilities	
Other payable and accruals	207,107
Amounts due to related companies (Note 21)	102,381
Contract liabilities	351,278
Lease liabilities	6,531
Borrowings	99,000
Income tax payable	42,173
Total current liabilities	808,470
Non-current liabilities	
Lease liabilities	115,479
Borrowings	203,500
Defined benefit obligations (Note 28)	4,163
Total non-current liabilities	323,142
Total liabilities	1,131,612
Net assets	215,480
Less: Non-controlling interests	(12,336)
Loss on deconsolidation	203,144

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

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

Other financial information relating to the Affected Entities for the year ended at 31 August 2021 and 2020 are as follows:

	Year ended 31 August	
	2021	2020
	RMB'000	RMB'000
Operating activities	**70,269**	221,261
Investing activities	**(214,418)**	(183,225)
Financing activities	**32,966**	121,511
Net cash (outflow)/inflow	**(111,183)**	159,547
(Loss)/profit before income tax after charged/(crediting):		
Interest income from banks	**(108)**	(111)
Loss/(gain) arising on disposal of property, plant and equipment, net	**29**	(15)
Finance costs arising in:		
— Bank borrowings	**12,835**	9,343
— Other borrowing	**4,636**	808
— Lease liabilities	**7,156**	7,666
	24,627	17,817
Other staff costs		
— Salaries and other benefits	**172,800**	171,137
— Staff welfare	**14,170**	13,475
— Equity-settled share-based payments	**262**	–
— Retirement benefit schemes		
— defined contributions benefits	**17,124**	12,125
— defined benefits	**(277)**	80
Total	**204,079**	196,817
Royalty fee	**15,492**	15,803
Depreciation of property, plant and equipment	**31,829**	34,962
Depreciation of right-of-use assets	**11,146**	15,552

14. DIVIDEND

No dividend has paid or declared by the Company for the years ended 31 August 2021 and 2020, nor has any dividend been proposed subsequent to 31 August 2021.

15. (LOSS)/EARNINGS PER SHARE

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

	Year ended 31 August	
	2021	2020
	RMB'000	RMB'000
(Loss)/earnings		
(Loss)/profit attributable to the owners of the Company used in the basic (loss)/earnings per share calculations:		
— From continuing operations	**(629,017)**	(39,055)
— From discontinued operations	**(133,684)**	47,637
	(762,701)	8,582
	'000	'000
Number of shares		
Weighted average number of ordinary shares issued	**821,856**	821,856
	RMB cents	RMB cents
(Loss)/earnings per share		
Basic (loss)/earnings per share		
— From continuing operations	**(76.54)**	(4.75)
— From discontinued operations	**(16.27)**	5.80
— Total	**(92.81)**	1.05

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

No diluted earnings per share for the year ended 31 August 2020 was presented as there were no potential dilutive shares in issue during the reporting period.

16. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Furniture, fixtures and equipment RMB'000	Motor vehicles RMB'000	Electronic equipment RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
COST							
At 1 September 2019	561,999	78,347	6,853	10,824	102,160	469,010	1,229,193
Additions	203,816	17,963	1,673	1,850	11,719	8,324	245,345
Acquisition of assets through acquisition of a subsidiary (Note 31)	–	–	–	–	–	5,350	5,350
Transfer	130,374	–	–	–	–	(130,374)	–
Disposals	(183)	(115)	–	(173)	–	–	(471)
At 31 August 2020 and 1 September 2020	896,006	96,195	8,526	12,501	113,879	352,310	1,479,417
Additions	51,097	10,379	1,590	4,859	6,675	130,539	205,139
Transfer	14,695	–	–	–	–	(14,695)	–
Disposals	–	(411)	(405)	(66)	–	–	(882)
Deconsolidation of Affected Entities (Note 13)	(271,287)	(105,470)	(6,606)	(15,456)	(116,398)	–	(515,217)
At 31 August 2021	**690,511**	**693**	**3,105**	**1,838**	**4,156**	**468,154**	**1,168,457**
ACCUMULATED DEPRECIATION AND IMPAIRMENT							
At 1 September 2019	33,153	40,764	2,663	5,586	40,908	–	123,074
Charge for the year	19,749	9,955	2,438	2,876	9,862	–	44,880
Elimination on disposals	–	(74)	–	(93)	–	–	(167)
At 31 August 2020 and 1 September 2020	52,902	50,645	5,101	8,369	50,770	–	167,787
Charge for the year	25,838	10,892	1,165	2,596	8,904	–	49,395
Elimination on disposals	–	(329)	(363)	(26)	–	–	(718)
Deconsolidation of Affected Entities (Note 13)	(55,082)	(60,815)	(4,148)	(9,759)	(57,256)	–	(187,060)
Impairment loss recognised in profit or loss	300,352	–	–	–	–	179,812	480,164
At 31 August 2021	**324,010**	**393**	**1,755**	**1,180**	**2,418**	**179,812**	**509,568**
NET CARRYING VALUE							
At 31 August 2021	**366,501**	**300**	**1,350**	**658**	**1,738**	**288,342**	**658,889**
At 31 August 2020	843,104	45,550	3,425	4,132	63,109	352,310	1,311,630

Note: At 31 August 2021 and 2020, no building ownership certificates have been obtained by the Group.

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

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

16. PROPERTY, PLANT AND EQUIPMENT (Continued)

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. As disclosed in Note 2 above, the Group has derecognised the financial information of the Affected Entities on 31 August 2021. A majority of property, plant and equipment and right-of-use assets held by the Consolidated Affiliated Entities of the Group (other than the Affected Entities) were occupied by the Affected Entities before the deconsolidation and are expected to be continuously occupied by the Affected Entities subsequent to the deconsolidation. The Group concluded that impairment indicators existed in relation to such assets due to the Implementation Regulations and deconsolidation of the Affected Entities as the Implementation Regulations prohibit the Group from conducting transactions with the Affected Entities and the Group could not charge rental from the Affected Entities for the use of these assets when the Implementation Regulations become effective on 1 September 2021.

In view of the above, the Group carried out reviews of the recoverable amount of the aforesaid property, plant and equipment and right-of-use assets at 31 August 2021 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 relevant property, plant and equipment and right-of-use assets were impaired to their recoverable amount of approximately RMB658,889,000 and RMB100,812,000, respectively, which is their carrying values at year end and the impairment of approximately RMB480,164,000 and RMB66,163,000, respectively, has been recognised in consolidated profit or loss for the year ended 31 August 2021.

One of the key unobservable inputs used in valuing the property, plant and equipment and right-of-use assets was the discount rate of 5.50%. An increase of 25 basis points and 50 basis points in the discount rate used would result in a decrease of 4.73% and 9.14%, respectively, in the total fair value measurement of the property, plant and equipment and right-of-use assets, and vice versa.

17. RIGHT-OF-USE ASSETS

	Leasehold land RMB'000	Leased properties RMB'000	Total RMB'000
CARRYING VALUES			
At 1 September 2019	181,964	138,860	320,824
Acquisition of assets through acquisition of a subsidiary (Note 31)	16,446	–	16,446
Additions	275	3,068	3,343
Depreciation provided for the year	(4,216)	(13,534)	(17,750)
At 31 August 2020 and 1 September 2020	194,469	128,394	322,863
Depreciation provided for the year	(4,665)	(12,614)	(17,279)
Deconsolidation of Affected Entities	(24,712)	(113,897)	(138,609)
Impairment loss recognised in profit or loss	(66,163)	–	(66,163)
At 31 August 2021	**98,929**	**1,883**	**100,812**

17. RIGHT-OF-USE ASSETS (Continued)

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

As at 31 August 2021, the carrying value of leasehold land which land use right certificates have been obtained was RMB98,929,000 (2020: RMB168,771,000).

	Year ended 31 August	
	2021	2020
	RMB'000	RMB'000
Expense relating to low-value leases	**214**	465
Expense relating to short-term leases	**13**	–
Total cash outflow for leases (Note)	**15,645**	17,965

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

As at 31 August 2021, the Group committed to low-value leases and short-term leases amounted to approximately RMBNil (2020: RMB452,000).

As at 31 August 2021, 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 2021, 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.

Sale and leaseback transaction — seller-lessee

To better manage the Group's capital structure and financing needs, the Group entered into a sale and leaseback arrangement in relation to furniture, fixtures and equipment. This legal transfer does not satisfy the requirement of HKFRS 15 to be accounted for as sales of the furniture, fixtures and equipment. During the year ended 31 August 2021, the Group has raised RMBNil (2020: RMB60,000,000) in respect of such sale and leaseback arrangement.

18. INTEREST IN AN ASSOCIATE

	Year ended 31 August	
	2021	2020
	RMB'000	RMB'000
Cost of unlisted investment	**17,500**	17,500
Share of post-acquisition losses and other comprehensive expense	**(22)**	(16)
	17,478	17,484

During the year ended 31 August 2020, one of the subsidiaries of the Company entered into a capital injection agreement to inject amount of RMB17,500,000 in 成都同興萬邦企業管理中心 (有限合夥) ("成都同興"), a partnership established in the PRC, which represented 33.34% equity interest of 成都同興. 成都同興 is engaged in provision of business consultancy services.

Summarised financial information of the associate

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

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

	As at 31 August	
	2021	2020
	RMB'000	RMB'000
Revenue	**–**	–
Loss and total comprehensive expense for the year	**(18)**	(47)
Current assets	**5,000**	5,000
Non-current assets	**20,935**	20,953
Current liabilities	**(1)**	(1)

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

	As at 31 August	
	2021	2020
	RMB'000	RMB'000
Net assets of the associate	**25,934**	25,952
Proportion of the Group's ownership interest in the associate	**33.34%**	33.34%
The Group's share of net assets	**8,647**	8,653
Goodwill	**8,831**	8,831
Carrying amount of the Group's interest in an associate	**17,478**	17,484

19. DEFERRED TAX ASSETS

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

	Temporary difference on deferred income RMB'000
At 1 September 2019	16,354
Credit to profit or loss (Note 10)	565
At 31 August 2020 and 1 September 2020	16,919
Credit to profit or loss (Note 10)	1,136
At 31 August 2021	**18,055**

As at 31 August 2021, the Group has unused tax losses of approximately RMB624,427,000 (2020: RMB62,111,000) available for offset against future profits. No deferred tax asset has been recognised in respect of such losses due to the unpredictability of future profit streams. At 31 August 2021, all unrecognised tax losses will expire by end of 2026 (2020: 2025). The Group has no other significant unrecognised deferred tax assets for deductible temporary differences at 31 August 2021 and 2020.

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 RMB5,454,000 (2020: RMB239,593,000). 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.

20. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at 31 August	
	2021	2020
	RMB'000	RMB'000
Deposits	**91,553**	24,070
Prepayments	**33**	15,293
Loan to a non-controlling shareholder of a subsidiary (Note i)	**–**	10,700
Loans to third parties (Note ii)	**70,000**	–
Advances to staffs	**2,503**	5,843
Other receivables	**123**	2,202
Total	**164,212**	58,108
Less: Deposits present under non-current asset		
— deposits for establishment of school campus (Note iii)	**(4,145)**	(7,145)
— deposits for acquisition of a parcel of land (Note iv)	**(12,500)**	(12,500)
— other deposits	**(1,408)**	(4,425)
— deposit paid for acquisition (Note v)	**(73,500)**	–
	(91,553)	(24,070)
Presented under current assets	**72,659**	34,038

Notes:

i. The balance was non-interest bearing, unsecured and fully settled during the year.

ii. The balances represent loans to two third parties of which RMB10,000,000 carrying interest at 12% per annum due on 2 October 2021 and RMB60,000,000 is non-interest bearing, unsecured and without a fixed repayment term. The balances were fully settled after the reporting period.

iii. The balance represents the non-interest bearing deposits placed to local government authorities for the purpose of establishment of school campus amounting to approximately RMB4,145,000 (2020: RMB7,145,000).

iv. The balance represents the refundable deposits placed to a local government authority for acquisition of a parcel of land for the purposes of establishment and development of new school campus amounting to approximately RMB12,500,000 (2020: RMB12,500,000). The balance was refunded subsequent to the end of the reporting period.

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

21. AMOUNTS DUE FROM/TO RELATED COMPANIES

Name	Relationship	As at 31 August		Maximum amounts outstanding during the year ended 31 August	
		2021	2020	**2021**	2020
		RMB'000	RMB'000	**RMB'000**	RMB'000
Amounts due from related companies					
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**	2,490	**2,490**	2,490
四川弘德光華教育管理有限公司 Sichuan Hongde Guanghua Education Management Company Limited*	Shareholder of Affected Entities	**40,000**	–	**40,000**	–
Amounts due from Affected Entities (Note 13)		**102,381**	–	**102,381**	–
Trade related					
成都恒宇實業有限公司 Chengdu Hengyu Industrial Company Limited ("Chengdu Hengyu")	95% interest held by Mr. Xiong Tao	**294**	135		
Total, presented under current assets		**143,101**	2,625		

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

As at 31 August 2021 and 2020, 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.

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

	As at 31 August	
	2021	2020
	RMB'000	RMB'000
Amounts due to related companies		
Amounts due to Affected Entities (Note 13)	**689,183**	–
Less: Amounts due for settlement within 12 months shown under current liabilities	**(36,988)**	–
	652,195	–

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

The remaining part of the amounts due to related companies are unsecured, non-interest bearing and without a fixed repayment term.

22. BANK BALANCES AND CASH

As at 31 August 2021, bank balances carry interest at prevailing market rates of 0.01% to 0.3% (2020: 0.01% to 0.3%) per annum.

23. OTHER PAYABLES AND ACCRUALS

	As at 31 August	
	2021	2020
	RMB'000	RMB'000
Payables for property, plant and equipment	**131,112**	166,863
Miscellaneous expenses received from students (Note)	**1,002**	71,942
Royalty fees payable	**–**	66,788
Payroll payable	**455**	7,270
Accrued expenses	**4,731**	7,262
Other tax payable	**790**	69
Interest payable	**–**	808
Others	**108**	482
Total	**138,198**	321,484

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

24. CONTRACT LIABILITIES

	As at 31 August	
	2021	2020
	RMB'000	RMB'000
Tuition fees	**7,111**	357,135
Boarding fees	**185**	12,213
	7,296	369,348

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

	For the year ended 31 August	
	2021	2020
	RMB'000	RMB'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	**369,348**	350,837

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.

25. LEASE LIABILITIES

	As at 31 August	
	2021	2020
	RMB'000	RMB'000
Lease liabilities payable:		
Within one year	**817**	8,146
Within a period of more than one year but not more than two years	**719**	7,348
Within a period of more than two years but not more than five years	**–**	22,553
Over five years	**–**	93,645
	1,536	131,692
Less: Amounts due for settlement within 12 months shown under current liabilities	**(817)**	(8,146)
Amounts due for settlement after 12 months shown under non-current liabilities	**719**	123,546

26. BORROWINGS

	As at 31 August	
	2021	2020
	RMB'000	RMB'000
Unsecured bank borrowings with corporate guarantee (Note i)	**–**	147,500
Secured bank borrowings with corporate guarantee (Note ii)	**179,000**	209,000
Secured other borrowing with corporate guarantee (Note iii)	**–**	60,000
	179,000	416,500
The carrying amounts of the above borrowings are repayable:		
Within one year	**20,000**	115,000
Within a period of more than one year but not exceeding two years	**30,000**	44,000
Within a period more than two years but not exceeding five years	**95,000**	208,500
Within a period of more than five years	**34,000**	49,000
	179,000	416,500
Less: Amounts due within one year shown under current liabilities	**(20,000)**	(115,000)
Amounts shown under non-current liabilities	**159,000**	301,500

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

	2021	2020
Variable-rate borrowings	**N/A**	PRC lending benchmark interest rate x 1.00735 to x 1.70
Fixed rate borrowings	**7.0%**	5.5%

Notes:

i. The borrowings were guaranteed by the Company, Chengdu Bojun, Chengdu Mingxian, certain shareholders of the Company or spouses of certain shareholders respectively. At 31 August 2021, the unsecured bank borrowings made by the Affected Entities amounting to approximately RMB217,500,000 were deconsolidated.

ii. The borrowings are guaranteed by Chengdu Bojun, Chengdu Mingxian, certain shareholders of the Company and spouse of one of the shareholders respectively. At 31 August 2021, the borrowings are also pledged by the tuition and boarding fee rights of a school of the Affected Entities (2020: properties owned by a third party and tuition and boarding fee rights of a school of the Affected Entities). At 31 August 2021, the secured bank borrowings made by the Affected Entities amounting to approximately RMB30,000,000 were deconsolidated.

iii. The borrowing was under sale and leaseback arrangement and is guaranteed by Chengdu Bojun, Chengdu Mingxian, certain shareholders of the Company and spouses of certain shareholders respectively. The borrowing was also pledged by furniture, fixtures and equipment of the Affected Entities. At 31 August 2021, the secured other borrowings made by the Affected Entities amounting to approximately RMB55,000,000 were deconsolidated.

27. FINANCIAL GUARANTEE CONTRACTS

	2021 **RMB'000**	2020 RMB'000
Financial guarantee contracts	**19,171**	–

The financial guarantee contracts provided to Affected Entities were recognised in the consolidated financial statements at 31 August 2021. 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 RMB302,500,000 if the guarantees were called upon in entirety.

The fair value of financial guarantee contracts upon initial recognition at the date the Group lost control of the Affected Entities at 31 August 2021 was RMB19,171,000.

Details of the loss allowance for financial guarantee contracts are set out in Note 35.

28. DEFINED BENEFIT OBLIGATIONS

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

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

Interest rate risk

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

Benefit risk

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

The actuarial valuations of the present value of the defined benefit obligations as at 31 August 2021 and 2020 was carried out by an independent actuary, 張楠 Zhang Nan, who is an associate of the Society of Actuaries. The address of the actuary is at Room 402, No. 32, Dongzhimenwai Road, Beijing, China. The present value of the defined benefit obligations, and the related current service cost and past service cost were measured using the Projected Unit Credit Method.

28. DEFINED BENEFIT OBLIGATIONS (Continued)

Benefit risk (Continued)

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

	As at 31 August	
	2021	2020
Civil retirement age	**60–65**	60–65
Qualifying employee rate	**80%–100%**	80%–100%
Employee departure rate (Note)	**0%–8%**	0%–6%
Mortality rate	**100%**	100%
Discount rate	**3.5%**	4.0%

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

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

	As at 31 August	
	2021	2020
	RMB'000	RMB'000
Service costs:		
Current service costs	**262**	511
Past service costs	**(672)**	(582)
Payment of service cost	**(22)**	(21)
Interest expenses	**155**	172
Components of defined benefit costs recognised in profit or loss	**(277)**	80
Components of defined benefit costs recognised in other comprehensive income*	**576**	(518)
Total	**299**	(438)

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

The amount of retirement defined benefit obligations recognised in the consolidated statement of financial position are determined as follows:

	As at 31 August	
	2021	2020
	RMB'000	RMB'000
Liability arising from defined benefit obligations	**–**	3,864

28. DEFINED BENEFIT OBLIGATIONS (Continued)

Benefit risk (Continued)

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

	As at 31 August	
	2021	2020
	RMB'000	RMB'000
At beginning of the year	**3,864**	4,302
Service costs and interest expenses (included in "costs of services")	**(277)**	80
Actuarial losses/(gains) arising from changes in financial assumptions	**576**	(518)
Deconsolidation of Affected Entities (Note 13)	**(4,163)**	–
At end of the year	**–**	3,864

Mortality is assumed to be the average life of expectancy of residents in PRC.

Significant actuarial assumptions made in determining defined benefit obligations are discount rate and mortality rate. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of each of the reporting period, while holding all other factors constant.

a. If the mortality rate on benefit obligations increases by 10%, the defined benefit obligations would decrease by approximately RMB77,000 as at 31 August 2021 (2020: RMB67,000);

b. If the mortality rate on benefit obligations decreases by 10%, the defined benefit obligations would increase by approximately RMB83,000 as at 31 August 2021 (2020: RMB73,000);

c. If the discount rate on benefit obligations increases by 10 basic points, the defined benefit obligations would decrease by approximately RMB92,000 as at 31 August 2021 (2020: RMB102,000);

d. If the discount rate on benefit obligations decreases by 10 basic points, the defined benefit obligations would increase by approximately RMB94,000 as at 31 August 2021 (2020: RMB106,000);

e. If the employee departure rate on benefit obligations increases by 5%, the defined benefit obligations would decrease by approximately RMB184,000 as at 31 August 2021 (2020: RMB188,000);

f. If the employee departure rate on benefit obligations decreases by 5%, the defined benefit obligations would increase by approximately RMB200,000 as at 31 August 2021 (2020: RMB201,000).

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligations has been calculated using the Projected Unit Credit Method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligations liability recognised in the consolidated statement of financial position.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from the prior reporting period.

29. DEFERRED INCOME

	Year ended 31 August	
	2021	2020
	RMB'000	RMB'000
Amounts recognised in profit or loss during the year:		
Subsidies related to assets (Note)	**(1,454)**	(1,342)

The movement of deferred income is as follows:

	As at 31 August	
	2021	2020
	RMB'000	RMB'000
At beginning of the year	**67,676**	65,418
Receipt of subsidies related to assets (Note)	**6,000**	3,600
Amount credited to profit or loss during the year (Note 7)	**(1,454)**	(1,342)
At end of the year	**72,222**	67,676

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.

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 2019 and 31 August 2020 and 31 August 2021	**821,856,000**	**8,218,560**	**7,137,822**	**7,138**

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

31. ACQUISITION OF ASSETS THROUGH ACQUISITION OF A SUBSIDIARY

In April 2020, the Group completed the acquisition of the 100% equity interest of Sichuan Jiuzhou Taoyuan Ecotourism Development Limited* (四川九洲桃裡生態旅遊開發有限公司), an entity holding a parcel of land in the PRC, through a non-wholly owned subsidiary for a cash consideration of RMB21,800,000. This transaction was accounted for as an acquisition of assets as the acquisition does not meet the definition of a business combination.

	RMB'000
Net assets acquired:	
Property, plant and equipment (Note 16)	**5,350**
Right-of-use assets (Note 17)	**16,446**
Bank balance and cash	**4**
Net assets	**21,800**
Net cash outflow arising on acquisition:	
Consideration paid in cash	**21,800**
Less: Bank balances and cash acquired	**(4)**
	21,796

32. RETIREMENT BENEFIT PLAN

Defined contribution plan

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

During the years ended 31 August 2021 and 2020, there were no contributions forfeited by the Group on behalf of its employees who left the plan prior to vesting fully in such contribution, nor had there been any utilisation of such forfeited contributions to reduce future contributions. As at 31 August 2021 and 2020, no forfeited contributions were available for utilisation by the Group to reduce the existing level of contributions.

The contributions made by the Group in respect of the retirement benefit scheme amounting to approximately RMB17,763,000 for the year ended 31 August 2021 (2020: RMB12,658,000) are included in costs of services and administrative expenses.

Defined benefit plan

The details of defined benefit plan are disclosed in Note 28.

33. 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:

Rental expenses incurred

	Year ended 31 August	
	2021	2020
	RMB'000	RMB'000
Chengdu Hengyu	**173**	173

The future minimum rental payable to Chengdu Hengyu under non-cancellable lease amounted to approximately RMB173,000 (2020: RMB173,000), payable within one year.

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	
	2021	2020
	RMB'000	RMB'000
Short-term benefits	**8,967**	6,155
Post-employment benefits	**322**	155
	9,289	6,310

34. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

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

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

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

35. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

		Carrying amount at 31 August	
		2021	2020
		RMB'000	RMB'000
Financial assets			
Bank balances and cash	At amortised cost	**93,214**	426,772
Other receivables and deposits	At amortised cost	**90,679**	42,815
Amounts due from related companies	At amortised cost	**143,101**	2,625
Total financial assets at amortised cost		**326,994**	472,212
Financial liabilities			
Other payables and accruals*	At amortised cost	**132,677**	314,153
Amounts due to related companies	At amortised cost	**689,183**	–
Borrowings	At amortised cost	**179,000**	416,500
Total financial liabilities at amortised cost		**1,000,860**	730,653
Lease liabilities	At amortised cost	**1,536**	131,692
Financial guarantee contracts	Refer to Note 4	**19,171**	–

* Accrued expenses and other tax payable are excluded.

b. Financial risk management objectives and policies

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

35. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

(i) Interest rate risk

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

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

Sensitivity analysis

If interest rate of variable-rate bank balances had been 10 basis points higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 August 2021 would have increased/decreased by approximately RMB70,000 (2020: RMB320,000). The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year.

If interest rate of variable-rate 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 2021 would have decreased/increased by approximately RMBNil (2020: RMB275,000).

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	
	2021	2020
	RMB'000	RMB'000
Bank balances and cash — HK$	**17,843**	167,932

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	
	2021	2020
	RMB'000	RMB'000
Increase in post-tax profit	**892**	6,297

35. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

(ii) Foreign currency risk (Continued)

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.

c. Credit risk and impairment assessment

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

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

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

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

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

Financial guarantee contracts

As at 31 August 2021, 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. No additional loss allowance was recognised in the profit or loss for the year ended 31 August 2021. Details of the financial guarantee contracts are set out in Note 27.

35. FINANCIAL INSTRUMENTS (Continued)

d. Liquidity risk

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.

Liquidity and interest risk tables

	Weighted average interest rate	On demand or within 3 months RMB'000	4 to 6 months RMB'000	7 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 2021									
Non-interest bearing									
Other payable and accruals	N/A	132,677	–	–	–	–	–	132,677	132,677
Amounts due to related companies	N/A	26,988	–	–	–	–	652,195	689,183	689,183
Financial guarantee contracts	N/A	302,500	–	–	–	–	–	302,500	19,171
Interest bearing									
Lease liabilities	5.93%	173	–	715	751	–	–	1,639	1,536
Borrowings	7%	17,958	2,870	10,594	39,380	110,219	34,706	215,727	179,000
		490,296	2,870	11,309	40,131	110,219	686,901	1,341,726	1,021,567
As at 31 August 2020									
Non-interest bearing									
Other payable and accruals	N/A	314,153	–	–	–	–	–	314,153	314,153
Interest bearing									
Lease liabilities	5.93%	6,167	2,017	7,233	14,175	40,462	120,683	190,737	131,692
Borrowings	5.93%	9,759	76,175	48,494	60,912	228,396	50,866	474,602	416,500
		330,079	78,192	55,727	75,087	268,858	171,549	979,492	862,345

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.

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.

	Note	Lease liabilities RMB'000	Interest payable RMB'000	Borrowings RMB'000	Total RMB'000
At 1 September 2019		138,398	–	140,000	278,398
Changes from financing cash flows					
— Continuing operations		(854)	(7,796)	129,000	120,350
— Discontinued operations	13	(16,646)	(9,343)	147,500	121,511
New lease entered		3,068	–	–	3,068
Finance costs capitalised		–	5,117	–	5,117
Finance costs recognised					
— Continuing operations		60	2,679	–	2,739
— Discontinued operations		7,666	10,151	–	17,817
At 31 August 2020 and 1 September 2020		**131,692**	**808**	**416,500**	**549,000**
Changes from financing cash flows					
— Continuing operations		**(855)**	**(11,276)**	**–**	**(12,131)**
— Discontinued operations	13	**(14,563)**	**(17,471)**	**65,000**	**32,966**
Finance costs capitalised		**–**	**5,281**	**–**	**5,281**
Finance costs recognised					
— Continuing operations		**116**	**5,187**	**–**	**5,303**
— Discontinued operations		**7,156**	**17,471**	**–**	**24,627**
Loss on deconsolidation of Affected Entities		**(122,010)**	**–**	**(302,500)**	**(424,510)**
At 31 August 2021		**1,536**	**–**	**179,000**	**180,536**

37. FINANCIAL INFORMATION OF THE COMPANY

Statement of financial position:

	As at 31 August	
	2021	2020
	RMB'000	RMB'000
Non-current assets		
Investment in a subsidiary	**9**	76,233
Amount due from a subsidiary	**95,772**	466,195
	95,781	542,428
Current assets		
Bank balances and cash	**4,348**	140,683
	4,348	140,683
Current liabilities		
Accruals	**1,301**	–
Amounts due to subsidiaries	**11,017**	17,127
Financial guarantee contracts	**6,562**	–
	18,880	17,127
Net current (liabilities)/assets	**(14,532)**	123,556
Net assets	**81,249**	665,984
Capital and reserves		
Share capital	**7,138**	7,138
Reserves	**74,111**	658,846
	81,249	665,984

Statement of changes in equity:

	Share Capital RMB'000	Share premium RMB'000	Accumulated profits/ (losses) RMB'000	Total RMB'000
At 1 September 2019	7,138	671,945	20,861	699,944
Loss and total comprehensive expense for the year	–	–	(33,960)	(33,960)
At 31 August 2020 and 1 September 2020	**7,138**	**671,945**	**(13,099)**	**665,984**
Loss and total comprehensive expense for the year	**–**	**–**	**(584,735)**	**(584,735)**
At 31 August 2021	**7,138**	**671,945**	**(597,834)**	**81,249**

38. 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 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.

For the year ended 31 August 2021, the Group recognised share-based payments of approximately RMB262,000 from discontinued operations, which has been charged to the consolidated statement of profit or loss and other comprehensive income. The number of share options exercisable at the end of the year is 1,000,000. The options outstanding at the end of the year have a weighted average remaining contractual life of 9.7 years and the exercise prices of HK$0.598 per share.

During the year ended 31 August 2020, no share options were granted under the Scheme by the company and no share options under the Scheme were outstanding.

39. EVENTS AFTER REPORTING PERIOD

(i) On 27 August 2021, Chengdu Mingxian entered into a termination agreement (the "Termination Agreement") with, among others, Hongde Guanghua, Pengzhou Bojun School (one of the Affected Entities) and Chengdu Qizheng Corporate Management Company Limited* (成都啟正企業管理有限公司). Pursuant to the Termination Agreement, the cooperation agreement dated 8 September 2017 entered by the relevant parties shall be terminated. Thus, Chengdu Mingxian will cease to hold any equity interest in Pengzhou Bojun School upon the change of school sponsor and the change has not been completed. It was approved by the shareholders of the Company on 26 October 2021. Details of the same are set out in the announcements of the Company dated 27 August 2021 and 26 October 2021 and the circular of the Company dated 30 September 2021.

(ii) On 8 December 2021, the Group entered into two equity transfer agreements to acquire 51% equity interest of two companies at a total consideration of RMB309,060,000. Details of the same are set out in the announcement of the Company dated 8 December 2021.

40. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

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

"Act Best"	Act Best Global Limited (萬福全球有限公司), a company incorporated in the BVI with limited liability on 28 November 2019 and is wholly-owned by Mr. Wang Jinglei
"Act Glory"	Act Glory Global Limited (鴻藝全球有限公司), a company incorporated in the BVI with limited liability on 29 November 2019 and is wholly-owned by Act Best
"Affected Entities"	subsidiaries or Consolidated Affiliated Entities listed in Note 1 to the consolidated financial statements of the Company for the year ended 31 August 2021
"Articles of Association" or "Articles"	the articles of association of the Company adopted on 12 July 2018 and effective from the Listing Date, which is uploaded onto the Company's website, as amended from time to time
"Audit Committee"	the audit committee of the Board
"Board"	the board of Directors of the Company
"Bojun Lixing"	Chengdu Bojun Lixing Education Management Company Limited* (成都博駿勵行教育管理有限公司), a limited liability company established under the laws of the PRC on 17 December 2019 and a Consolidated Affiliated Entity, which has not commenced any business
"Business Day" or "business day"	a day on which banks in Hong Kong are generally open for business to the public (other than a Saturday, Sunday or public holiday in Hong Kong)
"CAGR"	compound annual growth rate
"Chengdu Bojun"	Chengdu Tianfu Bojun Education Management Company Limited* (成都天府博駿教育管理有限公司), a wholly-foreign owned enterprise established under the laws of PRC on 26 July 2016 and a wholly-owned subsidiary of the Company
"Chengdu Jinbojun"	Chengdu Jinbojun Education Consultancy Company Limited* (成都金博駿教育諮詢有限公司), a limited liability company established under the laws of the PRC on 13 March 2015 and a Consolidated Affiliated Entity of the Company
"Chengdu Mingxian"	Chengdu Mingxian Education Investment Company Limited* (成都銘賢教育投資有限公司), a limited liability company established under the laws of the PRC on 10 March 2004 and a Consolidated Affiliated Entity of the Company
"Chengdu Youshi Preschool Investment"	Chengdu Youshi Preschool Education Investment Management Company Limited* (成都幼獅幼兒教育投資管理有限公司), a limited liability company established under the laws of the PRC on 16 July 2010
"China" or "PRC"	the People's Republic of China, for the purpose of this report, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
"Companies Law"	the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Company" or "our Company"	Bojun Education Company Limited (博駿教育有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 14 June 2016
"connected person(s)"	has the meaning ascribed to it under the Listing Rules

"Consolidated Affiliated Entity(ies)"	the entity(ies) that the Group controls through the contractual arrangement contemplated under the Structured Contracts
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules and unless the context requires otherwise, refers to the controlling shareholders of the Company
"Cosmic City"	Cosmic City Holdings Limited (宇都控股有限公司), a company incorporated in the BVI with limited liability on 6 April 2016 and is wholly-owned by Mr. Xiong Tao
"Degree Education"	degree education provided by the eight primary, middle and high schools, namely, Jingjiang School, Longquan School, Tianfu School, Tianfu High School, Nanjiang Bojun School, Wangcang Bojun School, Pengzhou Bojun School and Lezhi Bojun School
"Director(s)"	the directors of the Company
"Directors' (Council Members') Powers of Attorney"	the amended and restated school director's (council members') power of attorney dated 19 June 2020 executed by each of the directors or council members of the PRC Operating Schools (namely, Mr. Wang, Mr. Xiong, Mr. Ran, Ms. Liao, Xie Gang (謝綱), Chen Qiuyan (陳秋燕), Tan Chunli (譚春莉), Liao Hong (廖紅), Tian Xiaogang (田曉崗), Liu Jing (劉靜), Ai Bingyu (艾冰玉), Fang Jia (方佳), Huang Xue (黃雪), Chen Ping (陳萍), Wang Chunguo (王淳國), Xie Li (謝利), Mou Tingting (牟婷婷), Yang Xi (楊曦) and Duan Bichong (段必聰)) in favour of Chengdu Bojun
"Equity Pledge Agreement"	the amended and restated equity pledge agreement dated 19 June 2020 entered into by and among Chengdu Bojun, the Registered Shareholder and the School Sponsors (excluding Lezhi Bojun), which amended and replaced the Equity Pledge Agreement, and with effect from 16 June 2020, and supplemented by the agreement on additional party to cooperation agreements dated 21 August 2020 entered into by and among Chengdu Bojun, Chengdu Mingxian and Chengdu Jingxian Education Management Company Limited (成都旌賢教育管理有限公司), the agreement on additional party to cooperation agreements dated 21 August 2020 entered into by and among Chengdu Bojun, Chengdu Mingxian and Chengdu Juxian Education Management Company Limited (成都鉅賢教育管理有限公司) and the agreement on additional party to cooperation agreement dated 21 August 2020 entered into by and among Chengdu Bojun, Chengdu Mingxian and Taoyuan Company
"Exclusive Business Cooperation Agreement"	the amended and restated exclusive business cooperation agreement dated 19 June 2020 entered into by and among Chengdu Bojun, the Registered Shareholder and the Consolidated Affiliated Entities, which amended and replaced the exclusive business cooperation agreement in place then, and with effect from 16 June 2020, and supplemented by the agreement on additional party to cooperation agreements dated 21 August 2020 entered into by and among Chengdu Bojun, Chengdu Mingxian and Chengdu Jingxian Education Management Company Limited (成都旌賢教育管理有限公司), the agreement on additional party to cooperation agreements dated 21 August 2020 entered into by and among Chengdu Bojun, Chengdu Mingxian and Chengdu Juxian Education Management Company Limited (成都鉅賢教育管理有限公司) and the agreement on additional party to cooperation agreement dated 21 August 2020 entered into by and among Chengdu Bojun, Chengdu Mingxian and Taoyuan Company

"Exclusive Call Option Agreement"	the amended and restated exclusive call option agreement dated 19 June 2020 entered into by and among Chengdu Bojun, the New Registered Shareholder and the Consolidated Affiliated Entities, which amended and replaced the exclusive call option agreement in place then, and with effect from 16 June 2020, and supplemented by the agreement on additional party to cooperation agreements dated 21 August 2020 entered into by and among Chengdu Bojun, Chengdu Mingxian and Chengdu Jingxian Education Management Company Limited (成都旌賢教育管理有限公司), the agreement on additional party to cooperation agreements dated 21 August 2020 entered into by and among Chengdu Bojun, Chengdu Mingxian and Chengdu Juxian Education Management Company Limited (成都鉅賢教育管理有限公司) and the agreement on additional party to cooperation agreement dated 21 August 2020 entered into by and among Chengdu Bojun, Chengdu Mingxian and Taoyuan Company
"Global Offering"	the Hong Kong public offering and the international offering
"Group", "our Group", "we" or "us"	the Company, its subsidiaries, the Consolidated Affiliated Entities and the consolidated affiliated entities from time to time, or, where the context so requires in respect of the period before the Company became the holding company of our present subsidiaries, the entities which carried on the business of the present Group at the relevant time
"HKAS"	Hong Kong Accounting Standards issued by the HKICPA
"HKFRSs"	Hong Kong Financial Reporting Standards (including Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations) issued by HKICPA
"HKICPA"	Hong Kong Institute of Certified Public Accountants
"Hong Kong Branch Share Registrar"	Tricor Investor Services Limited, the branch share registrar and transfer office of the Company in Hong Kong
"Hongde Guanghua"	Sichuan Hongde Guanghua Education Management Company Limited* (四川弘德光華教育管理有限公司), a limited liability company incorporated in the PRC on 22 October 2015
"Independent Third Party(ies)"	an individual(s) or a company(ies) who or which is/are independent of and not connected with (within the meaning of the Listing Rules) any Director, chief executive or substantial shareholder (within the meaning of the Listing Rules) of the Company, its subsidiaries or any of their respective associates
"Initial Shareholder"	Pi County Langjing Industrial Company Limited* (郫縣朗經實業有限公司), a limited liability company established under the laws of the PRC on 23 July 2015 and an Independent Third Party
"Jianyang Jinbojun"	Jianyang Jinbojun Education Management Company Limited* (簡陽金博駿教育管理有限公司), a limited liability company established under the laws of the PRC on 2 June 2020 and a Consolidated Affiliated Entity of the Company
"Jinjiang School"	Chengdu Jinjiang District No. 1 Experimental Middle School Attached to Sichuan Normal University* (成都市錦江區四川師大附屬第一實驗中學), a private middle school established under the laws of the PRC on 27 April 2012, where the school sponsor's interest is wholly-owned by Chengdu Mingxian
"Latest Practicable Date"	30 November 2022, being the latest practicable date for the purpose of ascertaining certain information in this annual report prior to its publication
"Lezhi Bojun"	Lezhi Bojun Education Management Company Limited* (樂至博駿教育管理有限公司), a limited liability company established under the laws of the PRC on 10 January 2018 and a Consolidated Affiliated Entity
"Lezhi Bojun School"	Lezhi Bojun School* (樂至博駿公學), a private kindergarten, primary, middle and high school established by a subsidiary of Lezhi Bojun as the school sponsor

"Lidu Kindergarten"	Chengdu Wuhou District Youshi Lidu Kindergarten Company Limited* (成都市武侯區幼師麗都幼兒園有限公司) (formerly known as Chengdu Youshi Lidu Experimental Kindergarten* (成都幼師麗都實驗幼兒園)), a private kindergarten established under the laws of the PRC on 12 May 2003, where the school sponsor's interest is wholly-owned by Sichuan Boai
"Listing"	the listing of our Shares on the Main Board of the Stock Exchange
"Listing Date"	31 July 2018, the date on which our Shares are listed and from which dealings therein are permitted to take place on the Stock Exchange
"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or modified from time to time
"Loan Agreement"	the amended and restated loan agreement dated 19 June 2020 entered into by and among Chengdu Bojun, the School Sponsors and the PRC Operating Schools, which amended and replaced the loan agreement in place then, and with effect from 16 June 2020, and supplemented by the agreement on additional party to cooperation agreements dated 21 August 2020 entered into by and among Chengdu Bojun, Chengdu Mingxian and Chengdu Jingxian Education Management Company Limited (成都旌賢教育管理有限公司), the agreement on additional party to cooperation agreements dated 21 August 2020 entered into by and among Chengdu Bojun, Chengdu Mingxian and Chengdu Juxian Education Management Company Limited (成都鉅賢教育管理有限公司) and the agreement on additional party to cooperation agreement dated 21 August 2020 entered into by and among Chengdu Bojun, Chengdu Mingxian and Taoyuan Company
"Longquan Kindergarten"	Chengdu Longquan Youshi Dongshan Kindergarten* (成都市龍泉驛區幼師東山幼兒園) (formerly known as Chengdu Youshi Longquan Dongshan Experimental Kindergarten* (成都幼師龍泉東山實驗幼兒園)), a private kindergarten established under the laws of the PRC on 23 February 2009, where the school sponsor's interest is wholly-owned by Sichuan Boai
"Longquan School"	Chengdu Longquanyi District No. 1 Experimental Middle School Attached to Sichuan Normal University* (成都市龍泉驛區四川師大附屬第一實驗中學), a private middle and high school established under the laws of the PRC on 29 September 2015, where the school sponsor's interest is wholly-owned by Chengdu Jinbojun
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with GEM of the Stock Exchange
"Memorandum of Association" or "Memorandum"	the memorandum of association of the Company adopted on 12 July 2018, as amended from time to time
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules
"Nanjiang Bojun"	Nanjiang Bojun Education Management Company Limited* (南江博駿教育管理有限公司), a limited liability company established under the laws of the PRC on 24 August 2017 and a Consolidated Affiliated Entity of the Company
"Nanjiang Bojun School"	Nanjiang Bojun School* (南江博駿學校), a private primary, middle and high school established by Nanjiang Bojun as the school sponsor
"Nomination Committee"	the nomination committee of the Board

"Pengzhou Bojun School"	Pengzhou Bojun School (彭州市博駿學校), a private middle and high school established jointly by Chengdu Minxian and Sichuan Hongde Guanghua Advisory Limited (四川弘的教育諮詢有限公司)
"Peninsula Kindergarten"	Chengdu High and New District Youshi Peninsula City Centre Kindergarten* (成都高新區幼獅半島城邦幼兒園), a private kindergarten established under the laws of the PRC on 27 September 2013, where the school sponsor's interest is wholly- owned by Chengdu Youshi Preschool Investment
"PRC EIT"	the enterprise income tax of the PRC
"PRC Operating School(s)"	Jinjiang School, Longquan School, Tianfu School, Nanjiang Bojun School, Wangcang Bojun School and Pengzhou Bojun School, Peninsula Kindergarten, Youshi Kindergarten, Lidu Kindergarten, Longquan Kindergarten, Riverside Kindergarten and Qingyang Kindergarten
"Preschool Education"	preschool education provided by the six kindergartens, operated by the Group, namely, Youshi Kindergarten, Lidu Kindergarten, Riverside Kindergarten, Longquan Kindergarten, Qingyang Kindergarten and Peninsula Kindergarten
"Prospectus"	the prospectus dated 19 July 2018 issued by the Company in connection with the public offering
"Qingyang Kindergarten"	Chengdu Qingyang Youshi Jingjie Kindergarten* (成都市青羊區幼師境界實驗幼兒園) (formerly known as Chengdu Qingyang Youshi Jingjie Experimental Kindergarten* (成都青羊幼師境界實驗幼兒園)), a private kindergarten established under the laws of the PRC on 15 March 2010, where the school sponsor's interest is wholly-owned by Sichuan Boai
"Registered Shareholder"	Chengdu Junxian Education Management Company Limited* (成都駿賢教育管理有限公司), a limited liability company established under the laws of the PRC on 4 June 2020, a connected person of the Company and the new nominal shareholder of Chengdu Mingxian under the Structured Contracts
"Remuneration Committee"	the remuneration committee of the Board
"Renshou Bojun"	Renshou Bojun Education Investment Management Company Limited* (仁壽博駿教育投資管理有限公司), a limited liability company established under the laws of the PRC on 15 October 2015 and a Consolidated Affiliated Entity of the Company
"Riverside Kindergarten"	Chengdu Youshi Riverside Impression Experimental Kindergarten* (成都幼師河濱印象實驗幼兒園), a private kindergarten established under the laws of the PRC on 18 June 2003, where the school sponsor's interest is wholly-owned by Sichuan Boai
"RMB" or "Renminbi"	Renminbi, the lawful currency for the time being of the PRC
"School Sponsors"	(i) Chengdu Mingxian, Nanjiang Bojun, Wangcang Bojun, Chengdu Youshi Preschool Investment, Chengdu Jinbojun, Sichuan Boai and Lezhi Bojun which were our school sponsors as at the date of this report and (ii) Renshou Bojun, Zhongjiang Bojun, Bojun Lixing and Jianyang Jinbojun which could be our school sponsors of new schools (if any)

"School Sponsors' and Directors' (Council Members') Rights Entrustment Agreement"	the amended and restated school sponsors' and directors' (council members') rights entrustment agreement dated 19 June 2020 entered into by and among Chengdu Bojun, the School Sponsors, the PRC Operating Schools and their respective directors or council members (namely, Mr. Wang, Mr. Xiong, Mr. Ran, Ms. Liao, Xie Gang (謝綱), Chen Qiuyan (陳秋燕), Tan Chunli (譚春莉), Liao Hong (廖紅), Tian Xiaogang (田曉崗), Liu Jing (劉靜), Ai Bingyu (艾冰玉), Fang Jia (方佳), Huang Xue (黃雪), Chen Ping (陳萍), Wang Chunguo (王淳國), Xie Li (謝利), Mou Tingting (牟婷婷), Yang Xi (楊曦) and Duan Bichong (段必聰)), which amended and replaced the school sponsors' and directors' (council members') rights entrustment agreement in place then, and with effect from 16 June 2020, and supplemented by the agreement on additional party to cooperation agreements dated 21 August 2020 entered into by and among Chengdu Bojun, Chengdu Mingxian and Chengdu Jingxian Education Management Company Limited (成都旌賢教育管理有限公司), the agreement on additional party to cooperation agreements dated 21 August 2020 entered into by and among Chengdu Bojun, Chengdu Mingxian and Chengdu Juxian Education Management Company Limited (成都鉅賢教育管理有限公司) and the agreement on additional party to cooperation agreement dated 21 August 2020 entered into by and among Chengdu Bojun, Chengdu Mingxian and Taoyuan Company
"School Sponsors' Powers of Attorney"	the school sponsor's power of attorney dated 19 June 2020 executed by each of the School Sponsors in favour of Chengdu Bojun
"SFO" or "Securities and Futures Ordinance"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or modified from time to time
"Share(s)"	ordinary share(s) of HK$0.01 each in the share capital of the Company
"Share Option Scheme"	the share option scheme conditionally adopted by the Company on 12 July 2018
"Shareholder(s)"	holder(s) of the Share(s)
"Shareholder's Powers of Attorney"	the powers of attorney dated 19 June 2020 executed by the Registered Shareholder, which replaced the shareholder's powers of attorney in place then
"Shareholder's Rights Entrustment Agreement"	the amended and restated shareholder's rights entrustment agreement dated 19 June 2020 entered into by and among Chengdu Bojun, the Registered Shareholder and Chengdu Mingxian, which amended and replaced the shareholder's rights entrustment agreement in place then, and with effect from 16 June 2020, and supplemented by the agreement on additional party to cooperation agreements dated 21 August 2020 entered into by and among Chengdu Bojun, Chengdu Mingxian and Chengdu Jingxian Education Management Company Limited (成都旌賢教育管理有限公司), the agreement on additional party to cooperation agreements dated 21 August 2020 entered into by and among Chengdu Bojun, Chengdu Mingxian and Chengdu Juxian Education Management Company Limited (成都鉅賢教育管理有限公司) and the agreement on additional party to cooperation agreement dated 21 August 2020 entered into by and among Chengdu Bojun, Chengdu Mingxian and Taoyuan Company
"Shenzhen Hongyuan"	Shenzhen Hongyuan Education Investment Company Limited* (深圳弘遠教育投資有限公司), a limited liability company established in the PRC on 17 November 2016 and is wholly-owned by the Initial Shareholder as at the date of this report

"Sichuan Boai"	Sichuan Boai Preschool Education Development Company Limited (四川省博愛幼兒教育事業專業發展有限責任公司), a limited liability company established under the laws of the PRC on 26 July 2001 and a Consolidated Affiliated Entity of the Group
"Stock Exchange" or "Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Structured Contracts"	collectively, the Exclusive Business Cooperation Agreement, the Exclusive Call Option Agreement, the Equity Pledge Agreement, the School Sponsors' and Directors' (Council Members') Rights Entrustment Agreement, the School Sponsors' Powers of Attorney, the Directors' (Council Members') Powers of Attorney, the Loan Agreement, the Shareholder's Rights Entrustment Agreement and the Shareholder's Powers of Attorney
"Subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules. For the avoidance of doubt, the Subsidiaries include Consolidated Affiliated Entities in this report
"Taoyuan Company"	Sichuan Jiuzhou Taoyuan Eco-tourism Development Limited* (四川九洲桃源里生態旅遊開發有限公司), a limited liability company established in the PRC on 24 July 2017
"Tianfu School"	Chengdu New Tianfu District No. 1 Experimental Middle School Attached to Sichuan Normal University* (成都市天府新區四川師大附屬第一實驗中學), a private middle school established under the laws of the PRC on 20 April 2016, where the school sponsor's interest is wholly-owned by Chengdu Mingxian
"Tianfu High School"	Sichuan New Tianfu District No. 1 High School Attached to Sichuan Normal University* (四川天府新區師大一中高級中學), a private middle school established under the laws of the PRC on 23 March 2021, where the school sponsor's interest is wholly-owned by Chengdu Mingxian, and a Consolidated Affiliated Entity
"U.S." or "United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"US Bojun"	USA Bojun Education, Inc., a company incorporated under the laws of State of California, the United States with limited liability on 19 August 2016 and a wholly-owned subsidiary of our Company
"US Partner"	Excelsior School System Inc., a company incorporated under the laws of State of California, the United States with limited liability on 13 July 2005 and an Independent Third Party principally engaged in the provision of private education in the United States
"US School"	a for-profit grades 7–12 private international school to be operated by the Group in the State of California, the United States
"Wangcang Bojun"	Wangcang Bojun Education Management Company Limited* (旺蒼博駿教育管理有限公司), a limited liability company established under the laws of the PRC on 18 August 2017 and a Consolidated Affiliated Entity of the Company
"Wangcang Bojun School"	Wangcang Bojun School* (旺蒼博駿公學), a private primary, middle and high school to be established by Wangcang Bojun as the school sponsor
"Youshi Kindergarten"	Chengdu Wuhou District Youshi Kindergarten* (成都市武侯區幼獅幼兒園) (formerly known as Chengdu Youshi Experimental Kindergarten* (成都幼師實驗幼兒園)), a private kindergarten established under the laws of the PRC on 12 August 2002, where the school sponsor's interest is wholly-owned by Sichuan Boai

"Zhongjiang Bojun"	Zhongjiang Bojun Education Management Company Limited* (中江博駿教育管理有限公司), a limited liability company established under the laws of the PRC on 18 October 2018 and a Consolidated Affiliated Entity of the Company, which has not commenced any business
"%"	per cent

Certain amounts and percentage figures included in this annual report have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

If there is any inconsistency between the Chinese names of entities or enterprises established in the PRC and their English translations, the Chinese names shall prevail. The English translation of company or entity names in Chinese or another language which are marked with "*" and the Chinese translation of company or entity names in English which are marked with "*" is for identification purpose only.