BOJUN EDUCATION COMPANY LIMITED
博駿教育有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock code : 1758

博學致遠 駿馳天下
A knowledgeable Man Wins The Whole World

2023 ANNUAL REPORT

CONTENTS

COMPANY PROFILE

We are one of the leading private education service groups in Sichuan Province, the PRC, with a proven record of more than 22 years in the private education services sector. We operate our own kindergartens and high school and entered the vocational education sector through acquisitions. We also provide education management services to education institutions, including kindergarten management services and supplemental services, etc.. As at 1 September 2023, we operated two kindergartens, one high school and two vocational schools in Chengdu and Suining, Sichuan Province. As at 1 September 2023, we had an enrolment of 33,386 students supported by 2,430 employees, including over 1,700 teachers.

Since 2001, we have built the foundation of our business upon private preschool education and expanded our footprints to the private primary, middle school and high school education industry. In June 2001, we established Youshi Kindergarten, our first kindergarten cooperated with Chengdu Preschool Normal School, then Lidu Kindergarten, Riverside Kindergarten, Longquan Kindergarten, Qingyang Kindergarten and Peninsula Kindergarten. We established Jinjiang School in April 2012, followed by Longquan School and Tianfu School in successful replications of our business model for school management. In March 2021, we launched the Tianfu High School. Since September 2019, we established four Bojun Schools successively in Sichuan Province with a new brand "Bojun School" (博駿公學). As Regulations for the Implementation of the Private Education Promotion Law of the PRC (《中華人民共和國民辦教育促進法實施條例》) (the "Implementation Regulations") have been issued, with effect from 1 September 2021, we deconsolidated the Affected Entities as at 31 August 2021. Our remaining businesses principally involves operation of for-profit high school and kindergarten, and provision of education services to educational institutions in the PRC. In addition, we have started the layout of private vocational education sector, and on 31 August 2023, we completed an acquisition and entered into a set of new structured contracts. We now have two vocational schools under our management.

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

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Director

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

Non-executive Director

Mr. Wu Jiwei

Independent Non-executive Directors

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

AUDIT COMMITTEE

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

NOMINATION COMMITTEE

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

REMUNERATION COMMITTEE

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

COMPANY SECRETARY

Mr. Lam Wai Kei

AUTHORISED REPRESENTATIVES

Mr. Wu Jiwei
Mr. Lam Wai Kei

AUDITOR

ZHONGHUI ANDA CPA Limited

LEGAL ADVISORS

As to Hong Kong law:

Loeb & Loeb LLP

As to PRC law:

DeHeng Law Offices (Chengdu)

PRINCIPAL BANKERS

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

REGISTERED OFFICE

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

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

STOCK CODE

1758

COMPANY'S WEBSITE

http://bojuneducation.com

INVESTOR RELATIONS

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

FINANCIAL HIGHLIGHTS

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

FIVE-YEAR COMPARISON OF KEY FINANCIAL FIGURES

Result of operation	For the year ended 31 August 2019 RMB'000(1)	2020 RMB'000(1)	2021 RMB'000(2)	2022 RMB'000(2)	**2023** **RMB'000(2)**
Revenue	338,019	375,740	–	33,604	**81,305**
Gross profit	89,755	104,411	(23,699)	16,766	**11,919**
Profit/(loss) for the year	28,941	15,242	(629,017)	(9,403)	**51,047**
Adjusted net profit/(loss) (3)	28,998	15,760	(82,690)	(9,403)	**(34,601)**
Profit and total comprehensive income/(expense) for the year attributable to owners of the Company	26,597	9,100	(629,017)	(9,403)	**51,047**
Basic earnings/(loss) per share (RMB)	0.03	0.01	(0.77)	(0.01)	**0.06**

Financial ratio	For the year ended 31 August 2019	2020	2021	2022	**2023**
Gross profit margin (%)	26.6%	27.8%	N/A	49.9%	**14.7%**
Net profit (loss) margin (%)	8.6%	4.1%	N/A	(28.0%)	**62.8%**
Adjusted net profit/(loss) margin (%)	8.6%	4.2%	N/A	(28.0%)	**(42.6%)**

Notes:

(1) Financial results for continuing and discontinued operations.

(2) Financial results for continuing operations.

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

FINANCIAL HIGHLIGHTS

Assets and liabilities	As at 31 August 2019 RMB'000	 2020 RMB'000	 2021 RMB'000	 2022 RMB'000	 **2023** **RMB'000**
Non-current assets	1,370,899	1,742,966	886,787	877,072	**3,417,455**
Current assets	437,467	463,435	308,974	292,034	**645,949**
Current liabilities	899,076	854,485	227,601	115,666	**1,598,415**
Net current assets/(liabilities)	(461,609)	(391,050)	81,373	176,368	**(952,466)**
Total assets less current liabilities	909,290	1,351,916	968,160	1,053,440	**2,464,989**
Non-current liabilities	69,720	496,586	884,136	874,175	**1,919,714**
Capital and reserves	839,570	855,330	84,024	179,265	**237,680**
Property, plant and equipment	1,106,119	1,311,630	658,889	665,775	**2,671,943**
Bank balances and cash	336,647	426,772	93,214	155,072	**346,553**
Contract liabilities (Deferred revenue)	350,837	369,348	7,296	36,810	**277,041**
Borrowings	140,000	416,500	179,000	160,120	**1,507,273**

Financial ratio	As at 31 August 2019	 2020	 2021	 2022	 **2023**
Current ratio	0.49	0.54	1.36	2.52	**0.40**
Gearing ratio (Note)	16.7%	48.7%	213.0%	89.3%	**634.2%**

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

Cash flows	For the year ended 31 August 2019 RMB'000	 2020 RMB'000	 2021 RMB'000	 2022 RMB'000	 **2023** **RMB'000**
Net cash from operating activities	103,870	125,515	127,681	25,855	**13,117**

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 2023.

RESULTS OVERVIEW

Compared with the corresponding period in the previous year, the Group's total revenue for the year ended 31 August 2023 amounted to approximately RMB81.3 million. Profit for the year amounted to approximately RMB51 million, representing an increase of RMB60.4 million as compared to the loss of approximately RMB9.4 million for the year ended 31 August 2022.

SUMMARY OF BUSINESS

We have been running private schools in Sichuan Province, China for more than 20 years and have built a strong reputation in the region. The overwhelming number of applications for enrolment received, outstanding examination results achieved by our graduates and the positive responses and supports made to our school network expansion on the part of local governments, all bear vivid testimonies to the Group's sufficient influence in the field of private education in Sichuan Province. As the Implementation Regulations have been effective from 1 September 2021, we deconsolidate the affected entities as at 31 August 2021. The Group no longer engage in compulsory school sector from 1 September 2021. We will continue to provide quality non-compulsory school services, mainly including kindergarten, high school, vocational education services and education management services. As at 31 August 2023, the Group completed the acquisition of 51% equity interest in School Sponsors of two vocational schools, and has control over and would derive economic benefits from such entities and their subsidiaries. As at 1 September 2023, we had a student enrolment of 33,386. Our Suining Campus of the Vocational College is still under construction. With the completion of the campus, the college's enrolment will steadily increase.

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

The Vocational College is committed to "innovating talent training models and highlighting the characteristics of higher vocational education" by reforming the traditional school operating models and deepening the partnership with enterprises and institutions, to better adapts to the market demands for talents and gain wide recognition in the community. It plans to continue to improve the overall operating conditions and expand the enrolment scale, in the aim of establishing itself as a national level demonstrative vocational college. The Vocational School provides full-time secondary vocational education services which is oriented to cover both fields of employment and further studies. It not only formulates professional training programs according to market demands, but also allows students to pursue higher education in the Vocational College or the Vocational School upon graduation, to ultimately enhance their vocational school.

DEVELOPMENT PLANS

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

Based on our years of experience in school management, we will be looking for opportunities to cooperate with more schools in Sichuan province, providing services including but not limited to preschool brand output, management output and staff recruitment. Currently, we have signed management service agreements with four connected kindergartens. We will also actively participate in the "autonomous right to operate and hire, with funds allocated by the government" (兩自一包) project in local areas to provide custody services to public schools, with a view of enhancing their capabilities in management, teaching and research.

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

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

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, 19 December 2023

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Our Schools

We are a leading private education service group in Sichuan Province, the PRC, with a proven record of more than 22 years in the private education services sector. We operate our own kindergartens and high school and completed the acquisition of two vocational schools on 31 August 2023 to tap into the vocational education industry. We also provide education management services to educational institutions.

As at 31 August 2023, the Group completed the acquisition of 51% equity interest in Sichuan Zhengzhuo and Sichuan Gaojiao, and has control over and would derive economic benefits from such entities and their subsidiaries.

As at the Latest Practicable Date, the Group comprises one high school, two kindergartens and two vocational schools.

The following sets out the types of education provided by each of our schools as at 31 August 2023:

	Kindergarten(s)	High school(s)	Vocational school(s)
Tianfu High School		✓	
Lidu Kindergarten	✓		
Riverside Kindergarten	✓		
Vocational College			✓
Vocational School			✓

Our Students

As at 1 September 2023, we had an enrolment of 33,386 students, including 187 kindergarten students, 965 high school students and 32,234 vocational school students.

Number of students by school sections	Student Enrolment As at 1 September			
	2023	2022	Change	Change in percentage
High school	**965**	601	+364	+60.6%
Kindergarten	**187**	239	–52	–21.8%
Vocational school	**32,234**	–	32,234	N/A

School utilisation rate

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

Type of school	Students capacity(2) As at 1 September		School utilisation rate(3) As at 1 September	
	2023	2022	**2023**	2022
High school	**1,500**	1,500	**64.3%**	40.1%
Kindergarten	**295**	295	**63.4%**	81.0%
Vocational school	**42,270**	–	**76.3%**	–
Total	**44,065**	1,795	**75.8%**	46.8%

Notes:

(1) The student enrolment information was based on the internal records of our school. The decrease in the number of kindergarten enrolment is attributable to the increase in the number of government-run public kindergartens and the year-on-year decrease in the number of school-age children.

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

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

Tuition and boarding fees

For high school, our annual tuition fees for the 2022/2023 school year was RMB42,000 per student, while boarding fees of RMB1,200 per school year was charged for each boarding student. The fees charged remained unchanged when compared to the 2021/2022 school year. For kindergartens, our annual tuition fees for the 2022/2023 school year ranged from RMB44,160 to RMB46,560 per student. The fees charged increased slightly when compared to the 2021/2022 school year.

For vocational schools, the tuition fees for the 2022/2023 school year charged by the Vocational College ranged from RMB13,550 to RMB14,000, while boarding fees ranging from RMB1,400 to RMB3,300 per school year was charged. The tuition fees charged by the Vocational School ranged from RMB4,150 to RMB4,250, while boarding fees ranged from RMB1,000 to RMB1,400 per school year was charged.

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

OUR OBJECTIVES IN EDUCATION

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

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

EDUCATION MANAGEMENT SERVICES

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

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

OUTLOOK

Development Trends in the Private Education Industry in China

With the rapid development of economy of China, the society has been attaching increasing importance to national education, and the government's expenditure on education and national investment in education have continued to increase. After a short decline in 2020, the market size of the education market in China recovered in 2022, and the market size increased steadily.

With the implementation of the "Double Reduction Policy" and the continued encouragement and support of vocational education and higher education in China, it is expected that there will be a more active and positive policy environment in the future. At the same time, with the implementation of the Private Education Promotion Law of the PRC* (中華人民共和國民辦教育促進法), the uncertainty of the domestic private vocational education and higher education market policy has largely been eliminated. The government has launched a number of policies to support vocational education, which is favourable to private higher education in the reform stage of vocational education. With the increase in tertiary education enrolment and the growth in the number of students enrolled in tertiary education driven by the reform of vocational education, the market outlook for privately-run vocational education and higher education industry is promising.

Government Support for Development of Vocational Education

On 12 October 2021, the General Office of the Central Committee of the Communist Party of China and the General Office of the State Council issued the Opinions on Promoting the High-quality Development of Modern Vocational Education* (《關於推動現代職業教育高質量發展的實施意見》). On 20 April 2022, the newly amended Vocational Education Law of the PRC* (《中華人民共和國職業教育法》) was passed at the 34th Session of the Standing Committee of the 13th National People's Congress. On 21 December 2022, the General Office of the Central Committee of the Communist Party of China and the General Office of the State Council issued the Opinions on Deepening the Reform of the Construction of the Modern Vocational Education System* (《關於深化現代職業教育體系建設改革的意見》). On 14 July 2023, the General Office of the Ministry of Education issued the Notice on Key Tasks to Accelerate the Construction Reform of the Modern Vocational Education System* (《關於加快推進現代職業教育體系建設改革重點任務的通知》). A series of government initiatives in recent years show the degree of importance the Party and the State attach to vocational education. The PRC government's efforts to promote the reform and development of vocational education have never been greater.

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

The development of vocational education has achieved remarkable results, training approximately 10 million high-quality technicians each year. The next step of reform will focus on optimising the talent training model, promoting vocational education from “career-oriented” to “people-oriented”, from “education” to “integration of industry and education”, and the subjects will also shift from single to diversified models. The professional setting of vocational education has closely followed the market demand, the professional structure has been continuously optimised, and the structure of the teaching team has been improved, which reflects the trend of vocational education from scale expansion to intensive development.

The government should fully coordinate various departments to leverage on various policies and resource support, and promote the high-quality development of vocational education, thus further enhance the quality of the human resources of the nation and the overall competitiveness of our economy and society.

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

OUR BUSINESS DEVELOPMENT STRATEGIES AND PLANS

Increase Investments in the Operation of Vocational Education Schools

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

The Group completed the Acquisition on 31 August 2023, and currently operates two vocational schools, namely the Vocational College and the Vocational School. The Vocational College is a full-time general higher vocational education institute approved by the People's Government of Sichuan Province and has registered with the Ministry of Education. The Vocational College started its operations in 1993, and consists of 6 secondary colleges, offering 43 courses and currently has more than 1,700 full-time teachers. The Vocational College currently has two campuses, with a campus area of over 2,580 acres and a gross floor area of over 700,000 square metres, and has more than 32,000 students. The Vocational College's enrolment number has been growing in recent years, and its enrolment scale has always been in the first echelon of private vocational colleges in Sichuan Province. With the goal of "innovating talent training models and highlighting the characteristics of higher vocational education", the college actively reforms the traditional school operation model in school practices, innovatively cultivates talents, and adapts to the market's demand for talents. Graduates have been widely recognised by the society. The college has conducted exchanges and cooperation with various universities in China and abroad, and has also established good school-enterprise cooperation relationships with more than 1,000 large and medium-sized enterprises and institutions, and implemented "school-enterprise cooperation and targeted training." The Vocational College plans to continue to improve conditions and expand its scale, striving to create a national level demonstration vocational college. A new campus under construction is expected to be completed in 2025, and will be able to accommodate 75,000 students. The Vocational College will focus on improving its school-running standards, setting up a modern vocational education system, and improving the school-running standards. In the 15th Five-Year Plan for the development of national education, the Vocational College was established as a vocational undergraduate college to realise the vertical integration of "secondary vocational school — higher vocational school — vocational undergraduate school", and build a modern vocational education and training system. Efforts will be made to improve the level of school-running, promoting the college as the number one in the southwest region, and the most influential vocational education group in the country. The Vocational School will optimise its professional offerings and formulate professional talent cultivation programmes according to market demand. The Vocational School is oriented towards employment and further studies, and students can continue to study in the Vocational College or vocational undergraduate schools upon graduation to enhance their vocational skills. With the gradual completion of the construction of the Suining Campus and the continuous improvement of the operating conditions, the Vocational School will also expand its enrolment scale year by year.

We will continue to improve the conditions and enhance the quality and standards of school-running. The Group also intended to acquire higher vocational colleges of a certain scale.

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

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

Environment, Health and Safety

During the Reporting Period, the Group has complied with applicable environmental laws and regulations of the PRC.

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

As far as the Board and the Company's management are aware of, the Group is in compliance with the relevant laws and regulations that have a significant impact on the Group's businesses and operations in all material aspects. There was no material violation of or non-compliance with applicable laws and regulations by the Group during the year ended 31 August 2023.

LATEST REGULATORY DEVELOPMENTS

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

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

The Group believes that there are still uncertainties in the interpretation and implementation of the Implementation Regulations. As at the 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. Therefore, the Group has decided to exclude the Affected Business from the consolidated financial statements with effect from 31 August 2021 and the carrying value of the net assets of the Affected Business for the year ended 31 August 2021 has been deconsolidated in the Group's consolidated financial statements. The operations of the Affected Business have been classified as discontinued operations for the period ended 31 August 2021.

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

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

On 15 March 2019, the National People's Congress of the PRC has passed and promulgated the Foreign Investment Law of the PRC (the "Foreign Investment Law"), which was effective on 1 January 2020. The Foreign Investment Law defines "foreign investment" as investment activities directly or indirectly carried out by foreign investors in the PRC, and has listed the four situations that should be recognised as foreign investment. The Foreign Investment Law did not explicitly mention "actual control" and "contractual arrangement". Nonetheless, it cannot be ruled out whether further laws and regulations will stipulate the subject in the future. Therefore, there are still uncertainties as to whether the structure under the contractual arrangement will be included in the scope of foreign investment supervision in the future, and if so, how it will be supervised. As at the Latest Practicable Date, the Company's operations have not been affected by the Foreign Investment Law. The Company will closely monitor developments in regards to the Foreign Investment Law and related laws and regulations.

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

The newly revised Private Education Promotion Law of the PRC that was implemented on 1 September 2017 states that the State encourages all sectors of society to establish private schools in accordance with the law, and has issued a series of documents to further regulate and support the development of private education. The main point of the regulations is that private schools can choose to register as non-profit or for-profit, and it stipulates the procedural framework that different types of schools should follow. In order to further implement the above regulations, the government and relevant competent authorities where the Group operates its schools have issued the Implementation Measures for Classification and Registration of Private Schools in Sichuan Province* (《四川省民辦學校分類登記實施辦法》), which is mainly to follow the Central Government's decision, actively promote the reform of private education classification, and actively and steadily advance the classification and registration management work of private schools across the province, to support and encourage different social entities to establish education institutions, and promote and standardise the healthy development of private education. As of the Latest Practicable Date, the Group's kindergartens and high school have completed the classification and registration, and the remaining schools under the Group have not yet started the classification and registration procedures. Due to certain uncertainties in the interpretation and application of the above regulations, the remaining private schools under the Group will complete the classification and registration at the appropriate time.

FINANCIAL REVIEW

Revenue

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

	For the year ended 31 August			
	2023		2022	
	RMB'000	**%**	RMB'000	%
Tuition fees and boarding fees	**44,724**	**55.0**	10,946	32.6
Education consultancy and management service fees	**36,581**	**45.0**	22,658	67.4
Total	**81,305**	**100.0**	33,604	100.0

Revenue increased by approximately RMB47.7 million (or 142.0%) from approximately RMB33.6 million for the year ended 31 August 2022 to approximately RMB81.3 million for the year ended 31 August 2023. The increase was mainly due to the increase in tuition fees and boarding fees as a result of the increase in the total student enrolment.

Costs of Services

Our costs of services primarily consist of staff costs, depreciation, canteen operating cost, office expenses, rental expenses and other costs. For the year ended 31 August 2022 and 2023, costs of services represented approximately 85.3% and 50.1% of our revenue, respectively. The following table sets forth a breakdown of the major components of our costs of services for the years indicated:

	For the year ended 31 August	
	2023	2022
	RMB'000	RMB'000
Staff costs	**37,705**	13,392
Depreciation	**3,324**	127
Office expenses	**277**	280
Repair and maintenance	**726**	60
Utilities expenses	**987**	60
Training expenses	**133**	34
Canteen operating cost	**21,127**	847
Leasing	**1,619**	401
Others	**3,488**	1,637
Total	**69,386**	16,838

Costs of services increased by approximately RMB52.6 million (or 312.1%) from approximately RMB16.8 million for the year ended 31 August 2022 to approximately RMB69.4 million for the year ended 31 August 2023. The increase was primarily attributable to the increase in number of students which resulted in an increase in the number of teachers we employed, canteen operating cost, the depreciation for school buildings, the rental, repair and management fees of the school premises and related operating costs, among which,

(i) staff costs increased by approximately RMB24.3 million (or 181.5%) from approximately RMB13.4 million for the year ended 31 August 2022 to approximately RMB37.7 million for the year ended 31 August 2023. Such increase was mainly due to the increase in our staff member resulting from an increase of student enrolment in the Group's schools and improvement in quality of teaching and living services.

(ii) depreciation expenses increased by approximately RMB3.2 million (or 2,517.3%) from approximately RMB0.1 million for the year ended 31 August 2022 to approximately RMB3.3 million for the year ended 31 August 2023. Such increase was mainly due to the commencement of operation of school dormitory in Tianfu High School and an increase in depreciation on teaching facilities and equipment.

(iii) utilities expenses increased by approximately RMB0.93 million (or 1,545.0%) from approximately RMB0.06 million for the year ended 31 August 2022 to approximately RMB0.99 million for the year ended 31 August 2023.

(iv) canteen operation cost increased by approximately RMB20.3 million (or 2,394.3%) from approximately RMB0.8 million for the year ended 31 August 2022 to approximately RMB21.1 million for the year ended 31 August 2023, mainly due to the increase in income of related business.

(v) leasing fee increased by approximately RMB1.2 million (or 303.7%) from approximately RMB0.4 million for the year ended 31 August 2022 to approximately RMB1.6 million for the year ended 31 August 2023, mainly due to an increase in number of students.

Gross profit and gross profit margin

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

	For the year ended 31 August						
	2023			2022			
	Segment revenue	Gross profit	Gross profit margin	Segment revenue	Gross profit	Gross profit margin	Change in gross profit margin percentage point
	RMB'000	RMB'000	%	RMB'000	RMB'000	%	
Tuition fees and boarding fees	44,724	8,028	18.0	10,946	2,785	25.4	-7.4
Education consultancy and management service fees	36,581	3,891	10.6	22,658	13,981	61.7	-51.1
Total	**81,305**	**11,919**	**14.7**	33,604	16,766	49.9	35.2

Our gross profit margin decreased by approximately 35.2 percentage points from approximately 49.9% for the year ended 31 August 2022 to 14.7% for the year ended 31 August 2023. Among which, the gross profit margin for tuition fees and boarding fees decreased by approximately 7.4 percentage points from approximately 25.4% for the year ended 31 August 2022 to 18.0% for the year ended 31 August 2023. The decrease in gross profit margin for tuition fees and boarding fees was mainly attributable to the impact of the pandemic on kindergartens, commencement of operation of school dormitory in Tianfu High School and an increase in depreciation on teaching facilities and equipment. Gross profit margin of education consultancy and management services fees decreased by approximately 51.1 percentage points from approximately 61.7% for the year ended 31 August 2022 to 10.6% for the year ended 31 August 2023. The decrease in gross profit margin of education consultancy and management service fees was mainly due to the impact of the pandemic on kindergartens.

Other income

	For the year ended 31 August	
	2023	2022
	RMB'000	RMB'000
Bank interest income	82	93
Interest income from other loans	–	5,623
Release of asset-related government grants	1,534	1,534
Others	2,465	2,348
Total	**4,081**	9,598

Other income decreased by approximately RMB5.5 million (or 57.5%) from approximately RMB9.6 million for the year ended 31 August 2022 to RMB4.1 million for the year ended 31 August 2023, mainly attributable to the decrease in interest income from other loans by RMB5.6 million (or 100%).

Other net gains

	For the year ended 31 August	
	2023	2022
	RMB'000	RMB'000
Net exchange gain	**361**	302
(Loss)/gain arising on disposal of property, plant and equipment, net	**(2)**	81
Gain on bargain purchase arising on acquisition of Lidu Kindergarten business	**–**	179
Gain on bargain purchase arising on acquisition of Riverside Kindergarten business	**672**	–
Gain on bargain purchase arising on acquisition of Sichuan Zhengzhuo and Sichuan Gaojiao	**84,976**	–
Related gains and losses of financial guarantee contracts	**5,435**	6,066
Others	**(285)**	101
Total	**91,157**	6,729

Other income increased by approximately RMB84.4 million (or 1,254.7%) from approximately RMB6.7 million for the year ended 31 August 2022 to approximately RMB91.2 million for the year ended 31 August 2023, mainly attributable to the one-off gains of approximately RMB85.0 million on bargain purchase arising from the completion of the Group's acquisition of 51% equity interest in the Vocational College and Vocational School.

Administrative expenses

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

Our administrative expenses increased by approximately RMB3.5 million (or 10.3%) from approximately RMB34.7 million for the year ended 31 August 2022 to approximately RMB38.2 million for the year ended 31 August 2023, mainly attributable to the increase in management costs and expenses which is in line with the increase in our income.

Finance costs

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

Our finance costs increased by approximately RMB10.2 million (or 177.2%) from approximately RMB5.8 million for the year ended 31 August 2022 to approximately RMB16.0 million for the year ended 31 August 2023, mainly attributable to (i) the corresponding interest on the project loan was expensed in the amount of approximately RMB9.6 million in the current period following the completion of the construction of Lezhi Bojun School* at the end of the year ended 31 August 2022, (ii) the principal amount advanced by Nanjiang Bojun School* to the Group amounted to approximately RMB104.6 million during the year ended 31 August 2022, which was measured at its fair value using the effective interest rate method, and (iii) the amortised finance costs for the period was approximately RMB5.6 million.

Taxation

Our income tax expenses amounted to approximately RMB1.9 million and RMB2.1 million for the year ended 31 August 2023 and 2022, respectively. Income tax recorded remained relatively stable for the years concerned.

Profit for the year

We recorded a turnaround from loss of approximately RMB9.4 million for the year ended 31 August 2022 to a profit of approximately RMB51.0 million for the year ended 31 August 2023, mainly attributable to (i) the increase in number of students admitted to our high school by 364 for the 2022/2023 school year as compared with that of the 2021/2022 school year, and (ii) a one-off gain on bargain purchase of approximately RMB85.0 million arising from the completion of the Acquisition on 31 August 2023.

Contract liabilities

We have initially recorded the tuition fees and boarding fees received as a liability under contract liabilities and recognised such amounts as revenues on a pro rata basis over the relevant period of the applicable courses. Contract liabilities increased by approximately RMB240.2 million (or 652.6%) from approximately RMB36.8 million on 31 August 2022 to approximately RMB277.0 million on 31 August 2023. Such increase was mainly due to the significant increase of number of students admitted after the completion of Vocational School on 31 August 2023. On 1 September 2023, the Vocational College had an enrolment of 32,234 students.

Adjusted net 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, negative goodwill recognised on acquisition, and redefined benefit obligations.

The term "adjusted net profit" has not been defined under HKFRS. As a non-HKFRS measure, adjusted net profit will be presented as our management believes that such information will be helpful for our investors to assess our performance.

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

	For the year ended 31 August	
	2023	2022
	RMB'000	RMB'000
Profit/(loss) for the year	**51,047**	(9,403)
Less:		
Gain on bargain purchases recognised on acquisitions	**(85,648)**	–
Adjusted net profit	**(34,601)**	(9,403)

For the year ended 31 August 2023, adjusted net loss was approximately RMB34.6 million, while approximately RMB9.4 million was recorded during the year ended 31 August 2022.

LIQUIDITY AND CAPITAL RESOURCES

During the year ended 31 August 2023, we have principally financed our operations through a combination of internally generated cash flows from our operations, and bank borrowings. The Group regularly reviews and monitors the borrowings level. As at 31 August 2023, the Group's total borrowings amounted to approximately RMB1,507.3 million, representing an increase of approximately RMB1,347.2 million as compared with that of approximately RMB160.1 million as at 31 August 2022. Out of the total borrowings, borrowings repayable (i) on demand or within a period not exceeding one year amounted to approximately RMB705.0 million, (ii) within a period of more than one year but not exceeding two years amounted to approximately RMB367.2 million, (iii) within a period of more than two years but not exceeding five years amounted to approximately RMB401.3 million, and (iv) within a period of more than five years amounted to approximately RMB33.8 million. The borrowings were charged with interest rates ranging from 5.0% to 10.1%. Bank borrowings of the Group were primarily used in financing the working capital requirement of its operations and school constructions. There is no seasonality in the borrowing needs of the Group. The Group's cash and bank balances are mainly denominated in RMB or HK$. The Group's cash and cash equivalents amounted to approximately RMB155.1 million and RMB346.6 million as at 31 August 2022 and 2023, respectively. We generally deposit our excess cash in interest bearing bank accounts.

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

We regularly monitor our liquidity requirements to ensure that we maintain sufficient cash resources for working capital and capital expenditure needs. For the year ended 31 August 2023, we had not experienced any difficulties in settling our obligations in the normal course of business, which would have had a material impact on our business, financial condition or results of operations.

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

	For the year ended 31 August	
	2023	2022
	RMB'000	RMB'000
Net cash generated from operating activities	**13,117**	25,855
Net cash generated from (used in) investing activities	**346,542**	(53,745)
Net cash (used in) generated from financing activities	**(168,539)**	89,446
Net increase in cash and cash equivalents	**191,120**	61,556
Cash and cash equivalents at the beginning of the year	**155,072**	93,214
Effect of foreign exchange rate changes	**361**	302
Cash and cash equivalents at the end of the year	**346,553**	155,072

For the year ended 31 August 2023, our cash and cash equivalents increase RMB191.1 million, of which the net cash from operating activities of approximately RMB13.1 million, the net cash from investing activities of approximately RMB346.5 million, and the net cash used in financing activities of approximately RMB168.5 million. As compared to the year ended 31 August 2022, the significant changes occurred in investing activities as the Group acquired cash and cash equivalents of Sichuan Zhengzhuo and Sichuan Gaojiao and their subsidiaries at the level of consolidated statements following their consolidation into the Group's financial statements during the Reporting Period.

CAPITAL EXPENDITURES

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

	For the year ended 31 August	
	2023	2022
	RMB'000	RMB'000
Payment for property, plant and equipment	**(5,235)**	(139,917)
Net cash inflow from acquisitions of subsidiaries	**271,053**	61
Loans advanced to third parties	**–**	(104,000)
Loans repaid from third parties	**–**	174,000
Repayments from related companies	**80,713**	–
Proceeds from disposal of property, plant and equipment	**11**	611
Refund of investment funds in a former school	**–**	3,000
Refund of deposits for acquisition of a parcel of land	**–**	12,500

We plan to satisfy such capital expenditures with a combination of our existing cash, cash generated from our operations, proceeds from the proceeds from the listing of the Shares on the Stock Exchange (the "Listing") and/or bank borrowing and other funds raised from the capital markets from time to time.

GEARING RATIO

Gearing ratio is calculated by dividing total debts (which equal to interest-bearing bank borrowings and other borrowing) by total equity as of the respective year end date.

Our gearing ratio increased from approximately 89.3% as at 31 August 2022 to approximately 634.2% as at 31 August 2023, as the Group increased its bank borrowings to meet the requirement of capital expenditures during the year ended 31 August 2023.

INTEREST RATE RISK

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

If interest rate of variable-rate bank balances and bank and other borrowings had been 10 basis points higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 August 2023 would have decreased/increased by approximately RMB56,000 (2022: increased/decreased by approximately RMB14,000). The analysis is prepared assuming the financial instruments outstanding as at the end of period were outstanding for the whole year.

FOREIGN EXCHANGE EXPOSURE

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

As at 31 August 2022 and 2023, the book value of the monetary asset of the Group denominated in foreign currency was as follows:

	As at 31 August	
	2023	2022
	RMB'000	RMB'000
Bank balances and cash — HK$	**4,788**	18,521

The following shows the Group's sensitivity to 5% appreciation of HK$ against RMB which represents the management's assessment of reasonable possible change in HK$–RMB exchange rate. The sensitivity analysis of the Group includes the outstanding HK$ denominated balances as adjusted for 5% appreciation of HK$ as at 31 August 2022 and 2023. The analysis is prepared assuming the financial instruments outstanding as at 31 August 2022 and 2023 were outstanding for the whole year of 2022 and 2023, respectively.

	For the year ended 31 August	
	2023	2022
	RMB'000	RMB'000
Increase in post-tax profit	**239**	926

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

In the Directors' opinion, the sensitivity analysis above is unrepresentative for the currency risk as the exposure as at the end of reporting period does not reflect the exposure during the year. The Group has not used any financial instrument to hedge the foreign exchange risk that it is exposed to currently. However, the management of the Group monitors our foreign exchange exposure and will consider hedging significant foreign exchange risk should the need arise.

CHARGES ON THE GROUP'S ASSETS

Except for the furniture, fixtures and equipment pledged for the other borrowing under sale and leaseback arrangement, there were no other material charges on the Group's assets as at 31 August 2023.

CONTINGENT LIABILITIES

As at 31 August 2023, except for the financial guarantee provided to the Affected Entities as disclosed in the financial statements, the Group did not have any material contingent liabilities.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

On 10 April 2023, (i) Shenzhen Hongyuan and Zhengzhuo Industrial (as sellers), Sichuan Yunmao and Chengdu Bomao (as buyer), Sichuan Zhengzhuo, the Company and Chengdu Bojun, and (ii) Shenzhen Hongyuan and Zhengzhuo Industrial (as sellers), Sichuan Yunmao and Chengdu Bomao (as buyers), Sichuan Gaojiao and the Company, entered into respective agreements in relation to the acquisition of 51% equity interest in Sichuan Zhengzhuo and Sichuan Gaojiao, respectively, at an aggregate consideration of RMB309,060,000, being the Acquisition. Completion of the Acquisition took place on 31 August 2023. For details, please refer to the announcements of the Company dated 11 September 2020, 16 October 2020, 11 January 2021, 19 August 2021, 31 August 2021, 25 November 2021, 8 December 2021, 10 April 2023, 26 June 2023, 20 July 2023, 31 August 2023 and 19 October 2023, and the circular of the Company dated 28 June 2023. For the year ended 31 August 2023, the Group did not have any material acquisitions and disposals of subsidiaries, associates or joint ventures except for the Acquisition.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As of 31 August 2023, the Group has no future plans for material investments and capital assets.

USE OF PROCEEDS

Net proceeds (the "Net Proceeds") from the Listing (including the partial exercise of overallotment option) amounted to approximately HK$494.0 million (equivalent to approximately RMB428.9 million), after deducting the underwriting fees, commissions and expenses payable by us in connection with the Listing. Since the Listing Date and up to the Latest Practicable Date, the Company has utilised approximately RMB416.0 million of the Net Proceeds, leaving a balance in the sum of approximately RMB12.9 million remaining unutilised (the "Unutilised Net Proceeds"), representing approximately 3% of the Net Proceeds.

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

	Planned use of Net Proceeds as disclosed in the Prospectus (RMB million)	Net Proceeds utilised as at the Latest Practicable Date (RMB million)	Net Proceeds unutilised as at the Latest Practicable Date (RMB million)	Proposed application of the Unutilised Net Proceeds (RMB million)	Expected timetable for proposed use of the Unutilised Net Proceeds
Establishing Nanjiang Bojun School	120.1	120.1	–	–	
Establishing Wangcang Bojun School	120.1	120.1	–	–	
Establishing the high school section of Tianfu School	94.4	94.4	–	–	
Establishing Pengzhou Bojun School	38.6	38.6	–	–	
Establishing Lezhi Bojun School	21.4	21.4	–	–	
Establishing US School	12.9	–	12.9	–	
Financing the acquisition of Vocational School	–	–	–	12.9	On or before 31 December 2024
As working capital and for general corporate purpose	21.4	21.4	–	–	

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

SIGNIFICANT INVESTMENT HELD

As at 31 August 2023, the Group held 33.34% partnership equity interests in Tongxing Wanbang 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 2023, the proposed investment project of the entity is still in the initial phase, and the entity has no income. As daily operational expenditure is incurred, the entity recorded a loss of approximately RMB9,000 for the year ended 31 August 2023.

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

SIGNIFICANT LEGAL PROCEEDINGS

For the year ended 31 August 2023, 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

Issue of consideration shares

On 19 October 2023, an aggregate of 81,282,460 ordinary Shares have been allotted and issued to Zhuotai Education, a nominee of the vendor of 51% equity interest in Sichuan Zhengzhuo and Sichuan Gaojiao, at an issue price of HK$0.85 per Share as partial consideration to the Acquisition. Accordingly, immediately after such allotment and issue, there are 903,138,460 Shares in issue. The consideration Shares represent approximately 9.0% of the issued share capital of the Company as enlarged by such allotment and issue. For details, please refer to the announcements of the Company dated 11 April 2023, 20 July 2023, 31 August 2023 and 19 October 2023 and the circular of the Company dated 28 June 2023.

Disposal of investment in an associate

The Group disposal of the 33.34% partnership interest in Tongxing Wanbang subsequent to the Reporting Period. For details, please refer to the paragraph headed "Significant investment held" above.

DISCLOSURE UNDER RULE 13.19 OF THE LISTING RULES

Pursuant to a banking facility letter (the "Facility") with a lending bank, the Group is required to satisfy a number of financial covenants, including that the aggregate borrowings of certain consolidated affiliated entities of the Company shall not exceed RMB1.1 billion. Based on the unaudited consolidated management accounts of the relevant consolidated affiliated entities of the Company for the year ended 31 August 2023, the aggregate borrowings exceeded RMB1.1 billion and the Group failed to satisfy the relevant financial covenants under the Facility (the "Breach"). The Breach constituted an event of default under the Facility, in which the lending bank shall be entitled to declare the outstanding principal amount, accrued interest and all other sums payable under the Facility immediately due and payable. As of the Latest Practicable Date, the outstanding principal amount of the Facility was RMB390 million.

The Group has yet to obtain a waiver from the lending bank in respect of the Breach. As of the Latest Practicable Date, the lending bank has not made any demand for immediate repayment of the loans under the Facility.

Notwithstanding the Breach, the Group has not experienced any difficulties in obtaining financing with its banks for its working capital. The Group is in the process of obtaining a new bank facility in a principal amount of not less than RMB400 million to repay the loan under the Facility in full. Having considered the above, the Company considers that there is no material adverse impact on the operation of the Group as a result of the Breach. Further announcement(s) regarding the Facility and the status of the waivers will be made as and when appropriate.

EMPLOYEE BENEFITS

As at 31 August 2023, the Group completed the Acquisition and had 2,430 employees. Before the completion of the Acquisition, the Group had 406 employees (as at 31 August 2022: 380). The Group participates in various employee benefit plans, including provident fund, pension, medical insurance and unemployment insurance. The Company has also provided the Share Option Scheme for its employees and other eligible persons. Salaries and other benefits of the Groups' employees are generally reviewed on a regular basis in accordance with individual qualifications and performance, result performance of the Group and other relevant market conditions. The Group also provides internal and external training programs to its employees. For the year ended 31 August 2023, the staff costs (including directors' fees) amounted to approximately RMB44.4 million (2022: RMB20.8 million).

SHARE OPTION SCHEME

On 12 July 2018, the Share Option Scheme was conditionally approved and adopted pursuant to a written resolution passed by the shareholders of the Company (the "Shareholders"). The Share Option Scheme will remain in force for a period of ten years from the date of its adoption. On 13 May 2021, the Company granted 1,000,000 share options at an exercise price of HK$0.598 per share. The share options shall be valid for a period of ten years commencing from the date of grant to 12 May 2031 (both days inclusive). On 17 August 2023, the Company granted 5,000,000 share options at an exercise price of HK$0.130 per share. The share options shall be valid for a period of ten years commencing from the date of grant to 16 August 2033 (both days inclusive). As at 31 August 2023, 6,000,000 share options remained outstanding under the Share Option Scheme.

FINAL DIVIDENDS

The Board does not recommend the payment of final dividend for the year ended 31 August 2023.

DIVIDEND POLICY

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

REPORT OF DIRECTORS

GLOBAL OFFERING

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

PRINCIPAL ACTIVITIES AND CONSOLIDATED AFFILIATED ENTITIES

The Company is one of the leading providers of private education services in Chengdu, Sichuan Province, China. Analysis of the principal activities of the Group and particulars of its major subsidiaries and the Consolidated Affiliated Entities during the year ended 31 August 2023 are set out in Notes 1 and 2 to the consolidated financial statements.

FINANCIAL RESULTS

The results of the Group for the year ended 31 August 2023 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 2023, analysis by using financial key performance indicators and a discussion on the Group's future business development are set out in the section headed "Management Discussion and Analysis" in this annual report.

MAJOR RISKS AND UNCERTAINTIES

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

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

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

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

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

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

ENVIRONMENT, HEALTH AND SAFETY

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

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

So far as the Board and the Company's management are aware of, the Group is in compliance with the relevant laws and regulations that have a significant impact on the business and operations of the Group in all material aspects. There had been no material violation of or non-compliance with applicable laws and regulations by the Group during the year ended 31 August 2023.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

During the year ended 31 August 2023, the Group was not aware of material non-compliance with the relevant laws and regulations that have a significant impact on the business and operations of the Group.

ANNUAL GENERAL MEETING

The Company will hold an annual general meeting (the "AGM") on Thursday, 18 January 2024. Notice of the AGM will be published and dispatched to the Shareholders in accordance with the articles of association of the Company and the Listing Rules as soon as practicable.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the AGM to be held on Thursday, 18 January 2024, the register of members of the Company will be closed from Monday, 15 January 2024 to Thursday, 18 January 2024, both days inclusive, during which period no transfer of shares will be registered. In order to be qualified for attending and voting at the AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Friday, 12 January 2024.

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 2023, 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 2023, the Group's five largest suppliers accounted for approximately 24.6% of the Group's total purchases and the Group's single largest supplier accounted for approximately 8.1% of the Group's total purchases.

For the year ended 31 August 2023, none of the Directors or any of their close associates or any Shareholders (which, to the best knowledge of the Directors, own more than 5% of the number of issued Shares) had any interest in the Group's five largest suppliers.

RELATIONSHIP WITH EMPLOYEES, SUPPLIERS AND CUSTOMERS

The Group understands the importance of maintaining a good relationship with its employees, suppliers and customers to meet its immediate and long-term goals. The Group maintains good relationship with its employees, suppliers and customers. During the year ended 31 August 2023, 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 2023.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year ended 31 August 2023 are set out in Note 15 to the Consolidated Financial Statements in this annual report.

SHARE CAPITAL

The Company issued 223,510,000 new Shares at the issue price of HK$2.36 per Share in connection with the Listing. The net proceeds, after deducting the underwriting fees, commissions and expenses payable by the Company in connection with the Listing, amounted to approximately HK$494.0 million (equivalent to approximately RMB428.9 million). The net proceeds has been applied in the manner as set out in the section headed "Future plans and use of proceeds" in the Prospectus. As at 31 August 2023, 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 2023 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 2023 are set out in the Consolidated Statement of Changes in Equity of this annual report.

DISTRIBUTABLE RESERVES

As at 31 August 2023, reserve of the Company available for distribution was approximately RMB57.6 million. Details of movements in the reserves of the Company are set out in the Note 38 to the Consolidated Financial Statements in this report.

BANK BORROWINGS

Particulars of bank borrowings of the Group as at 31 August 2023 are set out in Note 27 to the Consolidated Financial Statements in this report.

DIRECTORS

The Directors during the year ended 31 August 2023 and up to the Latest Practicable Date are:

Executive Director

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

Non-executive Director

Mr. Wu Jiwei

Independent Non-executive Directors

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

In accordance with article 84 of the Articles of Association, one-third of the Directors shall retire from office by rotation at each annual general meeting and shall then be eligible for re-election. Accordingly, Mr. Wang Jinglei, Ms. Luo Yunping, Mr. Mao Daowei and Mr. Yang Yuan 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 2023 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 2023.

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 2023.

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 2023.

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 2023.

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 2023 are set out in Note 12 to the Consolidated Financial Statements in this annual report.

RETIREMENT AND EMPLOYEE BENEFITS SCHEME

Details of the retirement and employee benefits scheme of the Company are set out in Notes 31 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 2023, 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)	Interest in a controlled corporation	233,920,000	Long position	25.90%
Mr. Wu Jiwei	Beneficial owner	46,000	Long position	0.01%

Note: 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 2023, 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 2023 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 2023, to the best knowledge of the Directors, the following persons (other than being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name	Capacity/Nature of interest held	Number of shares	Long position/ Short position	Approximate percentage of shareholding held in the Company
Act Glory (1)	Beneficial owner	233,920,000	Long position	25.90%
Act Best (1)	Interest in a controlled corporation	233,920,000	Long position	25.90%
Ms. Duan Ling (2)	Interest of spouse	233,920,000	Long position	25.90%
Mr. Xiong Tao (3)	Interest in a controlled corporation	82,853,550	Long position	9.17%
Cosmic City Holdings Limited (4)	Beneficial owner	82,853,550	Long position	9.17%
Zhuotai Education Investment Limited (5)	Beneficial owner	81,282,460	Long position	9.00%
Li Yafei (5)	Interest in a controlled corporation	81,282,460	Long position	9.00%
Cao Youqin (6)	Interest of spouse	81,282,460	Long position	9.00%
Broad Skill Holdings Limited (7)	Beneficial owner	56,510,000	Long position	6.88%
He Jing (7)	Interest in a controlled corporation	56,510,000	Long position	6.88%
Xu Zhengmiao (8)	Interest of spouse	56,510,000	Long position	6.88%

Notes:

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

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

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

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

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

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

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

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

Save as disclosed above, as at 31 August 2023, the Directors were not aware of any persons (who were not Directors or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

SHARE OPTION SCHEME

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

(i) Purpose of the Scheme

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

(ii) Who may join

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

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

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

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

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

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

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

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

(iii) Maximum number of shares

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

(bb) The total number of Shares which may be allotted and issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option scheme of the Group) to be granted under the Share Option Scheme and any other share option scheme of the Group must not in aggregate exceed 10% of the Shares in issue on the day on which dealings in the Shares first commence on the Stock Exchange (i.e. not exceeding 90,000,000 Shares).

(iv) Maximum entitlement of each participant

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

(v) Grant of options to connected persons

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

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

(vi) Time of acceptance and exercise of option

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

(vii) Performance targets

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

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

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

(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 5 years as at 31 August 2023.

During the year ended 31 August 2022, no share options had been exercised, lapsed or cancelled by the Company under the Share Option Scheme. As at 31 August 2023, 6,000,000 share options remained outstanding under the Share Option Scheme. As at the Latest Practicable Date, a total of 74,000,000 Shares (representing approximately 8.19% of the existing issued Shares) may be granted under the Share Option Scheme and a total of 6,000,000 Shares (representing approximately 0.66% of the existing issued Shares) may be issued upon exercise of all options which had been granted and yet to be exercised under the Share Option Scheme. The number of shares that may be issued in respect of options and awards granted under all schemes of the Company during the year ended 31 August 2023 (being 6,000,000 Shares) divided by the weighted average number of shares of the relevant class in issue for the year ended 31 August 2023 (being 821,856,000 Shares) is approximately 0.73%.

Details of share options of the Company are as follows:

Name or category of participant	Date of grant	Vesting period	Exercise period (both dates inclusive)	Exercise price per share	Closing price of the Shares immediately before the date of grant	Performance Target	Number of share options outstanding as at 1 September 2022	Number of share options exercised during the period	Number of share options outstanding as at 31 August 2023
Consultant	17 August 2023	All share options concerned shall be vested on 18 August 2024	From 18 August 2024 to 16 August 2033	HK$0.109 per Share	HK$0.109 per Share	Nil	N/A	Nil	5,000,000 (Note)
Employee	13 May 2021	Nil	From 13 May 2021 to 12 May 2031	HK$0.590 per Share	HK$0.590 per Share	Nil	1,000,000	Nil	1,000,000

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

EQUITY-LINKED AGREEMENTS

Save as disclosed in the section headed "Report of the Directors — Share Option Scheme" of this annual report, during the year ended 31 August 2023, the Company entered into supplemental agreements in relation to the Acquisition and allotted and issued new shares pursuant to the sold agreements under specific mandate. Please refer to the announcement dated 28 June 2023 for details.

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

During the year ended 31 August 2023, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

PRE-EMPTIVE RIGHTS

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

DIRECTORS' INTEREST IN COMPETING BUSINESS

During the year ended 31 August 2023, none of the Directors or their respective associates had engaged in or had any interest in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

CONNECTED TRANSACTIONS

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

Exempt Continuing Connected Transactions

Office lease

On 31 August 2022, Chengdu Bojun (as tenant) entered into a lease agreement ("Office Lease Agreement") with Chengdu Hengyu Industrial Company Limited*（成都恒宇實業有限公司）("Chengdu Hengyu") (as landlord) to renew the office lease, which was expired on 31 August 2022. Such office is located in Chengdu, Sichuan Province with an aggregate gross floor area of 408.85 sq.m.. Pursuant to the Office Lease Agreement, the term of the lease shall be three years starting from 1 September 2022 and the monthly rent payable shall be approximately RMB16,354 (equivalent to RMB40.0 per sq.m.). The fixed rent payable by us for the year ended 31 August 2022 and 2023 were approximately RMB0.2 million and RMB0.2 million, respectively.

Listing Rules Implications

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

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

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

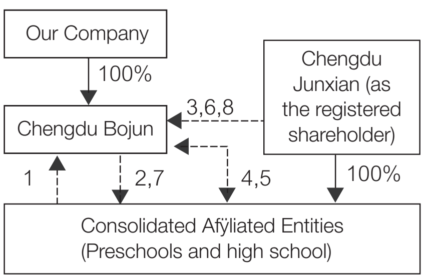
NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Structured contracts

A. OVERVIEW

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

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



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

——— denotes the Structured Contracts A

Notes:

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

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

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

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

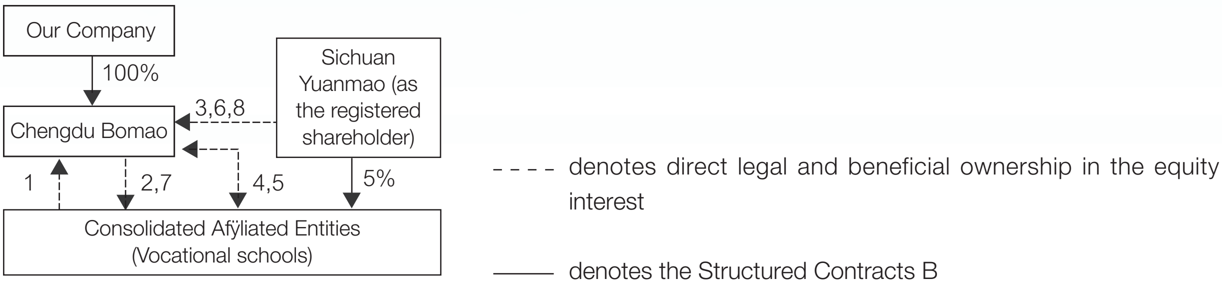
5. Entrustment of directors' and council members' rights in the PRC Operating Schools by directors and council members of the PRC Operating Schools appointed by the School Sponsors including directors' (council members') powers of attorney. Please refer to the announcement of the Company dated 19 June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

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

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

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

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



Notes:

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

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

3. Exclusive call option to acquire all or part of the equity interest in the School Sponsors and their school sponsor's interest in the PRC Operating Schools (where applicable). Please refer to the section headed "Letter from the Board — 5. New Structured Contracts — II. Exclusive Call Option Agreement" in the circular of the Company dated 28 June 2023 for further details.

4. Entrustment of school sponsors' rights in the PRC Operating Schools by the School Sponsors including school sponsors' powers of attorney. Please refer to the sections headed "Letter from the Board — 5. New Structured Contracts — IV. School Sponsors' and Directors' (Council Members') Rights Entrustment Agreement, the New School Sponsors' Powers of Attorney and the New Directors' (Council Members') Power of Attorney" in the circular of the Company dated 28 June 2023 for further details.

5. Entrustment of directors' and council members' rights in the PRC Operating Schools by directors and council members of the PRC Operating Schools appointed by the School Sponsors including directors' (council members') powers of attorney. Please refer to the circular of the Company dated 28 June 2023 for further details.

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

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

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

B. SUMMARY OF THE MATERIAL TERMS OF THE STRUCTURED CONTRACTS

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

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

(1) Exclusive Business Cooperation Agreement A

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

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

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

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

(2) Exclusive Call Option Agreement A

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

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

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

According to the School Sponsors' and Directors' (Council Members') Rights Entrustment Agreement A, each of the relevant School Sponsors has irrevocably authorised and entrusted Chengdu Bojun or its designated party to exercise all its rights as school sponsor of the relevant PRC Operating School to the extent permitted by the PRC laws.

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

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

(4) School Sponsors' Powers of Attorney A

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

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

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

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

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

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

(6) Equity Pledge Agreement A

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

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

(7) Loan Agreement A

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

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

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

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

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

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

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

Pursuant to the Shareholder's Rights Entrustment Agreement A and the Shareholder's Powers of Attorney A, Chengdu Junxian authorised and entrusted Chengdu Bojun, as its sole agent and authorised person to exercise shareholder's rights to which Chengdu Junxian entitled to in capacity as the shareholder of the relevant School Sponsors pursuant to the articles of association of the School Sponsors and the PRC Company Law. Chengdu Junxian and Chengdu Mingxian also agreed that Chengdu Bojun is authorised, as the sole agent and authorised person of Chengdu Mingxian, to exercise all of its shareholder's rights (which shall include the shareholders' rights as mentioned above) in their respective subsidiaries.

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

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

(1) Exclusive Business Cooperation Agreement B

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

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

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

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

(2) Exclusive Call Option Agreement B

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

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

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

According to the School Sponsors' and Directors' (Council Members') Rights Entrustment Agreement B, the relevant PRC Operating Schools and their respective appointees (being the directors or council members of the relevant PRC Operating Schools), Sichuan Gaojiao has irrevocably authorised and entrusted Chengdu Bomao or its designated party to exercise all its rights as school sponsor of the relevant PRC Operating School to the extent permitted by the PRC laws.

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

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

(4) School Sponsors' Powers of Attorney B

Pursuant to the School Sponsors' Powers of Attorney B, each of the School Sponsors authorised and appointed Chengdu Bomao, as its agent to act on its behalf to exercise or delegate the exercise of all its rights as school sponsor of our relevant PRC Operating School. For further information of the rights granted, please refer to the section headed "The New Structured Contracts — (3) New School Sponsors' and Directors' (Council Members') Rights Entrustment Agreement, the New School Sponsors' Powers of Attorney and the New Directors' (Council Members') Power of Attorney" in the circular of the Company dated 28 June 2023.

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

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

Pursuant to the Directors' (Council Members') Powers of Attorney B, each of the appointees authorised and appointed Chengdu Bomao, as his/her agent to act on his/her behalf to exercise or delegate the exercise of all his/her rights as directors or council members of our relevant PRC Operating School. For further information of the rights granted, please refer to the section headed "Letter from the Board — 5. New Structured Contracts — IV. School Sponsors' and Directors' (Council Members') Rights Entrustment Agreement, the School Sponsors' Powers of Attorney and the Directors' (Council Members') Power of Attorney" in the circular of the Company dated 28 June 2023.

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

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

(6) Equity Pledge Agreement B

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

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

(7) Loan Agreement B

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

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

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

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

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

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

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

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

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

C. BUSINESS ACTIVITIES OF THE CONSOLIDATED AFFILIATED ENTITIES

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

D. SIGNIFICANCE AND FINANCIAL CONTRIBUTIONS OF CONSOLIDATED AFFILIATED ENTITIES

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

	Revenue For the year ended 31 August		Net loss For the year ended 31 August		Total assets As of 31 August	
	2023 RMB'000	2022 RMB'000	**2023 RMB'000**	2022 RMB'000	**2023 RMB'000**	2022 RMB'000
Consolidated Affiliated Entities under the Structured Contracts A	**58,487**	16,647	**(18,038)**	(536)	**1,045,045**	975,783
Consolidated Affiliated Entities under the Structured Contracts B[(1)]	**–**	–	**–**	–	**2,976,987**	–

Note:

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

E. REVENUE AND ASSETS INVOLVED IN STRUCTURED CONTRACTS

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

	Revenue For the year ended 31 August 2023 RMB'000	Total Assets As of 31 August 2023 RMB'000
Consolidated Affiliated Entities	**58,487**	**4,022,032**

F. REGULATORY FRAMEWORK

Due to the prohibitions on foreign ownership, foreign investors (including individuals, companies, partnerships, educational institutions and any other entities) are prohibited from owning primary and middle schools in the PRC, whether through direct investments or through wholly-owned subsidiaries in the PRC. Therefore, we do not hold any direct equity interest in any of our schools and control each of them through the Structured Contracts.

1. Preschool and High School Education

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

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

2. Vocational School Education

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

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

The Group may be subject to severe penalties if the PRC government finds that the Structured Contracts do not comply with applicable PRC laws and regulations. The Structured Contracts may not be as effective in providing control over the Consolidated Affiliated Entities as direct ownership. Moreover, Chengdu Junxian and Sichuan Yuanmao may have conflicts of interest with us, which may materially and adversely affect our business and financial condition. The exercise of the option to acquire equity interest of Chengdu Mingxian and Sichuan Yunmao may be subject to certain limitations and we may incur substantial costs and expend significant resources to enforce the Structured Contracts if any of our Consolidated Affiliated Entities fails to perform its obligations thereunder. The Structured Contracts may be subject to scrutiny of PRC tax authorities and additional tax may be imposed, which may materially and adversely affect our results of operation and value of your investment. Certain terms of the Structured Contracts may not be enforceable under the laws of the PRC. The Group relies on funds from our subsidiary in the PRC to pay dividends and other cash distributions to the Shareholders. If any of the Consolidated Affiliated Entities becomes subject to winding up or liquidation proceedings, we may lose the ability to enjoy certain important assets, which could negatively impact our business and materially and adversely affect our ability to generate revenue. The Consolidated Affiliated Entities may be subject to limitations on their ability to operate private education business or make payments to related parties. For further information, please refer to the announcements of the Company dated 19 June 2020 and 11 April 2023 and the circular of the Company dated 28 June 2023.

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

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

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

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

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

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

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

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

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

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

For the year ended 31 August 2023, the Board has reviewed the overall performance of the Structured Contracts and believed that the Group has complied with the Structured Contracts in all material respects.

H. MATERIAL CHANGES

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

As advised by our PRC legal advisor, PRC laws and regulations do not have retrospective effect and the Company may continue to control the school sponsors and assets held by which (including and, properties and equipment) through the Structured Contracts A upon the Implementation Regulations becoming effective on 1 September 2021. However, the Company and schools sponsors controlled by the Company may no longer control private schools offering compulsory education and not-for-profit schools through mergers and acquisitions and contractual agreements, and the Company (including connected persons of the Company) may no longer conduct connected transactions with such schools controlled by the Company through contractual arrangement. For the year ended 31 August 2022, the Group successfully established Tianfu High School which became a Consolidated Affiliated Entity. Given that the provision of high school education is not affected by the Implementation Regulations, the Group has control over Tianfu High School through the Contractual Arrangements. Meanwhile, Lidu Kindergarten has transformed into profitable kindergartens and the Group has the control of the two kindergartens through contractual arrangements. During the year ended 31 August 2023, the Group also entered into Structured Contracts B with Sichuan Gaojiao, Sichuan Zhengzhuo and their respective subsidiaries upon the Acquisition and obtain control of the same through contractual arrangements.

I. UNWINDING OF THE STRUCTURED CONTRACTS

On 27 August 2021, Chengdu Mingxian entered into a termination agreement with Hongde Guanghua, Pengzhou Bojun School and two guarantors that are Independent Third Party as at the date of the agreement (being Mr. Chen Lung* (陳龍) and Chengdu Qizheng Corporate Management Company Limited* (成都啟正企業管理有限公司)), pursuant to which, among others, Chengdu Mingxian has agreed to terminate the cooperation agreement concerned. On 31 August 2022, Chengdu Tianfu Bojun, Chengdu Mingxian, Chengdu Junxian entered into an agreement with Pengzhou Bojun School, pursuant to which, Pengzhou Bojun School withdrew from Structured Contracts. As of the date of this annual report, there has been no failure to unwind any Structured Contracts when the restrictions that led to the adoption of the Structured Contracts are removed. If there are changes in applicable PRC laws and regulations and all of the Qualification Requirement, the Foreign Ownership Restriction and the Foreign Control Restriction are removed, Chengdu Bojun will exercise the Equity Call Option (as defined in the paragraph headed "Structured Contracts — Operation of the Structured Contracts — Summary of the material terms of the Structured Contracts — (2) Exclusive Call Option Agreement" in this section) in full to unwind the contractual arrangements so that we are able to operate our schools directly without using the Structured Contracts. For further details, please see the section headed "Structured Contracts — Termination of the Structured Contracts" in this report.

Contractual arrangements in place

Listing rules implications

As detailed in the section headed "Connected Transactions" of the Prospectus and the announcements of the Company dated 19 June 2020, and 11 April 2023, and the circular of the Company dated 28 June 2023, our Consolidated Affiliated Entities and their shareholders are connected persons of the Company, and Mr. Wang Jinglei is an executive Director and a substantial Shareholder and therefore a connected person of the Company under Rule 14A.07(1) of the Listing Rules. Mr. Wang Jinglei held more than 30% of shareholding interests in Chengdu Junxian and, thus, Chengdu Junxian is an associate (as defined under the Listing Rules) and a connected person of the Company. The equity interest in Sichuan Yuanmao is held as to 99% by Mr. Wang and as to 1% by his wife (namely Ms. Duan Ling) and, thus, Sichuan Yuanmao is an associate (as defined under the Listing Rules) and a connected person of the Company. Sichuan Yunmao is a wholly owned subsidiary of Sichuan Yuanmao and, thus, Sichuan Yunmao is an associate (as defined under the Listing Rules) of Mr. Wang and a connected person of the Company. Upon completion of the Acquisition, Sichuan Gaojiao and Sichuan Zhengzhuo are owned as to 51% by Sichuan Yunmao, therefore are associates of Mr. Wang and connected persons of the Company under Rule 14A.12(1)(c) of the Listing Rules and connected subsidiaries of the Company under Rule 14A.16(1) of the Listing Rules. The Vocational College and the Vocational School, being wholly-owned by Sichuan Zhengzhuo, for the same reason, are connected persons of the Company under Rule 14A.12(1)(c) of the Listing Rules and connected subsidiaries of the Company under Rule 14A.16(1) of the Listing Rules as well. The transactions contemplated under each of the Structured Contracts constitute continuing connected transactions of the Company under the Listing Rules upon Listing.

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

Waiver from the Stock Exchange and Annual Review

The Stock Exchange has granted a waiver from strict compliance with (i) the announcement, circular and Shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the transactions contemplated under the original set of structured contracts in place at the time of Listing pursuant to Rule 14A.105 of the Listing Rules and (ii) the requirement of setting an annual cap for the transactions under such structured contracts under Rule 14A.53 of the Listing Rules, for so long as our Shares are listed on the Stock Exchange subject however to various conditions as disclosed in the section headed "Connected Transaction" in the Prospectus. The Stock Exchange confirmed that such waiver applies to the Structured Contracts. For details, please refer to the announcements of the Company dated 19 June 2020, and 11 April 2023, and the circular of the Company dated 28 June 2023.

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

Provision of Education Service to Various Kindergartens

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

Listing Rules Implications

Mr. Wang Jinglei is an executive Director and a controlling Shareholder, thus a connected person of the Company under Rule 14A.07(1) of the Listing Rules. The Connected Kindergartens are ultimately owned as to (i) 93.26% by Mr. Wang Jinglei, an executive Director and a controlling Shareholder, thus a connected person, (ii) 4.90% by Mr. Xie Gang, (iii) 0.92% by Mr. Zeng Guang and (iv) 0.92% by Ms. Li Jingmei. All of the aforementioned kindergartens are therefore associate of Mr. Wang Jinglei and connected persons of the Company. As the highest of the applicable percentage ratios of the annual caps proposed are more than 5%, transactions contemplated under the said renewal agreement are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The renewed agreement was approved by the Shareholders on an extraordinary general meeting held on 21 September 2022.

CONFIRMATION FROM INDEPENDENT NON-EXECUTIVE DIRECTORS

The independent non-executive Directors have reviewed the contractual arrangements and confirmed that (i) the transactions carried out during the year ended 31 August 2023 have been entered into in accordance with the relevant provisions of the contractual arrangements and have been operated so that the profit generated by the Consolidated Affiliated Entities has been substantially retained by the Group, (ii) no dividends or other distributions have been made by the Consolidated Affiliated Entities to Chengdu Junxian and Sichuan Yuanmao which are not otherwise subsequently assigned or transferred to the Group, (iii) the Structured Contracts and if any, any new transactions, contracts and agreements entered into, renewed or reproduced between the Group and the Consolidated Affiliated Entities during the relevant financial period are fair and reasonable, or are in the interests of the Group and the Shareholders as a whole; (iv) entered into in the ordinary and usual course of business of the Group; and (v) conducted on normal commercial terms or better. The independent non-executive Directors have reviewed the continuing connected transactions and confirmed that such transactions have been entered into: (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) according to the agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

CONFIRMATIONS FROM THE COMPANY'S INDEPENDENT AUDITOR

The auditor of the Company has confirmed in a letter to the Board that, with respect to (i) the contractual arrangements under the Structured Contracts and (ii) other continuing connected transactions entered into in the year ended 31 August 2023, nothing has come to their attention that causes the Auditor of the Company to believe that,

a. the continuing connected transactions disclosed have not been approved by the Board;

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

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

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

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

RELATED PARTY TRANSACTIONS

Other than the above-mentioned transactions, details of transactions entered into with related parties by the Group and do not constitute connected or continuing connected transactions during the year ended 31 August 2023 are set out in Note 32 to the consolidated financial statements.

SIGNIFICANT LEGAL PROCEEDINGS

For the year ended 31 August 2023, 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 2023 and up to the date of this annual report, the Group has complied with the relevant laws and regulations that have a significant impact on the Company. In particular, the Group is committed to minimising the impact on the environment from our business activities and the details of such effort will be set out in the "Environmental, Social and Governance Report" of the Group to be published.

PERMITTED INDEMNITY PROVISION

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

IMPORTANT EVENTS SINCE THE YEAR END

Save for the change as detailed in the section headed "Management Discussion and Analysis — Events after the Reporting Period", the Group had no important events occurred since the year ended 31 August 2023.

SUFFICIENCY OF PUBLIC FLOAT

Based on information publicly available to the Company and to the best knowledge of the Directors, the Directors confirmed that the Company has maintained the public float as required by the Listing Rules for the year ended 31 August 2023.

AUDITOR

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

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

TAX RELIEF

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

RECOMMENDATION TO CONSULT PROFESSIONAL TAX ADVICE

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

On behalf of the Board
Wang Jinglei
Chairman

Chengdu, the PRC, 19 December 2023

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Director

Mr. Wang Jinglei (王惊雷), aged 51, 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 25.90% of the total issued Shares, as at the Latest Practicable Date.

Non-executive Director

Mr. Wu Jiwei (吳繼偉), aged 52, 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 50, 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 72, 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 73, 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 61, was appointed as our independent non-executive Director and the chairman of the Remuneration Committee on 1 September 2019. Mr. Yang is primarily responsible for giving independent advice to the Board.

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

Senior management

Mr. Tang Peng (唐鵬) aged 42, has about 16 years of experience in financial and strategic management. Mr. Tang was appointed as the chief financial officer in the place of Mr. Wang Chunguo with effect from 31 May 2022. For details, please refer to the announcement of the Company dated 31 May 2022. He is the members of the Chinese Institute of Certified Public Accountants, Chartered Professional Accountants of Ontario and Association of Chartered Certified Accountants. Mr. Tang obtained the bachelor degree in Land Resources Management from Hebei GEO University in 2004 and master degree in international management from the University of Exeter in 2005.

Mr. Lam Wai Kei (林偉基) ("Mr. Lam"), aged 50, was appointed as a joint company secretary and authorised representative of the Company on 3 July 2018 and had become the company secretary and authorised representative of the Company since 30 August 2019. He has over 20 years of experience in accounting, corporate finance, auditing and company secretarial practices. He is a fellow member of the Hong Kong Institute of Certified Public Accountants and holds a Certified Public Accountant (Practising) Certificate issued by the Accounting and Financial Reporting Council. Mr. Lam graduated from The Hong Kong University of Science and Technology with a Bachelor of Business Administration degree in accounting in November 1996 and obtained a Master of Science degree in financial engineering from City University of Hong Kong in November 2004. Mr. Lam also worked for PricewaterhouseCoopers for more than 9 years. Mr. Lam is currently the company secretary and authorised representative of GR Life Style Company Limited (stock code:108), China Sinostar Group Company Limited (stock code: 0485), Balk 1798 Group Limited (stock code: 1010) and Wai Hung Group Holdings Limited (stock code: 3321), the shares of which are listed on the Main Board of the Stock Exchange.

CORPORATE GOVERNANCE REPORT

The Board is pleased to present this corporate governance report for the purpose of inclusion in the Company's annual report for the year ended 31 August 2023.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board has committed to achieving high corporate governance standards in order to safeguard the interests of the Shareholders and to enhance corporate value and accountability. Since the Listing Date, the Company has complied with all the applicable code provisions set out in Part 2 of Appendix 14 to the Listing Rules (the "CG Code") except for the code provision C.2.1 since 26 November 2020 as more particularly described below. The Board will continue to review and monitor the corporate governance practices of the Company for the purpose of maintaining high corporate governance standards.

Pursuant to code provision C.2.1 of the CG Code, the responsibilities between the chairman and the chief executive officer should be segregated and should not be performed by the same individual. 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 Latest Practicable Date 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.

THE BOARD

Responsibilities

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

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

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

BOARD COMPOSITION

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

Executive Director

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

Non-executive Director

Mr. Wu Jiwei

Independent non-executive Directors

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

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

Change of Directors and Directors' information

There has been no changes to information which is required to be disclosed by the Directors pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules during the year ended 31 August 2023 and up to the date of this annual report.

Independent non-executive Directors

From 1 September 2022 to 31 August 2023, the Board has met at all times the requirements under Rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications or accounting or related financial management expertise.

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

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

Board diversity

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

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

The Company acknowledges the importance of having a diverse workforce. During the year ended 31 August 2023, approximately 38.9% of the total workforce were male employees and approximately 61.1% were female employees. The Board considers that the gender diversity in workforce is currently achieved.

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

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

Induction and continuous professional development

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

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

The principal approaches taken by the Directors for continuous professional development during the year ended 31 August 2023 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 C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and performed by different individuals.

The Group therefore does not have a separate chairman and chief executive officer as at the Latest Practicable Date 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 2023, five Board meetings were held by the Company and the attendance of each Director at such meetings is set out in the table below:

Name of Directors	Attendance/ Number of meetings
Mr. Wang Jinglei	5/5
Mr. Wu Jiwei	5/5
Mr. Yang Yuan	5/5
Mr. Cheng Tai Kwan Sunny	5/5
Mr. Mao Daowei	5/5
Ms. Luo Yunping	5/5

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 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 from 1 September 2022 to 31 August 2023.

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 D.3 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 2023, 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 2023 and the annual results and annual report for the year ended 31 August 2023, 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 B.3 of the CG Code as set out in Appendix 14 of the Listing Rules.

As at the Latest Practicable Date, 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 2023, 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 E.1 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 2023, 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.

For the year ended 31 August 2023, there was no matter relating to the Share Option Scheme that was reviewed or approved by the Remuneration Committee. For further information about the Share Option Scheme, please refer to the section headed "Report of Directors — Share Option Scheme" in this report.

Remuneration of Directors and senior management

Details of the remuneration by band of the members of the Board and senior management of the Company for the year ended 31 August 2023 are set out below:

Remuneration band	Number of individuals
Nil to RMB500,000	6
RMB500,001 to RMB1 million	2

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 2023 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 2023, 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 2023 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 2023, 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	1,700
Other services	1,560
Total	3,260

COMPANY SECRETARY

In order to uphold good corporate governance and ensure compliance with the Listing Rules and applicable Hong Kong ordinances, the Company engages Mr. Lam Wai Kei as the company secretary. During the year ended 31 August 2023, Mr. Lam Wai Kei has undertaken not less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

CHANGE IN CONSTITUTIONAL DOCUMENTS

The Company has adopted the amended and restated memorandum and articles of association of the Company on 12 July 2018, with effect from the same date and the Listing Date, respectively. Pursuant to the Consultation Conclusions on Listing Regime for Overseas Issuers published by the Stock Exchange in November 2021, the Listing Rules have been amended with effect from 1 January 2022 which requires, among others, listed issuers to adopt a uniform set of 14 "Core Standards" for shareholder protection. The Company took the opportunity to modernise and provide flexibility to the Company in relation to the conduct of general meetings. As such, a second amended and restated Articles was adopted on 20 July 2023 for the purposes of, among others, (i) allowing general meetings to be held as electronic meetings or hybrid meetings; (ii) bringing the Articles of Association in line with amendments made to the Listing Rules, including the Core Shareholder Protection Standards set out in Appendix 3 to the Listing Rules, and applicable laws of the Cayman Islands; and (iii) making other consequential and housekeeping changes. Please refer to the corresponding announcements for details.

SHAREHOLDERS' RIGHTS

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

Convening of extraordinary general meeting and putting forward proposals

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

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

Putting forward enquiries to the Board

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

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

Address:	No. 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.

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

I. PREAMBLE

As a leading private education service group in Sichuan, Bojun Education Company Limited and its subsidiaries (collectively, the "**Group**" or "**Bojun**") reflect upon the resilience and unwavering commitment to sustainability that has shaped its journey throughout the challenges brought by the COVID-19 Pandemic (the "**Pandemic**") and "double reduction" guidelines that followed. Amidst the turbulence, Bojun has remained steadfast in its dedication to creating a positive impact on society, advancing sustainable practices, and fostering a culture of responsible education.

Over the past few years, the Group recognised that the education and training industry in China had been facing unprecedented changes. Since 2021, huge challenges from the Pandemic and regulatory change had disrupted education systems and cast a shadow of uncertainty over the future. Nevertheless, the Group took these challenges as opportunities to demonstrate resilience and a sense of responsibility, while upholding its commitment to providing quality education.

With global efforts, the Pandemic no longer constitutes a public health emergency of international concern, and students are gradually returning to campus. Alongside its ongoing Pandemic prevention efforts, the Group has shifted its focus to adapting its training approach to maintain high-quality education and alleviate the burden on students in response to the regulatory changes within the education industry.

Bojun's commitment lies in continuing its mission to adapt, thrive, and make meaningful contributions to the local community and the world. It prioritised safeguarding the well-being of students, staff, investors, and local communities, ensuring that even in the face of adversity, the "Flowers of the Motherland" continue to flourish. The Group's dedication remains unwavering in protecting the future of the most vulnerable members of society, as it strives to create a safe and nurturing environment for all students.

While the Pandemic gradually receded due to global vaccination efforts, the Group recognises that other emerging crises, such as climate change, environmental degradation, resource scarcity, and social unrest, are still imminent and require its unwavering commitment to sustainable value creation. The Group aligns itself with national and international goals to build an inclusive, resilient, and sustainable future for the planet.

During the year under review, the Group has implemented robust sustainability strategies and initiatives in alignment with Environmental, Social and Governance ("**ESG**") principles. These endeavours reflected its determination to achieve long-term business success through sustainable practices. As Bojun moves forward into 2023, the Group reiterate its unwavering commitment to its mission of educational excellence and sustainable development, driving positive changes within the organisation and beyond.

II. ABOUT THE REPORT

In compliance with the 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**") under the "Comply or Explain" provision, the Group is pleased to present its sixth Environmental, Social and Governance Report for the year from 1 September 2022 to 31 August 2023 ("**FY2023**" or "**the year under review**"), which demonstrates the Group's approach and performance in terms of ESG management and corporate sustainable development during the reviewing period.

Reporting boundaries

Adopting the operational control approach, this ESG Report covers the environmental and social performance of the Group's major business operations during the year under review. In consistent with the disclosure boundary of the Annual Report, this ESG Report includes the operations of the Group's two management offices and five schools in People's Republic of China (the "**PRC**"). In particular, the five schools consisted of two kindergartens, one high school, and two vocational colleges in Sichuan province, the PRC.

For the corporate governance section, please refer to the Group's Annual Report 2023. The reporting period of this ESG report is for FY2023 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.

<u>Materiality</u>: To better communicate with stakeholders and make informed decisions, the Group emphasises the principle of Materiality to identify the ESG issues that have the most significant impacts on the Group's operations. The Group conducts an annual materiality assessment through online questionnaires and communicating with the key stakeholders to collect their expectation and feedback for ESG issues, which is then reviewed by the board of directors (the "**Board**"). The verified outcome comprises the basis of the ESG Report and will guide the Group's sustainability strategy and initiatives in the future. For more information, please refer to the section **Stakeholder Engagement** and **Materiality Assessment**.

<u>Quantitative</u>: The principle of Quantitative is demonstrated by the disclosure of the environmental and social performance of the Group with a list of Key Performance Indicators ("**KPIs**") in the ESG Report. Source of the methodologies, assumptions and conversion factors used are clearly stated in the corresponding performance tables.

<u>Balance</u>: To provide readers and stakeholders with a comprehensive picture of the sustainability development, the Group adheres to the principle of Balance to disclose its performance without cherry picking retouched information but disclosing transparently both outstanding achievements and areas for improvement as a fair portrayal.

<u>Consistency</u>: The Group maintains the methodologies, reporting framework and structure as its previous reports to allow meaningful comparison over the years. To facilitate the understanding and evaluation of the readers and stakeholders, clear explanation will be provided should there be any significant changes on the disclosure framework or metrics.

In view of the expansion of operation scope in FY2023, the ESG Report 2023 is prepared in consistent with the operating boundaries as stated in the Annual Report 2023, which covers five schools the Group managed in Sichuan during the reviewing period, with one more kindergarten and two more vocational colleges as compared to the reporting scope of the financial year ended 31 August 2022 ("**FY2022**").

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.

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

The Group will publish the ESG Report in respect of the financial year ended 31 August 2023 on the websites of the Stock Exchange (www.hkexnews.hk) and the website of Bojun (www.bojuneducation.com) at the same time as its annual report is published. The ESG Report will be available for access under the "Investor Relations" section of the Company's website.

Opinions and Feedback

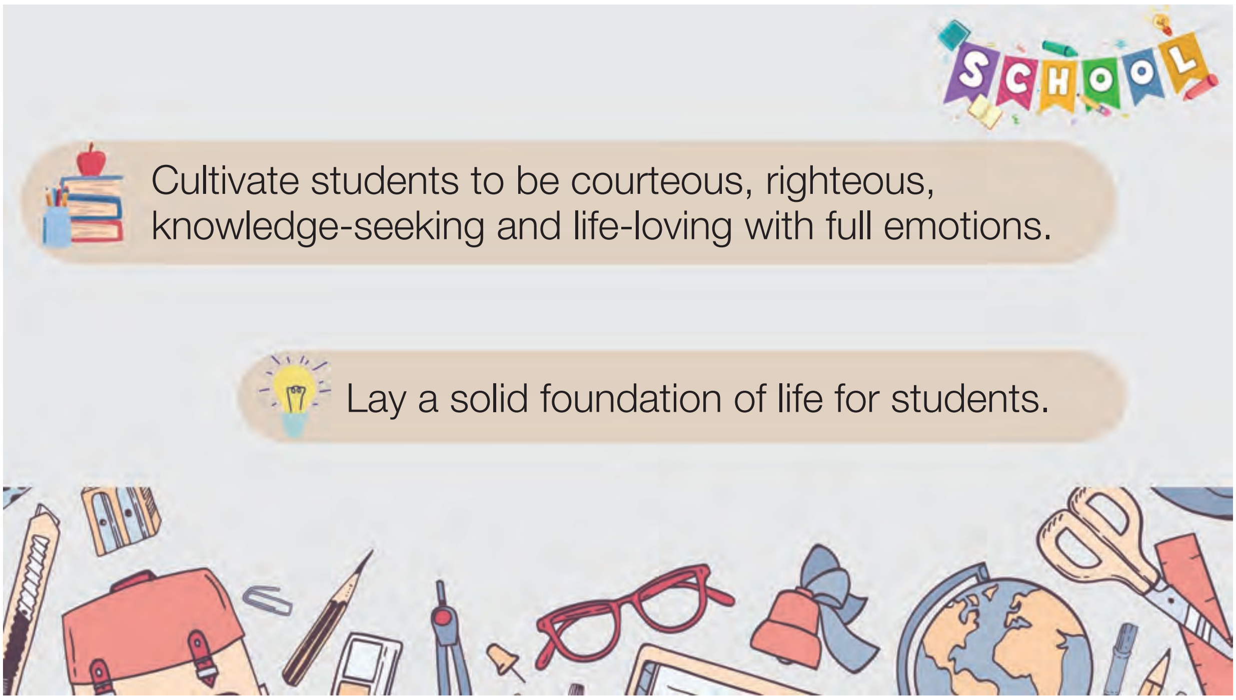
As the Group strives for excellence, all opinions and feedback from readers and stakeholder are welcome and valued. If you are in doubt or have any recommendation about the ESG Report, especially on topics listed as highly material issues to the Group, please share your views with the Group via:

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

III. COMPANY MANAGEMENT

Over the years, Bojun has been committed to maintaining the highest standards to provide high-quality education services and regularly enhances its strategy and practices for corporate social responsibility. To navigate the complex challenges of the education industry, the Group has been working to set up group-level sustainability strategies and push forward the integration of sustainability into its corporate culture. The Group also strengthens its risk management and business oversight through an information-based approach to ensure 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 is devoted to fostering students' enthusiasm for learning, strengthening their determination, cultivating their fundamental skills, and broadening their horizons, aiming to cultivate a new generation of students who are courteous, knowledge-seeking, life-loving, and caring.



Governance Alignment

Bojun understands that the governance alignment is not a box-ticking exercise but a commitment to principled leadership and responsible stewardship, which plays a critical role in achieving long-term success. To this end, the Group is dedicated to aligning with ESG principles and to implement strategies that adhere to the highest ethical standards.

In pursuit of achieving the governance goal of "Govern Without Intervention" (「無為而治」), the Group has implemented strict and systematic management policies, advocates the awareness of rules 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」).

At Bojun, the Group's governance structure is designed to facilitate transparency, accountability, and responsible decision-making. The Group integrates top-down visions with bottom-up implementation and feedback across its business operations. This two-way dialogue mechanism between leaders and employees not only ensures that the Group has a clear direction and overarching strategy but also leads to better communication and transparency across different levels and hierarchies.

The Board, which plays a crucial role in overseeing the ESG efforts and holds the overall accountability for ESG strategies and performance, is responsible for overseeing and guiding the business operations, ensuring the ESG objectives are integrated into the corporate strategy. The ESG Management Committee comprises leaders from key functional areas responsible for sustainability efforts, such as operations, human resources, and communications. The committee members are responsible for controlling ESG-related risks and capturing potential opportunities, collecting feedback from the management and operating staff, and then reporting these issues to the Board. In the meantime, the outputs could lead to more informed and effective decision-making of the Board, thus further promoting the Group's ESG performance. Relying upon the well-established monitoring system and the two-way management approach, the Group is able to build a clear framework of accountability while ensuring that strategic objectives are effectively and efficiently achieved.

Board:

— Oversees all ESG-related issues of the Group

— Monitors the progress of ESG indicators and metrics

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

— Reviews management updates and enterprise risk assessment

— Initiates sustainability strategies, targets, and guidelines

Management:

— Conducts ESG assessments and oversight during operations

— Report any updates on the regulatory environment for sustainability to the Board

— Evaluates and provides recommendation on the Board's ESG governance

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

— Manage, control and eliminate any identified ESG risks

Schools:

— Enforce and communicate policies across operational teams

— Integrate sustainability strategy and practices into different stages of daily operations

— Obtain first-hand experience and report progress regularly to management

In addition to the regular updates on the hands-on experiences, risks during the operations and difficulties faced by frontline employees, the Board also reviews, prioritises, and manages material ESG issues by engaging with the Group's internal and external stakeholders and understanding their expectations. Meanwhile, the Group also engages in regular communication with its stakeholders, including shareholders, employees, students, and the communities, to ensure transparency and accountability in its operations. For more information, please refer to the section **Stakeholder Engagement** and **Materiality Assessment**.

The Group is committed to providing every employee and stakeholder with accurate, timely, and comprehensive information about the ESG initiatives and performance. This commitment extends to financial reporting, ESG metrics, and other relevant disclosures including its ESG-related targets. After reviewing its business nature as an education service provider, the Group has set a series of environmental targets to incentivise sustainable practices and assess its progress with regular KPIs. The Board tracks the target completion based on the metrics in the annual ESG report and adjusts the business development strategy as needed to lead the Group to prosperity in a more sustainable way.

Risk Management

The Group recognises the critical importance of ESG issues in its enterprise risk management, encompassing climate risks, quality education, and professional teachers. Therefore, through a robust governance framework that promotes a positive and clear objective, the Group gains a deeper understanding of long-term risks and opportunities that hold substantial significance for its operations. To effectively mitigate social risks associated with school operations, the Group has implemented rigorous management systems, such as those for labour standards and anti-corruption practices, aiming to minimise operational risks and enhance the brand image of all schools of the Group.

Labour Standards

In FY2023, the Group strictly complied with relevant applicable 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).

The Group resolutely prohibits the hiring of child labour or forced labour. To combat illegal employment of child labour and underage workers, forced labour or servitude in any form, the Group's Human Resources ("**HR**") Department has developed a set of internal policies aiming to standardise and monitor the recruitment and employment process. To eliminate illegal employment, strict systems and procedures are in force to manage the process from recruitment to entry. The employment management system specifies in detail the steps of recruitment, the process of personnel information collection and background checking, and the evaluation of interviews. To further prevent child labour, schools of the Group have implemented specific measures to review the recruitment and employment process, including:

— Require all applicants to provide valid identification documents for verification during recruitment

— Receive and review all materials submitted by the new employee prior to formal onboarding to ensure the information provided is consistent during recruitment

— Re-verification of identity when applying for social insurance for new employee

The Group's recruitment process is designed based on the principles of fairness and voluntariness to eliminate forced labour, and any coercion or deception in recruiting employees is strictly prohibited. For instance, the Group will send an offer to the candidate who meets the hiring criteria, which includes all basic information about the position, such as the salary, benefits and working hours. The candidates will make an independent judgment and decision after being informed of the above information. Meanwhile, a specific HR group has been appointed to conduct regular investigations on the implementation of labour and employment policies of all schools of the Group, with meticulous attention to every detail from recruitment to the signing of labour contracts. Once the Group finds any violation of the labour standards, the corresponding employment will be immediately terminated.

In FY2023, 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 an education service provider, the Group recognises its responsibility to inspire and guide students to become individuals with honesty and integrity. To this end, the Group is dedicated to anti-corruption efforts and upholds the highest standards of integrity and combating corruption behaviours at every level of the operations.

In FY2023, 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).

Bojun has adopted an unequivocal stance against all forms of corruption within the Group and in the interactions with external stakeholders. The anti-corruption framework is rooted in a comprehensive set of policies, procedures and practices designed to prevent, detect, and address corruption-related risks. The Group has established a unified Staff Manual that explicitly prohibits corruption and unethical behaviour, providing clear rules and regulations to employees, contractors, and partners on expected ethical standards. The Group maintains a zero-tolerance policy for inappropriate behaviours, including inducing parents to bribe, and the punishment system associated with the violation of any rules as listed in the Staff Manual. 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.

To better combat corrupt practices and ensure all stakeholders feel safe in raising issues and concerns, the Group has established an effective grievance mechanism that applies to the operations and circumstances beyond its own operations. The grievance mechanism allows everyone, including its employees, students, parents, and other third parties, to express concerns or report any report suspected compliance or ethical violations to its management, the Board, or the legal team. The suspected operations include any person whose act conflicts with the Group's interests and any parties that may be involved in the corrupt practices. As all schools of the Group are under the administration of the Education Bureau, whistleblowers could also contact the local administration department and the discipline inspection department to file a complaint and follow the subsequent investigation process.

Once receiving the report regarding the complaints from the corresponding department, the school will immediately set up an investigation team comprised of staff from the legal team to conduct investigations and verifications. If any criminal behaviour is substantiated, the Group will be responsible for overseeing and monitoring the handle of it and deciding whether to report it to the relevant regulatory agency or law enforcement authorities. The effective mechanism of the Group will ensure that all processes will be confidential and strict anti-retaliation policies will be implemented to protect the whistleblower from unfair dismissal or victimisation. 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 potential misconduct, build trust with employees and prevent 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, the Group organised two anti-corruption-related seminars and training for all levels of the staff in FY2023. During the year under review, around two hours of anti-corruption-related training and seminars were arranged for over four management staff and 50 general employees, aiming to increase the sensitivity of all employees to the behaviours that may infringe upon the Group's interests or violate relevant laws.

Attributed to the effective implementation and monitoring of the anti-corruption and whistle-blowing policy by the Group's legal department, in FY2023, there were zero concluded legal cases regarding corrupt practices brought against the Group or its employees.

IV. MESSAGE FROM THE BOARD

Dear Valued Stakeholders,

On behalf of the Board, I hereby present to you our sixth ESG Report illustrating Bojun's ESG strategy, performance and progress in the financial year ended 31 August 2023. As an education service group operating diverse kinds of schools including kindergartens, high schools, and vocational schools, we recognise the importance of addressing key issues while ensuring the sustainable development and growth of our organisation.

The Group's vision and mission, encapsulated in the motto "A Knowledge Man Wins The Whole World" (「博學致遠，駿馳天下」), permeate every aspect of our business operations. It has evolved beyond a mere ideology and transformed into a way of life and a shared professional ethos embraced by all members of our organisation. As a pioneering private education service group committed to delivering education of the highest calibre, tailored to the unique needs and aspirations of each learner, we have relentlessly pursued our mission since our inception in 2001. From our humble beginnings, our unwavering dedication to knowledge dissemination has propelled us to expand our reach across the entire spectrum of education, spanning from kindergartens, high schools, all the way to vocational colleges.

Our Strategy And Commitment

Ensuring Health and Upholding Teaching Excellence

Despite the ongoing challenges imposed by the ever-evolving Pandemic, we have amassed valuable experience over the years, enabling us to uphold the quality of teaching while prioritising the health and well-being of our teachers and students. Placing utmost importance on the health and safety of our educational community, we have focused on strengthening the promotion and technical support of distance education, allowing us to adapt teaching content and forms to the changing circumstances. Additionally, we have prioritised effective communication and feedback channels between our teachers and students, ensuring their academic progress and addressing any concerns promptly.

An essential aspect of our approach has been our commitment to the mental health and well-being of our students. We have implemented strategies to provide support and guidance, recognising the importance of addressing their emotional needs during these challenging times. Furthermore, we have enhanced our school management and evaluation processes to maintain high standards and ensure the continued delivery of quality education.

Meanwhile, we reckon the significance of fostering the growth of our teachers in terms of their competence, ethics, and overall professional development. We remain dedicated to providing comprehensive training opportunities that cultivate a strong sense of teamwork and a broader perspective among our employees. During the year under review, we provided more than 7,500 hours of vocational training to our staff members. Our commitment lies in continually enhancing the teaching capabilities of the schools under our management, ensuring year-on-year improvement.

Fostering Sustainable Development in Challenging Times

Amidst an operating environment fraught with challenges, our unwavering commitment to sustainable development remains unyielding. We have fortified our convictions and translated them into tangible actions that drive positive change. Central to our approach is the identification and clarification of our development goals, empowering us to align our endeavours effectively.

In our relentless pursuit of sustainable development, we have actively sought new partnerships and collaborations. Through engaging with like-minded organisations and individuals, we have expanded our network and harnessed diverse perspectives to explore innovative educational approaches. Furthermore, our continued investment in vocational education underscores our recognition of its pivotal role in equipping individuals with the skills and knowledge crucial for personal growth and professional success.

Through our adaptive mindset and forward-thinking initiatives, we are confident in our ability to navigate market fluctuations, leverage emerging opportunities, and deliver educational services that align with evolving societal needs to drive meaningful change within the education industry and the broader community.

Addressing Climate Change and Promoting Environmental Stewardship

Over the past year, in view of the increasing concern on climate change impacts on businesses as well as the gradually enhanced climate disclosures obligations, we have recognised the importance of focusing our efforts and implementing meaningful, long-term changes to address climate change. In line with this objective, we have proactively referenced the recommendations put forth by the Task Force on Climate-related Financial Disclosures ("**TCFD**"), which has allowed us to assess the climate-related physical and transition risks that Bojun may encounter, enabling us to refine our climate strategy and take targeted actions.

Aligned with our group-level strategy, our schools have embraced sustainable practices by prioritising environmental governance, launching awareness campaigns, and enhancing our management capabilities. Committed to nurturing environmental consciousness and promoting intellectual growth among all, we have organised a diverse range of learning activities that inspire our students and staff members to become environmental pioneers.

Our Approach

At the core of our vision for the future sustainable development of the education industry lies the aspiration to establish an equitable, innovative, and sustainable education system. Our aim is to ensure that quality education is accessible to all, cultivating diverse skills and literacy while prioritising environmental protection and global cooperation. By embracing sustainable education practices and fostering multi-party collaborations, we firmly believe that the education industry can play a pivotal role in driving positive change and contributing to the sustainable development of future societies.

We benchmark our business operations against the United Nation Sustainable Development Goals ("**SDGs**"), which provide overarching strategic guidance, empowering us to evaluate our sustainability impacts, allocate resources to address pressing issues, and manage our development through an ESG lens. Reckoning the significance of environmental protection and sustainability in the education sector, we have set a range of appropriate ESG-related goals and metrics, which are tracked, monitored, and reviewed by the Board regularly to strive for a future where sustainable education serves as a catalyst for social progress, environmental conservation, and global cooperation.

Looking Ahead

As we navigate our place within the larger ecosystem, we recognise the tremendous opportunity and responsibility we hold in contributing to the development and implementation of solutions that tackle both national and global sustainability challenges. With a shared commitment and collaborative spirit, we are confident in our ability to embrace the future and make a lasting impact in creating a more sustainable world for generations to come.

In closing, I would like to extend my heartfelt appreciation to our employees who wholeheartedly support our ESG initiatives; our students, parents, and business partners for their invaluable feedback; and our Board and senior management, whose tireless efforts shape the foundation of a more sustainable future for all.

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

Wang Jinglei
Chairman of the Board and Chief Executive Officer

Hong Kong, December 2023

V. STAKEHOLDER ENGAGEMENT

At Bojun, the pursuit of ESG performance extends beyond internal management practices, and the Group understands that inclusive sustainability is only possible through collaboration and dialogue with its diverse stakeholders. Listening to stakeholders could help the Group understand their expectations, identify potential risks and opportunities, and ensure that its ESG efforts align with stakeholders' expectations. Open and free engagement allows the Group to update new ESG objectives and performance with key stakeholders while collecting their feedback and suggestions through the communication channels shown below to enhance the development of sustainability approaches.

The Group recognises that each stakeholder holds a unique perspective and plays a distinct role in its sustainability development. Therefore, the Group values every chance to hear from the stakeholders and make efforts to respond to the identified issues.

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 – Equal employment and anti-discrimination	– Regular reports and announcements – Regular general meetings – Official website of the Group – Written comments and responses – Telephone conferences, face-to-face meetings, and on-site visit
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 diverse stakeholders with various backgrounds and concerns, materiality assessment is a fundamental tool for Bojun to understand how to leverage sustainability performance to deliver long-term value to its stakeholders. In FY2023, the Group engaged the external consultant to undertake a materiality assessment 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 by considering the impact of the Group's activities on them and their capacity to influence the Group's business objectives. After the key stakeholder groups including parents, general staff and suppliers/business partners were identified, the Group then invited the representatives or representative organisations from each stakeholder group for engagement.

Step 2: Internal impact assessment

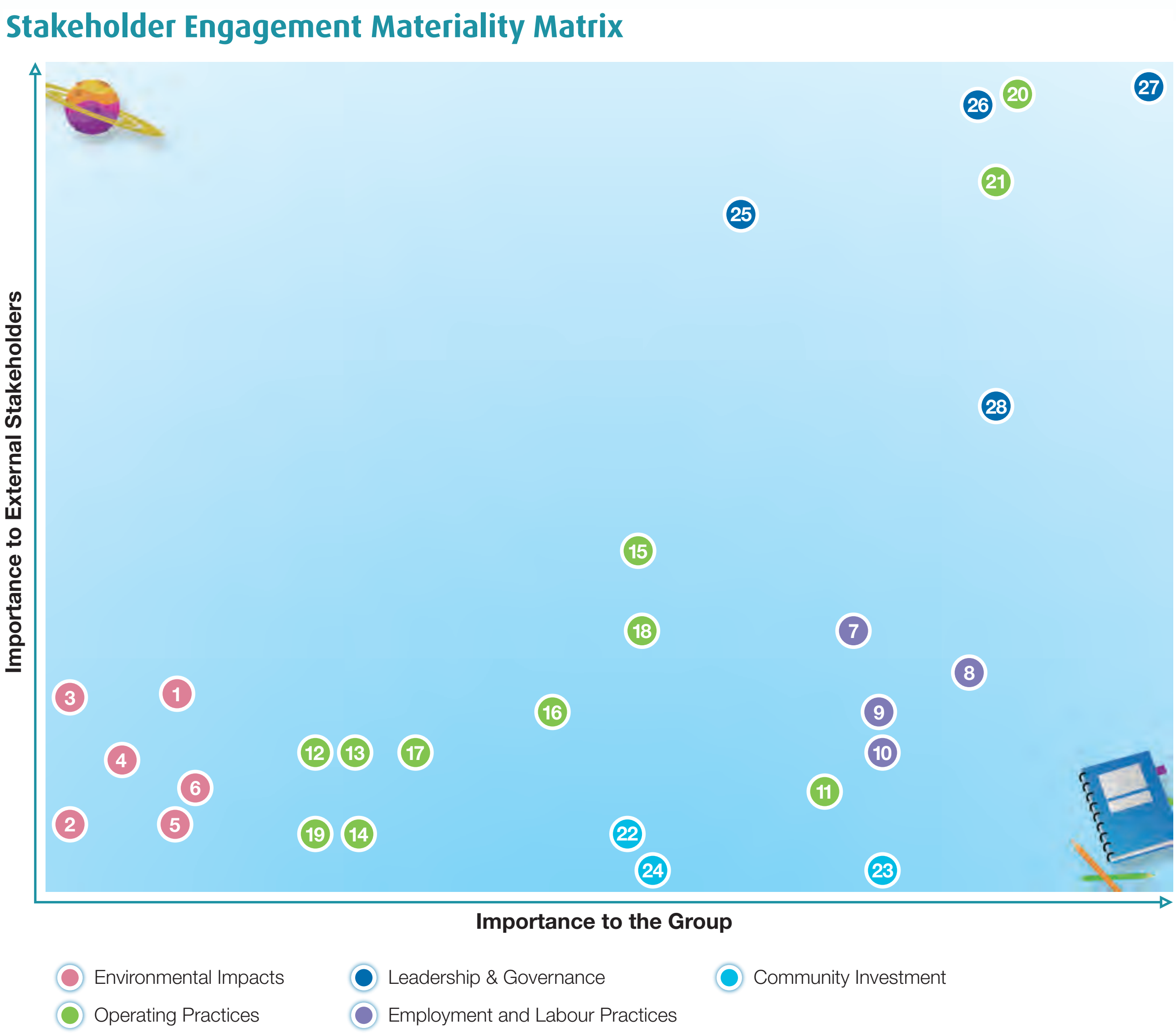
Through an internal desktop impact assessment, a list of 28 priority issues relevant to the Group's development strategy, industry development trend, regulatory market requirements, and social responsibility, among others, were generated.

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

Step 3: Significance investigation and prioritisation

An online survey was distributed among and completed by the well-selected key internal and external stakeholders. The scores of issues were analysed, prioritised, and mapped with weightings being applied based on the preference and concerns of the engaged stakeholders on the E, S and G pillars into a final materiality matrix as shown below.

Stakeholder Engagement Materiality Matrix



Step 4: Validation and outcomes

Through the materiality analysis, the Group identified six issues of high importance, including "Critical Incident Risk Responsiveness", "Management of the Legal & Regulatory Environment", "Business Ethics & Anti-corruption", "Internal Grievance Mechanism", "Systemic Risk Management" and "Business Model Adaptation and Resilience to Environmental, Social, Political and Economic Risks and Opportunities". By prioritising the topics that are most significant to its business operation and integrating these insights into the Group's risk management framework, Bojun can take a proactive approach to address its material economic, social, and environmental risks that are most concerned by its stakeholders and make more informed decisions that align with their considerations and expectations regarding the Group's business.

Alignment to the United Nation Sustainable Development Goals

In addition to the top material issues, as an organisation with operations of schools spanning across multiple age groups, Bojun's unwavering commitment to sustainability is firmly aligned with the SDGs. In FY2023, the Group has particularly identified three SDGs that align with its business and ESG strategy. The Group's commitment to these SDGs underscores its vision for a more sustainable and equitable world and it will continue to strive for achieving these goals in all aspects of its operations.

With a survey undertaken by an external consulting agency that engaged the Group's key stakeholders, Goal 3 (Good Health and Well-being), Goal 4 (Quality Education), and Goal 11 (Sustainable Cities and Communities) topped the list among all 17 SDGs. The Group recognises the pivotal role that it plays in achieving these global goals and is dedicated to contributing to their realisation. In response to the concerns of its stakeholders, the Group has and will continue to lay more emphasis on the specific sub-targets under these three goals in particular:

Goal 3:

3 GOOD HEALTH AND WELL-BEING

A focus on good health and well-being is not only crucial for academic outcomes but also for nurturing responsible, informed, and empowered individuals who can contribute to a more sustainable and equitable world. Given this, the Group spares no effort to ensure the health and well-being of teachers and students. To improve the physical fitness and mental well-being of the students, the Group not only improves healthcare facilities, arranges health education seminars and physical examinations, but also provides counselling services to help students cultivate lifelong beneficial habits.

Goal 4:

4 QUALITY EDUCATION

As an educational service provider, quality education is undoubtedly the focus of the Group's attention. To ensure equal access to high-quality education for all students, the Group has implemented its internal policies to ensure excellent teacher quality, applicable teaching content, diversified pedagogical models and inclusive education practices. 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 well-rounded talents.

Goal 11:

11 SUSTAINABLE CITIES AND COMMUNITIES

Sustainable cities and communities encompass various issues relevant to the well-being of current and future generations, including urban planning, housing, transportation, and environmental sustainability. Sustainable urban planning and development play an essential role in making communities more resilient to various challenges, including climate change, natural disasters, and public health crises. By integrating the principles of sustainability into its day-to-day operations, Bojun is committed to creating a more inclusive and resilient city. The Group has integrated sustainability principles into its curriculum and implemented a series of sustainability practices and initiatives on campus to encourage active engagement in sustainable development among students and staff.

VI. QUALITY EDUCATION

Teaching Philosophy and Model

Bojun is committed to delivering a high-quality education beyond academic accomplishments, aiming to inspire every student for excellence, responsibility, and holistic development. The Group believes that education should not be limited to disseminating knowledge but should involve cultivating individuals with critical thinking, empathy, and a strong sense of social and environmental responsibility. Therefore, the Group has focused on embracing diversity and inclusivity, ensuring that all students, regardless of their background, have access to an enriching and supportive learning environment.

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* — An online teaching research titled "Focusing on Core Mathematics Experience, Promoting the Number Sense of the Children" (聚焦數學核心經驗，促幼兒數感能力發展) was held by the Group's kindergarten in FY2023, which primary objective was to provide teachers with a deeper understanding of mathematical pedagogical content knowledge ("**MPCK**") and facilitate the development of children. It is widely acknowledged that the period below the age of six is the most pivotal and effective time for children to acquire and refine their number sense. Reckoning that the development of number sense does not rely solely on traditional teaching but should also be combined with practices in real life, enabling children to perceive and acquire the knowledge by themselves, as such, in addition to fundamental courses, teachers of the Group also designed an innovative approach that employs interactive games and hands-on activities to progressively nurture children's number sense through experiential learning and practice.

Case study: *Tianfu School* — To inspire students to stay abreast of the cutting-edge technology and foster their capacity for creative thinking and practical inquiry, Tianfu school organised a Technological Activity Week and a Space Knowledge Contest in FY2023. Collaborating with teachers from the Information Technology Centre and the students from relevant clubs, the school built 18 exhibitions on campus, which provided hands-on experiences with various technological applications, including intelligent robots, remote-controlled aircraft, and autonomous driving systems. These engaging activities allowed students to manifest their creativity and inventive concepts and ideas through science projects, inventions, or technology demonstrations. In the Aerospace Science Knowledge Exhibition Area, students also learnt about space-related knowledge, including intriguing topics like space vegetable cultivation. The aerospace knowledge competition served as an ideal platform for students to demonstrate their passion and expertise in the field of space exploration.

Technological Activity Week


Aerospace Knowledge Competition


Remote-controlled Aircraft


Autonomous Driving

Diversified Extracurricular Activities

With the gradual and successful implementation of the "double reduction" policy, the schools of the Group have been working to reduce the learning pressure on students while simultaneously enhancing the quality of extracurricular activities offered on campus. As the Pandemic restrictions are lifted, the schools have gained more opportunities to organise diverse extracurricular activities for students during the year under review. These activities included art festivals, singing contests, sports events, and English speech contests, providing students with well-rounded and enriching experiences.

In particular, to create a distinctive Children's Day celebration, the Group's kindergarten has meticulously planned different engaging activities, such as dance performances, dramatic plays, and interactive parent-child games. These various forms of cultural performances introduced children to diverse traditions, customs, and artistic expressions, nurturing an appreciation for cultural diversity and enabling them to establish a deeper connection with their cultural heritage and identity. Moreover, the experience of performing in front of the audience could help children to build self-confidence and learn how to cope with stress.

Meanwhile, on special occasions and festivals, the Group also prepared in advance to celebrate the day with all teachers and students. For instance, the kindergarten of the Group organised a series of folk games to celebrate Chinese New Year, including candy painting, paper-cutting and dragon dance, aiming to pass on and promote Chinese traditional culture and customs.

In addition, Tianfu school also organised labour skills curriculum to help students develop and practice life skills, including cooking. These activities equipped students with essential life skills, encouraged them to maintain a healthy lifestyle and increased their independence as well as creativity.

Course Quality Control

To nurture the best students, the Group steps up efforts to assure the 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.

— **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.

— **Sichuan Winshare Vocational College**: The school has established the Quality Control Department (質檢部) to conduct regular inspections of all teaching staff every semester, ensuring the delivery of high-quality and well-structured classes. All students are required to complete an anonymous online form at the end of each semester to evaluate their instructors and provide feedback.

— **Tianfu School**: The school conducted teaching research and seminars on various subjects, emphasising the importance of continuous improvement in teaching quality. Teachers were required to strictly adhere to the standards regarding class structure, assignments, tutoring, and examination procedures.

To further enhance its teaching quality, teachers are encouraged to undergo pedagogic research, attend training seminars, 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. Specifically, all schools of the Group conducted teaching research activities on different subjects, including mathematics, physics, chemistry, and music during the year. These activities not only contribute to the further development of the teaching resources but also assist teachers in enhancing their professionalism and honing their teaching skills.

In April 2023, Tianfu School invited chemistry researchers and experts to attend a research meeting on chemistry teaching, aiming to improve the teaching quality and efficiency of chemistry classes. Two outstanding chemistry teachers from the school first conducted demonstration classes, followed by experts providing them with detailed suggestions and professional guidance on teaching quality. The experts from the Institute of Education and Science also conducted a special lecture on "Teaching Practices in the Context of 'Dual Carbon'" (「雙碳」背景下的教學實踐), emphasising the need for in-depth implementation of "Carbon Neutrality" (「碳中和」) in teaching and giving strategies for infiltrating low-carbon education into the learning.

Meanwhile, Sichuan Winshare Vocational College invited the vice president of Chengdu Polytechnic to conduct training for the Teaching Skills Competition. The expert analysed the key points of improving the teaching abilities of higher vocational teachers based on her own experience and presented highly practical insights and opinions, supported by relevant cases.

Quality control during and after the Pandemic

To adapt more rapidly to the accelerating trend of digitalisation following the Pandemic, the Group has been prioritising research and utilisation of advanced technologies to upgrade its education facilities and diversify pedagogies. The Group expects its teachers to optimise the process and quality of remote learning and online courses from both technical and pedagogical perspectives.

Case study: *Sichuan Winshare Vocational College* — In September 2022, an inspection team was set up to oversee the implementation of online teaching in all subjects and grades at Sichuan Winshare Vocational College. The supervisor proposed "Quality Requirements for Distance Teaching" (遠程教學質量要求) to deal with the problems identified during the inspection and made arrangements for the online teaching plan. The college organised specific training for the new hires and senior teachers who lacked experience in online teaching, enabling them to adapt to the latest teaching methods during the Pandemic. Feedback from teachers and students was collected promptly to revise plans for subsequent stages. The Scientific Research and Quality Control Office also conducted a working meeting to make detailed arrangements and deployments to further improve the effectiveness of teaching supervision in the new semester of the 2022–2023 academic year.

Academic Achievement

The Group is committed to providing its students with high-quality education. Through the concerted efforts of all, the Group's students achieved outstanding academic results, while the performance of the Group's teachers and other staff members has earned them numerous awards and honours.

Case study: *Sichuan Winshare Vocational College* — In the 5th Sichuan University Student's Financial and Tax Practices Skills Competition, a team of four students from Sichuan Winshare Vocational College actively participated in the competition under the guidance of their teachers. After a fierce competition with 51 teams and 204 players, they finally won the third prize given their solid professional knowledge and skills.

Case study: *Sichuan Winshare Vocational College* — The textbook "Early Childhood Education Policies and Regulations", edited by teacher Qi Jingyu from Sichuan Winshare Vocational College, was selected as one of the national planning textbooks for vocational education during the "14th Five-Year Plan" period. During the year under review, the school continued to strengthen the construction of the national planning textbooks construction, enrich digital teaching resources, and promote high-quality teaching.

荣誉证书

HONORARY CREDENTIAL

四川文轩职业学院：

由贵校祁净玉老师任主编、湖南师范大学出版社出版的《幼儿教育政策与法规》（ISBN 978-7-5648-3467-8）成功入选首批"十四五"职业教育国家规划教材。

感谢贵校对此次遴选工作的高度重视和大力支持！感谢祁净玉老师在本教材的建设和申报过程中做出的卓越贡献！

特发此证，以资鼓励。

湖南师范大学出版社有限公司

Home-School Communication

The Group emphasises smooth communication with parents to foster a collaborative environment in which students can grow up in healthy conditions. In addition to 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 a 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 school and praise outstanding students on a weekly basis. The letter includes the specific homework assignments, review tasks, or reading materials that students are required to finish, which makes it more efficient for parents to supervise their children's studies.

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

The Group understands that parental trust and support are crucial in promoting students' development. Tianfu School has always attached great importance on the comminution between teachers and parents. In FY2023, the school regularly arranged talks and classes to share educational concepts with parents. Additionally, the school also invited a senior psychologist to provide guidance to parents on effective communication with students and reducing their stress related to learning.

To help children and parents prepare in advance for the transition from kindergarten to primary school, the Group's Kindergarten designed a tour for children to experience the study in primary school and invited experts to conduct a seminar for parents on how to help children adapt to primary school life. In addition, both kindergartens and primary schools held regular workshops to have in-depth conversations with parents, aiming to reduce the anxiety of both parents and children.

Advertising and Admissions

In FY2023, 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. All contents for promotion, including the schools' philosophy, curriculum system and management characteristics, were based on the brochure prepared by the Group. The Group has adopted standard and strict preparation procedures to ensure all marketing materials are correct and unbiased. Specifically, advertising materials drafted by the Admission Office must be submitted to the principal and the administrative committee for discussion and confirmation. The materials are printed and released after they have been reviewed by the school and approved by the Education Bureau.

The Group made the best use of online platforms such as schools' official websites and corresponding WeChat public account (微信公衆號) and Weibo account (微博賬號) for advertisement and news sharing.

In FY2023, 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 the privacy of its students, and strictly prohibits the collection of unnecessary information from students or their parents. All data collected from students is only used for enrolment purposes, during which personal information is carefully verified and regularly reviewed. All paper documents and electronic files are securely collected, stored, organised 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 that specifies the terms of the confidentiality agreement, the Group strictly prohibits employees from disclosing any school information, colleague information, or the personal information of students and their parents to any third party without their consent. In the event of any violation, the Group will pursue its corresponding legal responsibilities. With the establishment of the "Confidentiality System" and the implementation of monitoring measures, the management of the schools is continuously committed to protecting the privacy of all students and staff. The video surveillance system of the kindergarten is not connected to any external network and the key is strictly managed by the Administrative Office of the Group. Except for routine security checks and the need for the public security agency to obtain evidence, the internal video surveillance system can only be accessed with the specific authorisation of the management.

In FY2023, 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. Furthermore, on 1 November 2021, the Personal Information Protection Law ("**PIPL**") of the People's Republic of China came into effect. In response, the Group will further enhance its management of personal information to ensure compliance with the requirements outlined in the PIPL.

Complaints Handling and Risk Management

In FY2023, 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 could mainly be classified into parents' suggestions and recommendations on the school management, students' opinions about the schools' arrangement and the local community' concerns regarding how to create a quieter campus.

Over the years, the Group valued and fully respected the feedback from its stakeholders. The Group established task forces to conduct comprehensive investigations into the issues raised by its stakeholders and took 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, which required that any ambiguous information about the school's management process should be clarified to parents 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 were heard, and their appropriate needs could 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 the community while ensuring the regular operation of the school.

Intellectual Property Rights

Committed to transparent and ethical business practices, Bojun has always placed a significant emphasis on safeguarding intellectual property rights. Recognising the importance of intellectual property rights in fostering innovation and creativity, the Group is committed to continuously protecting the rights of itself and to safeguarding the intellectual property rights of others. All schools of the Group are only allowed to use legitimate and genuine teaching materials, including textbooks, teaching aids and software, which not only ensure the authenticity of the teaching content but also contribute to the fair compensation of creators and publishers. In case of any violation of intellectual property rights, the legal department will conduct investigations and verifications, and the relevant employees will be held accountable and disciplined according to the regulations.

In FY2023, the Group strictly complied with relevant policies and regulations, and the Group did not receive any complaints related to intellectual property rights.

Given the business nature of the Group, recalling procedures and labelling are not applicable to the operations of the Group and therefore not considered material to the Group's businesses. In FY2023, 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

Teachers play a crucial and multifaceted role in education, and their impact extends beyond the classroom. As an educational provider with a long history, the Group believes that only through efficient recruitment, professional training and management 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 systems to ensure the best control over the professionalism of its teachers.

As of 31 August 2023, there were a total of 2,430 staff employed by the Group in the PRC. The breakdown of the distribution of the Group's employee structure by employee 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 professionals of its teachers during the employment process and keeps track of its year-over-year changes. The teachers' quality profile for the schools of the Group in FY2023 was summarised in the table below.

Teacher Quality Profile

	Kindergarten	High School	Vocational colleges
Average teaching experience (years)	9.2	14.0	8.2
Education level	62% education diploma or above, with 24% bachelor's degree	72% bachelor's degree or above, with 28% master's degree	74% education diploma or above, with 62% bachelor's degree and 20% 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 FY2023, 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 HR 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

Teachers are the backbone of the educational system to ensure students gain superior learning experience. The Group believes that talent recruitment and retention is an essential aspect to maintaining its competitiveness in the industry. Hence, the Group implements strict internal policies in recruitment and employee management. The Group also establishes long-term collaborative relationships with colleges and universities and regularly holds campus recruitment to attract high-quality candidates. In addition, the Group also leverages online marketing platforms to release recruitment information for various positions regularly. Social platforms such as WeChat account and Tencent online postings are the popular software the Group utilises for recruitment purposes.

Recruitment and promotion in schools requires an orderly and equitable process to ensure that the most qualified and capable individuals are selected for positions. The Group typically upholds a detailed assessment process, including written tests, interviews, skills presentations, and principal interviews. All candidates are carefully graded by three to five interviewers according to the grading sheet. All candidates' working experience, education qualifications and specialisations are strictly reviewed and evaluated. Any promotion within the Group should be based on transparent 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

The 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, and general staff). According to the principle of "externally competitive, internally fair and motivating, and the school has the ability to pay" (對外有競爭力，對內公平有激勵力，學校有支付能力), the Group reviews teachers' salaries based on factors such as professional skills, workload, work performance and attitude. 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, and overtime pay for its staff.

The Group prohibits any kind of unfair or illegitimate dismissal and has established strict policies to regulate the procedures for the dismissal of employees. The corresponding guidelines and procedures for the dismissal of employees and the termination of contracts with schools are clearly stated in the relevant human resources policies and employment contracts. For those who remain untamed despite making the same mistakes repeatedly, the Group will terminate their employment contracts and provide economic compensation according to the relevant laws and regulations in the PRC. In FY2023, the total turnover rate of the Group is around 3%. For more information, please refer to Table S4 in APPENDIX — PERFORMANCE TABLE.

Working Hours and Rest Periods

The working hours and rest periods are stipulated and agreed upon in the labour contracts for all employees, which have been formulated based on 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 with at least one day off per week. The Group also pays attention on the rest periods of its employees and strictly controls the number of hours for overtime working to be no more than 36 hours per month.

Equal Opportunity and Anti-Discrimination

The Group firmly believes that equity and diversity in the workforce are not only matters of social justice but also powerful catalysts for improving company performance and competitiveness. Creating diverse, inclusive, and healthy working environments can foster mutual growth within the Group and ensure students value and respect differences. Therefore, the Group is committed to exploring the strategies and practices that provide equal opportunity and combat discrimination within the schools. All employees have equitable opportunities in recruitment and selection, training, development, and promotion, which remain unaffected by age, gender, race, disability, ethnicity, origin, religion, or other status. The Group demonstrates its commitment to equality and diversity by hiring individuals of different backgrounds and encouraging their participation and success. During the reporting year, in addition to hiring Chinese workers, the schools of the Group also recruited foreign teachers in pursuit of improved cultural diversity.

The equal opportunity policy has zero tolerance concerning any workforce discrimination, harassment, or vilification under local ordinances and regulations. The Group has established confidential reporting mechanisms for employees to report any incidents of discrimination to the HR Department of the Group. A rigorous investigation and resolution process will be taken when receiving reports of discrimination to ensure a fair and just outcome for all parties involved.

Other Benefits and Welfare

In FY2023, the Group organised a wide range of recreational activities that cater to the diverse needs and interests of the teaching staff, including festival celebrations, cultural performances, and sports competitions, aiming to alleviate their pressure from daily work and strengthen the cohesion of the Group.



Case study: *Sichuan Winshare Vocational College* — In September 2022, Sichuan Winshare Vocational College arranged a variety of exciting activities to celebrate Teachers' Day. Teachers from different faculties actively participated in different performances, including dancing, singing, chorus, and poetry recitation.

Case study: *Tianfu School* — In September 2022, Tianfu School organised the first badminton competition for all teaching staff. To organise the game with high quality and efficiency, this badminton game is divided into preliminary and final stages. Based on the principle of "Friendship first, competition second" (友誼第一，比賽第二), the teachers actively prepared for the match with high enthusiasm. The school believes that through this competition, teachers not only enhanced their physical fitness and enriched their spare time but also promoted communication and collaboration among teaching staff, fully demonstrating team cohesion during the competition.

In addition to the recreational activities, effective communication between the management and general staff is also necessary for the Group to adjust its approaches and improve employee satisfaction. The Group has established a comprehensive communication mechanism, which could 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 based on different stages to cover all communication from pre- to post-employment. Additionally, the Group organises regular seminars between administrative leader and teaching staff to understand the expectations of frontline teachers.

In FY2023, the Group strictly complied with relevant laws and regulations regarding 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

The Group regards teachers as its greatest asset and is willing to provide them with training opportunities to identify and fulfil their skill gaps. Training empowers teachers to meet changing educational needs and provides them with the tools and knowledge they need to succeed in their field. Training is not only beneficial for teachers but also essential to ensure quality education and positive learning experience for students.

The training concept of the Group mainly consists of self-knowledge, formulating a personal and 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 implemented the internal policy of “Internal Training and External Introduction” (培外引) and “Cooperation and Construction” (合作共建).

In addition to providing induction training to new teachers, the Group invited experts and scholars to conduct internal training and encourage teachers to participate in external training courses. The Group is also dedicated to developing online learning platforms, enabling teachers to utilise their leisure time for learning and professional development. To motivate the development of teachers, Bojun has established an employee training reward and punishment system to commend teachers with outstanding performance.

Case study: *Kindergarten* — To strengthen the professional skills and knowledge of the life teachers, the kindergarten of the Group organised the “2023 Living Teacher Skills Competition”, assessing the professionalism of life teachers from five aspects: sanitising skills, food preparation, bedding arrangement, first aid skills for children’s accidents and injuries, and childcare knowledge competition.

Case study: *Sichuan Winshare Vocational College* — During the year under review, different faculties of Sichuan Winshare Vocational College organised several teaching staff training conferences to promote the growth of teachers and enhance teaching quality. Senior teachers from the Faculty of Management took the stage to demonstrate their teaching skills and share their experience to guide junior teachers. Following the demonstration sessions, the Department Head and Principal provided suggestions for improvement based on the content of lectures, slide design and other aspects of the demonstration classes.

Case study: *Tianfu School* — To deeply promote the digital transformation of education, the expert from Chengdu Education Research Institute was invited to give a special lecture for all teachers in Tianfu School on 29th March 2023. The experts emphasised that the development of digital intelligence is driving the rapid transition of education in all dimensions, and the digitisation of education holds key significance in the cultivation of innovative talents. Teachers present also expressed their belief that the application of new digital technology could improve teaching efficiency and make classes more interesting and diverse.

During FY2023, a total of 7,598 hours of training were arranged by the Group for 91% of its employees, among which 78% were teachers. For more information about the training participants and detailed categorisation of training hours received, please refer to Tables S5 and S6 in APPENDIX — PERFORMANCE TABLE.

VIII. HEALTHY & SAFE CAMPUS

Health and Safety

Bojun always regards the health and safety of campus as its top priority, while the Group has a duty to provide and maintain a safe and secure environment for students, staff, and local residents. The Group has taken various measures and installed facilities to create an environment that fosters learning and personal growth while minimising risks and ensuring everyone on campus feels secure and supported.

Law Compliance

Over the years, Bojun has always been endeavouring to protect the health and safety of its employees and its students. To eliminate potential occupational and other hazards on its premises, the Group implemented precautionary measures across its business 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

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

The schools of the Group have organised annual health inspections for teachers and students. New students are given Purified Protein Derivative (PPD) screening for tuberculosis (TB) and a physical examination is arranged for faculty members and staff every year. According to the requirements of the Chinese Centre for Disease Control and Prevention (CDC), all students are vaccinated during their enrolment. For kindergartens, the Group 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 implemented 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) to prevent, handle and notify the issues related to natural disasters, fire safety, medical emergencies, and other critical situations relating to the health of students and staff. The schools of the Group have set up an early warning mechanism for safety control, such as surveillance cameras, access control systems and security personnel, aiming to eliminate potential threats and safety hazards. A smooth communication chain has been established to report suspicious activities in time.

Meanwhile, the Group has been working on providing safety education and training for all members of the campus community to improve their awareness and capacity to respond effectively in emergency situations. During the year under review, Sichuan Winshare Vocational College conducted regular safety inspections for the canteen, teaching buildings, dormitory, and power distribution room to ensure that all health and safety management policies were strictly enforced and complied with.

Occupational Health and Safety

Due to the characteristics and working environment of Bojun as an education provider, most of the Group's employees, such as teachers and administrative staff, are not exposed to significant occupational hazards, 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. Therefore, adequate personal protection equipment (PPE) and safe operating procedures are provided for outdoor workers to minimise occupational health and safety risks.

The Group has implemented policies to thoroughly clean and disinfect campus facilities every semester. To prevent students and staff from harmful pollutants, smoking is strictly forbidden in all school areas and workplaces. 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 ongoing efforts, the Group did not record any work-related fatalities during the past three years, including the current reporting period. In FY2023, the Group recorded zero work-related injuries and thus zero lost workdays due to injury incidents. In case of any work-related injuries, the Group will immediately take effective measures under relevant internal policies and provide appropriate compensation to the relevant employees. To maintain the zero-injury rate, the Group is dedicated to reviewing and improving the related policies and practices through regular security inspections, as well as enhancing people's awareness of safety through education and training.

In FY2023, 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

The Group believes that physical education plays a critical role in the holistic development of students, which contributes to students' physical health, mental well-being, and the development of crucial life skills. During the year under review, the schools of the Group integrated physical education with academic goals and provided diverse and inclusive activities to meet the interests of all students.

Case study: *Sichuan Winshare Vocational College* — Recognising the importance of physical education, the Faculty of Information and Intelligent Manufacturing organised a basketball competition between students and teaching staff at the end of September 2022. The competition not only stimulated students' interests in sports activities but also bolstered their skills in communication and collaboration.

Basketball Competition in Sichuan Winshare Vocational College

Emergency Drills and Training

Aiming to effectively improve the safety awareness and the self-rescue abilities of all students and staff, the schools of the Group carried out several emergency drills and training sessions during the year, to educate them on how to handle different emergency situations, ranging from natural disasters to security threats.

Case study: *Kindergarten* — To improve children's safety awareness and preparedness, the Group's kindergarten launched a series of fire safety education activities on the 31st National Fire Protection Day. The children paid visits to the local fire department, where they could meet firefighters and learn about the functions of different firefighting equipment. Engaging with firefighters could help children retain the knowledge and skills needed to respond effectively in case of a fire emergency.

Case study: *Sichuan Winshare Vocational College* — To further strengthen students' safety awareness and improve their self-rescue skills in response to earthquakes and fires, Sichuan Winshare Vocational College carried out the third phase of safety training for emergency incidents. Under the guidance of the Security Department, the students and teachers participated in fire extinguishing and earthquake escape drills.

Emergency Drill in Sichuan Winshare Vocational College

Response to Covid-19

Since the outbreak of the Pandemic, the schools of the Group have acted immediately to set up Pandemic prevention policies 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). As research on its transmission has deepened, the Group also improved and updated the guidelines based on the local infection rates, vaccination rates, and the latest government policies.

During the year under review, all schools continuously took effective prevention measures without compromising the teaching quality and the learning experience of students. All schools have implemented various safety protocols, such as mask-wearing, temperature checks and school cleaning and disinfection management. The education seminars for Pandemic prevention were regularly organised on campus to keep the students and staff informed about the latest developments and safety measures.

In FY2023, all schools of the Group were resumed and emergency plans were well prepared to ensure the health and safety of students and staff, including:

– **Prevention and control team:**

  o Ensure that the school is equipped with Pandemic prevention materials and skilled staff

  o Arrange thorough cleaning and disinfection of campus facilities before school reopens

– **Teaching secure and assurance team:**

  o Coordinate the teaching work during the Pandemic

  o Assist online teaching work of teachers and supervise the ordinary teaching works for all classes

– **Pandemic response team:**

  o Promptly report to the school management and the authority once any infection is detected

  o Educate students to correctly comprehend the knowledge about the Pandemic and raise their awareness on developing good hygiene habits

Case study: *Sichuan Winshare Vocational College* — During the year under review, Sichuan Winshare Vocational College has conducted regular prevention and control inspections to monitor the implementation of emergency response plans and measures. In March 2023, the Faculty of Medicine and Nursing also organised a class meeting with the theme of "Prevention of Infectious Diseases on Campus" to enhance the students' awareness of other infectious diseases such as tuberculosis and their prevention skills.

Canteen

Food safety of the school canteen is critical to ensuring that students and staff receive nutritious, safe, and healthy meals while eliminating the risk of foodborne illness. In FY2023, all schools' canteens strictly adhered to relevant local laws and regulations, including but not limited to:

– the Food Safety Law of the People's Republic of China (中華人民共和國食品安全法);

– the Implementation Regulations of the Food Safety Law of the People's Republic of China (中華人民共和國食品安全法實施條例);

– the Food Safety Supervision of Catering Services Management Measures (餐飲服務食品安全監督管理辦法); and

– National food safety standard — General hygienic specifications for catering service (食品安全國家標準餐飲服務通用衛生規範).

Food Safety Inspection in Sichuan Winshare Vocational College

The Group also persistently implemented comprehensive food safety practices and 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), aiming to create a warm, hygienic, and conformable dining environment. The Group has formulated specific internal control procedures to control food safety and quality, including but not limited to:

- Establishing internal systems for the procurement and certification of food materials, such as documentation, registration, and inspection.
- Require all canteen staff to obtain health certificates.
- Educate all canteen staff about proper food safety practices, including handwashing, safe food storage, and temperature control.
- Inspect the canteen areas regularly to strictly control the hygiene of the canteen areas.
- Implement a FIFO (First In, First Out) system to ensure the foods used are fresh and will not cause any foodborne issues.
- Design weekly menus by following the "Chinese Residents Dietary Guidelines" (中國居民膳食指南) as a guide.
- Provide clear labelling for allergenic ingredients in school meals.
- Create special menus for students and staff with food allergies or dietary restrictions.

Case study: *Tianfu School* — At the beginning of the new semester in March 2023, the canteen of Tianfu School carried out an activity to collect opinions and suggestions from all students. The canteen also designed a questionnaire for students to recommend their favourite dishes. Meanwhile, the canteen collected students' satisfaction evaluation forms every week and publicised them on the board to promote catering services management.

Psychological and Mental Health

In addition to physical fitness, the psychological and mental health of students also play a crucial role in their growth and development. In FY2023, the schools of the Group integrated mental health education into the curriculum and held several activities to reduce anxiety and academic pressure on students. The Group fostered a culture that values and prioritises mental health and established open communication to enable students to feel safe discussing their concerns. The schools of the Group have established a psychological care centre and counselling room, which provide access to school counsellors and psychologists who can offer individual or Group counselling for students.

The Group understands that promoting the psychological and mental health of students is a holistic and ongoing effort that requires the collaboration of teaching staff, families, and the broader community. Therefore, the schools have regularly arranged talks and meetings with parents to discuss students' performance and growth in school, aiming to help parents better understand and communicate with their children.

Group Psychological Counselling Activities: relieve students' academic pressure.

Parent Meeting: help parents better understand their children's school life.

Supply Chain Management

As an educational institution with boarding services, Bojun mainly collaborates with suppliers that provide office supplies, teaching devices and materials, daily necessities of students and food materials for canteens. Supply chain management involves efficiently managing the flow of resources and services to ensure the smooth operation of the schools. The Group is dedicated to eliminating social and environmental risks throughout its supply chain and extending its workforce to foster a sustainable value chain while providing students and staff with safe and high-quality products in a responsible manner.

Supplier Engagement

In FY2023, the Group maintained stable cooperative relationships with a total of 75 suppliers, which were all located in the PRC. All schools of the Group have set up a Logistic Department to maintain a long-term relationship and dynamic engagement with its primary suppliers through on-site visits, telephone conferences 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 delays in supplies.

Risk Management

To minimise the potential social and environmental risks associated with the supply chain, the Group formulated internal policies and regimes to regulate the daily practices in supplier inspection, bidding, cooperation, and management. Adhering to the precautionary principle, the Group aims to control the supply chain risks by strictly complying with the standards and contracts as well as regularly conducting examinations.

According to the "Supplier Selection Mechanism and Evidence for Selection" (供應商選擇的相關制度及證據), the Logistic Department of the Group is responsible for the selection and inspection of suppliers to assure the quality of the suppliers and legal compliance in the procurement process. 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. The Logistic Department of the Group regularly conducts assessments according to the standards to ensure the suppliers strictly comply with laws and regulations and have strong production, supply, and delivery capabilities.

– **Factors for selection**: Suppliers are selected based on the comparison of quality and price with peers. Industry experience and business cases are also important references to the Group. Meanwhile, the Group values supplier who have obtained ISO (International Organisation for Standardisation) and other third-party certificates and give them extra points during the assessment.

– **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. The qualified suppliers are also required to pay safety, quality, and risk deposits to the schools.

Green Procurement

Recognising that the supply chain plays a significant role in the Group's sustainability performance, Bojun prioritises environmental factors by selecting materials that have low or no harmful impact on the environment during the procurement process. It also aims to minimise the negative impact on the environment and drive the entire value chain towards a more sustainable direction.

The Logistic Department of the Group treats "low carbon" as an essential indicator in the process of supplier selection, and suppliers are encouraged to take preventive measures to reduce the emission of pollutants such as wastewater, exhaust gas, solid waste, and noise.

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

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

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

As of August 31, 2023, among 75 suppliers in the PRC, 85% of suppliers are covered by the green procurement management policies.

IX. SUSTAINABLE CAMPUS

Recognising that environmental sustainability is an essential component of the Group's sustainability strategy, Bojun is committed to creating a sustainable campus and placing great value on improving the environmental awareness of students. As the Group is mainly engaged in educational services, the types and amount of emissions generated from its operations are limited and do not have significant impacts on the environment.

As its fundamental commitment, the Group made efforts to strictly comply with the relevant environmental 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 in promoting environmental sustainability as well as climate change mitigation and adaptation in FY2023.

Emissions

In FY2023, the Group strictly abided by the relevant applicable national and local environmental laws in terms of emissions during its daily operations and was not in violation of any laws and regulations about 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. More information about the total and different categories of emissions of the Group during the year under review can be found in Table E1 in APPENDIX — PERFORMANCE TABLE.

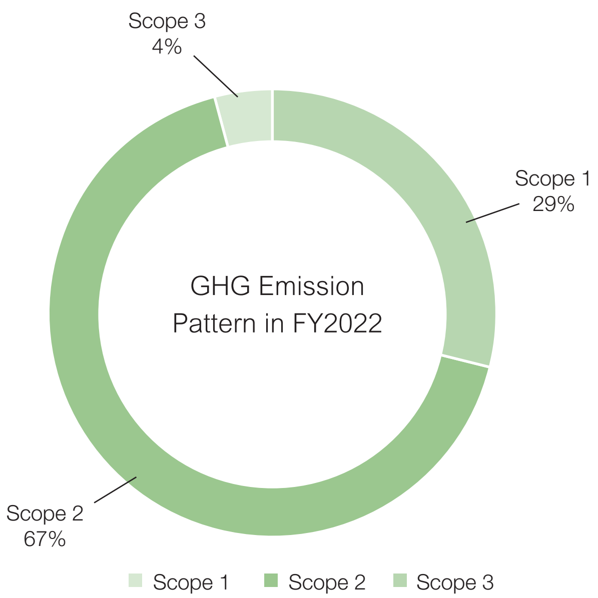
To further reduce the environmental impacts and to build an ecological civilisation on campus, Bojun has developed an overarching approach and implemented various measures across different schools of the Group. Based on this framework, different schools of the Group adopted specific guidelines and targets in line with the international trends.

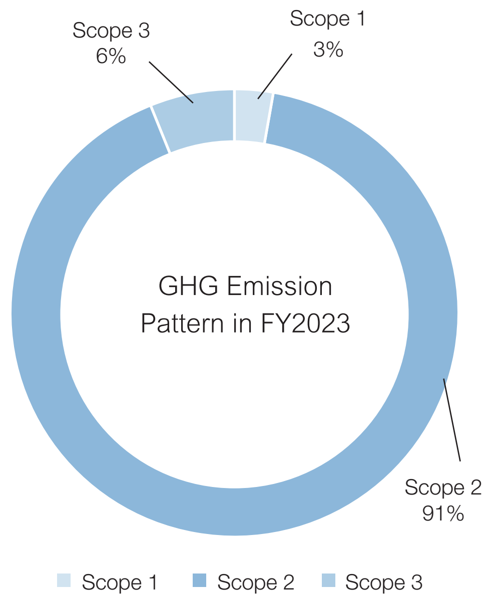
Air & GHG Emissions

In FY2023, the air and GHG emissions generated by the Group mainly came from the use of petrol for transportation, natural gas for canteen operations and electricity consumed for the daily operations of the schools. The schools of the Group have set up a series of measures to reduce air pollutants on campus. Schools with canteens have worked with professional organisations to install fume filtration facilities and clean the exhaust hoods regularly. For instance, during the year under review, Sichuan Winshare Vocational College invited experts from the cooperative gas company to conduct safety inspections for natural gas boilers in its canteen, so as to identify and promptly address the leakage issues that may lead to unnecessary excessive emissions. To improve the indoor air quality, the kindergartens also installed fresh air systems to filter the air.

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

In FY2023, due to the expansion of the operation scope of the Group, the patterns of GHG emissions showed a significant change, in which the direct emissions (Scope 1) only contributed to 3% of the total GHG emission and indirect emissions (Scope 2 and Scope 3) dominated. Compared with FY2022, the intensity of direct emissions decreased dramatically, while the intensity of indirect emissions showed a growth trend in FY2023.





As anthropogenic GHG emission is the primary driver of climate change, the Group always focuses on identifying and deploying solutions to lower emissions from energy consumption. 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. Striving to promote water recycling, thus reducing unnecessary discharge, the Group has established the relevant guidelines to recycle wastewater.

Non-hazardous wastewater

To reduce water consumption and minimise the environmental impact of wastewater, the Group strictly complied with the relevant local laws and regulations and implemented the "School Wastewater Discharge Management Method" to monitor and manage the wastewater discharge. Examples of management methods include:

– Maintain and manage the drainage pipe networks and related facilities regularly;

– Test the quality of wastewater according to the relevant regulations (national and local sewage pollutant discharge standards) before discharge;

– Choose phosphate-free detergent and cleaning liquid; and

– Separate oily fluid discharged from canteens by the grease trap before sewage treatment.

Solid waste

The solid waste of the Group in FY2023 was non-hazardous solid waste discharged mainly from dormitories and campus activities of the schools.

Non-hazardous solid wastes

In FY2023, major types of non-hazardous solid waste include paper, plastic, and food waste. The Group has set clear policies and procedures to ensure proper disposal, recycling, and waste management, which help to minimise the environmental impact and promote the sustainable campus. The requirements of "School Solid Waste Management Method" are highlighted as follows:

– Define categories for waste segregation and arrange separable rubbish bins to encourage the separation of waste at its source;

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

– Educate students and staff about the importance of responsible waste management and sustainability, including awareness campaigns, workshops, and classroom activities; and

– Set up a system for monitoring waste generation and tracking recycling rates.

To promote waste reduction at source, the Group has formulated the "Asset Management System", which specify the control measure for the scrapping and disposal of equipment, while emphasising the arrangements with waste collection services and recycling companies to ensure the waste management comply with local regulations.

To effectively reduce food waste from canteens, the Group has set up regulations on the Management of Kitchen Waste Disposal to identify the roles and responsibilities for waste management and to conduct inspections for the food waste collection, storage, and treatment. The schools of the Group also collaborated with qualified groups to collect and further process the waste into valuable resources.

During the year under review, the Group has embarked on different waste management initiatives. The Schools of the Group have integrated waste reduction into the curriculum to educate students about the importance of waste reduction and recycling. The schools also organised field trips for students to visit recycling centres and waste management facilities thereby encouraging their active participation in waste reduction and management. By participating in these initiatives, students are expected to carry the values and practices of sustainability into their future lives and careers, contributing to a more sustainable future.

Case study: *Sichuan Winshare Vocational College* — During the year under review, the Suining Ecological and Environmental Protection Bureau visited Sichuan Winshare Vocational College to provide guidance on environmental protection and waste management within the school. The team conducted an inspection to assess the implementation of waste collection, transfer and disposal practices. Following the visiting, the team put forward recommendations regarding the disposal of medical waste, food waste and fume emissions.

Noise

The noise was mainly from daily school activities, including outdoor activities, school broadcasts and the ringing of school bells. While noise from teaching activities is generally perceived as reasonable, the Group has always attached importance to controlling the noise and is dedicated to minimising nuisance to nearby residents. For instance, the schools of the Group installed decibel meters throughout the campus to remind all teachers and students to keep the noise at a normal level (around 60 to 65 decibels) to eliminate disturbance to local residents. The schools implemented measures in the architectural design to reduce noise transmission within classrooms and common areas, including sound-absorbing materials, acoustic ceilings, and partitions. In addition, the schools of the Group encourage feedback from nearby residents and make necessary adjustments to noise control measures based on their expectations.

Use of Resources

In FY2023, the primary resources consumed by the Group were electricity, petrol, natural gas, water, and paper. Given its business nature, the Group did not consume a significant amount of packaging materials during the reporting year. Details on the amount of resources consumed by the Group are illustrated in Table E2 in the APPENDIX — PERFORMANCE TABLE.

To enhance resource management within the organisation, the Group prioritises accountability and the efficient execution of its assessment, reward, and penalty policies through a well-established management system. The schools of the Group have assessed their corresponding resource reduction targets and enhanced their resource conservation practices and records management, aligning with the guidance provided by the Group.

Electricity

In FY2023, the Group purchased and consumed electricity in its daily operations on campuses and offices. Around 97% of electricity consumption arose from the two vocational colleges of the Group. To lower electricity consumption and thus reduce indirect GHG emissions (Scope 2 emission), the Group has formulated the policy of “School Power Management System” and provided effective instructions for its schools, including:

- Incorporate power saving into school management and class assessment;
- All electrical facilities for classrooms and dormitories are maintained and managed by the General Affairs Department;
- Turn off all electronic equipment, including air conditioners and multimedia systems, when leaving classrooms;
- Implement energy-efficient practices such as upgrading lighting to more energy-saving LEDs, installing motion-activated light, and installing programmable thermostats; and
- Set air conditioning of office and classroom at reasonable temperatures.

Case study: *Kindergarten* — To better manage electricity consumption and raise awareness of children and teaching staff, the kindergartens of the Group have formulated specific targets for energy saving and conducted a series of energy-saving initiatives. The expenses for electricity, water and gas are included in the fund management, which is directly linked to the performance-based salary appraisal. Any wastage of energy resources from staff behaviour is also taken into account during the monthly performance appraisal.

Other energy resources

Given the Group's business nature, the consumption of other energy resources mainly came from petrol and natural gas for transportation and operations of the schools' canteens and dormitories. In FY2023, usage of other energy resources accounted for 12% of the Group's overall energy consumption. Over the years, Bojun has integrated climate-related risk into the Group's long-term development and continuously improved its energy performance against well-defined energy performance indicators. In addition, the Group endeavours to achieve the desired outcome of its internal energy management system by continuously exploring new solutions and adopting environmentally friendly technologies in its operations.

In terms of natural gas, the consumption of gaseous fuels constituted around 11% of the annual energy profile of the Group in FY2023, and its primary use was for the operations of boilers and other cooking equipment in the dormitories and canteens. To enhance control of natural gas consumption, reduce air pollution, and lower GHG emissions, Bojun has implemented a series of practices to effectively manage its gas use, including:

– Hot water supply to the dormitories is limited to specific periods during winter and summer, and boiler water temperatures are regulated in accordance with the Group's policies;

– Provide training for staff responsible for boiler management, including distributing air reasonably, maintaining stable pressure and temperature, and controlling the boiler operation in the optimal range;

– Strengthen regular inspections and maintenance of boiler equipment to check thermal insulation materials, reduce heat and gas loss, and eliminate leaks;

– Choose environmentally friendly and energy-efficient boiler models during procurement; and

– Gradually replace the current stoves on campus with gas-saving new models.

Regarding liquid fuels, petrol is the primary type of fuel for transportation of the Group, covering the use of company cars in FY2023. The Group has been actively improving energy efficiency through various strategies, including:

– Choose petrol-efficient vehicles when acquiring new company cars, while considering hybrid or electric models for even better fuel economy and lower emissions;

– Conduct regular inspections for the company cars to keep them in optimal working condition;

– Use route optimisation software to plan the most efficient routes, reducing unnecessary mileage; and

– Encourage employees to choose public transportation or non-petrol alternatives for commuting when possible.

Water

Considering the deteriorating water scarcity issue worldwide, especially in China, the Group is committed to fulfilling its responsibility of water conservation on campus and educating students on the concept of water saving. The schools of the Group have incorporated water conservation into their assessment systems and have carried out a variety of activities to publicise the concept of water conservation through theme essays, speech activities and hand-written posters.

In FY2023, the Group did not face any problem in sourcing water that was fit for its purpose. However, due to the modification of the business scope, the water intensity of the Group showed a significant increase in FY2023. Therefore, Bojun attached great attention to lowering water consumption where possible and encouraging water recycling for flushing demand. During the year under review, the Group strictly complied with the "3R principles — Reduce, Reuse and Recycle" in its daily operations and implemented the following practices:

- Educate students and staff about responsible water use;
- Affix posters next to the taps to raise the awareness of water conservation;
- Regularly inspect and repair plumbing to prevent water wastage;
- Refit water-saving faucets with sensor switches for basins and toilets;
- Set specific water reduction targets for accountability and progress tracking; and
- Run regular leakage tests on water taps, joint rings, and other defects in the water supplier system.

Case study: *Kindergarten* — On 22 March 2023 the World Water Day (世界水日), the kindergartens of the Group organised various activities and initiatives to raise awareness about the importance of water and advocate for the sustainable management of water resources, including seminars, posters and art competitions and community pledges for Water Saving Proposal (節約用水倡議書). Children from the kindergartens created poster with colourful and eye-catching paintings to convey the importance of water conservation.

Paper

Saving paper not only helps conserve natural resources but also reduce waste and minimise the environmental impact of paper production. Additionally, saving paper could lower operational costs and promote eco-friendly practices by using less paper for photocopies, printing, and administrative tasks. In FY2023, the Group recycled around 50 kg of paper. Reckoning that the Group mainly consumed paper for administrative work and teaching materials, the Group has long been promoting the concept of "Paperless Office" and "Office Automation". To encourage its employees to use less paper in the workplace, the Group has actively implemented paper-use and printer-use practices, including:

- Require staff to adjust file font specifications to save pages;
- 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 to remind the staff of avoiding unnecessary printings;
- Encourage staff to disseminate information by electronic means (i.e., via email or e-bulletin boards); and
- Assign responsible personnel for wastepaper collection and recycling.

Other resources

In FY2023, Bojun also consumed other types of resources, including cardboard boxes and books, during its operations. The Group has worked with professional companies to recycle and reuse the material like cardboard boxes. The schools of the Group also established book recycling shelves where students can donate and share books, thereby further controlling unnecessary waste.

The Environment and Natural Resources

Bojun firmly believes that environmental responsibility is a crucial aspect of holistic and contemporary education. Through educating students about environmental issues, sustainability, and responsible resource management, schools play a vital role in fostering environmentally conscious citizens who are well-equipped to address pressing environmental challenges. Meanwhile, by reducing waste and minimising carbon footprint, ongoing improvement has been made to create a healthier planet and combat climate change.

During the year under review, Bojun has made its efforts to monitor and control its emission and consumption of natural resources, aiming to create a reliable, resilient, and sustainable campus for all students and staff. To further promote the sustainable goals and commitment of the Group, Bojun has deployed various scalable environmental initiatives to reduce the consumption of energy and natural resources while adhering to the high quality of education. Through these efforts, the Group's routine operations barely caused significant negative impacts on its surroundings.

The Group encourages its schools to carry out different "green" activities or projects to improve the community environment. For example, the Faculty of Management in Sichuan Winshare Vocational College carried out a volunteer activity for urban environmental management and 32 volunteers actively engaged in a thorough clean-up of designated areas within the community. During this activity, the young volunteers also communicated and interacted with the sanitation workers on the road to express their respect and appreciation. This event not only guides young students to understand the importance of urban environmental management but also motivates more students to actively participate in practical environmental initiatives that would contribute to a more sustainable urban environment.

Targets and Progress

As a result of the expansion of business scope and reporting scope, the Group's consumption of various resources has undergone significant changes in FY2023. Taking this into account, after careful evaluation of its context and current performance, the Group has decided to update its overall targets in the short-term, aiming to effectively address the new circumstances.

Areas	Targets	Progress & Actions
Air Emissions	Taking FY2023 as the baseline year, Bojun aims to reduce air emissions per gross floor area ("**GFA**") by 3% in FY2024.	In FY2023, the intensities of the Group's air emissions (SO_X, NO_X, and PM) decreased drastically by 88%, 88% and 87%, respectively. To stick with its targets, the Group will further implement a series of procedures to effectively manage the energy use (e.g., petrol and natural gas), including exploring the opportunities of switching to the utilisation of electric vehicles and managing hot water supply.
GHG Emissions	Taking FY2023 as the baseline year, Bojun aims to lower the GHG emissions per GFA by 3% in FY2024.	In FY2023, a 6% reduction was found in the intensity of the Group's GHG emissions. The intensities of Scope 1 emissions decreased drastically by 88%, while the intensities of Scope 2 and Scope 3 emissions increased by 28% and 43%, respectively. To further lower its GHG emissions, the Group will continue focusing on carbon footprint mitigation by managing vehicle uses and resources consumption.

Areas	Targets	Progress & Actions
Waste	Taking FY2023 as the baseline year, Bojun commits to bringing down all categories of non-hazardous waste (including solid waste, food waste and wastewater) per GFA by 3% in FY2024.	In FY2023, the intensity of non-hazardous solid waste generated by the Group increased by 262% and the intensity of non-hazardous wastewater increased by 397%. To seek these targets, the Group plans to further its promotion of 3R principles — reduce, reuse, and recycle. Moreover, the Group is currently in the progress of engaging waste treatment professionals to introduce new waste treatment projects, such as food waste and wastewater recycling.
Electricity	Taking FY2023 as the baseline year, Bojun aims to reduce the absolute amount of electricity consumption by 10% in FY2024.	In FY2023, the intensity of the Group's electricity consumption increased by 28% as compared to that of FY2022. To further lower its electricity consumption, the Group will further explore better ways and opportunities to improve its electricity consumption efficiency at schools by including electricity consumption in teachers' performance assessment, replacing energy-intensive facilities, and conducting energy conservation training and activities on campus.
Natural Gas	Taking FY2023 as the baseline year, Bojun aims to reduce the absolute amount of natural gas consumption by 10% in FY2024.	In FY2023, the absolute amount of natural gas consumed increased by 161% due to the expansion of business scope, while the intensity dropped by 86%. The declining trend of natural gas consumption intensity revealed the effectiveness of Bojun in managing its gaseous fuel use by controlling supplies of boilers and hot water supply in dormitories. To take its steps further, the Group will continue pursuing its goals through the smart use and scientific management of the gas-using equipment.
Petrol	Taking FY2023 as the baseline year, Bojun aims to reduce the consumption of petrol per GFA by 3% in FY2024.	In FY2023, the absolute amount of petrol consumption slightly decreased by 5%, and the intensity decreased drastically by 95% due to the suspension of school buses and the expansion of GFA. To take its steps further, the Group will continue its focus on managing vehicle use and encourage staff to choose electric vehicles or public transportation for commuting.

Areas	Targets	Progress & Actions
Water	Taking FY2023 as the baseline year, Bojun aims to lower the absolute amount of water consumption by 10% in FY2024.	In FY2023, the intensity of water consumption increased by 397% due to expanding the business scope. To seek its targets, the Group will continue enhancing its water efficiency during its operations, strengthening its efforts in water conservation, and encouraging both teachers and students to save and recycle water through training programmes and initiatives.
Paper	Taking FY2023 as the baseline year, Bojun aims to lower its paper consumption per GFA by 5% in FY2024.	In FY2023, the absolute amount of paper consumed slightly decreased by 34% as compared to that of FY2022, and the intensity dropped by 96%. The substantial decline in paper consumption of the Group revealed the effective management of paper consumption, particularly for administrative work and teaching materials. To take its steps further, the Group will further encourage staff to save and recycle paper through various initiatives.

Two new vocational colleges also set specific targets to assess and track their process for sustainability. Yet, due to the modification of the business scope, no previous data comparisons were conducted for FY2023.

Areas	Targets for Chengdu Dayi Zhengzhuo Education Vocational School	Targets for Sichuan Winshare Vocational College
Air Emissions	Taking FY2022 as the baseline year, the school aims to reduce air emissions by 5% in FY2023.	
GHG Emissions	Taking FY2022 as the baseline year, the school aims to lower the GHG emissions by 5% in FY2023.	
Waste	Taking FY2022 as the baseline year, the school commits to bringing down all categories of non-hazardous waste (including solid waste and wastewater) by 5% in FY2023.	
Electricity	Taking FY2022 as the baseline year, the school aims to reduce the electricity consumption by 8% in FY2023.	Taking FY2022 as the baseline year, the school aims to reduce the electricity consumption by 6% in FY2023.
Natural Gas	Taking FY2022 as the baseline year, the school aims to lower the consumption of natural gas by 8% in FY2023.	Taking FY2022 as the baseline year, the school aims to lower the consumption of natural gas by 5% in FY2023.
Petrol	Taking FY2022 as the baseline year, the school aims to reduce the consumption of petrol by 8% in FY2023.	Taking FY2022 as the baseline year, the school aims to reduce the consumption of petrol by 5% in FY2023.
Water	Taking FY2022 as the baseline year, Bojun aims to lower its water consumption by 6% in FY2023.	Taking FY2022 as the baseline year, Bojun aims to lower its water consumption by 5% in FY2023.

Other than setting up environmental targets, the Group has also been promoting environmental protection to its students through arranging and encouraging participation in tree planting activities. In response to the growing concern over GHG emissions, an additional 1,157 trees over 5 meters were planted by the Group, bringing the total number of trees planted to 1,279 in FY2023.

Climate Change

In light of the increasing frequency of global climate-related crises, measures for climate change mitigation and adaptation have become much more urgent. In response to the national pledge to achieve carbon neutrality by 2060, the Group has set appropriate long-term targets and made assessments on the potential implications of climate-related risks and opportunities as recommended by the TCFD. As one of the leading private educators in China, Bojun is committed to investing and developing its sustainable strategy and practices to address global challenges.

Governance

As detailed in the section of COMPANY MANAGEMENT, the Board is responsible for the supervision of all material ESG topics and climate-related issues of the Group through tools including materiality assessment. Beyond the initiation and review of effective climate mitigation measures, the Board also carries the duty of monitoring the implementation, progress, and performance of such measures through regular reporting of the management.

Strategy

While the Group is taking actions to minimise its environmental impacts, the potential risks and opportunities associated with climate change cannot be ignored. With reference to the recommendations of TCFD, the Group further analysed and summarised the implications of both physical and transition climate-related risks and opportunities on its business operations, as shown in the table below.

Risk		Potential Impact
Physical Risk	– Increase in severity and frequency of extreme events such as hurricanes, floods, wildfires, and storms – Rising mean temperature due to global warming – Increase in water scarcity	– The structure of the Group's schools and the safety of students and staff may be threatened by extreme weather events. – The rising mean temperature could pose negative impacts on the health of students and staff, especially during summer. – Droughts and changing precipitation patterns can lead to water scarcity, affecting school operations, including water supply for drinking, sanitation, and cooling systems.
Transition Risk	– Changing of policy and measurements have further increased the environmental requirements towards the Group – Development of the emerging technologies increases the operating cost – Increasing reputation risks	– Operating cost is expected to rise in response to the rippled effect brought by more straightened regulations. – Despite not being a carbon-intensive business, the reliance on fossil fuels and electricity may potentially render some of the Group's equipment/vehicles decommissioned earlier than planned. – Failure to address climate change and transition risks can damage a school's reputation, particularly if it is seen as lagging in adopting sustainable practices and incorporating climate-related education into its curriculum.

Opportunity	Potential Impact
– Engaging third-party professionals in exploring the opportunities to make use of the energy in the waste generated – Providing opportunities for educational innovation and technological advancements	– Through reducing reliance on traditional energy consumption, the Group can be benefited from a potentially lower energy costs, while also enhancing its social image by adopting the use of energy from alternative sources. – Climate change awareness has led to the development of environmental education programs, encouraging schools to integrate climate-related topics into their curricula and fostering the creation of projects on climate science, environmental studies, renewable energy, and sustainability.

Risk Management

Risk management for climate change is necessary for the Group to ensure the safety of students and staff as well as the continuity of educational services. By conducting a comprehensive risk assessment, the Group could identify and better understand its most significant climate-related risks and set up guidelines and measures to mitigate the identified risks. To enhance Bojun's climate change resilience across its operations, the Group has incorporated climate-related risks and opportunities into its decision-making process.

The schools of the Group will regularly update emergency preparedness plans that specifically address physical risks, including emergency drills, communication protocols, and response strategies for extreme weather events. The Group also regularly assess the resilience of school buildings and infrastructure to withstand climate-related events and retrofit buildings to ensure that critical systems like heating, ventilation, and air conditioning are adaptable to changing climate conditions. The Group also collaborates with the local meteorological department and community organisations to enhance preparedness and response efforts. In addition, the schools provide training and education for staff and students on responding to emergencies with regular drills and exercises.

Metrics & Targets

In addition to the emissions targets set in the above Targets and Progress subsection, Bojun is also endeavouring to assess the feasibility of developing targets aligning with the science-based targets initiative ("**SBTi**") and further its analysis of its Scope 3 GHG emissions. Relevant 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.

X. COMMUNITY CONTRIBUTIONS

The Group firmly believes that contributing to communities not only brings a positive influence towards the whole society but also enhances the Group's image and provides additional education opportunities to students. Engaging in social activities enables the students to get out of the campus and get in touch with society, thereby gaining real-world experience, developing soft skills, and applying their knowledge in practical ways through community engagement. As such, Bojun will continue to fulfil its social responsibility in contributing to the communities and focus on how schools can play a crucial role in strengthening sustainability.

Bojan's community investment strategy is aligned with and supports the UN SDGs and the direction of the central government. In FY2023, the schools of the Group organised a series of community activities for students and teaching staff, focusing on the health and well-being of vulnerable groups, cultural and arts enrichment, education improvement and environmental sustainability.

Although the severity of the Pandemic has been eased with the efforts of the whole society, medical staff, including doctors and nurses, are still working hard in the frontline of Pandemic prevention to safeguard the public health of the community. During the Mid-Autumn Festival, children from kindergarten of the Group delivered fruits and handmade greeting cards to express their support and gratitude to all medical staff and volunteers.

On the 60th of "Lei Feng Day" (雷鋒日), the students from Tianfu School came to the local Nursing Home to send blessings to the elderly. Two student representatives brought their talent shows, including opera singing and dance performances. Besides students, teachers from the schools of the Group were also actively involved in community activities. For instance, teachers from Tianfu School provided educational counselling services to address the community's concerns in the field of education and enhance their understanding of education policies. The event garnered participation from hundreds of residents, and the volunteer teachers answered questions with enthusiasm and patience.

The Group believes that engaging in community activities for vulnerable groups not only provides essential support for them but also promotes understanding and inclusivity of vulnerable groups among all residents. On 2 April 2023, the sixteenth of "World Autism Awareness Day" (世界孤獨症日), Sichuan Winshare Vocational College initiated the "Caring for Autistic Children" (關愛孤獨症兒童) volunteer services with the aim of promoting awareness about autism and dispelling common misconceptions associated with it. The service team from the Faculty of Information and Intelligent Manufacturing visited the Children's Care Centre to offer direct support and companionship to autistic children. Additionally, the service team also designed and organised a range of activities and games to foster a positive and supportive environment for the children.

Dispelling Misconceptions about Autism

Care for Children with Autism

In FY2023, although the business operations of the Group were still under the impact of Pandemic prevention and the PRC regulations regarding the education industry, the Group continues to seek opportunities to engage in social activities and expand its engagement for community contributions.

XI. APPENDIX — PERFORMANCE TABLE

Table E1. The Group's Total Emissions by Category in FY2023 and FY2022 [9,10]

Emission Category		Key Performance Indicator (KPI)	Unit	FY2023 Amount	FY2023 Intensity [1] (Unit/m^2)	FY2022 [2] Amount	FY2022 [2] Intensity (Unit/m^2)	Variation of Intensity
Air Emissions [3]	**Company cars**	SO_x	Kg	**0.07**	**4.19×10^{-8}**	0.08	8.32×10^{-7}	↓
		NO_x	Kg	**4.45**	**2.57×10^{-6}**	4.70	5.10×10^{-5}	↓
		PM	Kg	**0.33**	**1.89×10^{-7}**	0.35	3.75×10^{-6}	↓
	Natural gas	SO_x	Kg	**1.08**	**6.23×10^{-7}**	0.42	4.50×10^{-6}	↓
		NO_x	Kg	**57.61**	**3.32×10^{-5}**	22.16	2.40×10^{-4}	↓
		PM	Kg	**13.68**	**7.89×10^{-6}**	5.25	5.69×10^{-5}	↓
GHG Emissions		Scope 1 (Direct Emissions)[4]	Tonnes of CO_2e	**231.43**	**1.33×10^{-4}**	106.52	1.15×10^{-3}	↓
		Scope 2 (Energy Indirect Emissions)[5]	Tonnes of CO_2e	**5,837.12**	**3.37×10^{-3}**	243.21	2.63×10^{-3}	↑
		Scope 3 (Other Indirect Emissions)[6]	Tonnes of CO_2e	**383.53**	**2.21×10^{-4}**	14.24	1.54×10^{-4}	↑
		GHG removal from trees planted (5m or taller)	Tonnes of CO_2e	**26.61**	**–**	0.39	–	–
		Total (Scope 1, 2 & 3)	Tonnes of CO_2e	**6,452.08**	**3.72×10^{-3}**	363.59	3.94×10^{-3}	↓
Non-hazardous Waste		Solid Waste [7]	Tonnes	**1,564.10**	**9.02×10^{-4}**	23.00	2.49×10^{-4}	↑
		Wastewater [8]	m^3	**1,029,890.00**	**0.59**	11,024.00	0.12	↑
Hazardous Waste		Solid Waste	Tonnes	**–**	**–**	–	–	–

1 *Intensity for FY2023 was calculated by dividing the amount of air, GHG and other emissions respectively by the Group's gross floor area (GFA) of 1,733,864.20 m^2 in FY2023;*

2 *The amount and intensity in FY2022 were extracted from the data in the ESG Report FY2022 of the Group;*

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

4 *The Group's Scope 1 (Direct Emissions) included only the 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 included domestic and commercial wastes from the schools and offices of the Group where the employees and students worked, studied and lived in the PRC, as well as the food waste from the school canteen of the Group;*

8 *Since the wastewater generated from the Group in FY2023 was incorporated in the calculation only covered domestic sewage from employees and students, the total amount of wastewater discharged from the Group in FY2023 was based on the assumption that 100% of the fresh water consumed entered the municipal sewage system;*

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

10 *The above environmental data only covers two management offices and five schools the Group managed in Sichuan during the reviewing period, with one more kindergarten and two more vocational colleges added into the accounting as compared to the reporting scope of FY2022.*

Table E2. Total Resource Consumption in FY2023 and FY2022 [4]

Use of Resources	Key Performance Indicator (KPI)	Unit	FY2023 Amount	FY2023 Intensity [1] (Unit/m²)	FY2022 [2] Amount	FY2022 [2] Intensity (Unit/m²)	Variation of Intensity
Energy	Electricity	kWh'000	**9,567.48**	**0.006**	398.64	0.004	↑
	Petrol	kWh'000	**47.95**	**2.77×10^{-5}**	50.65	5.45×10^{-4}	↓
	Natural gas	kWh'000	**1,218.94**	**7.03×10^{-4}**	490.76	5.32×10^{-3}	↓
	TOTAL [3]	**kWh'000**	**10,834.37**	**6.25×10^{-3}**	**940.05**	**0.01**	↓
Water		m^3	**1,029,890.00**	**0.59**	11,024.00	0.12	↑
Paper		Kg	**1,491.00**	**8.60×10^{-4}**	2,250.10	2.44×10^{-2}	↓
Other materials	Plastic	Tonnes	**–**	**–**	0.20	2.17×10^{-6}	–
	Cardboard	Tonnes	**0.10**	**5.77×10^{-8}**	0.30	3.25×10^{-6}	↓

1 *Intensity for FY2023 was calculated by dividing the amount of resources consumed by the Group consumed in FY2023 by the Group's gross floor area (GFA) of 1,733,864.20 m² in FY2023;*

2 *The amount and intensity in FY2022 were extracted from the data in the ESG Report FY2022 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*

4 *The environmental data disclosed only covers two management offices and five schools the Group managed in Sichuan during the reviewing period, with one more kindergarten and two more vocational colleges added into the accounting as compared to the reporting scope of FY2022.*

Table S3. Number of Employees by Age Group, Gender, Employment Type, Position, Geographical Locations of The Group in FY2023 [1]

Unit: Number of employees	**Age group**			
Gender	**Aged 35 or below**	**Aged between 36 and 50**	**Aged 51 or above**	**Total**
Male	402	348	195	945
Female	960	373	152	1,485
Total	1,362	721	347	2,430

Unit: Number of employees	**Position**			
Gender	**General Staff**	**Teachers, administrative & supporting staff**	**Senior management**	**Total**
Male	183	738	20	941
Female	183	1,306	0	1,489
Total	366	2,044	20	2,430

Employment type		
Full time	Part time	Total
2,218	212	2,430

Geographical location	
Locations	Number of employees
PRC	2,430
Total:	**2,430**

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

Table S4. Employee Turnover Rate by Age Group, Gender, and Geographical Locations in FY2023 [1]

Unit: Number of employees	Age group			
Gender	Aged 35 or below	Aged between 36 to 50	Aged 51 or above	Total
Male	9	8	2	19
Employee turnover rate (%)	2.2%	2.3%	1.0%	2.0%
Female	31	11	9	51
Employee turnover rate (%)	3.2%	2.9%	5.9%	3.4%
Total	40	19	11	70
Total employee turnover rate (%)	2.9%	2.6%	3.2%	2.9%

Geographical locations		
Locations	Employee turnover	Employee turnover rate (%)
PRC	70	2.9%

1 The turnover data in headcount was obtained from the Group's Human Resources Department based on the employment contracts entered into between the Group and its employees. The above data only covers the reporting scope. Turnover rate was calculated by dividing the number of employees who left the Group in FY2023 by the number of employees as of the end of FY2023. 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 FY2023[1]

Unit: Number of employees	Position			
Gender	General staff	Teachers, administrative & supporting staff	Senior management	Total
Male	174	693	19	886
% of employees trained	8%	31%	1%	40%
Female	168	1,158	0	1,326
% of employees trained	8%	52%	–	60%

Total Employees Trained:

	General staff	Teachers, administrative & supporting staff	Senior management	Total
Total	342	1,851	19	2,212
% of employees trained	15%	84%	1%	91%

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 FY2023. The above data only covers the reporting scope. The methodology adopted for reporting on the number and percentage of employees trained set out above was based on "How to Prepare an ESG Report — Appendix 3: Reporting Guidance on Social KPIs" issued by the Stock Exchange.*

Table S6. Training Hours Received by the Employees of the Group by Gender and Position Type in FY2023 [1]

Unit: Training Hours	Position			
Gender	General staff	Teachers, administrative & supporting staff	Senior management	Total
Male	72	1,314	512	1,898
Average training hours	0.39	1.78	25.60	2.02
Female	48	5,652	0	5,700
Average training hours	0.26	4.33	–	3.83
Total	120	6,966	512	7,598
Average training hours	0.33	3.41	25.60	3.13

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

XII. REPORT DISCLOSURE INDEX

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	
	KPI A1.1	The types of emissions and respective emissions data.	Appendix — Performance Table	
	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	
	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	
	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	
	KPI A1.5	Description of emissions target(s) set, and steps taken to achieve them.	The Environment and Natural Resources	
	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	

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	
	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	
	KPI A2.2	Water consumption in total and intensity (e.g., per unit of production volume, per facility).	Appendix — Performance Table	
	KPI A2.3	Description of energy use efficiency target(s) set, and steps taken to achieve them.	The Environment and Natural Resources	
	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	
	KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Use of Resources	
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	
	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	
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	
	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	

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	
	KPI B1.1	Total workforce by gender, employment type (for example, full- or parttime), age group and geographical region.	Appendix — Performance Table	
	KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Appendix — Performance Table	
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	
	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	
	KPI B2.2	Lost days due to work injury.		
	KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.		

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	
	KPI B3.1	The percentage of employees trained by gender and employee category (e.g., senior management, middle management).	Appendix — Performance Table	
	KPI B3.2	The average training hours completed per employee by gender and employee category.	Appendix — Performance Table	
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	
	KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Company Management — Risk management	
	KPI B4.2	Description of steps taken to eliminate such practices when discovered.		

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

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	
	KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Due to the Group's business nature, this is not applicable to the Group's operations.	
	KPI B6.2	Number of products and service-related complaints received and how they are dealt with.	Quality Education — Complaints Handling and Risk Management	
	KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Quality Education — Intellectual Property Rights	
	KPI B6.4	Description of quality assurance process and recall procedures.	Quality Education Due to the Group's business nature, recall procedures is not applicable to the Group's operations	
	KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Quality Education — Privacy matters	

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	
	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	
	KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.		
	KPI B7.3	Description of anti-corruption training provided to directors and staff.		
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	
	KPI B8.1	Focus areas of contribution (e.g., education, environmental concerns, labour needs, health, culture, sport).	Community Contributions	
	KPI B8.2	Resources contributed (e.g., money or time) to the focus area.		

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 149 to 220, which comprise the consolidated statement of financial position as at 31 August 2023, 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 2023, 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, as at 31 August 2023, the Group recorded net current liabilities of approximately RMB952,466,000, including bank and other borrowings of approximately RMB704,991,000 will be due for repayment within the next twelve months, while its total cash (including bank balances and cash and restricted bank deposits) amounted to approximately RMB496,553,000. In addition, as disclosed in note 27 to the consolidated financial statements, the Group's secured bank borrowing with a carrying amount of approximately RMB400,000,000 was classified as repayment on demand because of the failure to fulfil certain financial covenants stated in the loan agreement. 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 mainly represents service income from tuition fees, boarding fees, and education consultancy and management services fees less returns and discounts. For the year ended 31 August 2023, revenue amounted to approximately RMB81,305,000. The recognition of the Group's revenue is significant to our audit because the amount of revenue is significant to the consolidated financial statements as a whole.

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

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

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

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

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

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

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

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

Refer to Notes 15 and 16 to the consolidated financial statements

At 31 August 2023, the Group had property, plant and equipment and right-of-use assets with carrying amounts of approximately RMB2,671,943,000 and RMB600,285,000, respectively, held by the subsidiaries and Consolidated Affiliated Entities (as defined in Note 2 to the consolidated financial statements) of the Group.

The Group assessed the amount of property, plant and equipment and right-of-use assets for impairment. This impairment assessment is significant to our audit because the balances of property, plant and equipment and right-of-use assets as at 31 August 2023 are material to the consolidated financial statements. In addition, the Group's impairment assessments involve the application of judgement and are based on assumptions and estimates.

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

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

— Obtaining the external valuation reports and meeting with the external valuer to discuss and challenge the valuation process, methodologies used and market evidence to support significant judgments and assumptions applied in the fair value less cost of disposal calculation;

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

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

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

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

BUSINESS COMBINATIONS

Refer to Note 35 to the consolidated financial statements

During the year ended 31 August 2023, the Group completed the acquisitions of Sichuan Zhengzhuo Education Investment Company Limited and Sichuan Gaojiao Investment Company Limited (collectively referred to as the "Target Companies") at a total consideration of approximately RMB283,050,000 and RMB26,010,000, respectively. The Group engaged an independent external valuer to perform the valuation of the identifiable assets acquired and liabilities assumed of the Target Companies. The accounting for business combinations, which were accounted for using the acquisition method, relied on a significant amount of management estimation and judgements with respect to fair value measurement and allocation of the purchase price.

Our audit procedures included, among others:

— Evaluated the identification of assets and liabilities based on our understanding of the acquired businesses;

— Assessed the valuation methodologies by comparing them to methodologies commonly used by market participants and evaluated the assumptions used by checking market information where available and historical information;

— Evaluated the competence, capabilities and objectivity of the independent valuer engaged by management in assessing the purchase price allocation;

— Checked the accounting for allocation of the purchase price; and

— Evaluated the accuracy of the accounting treatment on the acquisition date and reviewed the financial statement disclosures.

We consider that the business combinations 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 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 August 2023

	Notes	2023 RMB'000	2022 RMB'000
Revenue	6	**81,305**	33,604
Costs of services		**(69,386)**	(16,838)
Gross profit		**11,919**	16,766
Other income	7	**4,081**	9,598
Other gains, net	8	**91,157**	6,729
Share of (loss)/profit of an associate		**(3)**	32
Administrative expenses		**(38,206)**	(34,652)
Finance costs	9	**(16,036)**	(5,784)
Profit/(loss) before tax		**52,912**	(7,311)
Income tax expenses	10	**(1,865)**	(2,092)
Profit/(loss) and total comprehensive income/(expense) for the year attributable to owners of the Company		**51,047**	(9,403)
Earnings/(loss) per share	14		
Basic (RMB cents)		**6.21**	(1.14)
Diluted (RMB cents)		**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 August 2023

	Notes	2023 RMB'000	2022 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	15	**2,671,943**	665,775
Right-of-use assets	16	**600,285**	97,780
Intangible assets	17	**3,782**	–
Goodwill	18	**12,105**	–
Interest in an associate	19	**17,507**	17,510
Deferred tax assets	20	**17,289**	17,672
Other receivables and deposits	21	**94,544**	78,335
Total non-current assets		**3,417,455**	877,072
CURRENT ASSETS			
Other receivables, deposits and prepayments	21	**120,630**	41,046
Amounts due from related companies	22	**28,766**	95,916
Restricted bank deposits	23	**150,000**	–
Bank balances and cash	23	**346,553**	155,072
Total current assets		**645,949**	292,034
Total assets		**4,063,404**	1,169,106
CURRENT LIABILITIES			
Other payables and accruals	24	**461,457**	27,107
Contract liabilities	25	**277,041**	36,810
Amounts due to related companies	22	**137,322**	–
Lease liabilities	26	**175**	719
Bank and other borrowings	27	**704,991**	31,120
Income tax payable		**9,759**	6,805
Financial guarantee liabilities	28	**7,670**	13,105
Total current liabilities		**1,598,415**	115,666
NET CURRENT (LIABILITIES)/ASSETS		**(952,466)**	176,368
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,464,989**	1,053,440

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 August 2023

	Notes	**2023** **RMB'000**	2022 RMB'000
NON-CURRENT LIABILITIES			
Lease liabilities	26	**186**	–
Bank and other borrowings	27	**802,282**	129,000
Other payables	24	**166,410**	–
Amounts due to related companies	22	**613,637**	674,487
Deferred income	29	**272,363**	70,688
Deferred tax liabilities	20	**64,836**	–
Total non-current liabilities		**1,919,714**	874,175
NET ASSETS		**545,275**	179,265
CAPITAL AND RESERVES			
Share capital	30	**7,138**	7,138
Reserves		**230,542**	172,127
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		**237,680**	179,265
Non-controlling interests		**307,595**	–
TOTAL EQUITY		**545,275**	179,265

The consolidated financial statements on pages 149 to 220 were approved and authorised for issue by the Board of Directors on 30 November 2023 and are signed on its behalf by:

Mr. Wang Jinglei
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 August 2023

	Attributable to owners of the Company									
	Share capital RMB'000	Share premium RMB'000	Other reserve RMB'000 (Note (i))	Statutory surplus reserve RMB'000 (Note (ii))	Deferred consideration shares RMB'000	Share option reserve RMB'000	Accumulated profits/ (losses) RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 September 2021	7,138	671,945	28,805	–	–	262	(624,126)	84,024	–	84,024
Loss and total comprehensive expenses for the year	–	–	–	–	–	–	(9,403)	(9,403)	–	(9,403)
Deemed contribution from the controlling shareholder (Note22)	–	–	104,644	–	–	–	–	104,644	–	104,644
At 31 August 2022 and 1 September 2022	7,138	671,945	133,449	–	–	262	(633,529)	179,265	–	179,265
Profit and total comprehensive expenses for the year	–	–	–	–	–	–	51,047	51,047	–	51,047
Transfer	–	–	–	1,264	–	–	(1,264)	–	–	–
Acquisition of subsidiaries (Note 35(a))	–	–	–	–	7,368	–	–	7,368	307,595	314,963
At 31 August 2023	**7,138**	**671,945**	**133,449**	**1,264**	**7,368**	**262**	**(583,746)**	**237,680**	**307,595**	**545,275**

Notes:

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

(ii) According to the relevant People's Republic of China ("PRC") laws and regulations, for private school that require for reasonable return, it is required to appropriate to development fund of not less than 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.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 August 2023

	2023 RMB'000	2022 RMB'000
OPERATING ACTIVITIES		
Loss before tax	**52,912**	(7,311)
Adjustments for:		
Depreciation of property, plant and equipment	**11,178**	8,815
Depreciation of right-of-use assets	**3,019**	3,032
Share of result of an associate	**3**	(32)
Release of asset-related government grants	**(1,534)**	(1,534)
Finance cost	**16,036**	5,784
Loss/(gain) on disposal of property, plant and equipment, net	**2**	(81)
Gains on bargain purchase arising in acquisition of subsidiaries	**(85,648)**	(179)
Recognition of financial guarantee contracts	**3,945**	7,967
Amortisation of financial guarantee contracts	**(10,141)**	(14,048)
Loss allowance recognised for financial guarantee contracts	**761**	15
Interest income from banks	**(82)**	(93)
Interest income from other loans	**–**	(5,623)
Recharge income for the occupation of school campus	**(2,465)**	–
Unrealised exchange gain	**(361)**	(302)
Operating cash flows before working capital changes	**(12,375)**	(3,590)
Movements in working capital:		
Change in other receivables, deposits and prepayments	**5,821**	(28)
Change in amounts due from related companies	**–**	10,895
Change in contract liabilities	**12,350**	26,373
Change in other payables and accruals	**7,754**	(13,276)
Cash generated from operations	**13,550**	20,374
Interest received from banks and other loans	**82**	5,516
Income tax paid	**(515)**	(35)
NET CASH GENERATED FROM OPERATING ACTIVITIES	**13,117**	25,855

For the year ended 31 August 2023

	2023 **RMB'000**	2022 RMB'000
INVESTING ACTIVITIES		
Payment for property, plant and equipment	**(5,235)**	(139,917)
Net cash inflow from acquisitions of subsidiaries	**271,053**	61
Loans advanced to third parties	**–**	(104,000)
Loans repaid from third parties	**–**	174,000
Repayments from related companies	**80,713**	–
Proceeds from disposal of property, plant and equipment	**11**	611
Refund of investment funds in a former school	**–**	3,000
Refund of deposits for acquisition of a parcel of land	**–**	12,500
NET CASH GENERATED FROM/(USED IN) INVESTING ACTIVITIES	**346,542**	(53,745)
FINANCING ACTIVITIES		
Proceeds from new borrowings raised	**86,000**	–
Repayment of leases liabilities	**(936)**	(888)
Advances from related companies	**590,905**	193,011
Repayments to related companies	**(654,890)**	(72,137)
Interest paid	**(9,618)**	(11,660)
Repayment of borrowings	**(30,000)**	(18,880)
Increase in restricted bank deposits pledged for borrowings	**(150,000)**	–
NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES	**(168,539)**	89,446
NET INCREASE IN CASH AND CASH EQUIVALENTS	**191,120**	61,556
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**155,072**	93,214
Effect of foreign exchange rate changes	**361**	302
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, REPRESENTED BY BANK BALANCES AND CASH	**346,553**	155,072

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 August 2023

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 PRC.

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

Information about subsidiaries

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

Name of subsidiary	Place of incorporation/ establishment and operation	Share capital/ registered capital	Equity interest attributable to the Group At 31 August 2023	Equity interest attributable to the Group At 31 August 2022	Principal activities
Bojun Education Investment Holdings Company Limited# ("Bojun Investment")	British Virgin Islands ("BVI")	USD50,000	**100%**	100%	Investment holding
Hong Kong Bojun Education Investment Co., Limited 香港博駿教育投資有限公司	Hong Kong	HK$10,000	**100%**	100%	Investment holding
USA Bojun Education, Inc.	USA	USD80,000	**100%**	100%	Education consultancy and management services
Chengdu Tianfu Bojun Education Management Company Limited* ("Chengdu Bojun") 成都天府博駿教育管理有限公司 (Note i)	PRC	HK$120,000,000	**100%**	100%	Education consultancy services
成都博懋教育管理有限公司 (Note i)	PRC	HK$300,000,000	**100%**	100%	Education consultancy and management services
四川九洲桃源里生態旅游開發有限公司 (Note ii)	PRC	RMB20,000,000	**100%**	100%	Eco-tourism agriculture
成都旌賢教育管理有限公司 (Note ii)	PRC	RMB20,000,000	**100%**	100%	Education consultancy and information services

For the year ended 31 August 2023

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 2023	Equity interest attributable to the Group At 31 August 2022	Principal activities
Chengdu Junxian Education Management Company Limited* ("Chengdu Junxian") 成都駿賢教育管理有限公司 (Note ii)	PRC	RMB1,000,000	**100%**	100%	Education consultancy and management services
Sichuan Yunmao Education Management Company Limited* 四川沄懋教育管理有限公司 (Note ii)	PRC	RMB1,000,000	**100%**	100%	Education investment and management
四川博棣企業管理服務有限公司 (Note ii)	PRC	RMB1,000,000	**100%**	100%	Exhibition services
PRC Operating Entities					
Sichuan New Tianfu District No. 1 High School Attached to Sichuan Normal University* ("Tianfu High School") 四川天府新區師大一中高級中學有限公司 (Note ii)	PRC	RMB10,000,000	**100%**	100%	Provision of high school education services
Chengdu Youshi Lidu Kindergarten Company Limited* ("Lidu Kindergarten") 成都市武侯區幼師麗都幼兒園有限公司 (Note ii)	PRC	RMB1,000,000	**100%**	100%	Provision of kindergarten education services
Chengdu Jinjiang District Young Lion Riverside Kindergarten Co., Limited* ("Riverside Kindergarten") 成都市錦江區幼獅河濱幼兒園有限責任公司 (Note ii)	PRC	RMB100,000	**100%**	–	Provision of kindergarten education services
Sichuan Winshare Vocational College* ("Vocational College") 四川文軒職業學院	PRC	N/A	**51%**	–	Provision of higher vocational 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 2023	Equity interest attributable to the Group At 31 August 2022	Principal activities
Chengdu Daiyi County Zhengzhuo Education Vocational School* ("Vocational School") 成都市大邑縣正卓教育職業學校	PRC	N/A	**51%**	–	Provision of secondary vocational education services
Sichuan Gaojiao Investment Company Limited* ("Sichuan Gaojiao") 四川高教投資有限公司 (Note ii)	PRC	RMB300,000,000	**51%**	–	Investment in vocational education institution
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
Renshou Bojun Education Investment Management Company Limited* ("Renshou Bojun") 仁壽博駿教育投資管理有限公司 (Note ii)	PRC	RMB20,000,000	**100%**	100%	Education investment and management
Chengdu Jinbojun Education Consultancy Company Limited* ("Chengdu Jinbojun") 成都金博駿教育諮詢有限公司 (Note ii)	PRC	RMB5,000,000	**100%**	100%	Education investment and management
Nanjiang Bojun Education Management Company Limited* ("Nanjiang Bojun") 南江博駿教育管理有限公司 (Note ii)	PRC	RMB80,000,000	**100%**	100%	Education investment and management

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 2023	Equity interest attributable to the Group At 31 August 2022	Principal activities
Wangcang Bojun Education Management Company Limited* ("Wangcang Bojun") 旺蒼博駿教育管理有限公司 (Note ii)	PRC	RMB80,000,000	**100%**	100%	Education investment and management
Lezhi Bojun Education Management Company Limited* ("Lezhi Bojun") 樂至縣博駿教育管理有限公司 (Note ii)	PRC	RMB80,000,000	**100%**	100%	Education investment and management
Sichuan Zhengzhuo Education Investment Company Limited* ("Sichuan Zhengzhuo") 四川正卓教育投資有限公司 (Note ii)	PRC	RMB158,000,000	**51%**	–	Vocational education institutions management

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

* For identification purpose only.

Notes:

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

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

For the year ended 31 August 2023

2. STRUCTURED CONTRACTS AND BASIS OF PREPARATION

For the year ended 31 August 2023, the provision of private education services of the Group was carried out by its operating entities in the PRC, comprising Chengdu Mingxian Education Investment Company Limited* (成都銘賢教育投資有限公司), Sichuan Boai Preschool Education Development Company Limited* (四川省博愛幼兒教育事業發展有限責任公司) ("Sichuan Boai"), Chengdu Youshi Preschool Education Investment Management Company Limited* (成都幼獅幼兒教育投資管理有限公司) ("Chengdu Youshi"), Renshou Bojun Education Investment Management Company Limited* (仁壽博駿教育投資管理有限公司), Chengdu Jinbojun Education Consultancy Company Limited* (成都金博駿教育諮詢有限公司), Nanjiang Bojun Education Management Company Limited* (南江博駿教育管理有限公司), Wangcang Bojun Education Management Company Limited* (旺蒼博駿教育管理有限公司), Lezhi Bojun Education Management Company Limited* (樂至博駿教育管理有限公司) and Sichuan Zhengzhuo (collectively known as the "School Sponsors"), 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有限公司) ("Tianfu High School"), Chengdu Youshi Lidu Kindergarten Company Limited* (成都市武侯區幼獅麗都幼兒園有限公司) ("Lidu Kindergarten"), Chengdu Jinjiang Youshi Riverside Kindergarten Company Limited* (成都市錦江區幼獅河濱幼兒園有限責任公司) ("Riverside Kindergarten"), Sichuan Wenxuan Vocational College (Dayi Campus) (四川文軒職業學院大邑校區) ("Vocational College"), Chengdu Dayi Zhengzhuo Education Vocational School* (成都市大邑縣正卓教育職業學校) ("Vocational School") and Sichuan Gaojiao Investment Company Limited* (四川高教投資有限公司) ("Sichuan Gaojiao") and the other subsidiaries controlling by the School Sponsors (collectively known as the "PRC Operating Entities"). The School Sponsors and PRC Operating Entities herein collectively refer to"Consolidated Affiliated Entities". Due to regulatory restrictions on foreign ownership in the private-owned schools in the PRC, Chengdu Tianfu Bojun Education Management Company Limited* (成都天府博駿教育管理有限公司) ("Chengdu Bojun") and Chengdu Bomao Education Management Company Limited* (成都博懋教育管理有限公司) ("Chengdu Bomao"), both are the wholly-owned subsidiaries of the Company, have entered into a series of contracts through which the Company obtain control and derive economic benefits from its Consolidated Affiliated Entities (the "Structured Contracts") with, among others, the PRC Operating Entities, the School Sponsors and their respective legal equity holders.

The Directors are of the view that the Structured Contracts enable Chengdu Bojun and Chengdu Bomao to:

- exercise effective financial and operational control over the Consolidated Affiliated Entities;
- exercise equity holders' voting rights of the Consolidated Affiliated Entities;

2. STRUCTURED CONTRACTS AND BASIS OF PREPARATION (Continued)

- receive substantially all of the economic interest returns generated by the Consolidated Affiliated Entities in consideration for the exclusive technical and management consultancy services including, among others, (a) design of curriculum; (b) preparation, selection and/or recommendation of course materials; (c) provision of teacher and staff recruitment and training support and services; (d) provision of student recruitment services and support; (e) provision of public relation services; (f) formulation of long term strategic development plans and annual working plans; (g) formulation of management mode, business plans and market development plans; (h) development of financial management systems and recommendation and optimisation on annual budget; (i) advising on design of internal structures and internal management system of the Consolidated Affiliated Entities; (j) provision of management and consultancy training for executive staff; (k) conduct of market survey and research, and advising on market information and business development; (l) formulation of regional and national market development plan; (m) assisting the Consolidated Affiliated Entities in building of education management network and improving management of business operation; (n) assisting in building online and offline marketing network; (o) providing management and consultancy services in respect of daily operations, finance, investment, assets, liabilities and debt, human resources, internal informatisation and other management and consultancy services; (p) assisting the Consolidated Affiliated Entities and their subsidiaries to find suitable financing channels where fund is required in the operation of the Consolidated Affiliated Entities; (q) assisting the Consolidated Affiliated Entities to formulate programs to maintain relationships with their suppliers, customers, cooperation partners and students, and assisting to maintain such relationships; (r) advising and providing recommendations on asset and business operating of the Consolidated Affiliated Entities; (s) advising and providing recommendations to negotiate, sign and perform the material contracts of the Consolidated Affiliated Entities and (t) providing other technical services reasonably requested by the Consolidated Affiliated Entities; and

- obtain an irrevocable and exclusive right to purchase all or part of equity interests in the Consolidated Affiliated Entities from the respective equity holders at nil consideration or a minimum purchase price permitted under PRC laws and regulations. Chengdu Bojun and Chengdu Bomao may exercise such options at any time until it has acquired all equity interests in and/or all assets of the Consolidated Affiliated Entities. In addition, the Consolidated Affiliated Entities are not allowed to sell, transfer, or dispose any assets, or make any distributions to their equity holders without prior consent of Chengdu Bojun and Chengdu Bomao.

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

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

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

2. STRUCTURED CONTRACTS AND BASIS OF PREPARATION (Continued)

Going concern basis

At 31 August 2023, the Group recorded net current liabilities of approximately RMB952,466,000, including bank and other borrowings of approximately RMB704,991,000 will be due for repayment within the next twelve months, while its total cash (including bank balances and cash and restricted bank deposits) amounted to approximately RMB496,553,000. In addition, as disclosed in Note 27 to the consolidated financial statements, the Group's secured bank borrowings with a carrying amount of approximately RMB400,000,000 was classified as repayment on demand because of the failure to fulfil certain financial covenants stated in the loan agreement. These conditions indicate a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.

For the purpose of assessing going concern, the Directors have prepared a cash flow forecast of the Group covering a period of twelve months from the end of the year ended 31 August 2023 (the "Reporting Period") (the "Cash Flow Forecast") with plans and measures to mitigate the liquidity pressure and to improve its financial position, including (i) Mr. Wang Jinglei and the non-controlling shareholders of the Group's subsidiaries have agreed to provide adequate funds for the Group to meet its liabilities as they fall due; (ii) the operating cash inflow generated by the Vocational Education Business (as defined in Note 18) subsequent to the year-end date; (iii) the Group will actively negotiate with the Group's suppliers and related companies to extend payment terms; and (iv) the Group is in the process of negotiating with a PRC bank for a banking facilities line of not less than RMB400 million, which the proceeds are intended to use as settlement and replacement of the secured bank borrowings which failed to fulfill financial covenants. Based on the Cash Flow Forecast assuming the plans and measures can be successfully implemented as scheduled, the Directors are of the opinion that the Group is able to continue as a going concern and would have sufficient financial resources to finance the Group's operations and meet its financial obligations as and when they fall due. Accordingly, it is appropriate to prepare the 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 2022. 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. 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.

All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combination and goodwill

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

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment in an associate

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

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

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

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

For the year ended 31 August 2023

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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Retirement benefit costs

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

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefits in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deduction of any amount already paid.

Share-based payments

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in these consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

Deferred tax assets are measured at the tax rates that are expected to apply in the period in which the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment

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

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

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Related parties

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Related parties (Continued)

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

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (A).

(vii) A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to a parent of the Company.

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.

For the year ended 31 August 2023

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of tangible assets (Continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately in profit or loss.

Intangible assets (other than goodwill)

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

Software patents and license

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

Financial instruments

Financial assets and liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instruments. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of financial assets or financial liabilities, as appropriate, on initial recognition.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ("ECL") on financial assets which are subject to impairment under HKFRS 9 including other receivables and deposits, amounts due from related companies and bank balances. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experiences, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group measures the loss allowance equal to 12m ECL for all the financial assets, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if (i) it has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

For the year ended 31 August 2023

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(i) Significant increase in credit risk (Continued)

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

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

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

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The ECL on respective financial assets are assessed individually.

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

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

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

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount.

Derecognition of financial assets

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

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

Financial liabilities and equity instruments

Classification as financial liabilities or equity instruments

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Equity instruments

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

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

Financial liabilities at amortised cost

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

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Financial guarantee contracts

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

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION

In the application of the Group's accounting policies, which are described in Note 4 above, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

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

(a) Going concern basis

These consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the plans and measures that the Group is able to implement and achieve successfully. Details are explained in Note 2 to the consolidated financial statements.

(b) Contractual arrangements

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

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

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

Key sources of estimation uncertainty

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

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

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

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

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

6. REVENUE AND SEGMENT INFORMATION

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

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

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

6. REVENUE AND SEGMENT INFORMATION (Continued)

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

	Education consultancy and management services RMB'000	High school education and for-profit education services RMB'000	Total RMB'000
For the year ended 31 August 2023			
Tuition fees	**–**	**36,241**	**36,241**
Boarding fees	**–**	**8,483**	**8,483**
Canteen service fees	**21,185**	**–**	**21,185**
Education consultancy and management services fees	**15,396**	**–**	**15,396**
Total	**36,581**	**44,724**	**81,305**
For the year ended 31 August 2022			
Tuition fees	–	9,556	9,556
Boarding fees	–	1,390	1,390
Education consultancy and management services fees	22,658	–	22,658
Total	22,658	10,946	33,604

Performance obligations for contracts with customers

Revenue from the provision of (i) education consultancy and management services; (ii) education services comprising tuition fee and boarding fee (each being a single performance obligation); and (iii) canteen services, 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 2023 and 2022, 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.

6. REVENUE AND SEGMENT INFORMATION (Continued)

Major customers

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

	Year ended 31 August	
	2023	2022
	RMB'000	RMB'000
Customer A Group (Note 32)	**14,807**	8,091
Customer B	**N/A**	5,763

Segment assets and liabilities

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

7. OTHER INCOME

	Year ended 31 August	
	2023	2022
	RMB'000	RMB'000
Interest income from banks	**82**	93
Interest income from other loans	**–**	5,623
Release of asset-related government grants (Note 29)	**1,534**	1,534
Others	**2,465**	2,348
	4,081	9,598

For the year ended 31 August 2023

8. OTHER GAINS, NET

	Year ended 31 August	
	2023	2022
	RMB'000	RMB'000
Net exchange gain	**361**	302
(Loss)/gain arising on disposal of property, plant and equipment, net	**(2)**	81
Gains on bargain purchase arising in acquisition of subsidiaries (Note 35)	**85,648**	179
Recognition of financial guarantee contracts	**(3,945)**	(7,967)
Amortisation of financial guarantee contracts	**10,141**	14,048
Loss allowance recognised for financial guarantee contracts	**(761)**	(15)
Others	**(285)**	101
	91,157	6,729

9. FINANCE COSTS

	Year ended 31 August	
	2023	2022
	RMB'000	RMB'000
Interest on:		
Bank borrowings	**10,382**	11,660
Lease liabilities	**54**	71
	10,436	11,731
Unwinding of discount on amounts due to a related company (Note 22)	**5,600**	–
Total finance costs	**16,036**	11,731
Less: amounts capitalised in the cost of qualifying assets	**–**	(5,947)
	16,036	5,784

10. INCOME TAX EXPENSES

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

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

Pursuant to the PRC Income Tax Law and the respective regulations, the companies of the Group which operate in PRC are subject to PRC EIT at a rate of 25% on its taxable income. Under the Western Development Tax Incentive Scheme* (西部大開發稅收優惠計劃), certain subsidiaries of the Group are subject to the preferential tax rate of 15% on their respective taxable income with an effective date on 1 January 2021.

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

	Year ended 31 August	
	2023	2022
	RMB'000	RMB'000
Tax expense comprises:		
PRC EIT— Current year	**1,482**	1,709
Deferred tax (Note 20)	**383**	383
Total tax charge for the year	**1,865**	2,092

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

	Year ended 31 August	
	2023	2022
	RMB'000	RMB'000
Profit/(loss) before tax	**52,912**	(7,311)
Tax at applicable tax rate of 25%	**13,228**	(1,828)
Effect of tax losses not recognised	**6,264**	2,986
Tax effect of expenses not deductible for tax purpose	**5,322**	4,823
Tax effect of income not taxable for tax purpose	**(23,986)**	(3,862)
Effect of different tax rates of other jurisdiction	**1,037**	(27)
Taxation for the year	**1,865**	2,092

11. PROFIT/(LOSS) FOR THE YEAR

Profit/(loss) for the year has been arrived at after charging:

	Year ended 31 August	
	2023	2022
	RMB'000	RMB'000
Directors' and chief executive's remuneration (Note 12)	**1,392**	1,591
Other staff costs		
— Salaries and other benefits	**39,751**	17,969
— Staff welfare	**1,523**	691
— Retirement benefit schemes	**1,731**	570
Total staff costs	**44,397**	20,821
Depreciation of property, plant and equipment	**11,178**	8,815
Depreciation of right-of-use assets	**3,019**	3,032
Auditor's remuneration	**1,700**	1,300

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 2023

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

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

Directors' and chief executive's emoluments (Continued)

Year ended 31 August 2022

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

* Chief executive officer of the Company

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 one Director (2022: two Directors). Details of the remuneration for the year of the remaining four (2022: three) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	Year ended 31 August	
	2023	2022
	RMB'000	RMB'000
Salaries and allowances	**2,319**	1,621
Contributions to retirement benefits scheme	**55**	48
	2,374	1,669

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	
	2023	2022
Emolument bands		
Nil to Hong Kong dollar ("HK$") 1,000,000	**5**	4
HK$1,000,001 to HK$1,500,000	**–**	1
	5	5

During the years ended 31 August 2023 and 2022, no remuneration was paid or payable by the Group to the Directors or the five highest paid employees as an inducement to join or upon joining the Group or as compensation for loss of office.

13. DIVIDEND

No dividend has paid or declared by the Company for the years ended 31 August 2023 and 2022, nor has any dividend been proposed subsequent to 31 August 2023.

For the year ended 31 August 2023

14. EARNINGS/(LOSS) PER SHARE

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

	Year ended 31 August	
	2023	2022
Profit/(loss) attributable to the owners of the Company (RMB'000)	**51,047**	(9,403)
Weighted average number of ordinary shares issued ('000)	**821,856**	821,856
Basic earnings/(loss) per share (RMB cents)	**6.21**	(1.14)

No adjustment has been made to the earnings/(loss) per share as the outstanding share options had anti-dilutive effect for the years ended 31 August 2023 and 2022.

15. PROPERTY, PLANT AND EQUIPMENT

	Buildings and facilities RMB'000	Furniture, fixtures and equipment RMB'000	Motor vehicles RMB'000	Electronic equipment RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
COST							
At 1 September 2021	690,511	693	3,105	1,838	4,156	468,154	1,168,457
Additions	–	281	3,048	121	–	12,291	15,741
Acquisition of a subsidiary	–	160	193	–	137	–	490
Disposals	–	–	(1,240)	(8)	–	–	(1,248)
At 31 August 2022 and 1 September 2022	690,511	1,134	5,106	1,951	4,293	480,445	1,183,440
Additions	–	2,329	302	1,083	267	4,094	8,075
Transfers	82,753	–	–	1,311	–	(84,064)	–
Acquisition of subsidiaries (Note 35)	1,873,000	132,023	4,070	–	191	–	2,009,284
Disposals	–	(16)	–	(4)	–	–	(20)
At 31 August 2023	**2,646,264**	**135,470**	**9,478**	**4,341**	**4,751**	**400,475**	**3,200,779**
ACCUMULATED DEPRECIATION AND IMPAIRMENT							
At 1 September 2021	324,010	393	1,755	1,180	2,418	179,812	509,568
Charge for the year	6,802	113	257	136	1,507	–	8,815
Elimination on disposals	–	–	(710)	(8)	–	–	(718)
At 31 August 2022 and 1 September 2022	330,812	506	1,302	1,308	3,925	179,812	517,665
Charge for the year	8,751	590	730	501	606	–	11,178
Elimination on disposals	–	(3)	–	(4)	–	–	(7)
At 31 August 2023	**339,563**	**1,093**	**2,032**	**1,805**	**4,531**	**179,812**	**528,836**
NET CARRYING VALUE							
At 31 August 2023	**2,306,701**	**134,377**	**7,446**	**2,536**	**220**	**220,663**	**2,671,943**
At 31 August 2022	359,699	628	3,804	643	368	300,633	665,775

Note: At 31 August 2023, the Group has not yet obtained the building ownership certificates for its buildings amounted to approximately RMB793,721,000, out of which amounts of approximately RMB722,529,000 were in the process of obtaining building ownership certificates. At 31 August 2022, no building ownership certificates have been obtained by the Group.

15. PROPERTY, PLANT AND EQUIPMENT (Continued)

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

Buildings and facilities	8–50 years or over the lease term
Furniture, fixtures and equipment	3 to 10 years
Motor vehicles	5 to 10 years
Electronic equipment	3 to 6 years
Leasehold improvements	Shorter of 10 years or over the lease terms

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

The Group carries out evaluations on its property, plant and equipment and right-of-use assets annually at the end of the reporting period to determine whether there are any indicators of impairment.

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

At 31 August 2023, property, plant and equipment and right-of-use assets with the respective net carrying value of approximately RMB573,384,000 and RMB79,404,000 (2022: approximately RMB578,662,000 and RMB81,154,000) held by the Consolidated Affiliated Entities were occupied by certain entities (which were deconsolidated from the Group on 1 September 2021) ("Affected Entities") and are expected to be continuously occupied by these entities subsequent to the deconsolidation. For the details of the deconsolidation, please refer to the Company's annual report for the year ended 31 August 2021. The Group concluded that impairment indicators existed in relation to such assets due to the fact that the Regulations for the Implementation of the Private Education Promotion Law of the PRC (the "Implementation Regulation") prohibit the Group from conducting transactions with the Affected Entities and the Group could not charge rental from the Affected Entities for the use of these assets when the Implementation Regulations become effective on 1 September 2021.

In view of the above, the Group carried out reviews of the recoverable amount of the aforesaid property, plant and equipment and right-of-use assets at 31 August 2023 on an individual basis by reference to the valuation report prepared by an independent professional property valuer. The recoverable amounts of the property, plant and equipment and right-of-use assets have been determined based on their fair value less costs of disposal. The Group uses discounted cash flow method to estimate the fair value less costs of disposal of the assets which is based on the discounted future net cash flow of the properties to its present value by using an appropriate discount rate that reflects the rate of return required by a third party investor. The fair value measurement is categorised into Level 3 fair value hierarchy. The carrying amounts of the relevant property, plant and equipment and right-of-use assets do not exceed the recoverable amounts based on their respective fair value less costs of disposal and no impairment has been recognised for the year ended 31 August 2023 (2022: Nil).

One of the key unobservable inputs used in valuing the property, plant and equipment and right-of-use assets was the discount rate of 5.50% (2022: 5.50%). An increase of 25 basis points and 50 basis points in the discount rate used, while other parameters remain constant, would result in a decrease of approximately RMB31,910,000 and RMB61,710,000 (2022: decrease of approximately RMB33,250,000 and RMB64,340,000), respectively, in the total fair value measurement of the property, plant and equipment and right-of-use assets, and vice versa.

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

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

16. RIGHT-OF-USE ASSETS

	Leasehold land RMB'000	Leased properties RMB'000	Total RMB'000
CARRYING VALUES			
At 1 September 2021	98,929	1,883	100,812
Depreciation provided for the year	(2,225)	(807)	(3,032)
At 31 August 2022 and 1 September 2022	96,704	1,076	97,780
Addition	–	524	524
Acquisition of subsidiaries (Note 35(a))	505,000	–	505,000
Depreciation provided for the year	(2,199)	(820)	(3,019)
At 31 August 2023	**599,505**	**780**	**600,285**

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

	Year ended 31 August	
	2023	2022
	RMB'000	RMB'000
Expense relating to short-term leases	**2,397**	831
Total cash outflow for leases (Note)	**3,333**	1,719

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

As at 31 August 2023, 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 2023, the Group does not provide residual value guarantees in relation to leases arrangements. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

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17. INTANGIBLE ASSETS

	Software patents and license RMB'000
COST	
At 1 September 2022	–
Acquisition of subsidiaries (Note 35)	3,782
At 31 August 2023	3,782

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

18. GOODWILL

	RMB'000
COST	
At 1 September 2022	–
Acquisition of subsidiaries (Note 35(a))	12,105
At 31 August 2023	12,105
ACCUMULATED IMPAIRMENT LOSSES:	
At 1 September 2022 and 31 August 2023	–
CARRYING AMOUNT:	
At 31 August 2023	12,105

Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating units ("CGUs") that are expected to benefit from that business combination. As at 31 August 2023, the carrying amount of goodwill had been allocated to the CGUs within the business segment of the vocational education business in the PRC ("Vocational Education Business") which was acquired by the Group on 31 August 2023 (Note 35(a)).

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

19. INTEREST IN AN ASSOCIATE

	As at 31 August	
	2023	2022
	RMB'000	RMB'000
Cost of unlisted investment	**17,500**	17,500
Share of post-acquisition profits and other comprehensive income	**7**	10
	17,507	17,510

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

Company	Place of establishment and place of operations	Registered share capital	Percentage of equity ownership attributable to the Group 2023	2022	Principal activities
Chengdu Tongxing Wanbang Enterprise Management Center (Limited Partnership)* ("Tongxing Wanbang") (成都同興萬邦企業管理中心(有限合夥))	The PRC/The PRC	RMB1,000,000	**33.34%**	33.34%	Provision of business consultancy services

* For identification purpose only.

Summarised financial information of the associate

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

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

	As at 31 August	
	2023	2022
	RMB'000	RMB'000
Revenue	**–**	–
(Loss)/profit and total comprehensive (expense)/income for the year	**(9)**	97
Current assets	**5,000**	5,000
Non-current assets	**21,022**	21,031
Current liabilities	**(1)**	(1)

For the year ended 31 August 2023

19. INTEREST IN AN ASSOCIATE (Continued)

Summarised financial information of the associate (Continued)

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

	As at 31 August	
	2023	2022
	RMB'000	RMB'000
Net assets of the associate	**26,021**	26,030
Proportion of the Group's ownership interest in the associate	**33.34%**	33.34%
The Group's share of net assets	**8,676**	8,679
Goodwill	**8,831**	8,831
Carrying amount of the Group's interest in an associate	**17,507**	17,510

20. DEFERRED TAX

Movement in deferred income tax assets and liabilities for the year ended 31 August 2023 and 2022 is as follows:

Deferred tax assets

	Temporary difference on deferred income RMB'000
At 1 September 2021	18,055
Credit to profit or loss (Note 10)	(383)
At 31 August 2022 and 1 September 2022	17,672
Charge to profit or loss (Note 10)	(383)
At 31 August 2023	**17,289**

20. DEFERRED TAX (Continued)

Deferred tax liabilities

	Fair value adjustments arising in acquisition of RMB'000
At 1 September 2022	–
Acquisition of subsidiaries (Note 35(a))	64,836
At 31 August 2023	**64,836**

As at 31 August 2023, the Group has unused and unrecognised tax losses of approximately RMB735,833,000 (2022: RMB628,986,000) available for offset against future profits which will expire by the end of 2028 (2022: 2027). No deferred tax asset has been recognised in respect of such losses due to the unpredictability of future profit streams. The Group has no other significant unrecognised deferred tax assets for deductible temporary differences at 31 August 2023 and 2022.

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 RMB11,726,000 (2022: RMB9,499,000). 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.

21. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

		As at 31 August	
		2023	2022
	Notes	**RMB'000**	RMB'000
Deposits paid for acquisition of a subsidiary (Note 35(a))		**–**	73,500
Prepayment to an independent construction contractor	(i)	**50,000**	–
Secured deposits for other borrowings (Note 27)		**25,200**	–
Deposits for establishment of school campus	(ii)	**3,145**	3,145
Deposit for a parcel of land	(iii)	**2,729**	–
Other tax receivables	(iv)	**50,310**	–
Advances to staffs		**11,006**	3,289
Amount due from Hongde Guanghua (as defined below)	(v)	**32,000**	37,000
Loan and other receivables from Daying Estate	(vi)	**17,711**	–
Consideration receivable from the disposal of equity interest	(vii)	**12,933**	–
Prepaid expenses		**3,879**	457
Other deposits and receivables		**6,261**	1,990
Total		**215,174**	119,381
Analysed into:			
— Current assets		**120,630**	41,046
— Non-current assets		**94,544**	78,335
		215,174	119,381

Notes:

(i) The balance as at 31 August 2023 represented the upfront payment paid to an independent contractor for the expansion plan of the phase 2 school campus and facilities in the Vocational College.

(ii) The balance represents the non-interest bearing deposits placed to local government authorities for the purpose of establishment of school campus amounting to approximately RMB3,145,000 (2022: RMB3,145,000).

(iii) The balance as at 31 August 2023 represented a deposit for a parcel of land reserved for educational use with a term of 50 years. The parcel of land was acquired by the Group subsequently in October 2023 and the deposit was included as part of the consideration.

(iv) The balance as at 31 August 2023 mainly represented the deductible input value-added tax generated from the procurement of construction services for the Group's buildings and facilities.

(v) The balance represents a refundable investment fund due from Sichuan Hongde Guanghua Education Management Company Limited* (四川弘德光華教育管理有限公司) ("Hongde Guanghua") in relation to the disposal of Pengzhou Bojun School* (彭州市博駿學校), which was one of the Affected Entities. An amount of approximately RMB5,000,000 was refunded during the year ended 31 August 2023. For details, please refer to the announcements of the Company dated 27 August 2021, 26 October 2021, 20 May 2022 and 10 June 2022 and the circular of the Company dated 30 September 2021. The amount is guaranteed by independent third parties, non-interest bearing and due on demand. The Directors expected to gradually recover the receivables on or before 2026.

(vi) The balances as at 31 August 2023 represented the receivables due from Daying Tianshi Real Estate Company Limited* (大英天世置業有限公司) ("Daying Estate"), a former subsidiary of Sichuan Gaojiao prior to the completion of the acquisition of 51% equity interest in Sichuan Zhengzhuo and Sichuan Gaojiao (the "Acquisition") on 31 August 2023. The gross amounts of the outstanding receivables amounted to approximately RMB22,566,000 before the fair value adjustment arising in the Acquisition. Out of the gross outstanding receivables, amount of approximately RMB15,000,000 represents an unsecured interest-bearing loan at an annual interest rate of 4.2% and repayable on 30 June 2025. The amount of the remaining gross outstanding receivables represents the former current account with Sichuan Gaojiao which is unsecured, non-interest bearing and without a fixed repayment term.

(vii) The balances as at 31 August 2023 represented the remaining consideration receivable due from an independent third party for the disposal of the entire equity interest in Daying Estate. The gross amounts of the consideration receivables amounted to approximately RMB16,500,000 before the fair value adjustment arising in the Acquisition. The remaining consideration receivable is expected to be settled on or before the end of 2023.

22. AMOUNTS DUE FROM/TO RELATED COMPANIES

Amounts due from related companies

Name	Relationship	As at 31 August 2023 RMB'000	As at 31 August 2022 RMB'000	Maximum amounts outstanding during the year ended 31 August 2023 RMB'000	Maximum amounts outstanding during the year ended 31 August 2022 RMB'000
Non-trade related					
四川博駿教育投資管理有限公司 Sichuan Bojun Education Investment Management Company Limited ("Sichuan Bojun")	56% interest held by Mr. Xiong Tao	**426**	426	**426**	426
Shenzhen Hongyuan Education Investment Company Limited (深圳弘遠教育投資有限公司) ("Shenzhen Hongyuan")	Non-controlling shareholder of a subsidiary	**11,507**	–	**11,507**	–
Affected Entities	Beneficially owned by Mr. Wang Jinglei	**16,539**	95,196	**95,196**	102,381
Trade related					
成都恒宇實業有限公司 Chengdu Hengyu Industrial Company Limited ("Chengdu Hengyu")	95% interest held by Mr. Xiong Tao	**294**	294		
Total, presented under current assets		**28,766**	95,916		

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

As at 31 August 2023 and 2022, 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.

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

Amounts due to related companies

Name	Relationship	As at 31 August 2023 RMB'000	 2022 RMB'000
Affected Entities:			
— Nanjiang Bojun School	Beneficially owned by Mr.Wang Jinglei	**280,892**	339,531
— Wangcang Bojun School		**228,972**	229,643
— Lezhi Bojun School		**103,773**	105,313
Zhengzhuo Industrial	Non-controlling shareholder of a subsidiary	**137,322**	–
		750,959	674,487
Less: Amounts due for settlement within 12 months shown under current liabilities		**(137,322)**	–
		613,637	674,487

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

The amounts due to Nanjiang Bojun School, Wangcang Bojun School and Lezhi Bojun School are non-interest bearing, unsecured and repayable on 1 September 2036. Included in the balance with Nanjiang Bojun School, a principal amount of approximately RMB193,011,000 advanced by Nanjiang Bojun School to the Group during the year ended 31 August 2022 which was initially measured at its fair value using the effective interest method with an effective interest rate of 5.65%, resulting in a deemed contribution from the shareholder of approximately RMB104,644,000 recognised in other reserve. During the year ended 31 August 2023, unwinding of discount on the aforesaid principal amounted to approximately RMB5,600,000 was recognised in the profit or loss. The amounts due to Affected Entities as at 31 August 2023 were classified as non-current liabilities.

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

23. BANK BALANCES AND CASH/RESTRICTED BANK DEPOSITS

As at 31 August 2023, bank balances carry interest at prevailing market rates of 0.01% to 0.55% (2022: 0.01% to 0.3%) per annum.

As at 31 August 2023, restricted bank deposits represent the secured bank deposits pledged for the Group's bank borrowings as at 31 August 2023 (Note 27). The restricted bank deposits carry interest at prevailing market rates of 0.25% to 0.35% per annum.

24. OTHER PAYABLES AND ACCRUALS

	Notes	As at 31 August 2023 RMB'000	2022 RMB'000
Payables for purchases of property, plant and equipment		**251,610**	989
Miscellaneous expenses received from students	(i)	**20,950**	3,200
Payroll payables		**10,083**	4,279
Payables for scholarship	(ii)	**67,797**	–
Other payables and accrued expenses		**62,265**	2,488
Other tax payable		**151**	471
Deferred cash considerations	(iii)	**166,410**	–
Amounts due to Pengzhou Bojun School		**15,680**	15,680
Deposits		**32,921**	–
Total		**627,867**	27,107
Analysed into:			
— Current liabilities		**461,457**	27,107
— Non-current liabilities		**166,410**	–
		627,867	27,107

Notes:

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

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

(iii) The amount represents consideration payables to the non-controlling shareholders of the Group's subsidiaries, namely Shenzhen Hongyuan Education Investment Company Limited* (深圳弘遠教育投資有限公司) ("Shenzhen Hongyuan") and Zhengzhuo Industrial, for the Acquisition in the current year. Amounts of approximately RMB166,410,000 which are repayable after twelve months after the end of the Reporting Period in accordance with the relevant acquisition agreements were included in other payables as non-current liabilities.

25. CONTRACT LIABILITIES

	As at 31 August 2023 RMB'000	2022 RMB'000
Tuition fees	**250,904**	29,076
Boarding fees	**26,137**	7,734
	277,041	36,810

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

	2023 RMB'000	2022 RMB'000
Balance at the beginning of the year	**36,810**	7,296
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	**(36,810)**	(7,296)
Receipts in advance of tuition and boarding fees	**49,160**	33,669
Acquisition of subsidiaries (Note 35)	**227,881**	3,141
Balance at the end of the year	**277,041**	36,810

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

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26. LEASE LIABILITIES

	As at 31 August 2023 RMB'000	2022 RMB'000
Lease liabilities payable:		
Within one year	**175**	719
Within a period of more than one year but not more than two years	**186**	–
	361	719
Less: Amounts due for settlement within 12 months shown under current liabilities	**(175)**	(719)
Amounts due for settlement after 12 months shown under non-current liabilities	**186**	–

27. BANK AND OTHER BORROWINGS

	Notes	As at 31 August 2023 RMB'000	2022 RMB'000
Bank loans – secured	(i)	**866,120**	160,120
Other borrowings – secured	(ii)	**641,153**	–
		1,507,273	160,120
The carrying amounts of the above borrowings are repayable:			
On demand or within one year		**704,991**	31,120
Within a period of more than one year but not exceeding two years		**367,195**	30,000
Within a period more than two years but not exceeding five years		**401,337**	99,000
Within a period of more than five years		**33,750**	–
		1,507,273	160,120
Less: Amounts due within one year shown under current liabilities		**(704,991)**	(31,120)
Amounts shown under non-current liabilities		**802,282**	129,000

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

	2023	2022
Fixed-rate bank and other borrowings	**5.00%-8.35%**	7.0%
Variable-rate bank and other borrowings	**5.00%-10.10%**	N/A

Notes:

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

At 31 August 2023, a secured bank loan with a carrying amount of approximately RMB400,000,000 was classified as repayment on demand because of the failure to fulfil certain financial covenants stated in the loan agreement. Up to the date of the consolidated financial statements, the Group is seeking to procure new bank loans from other bankers to mitigate the risk of the loan being called by the bank. Coupled with the Group' s working capital, the directors considered that the Group would have sufficient cash to fulfil the obligation in the event that the bank demanded immediate repayment for the loan.

At 31 August 2022, the secured bank loan of approximately RMB160,120,000 was pledged by the tuition and boarding fee receivable rights of a school of the Affected Entities and was guaranteed by Chengdu Bojun, Chengdu Mingxian, a former executive director, a shareholder of the Company and his spouse, respectively.

27. BANK AND OTHER BORROWINGS (Continued)

Notes: (Continued)

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

28. FINANCIAL GUARANTEE CONTRACTS

	Year ended 31 August	
	2023	2022
	RMB'000	RMB'000
At beginning of the year	**13,105**	19,171
Financial guarantee provision recognised	**3,945**	7,967
Amortisation of financial guarantee provision	**(10,141)**	(14,048)
Loss allowance on financial guarantee contracts	**761**	15
At end of the year	**7,670**	13,105

The financial guarantee contracts provided to Affected Entities were recognised in the consolidated financial statements on 31 August 2021. At 31 August 2023, 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 RMB264,272,000 (2022: RMB329,163,000) if the guarantees were called upon in entirety.

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

29. DEFERRED INCOME

	Year ended 31 August	
	2023	2022
	RMB'000	RMB'000
Amounts recognised in profit or loss during the year:		
Subsidies related to assets (Note)	**(1,534)**	(1,534)

The movement of deferred income is as follows:

	As at 31 August	
	2023	2022
	RMB'000	RMB'000
At beginning of the year	**70,688**	72,222
Acquisition of subsidiaries (Note 35(a))	**203,209**	–
Amount credited to profit or loss during the year (Note 7)	**(1,534)**	(1,534)
At end of the year	**272,363**	70,688

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 2021, 31 August 2022 and 31 August 2023	**821,856,000**	**8,218,560**	**7,137,822**	**7,138**

Note:

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

31. RETIREMENT BENEFIT PLAN

Defined contribution plan

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

The contributions made by the Group in respect of the retirement benefit scheme amounting to approximately RMB1,763,000 for the year ended 31 August 2023 (2022: RMB649,000) are included in costs of services and administrative expenses.

32. RELATED PARTY TRANSACTIONS

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

		Year ended 31 August	
		2023	2022
Entities	**Nature of transactions**	**RMB'000**	RMB'000
Affected Entities	Provision of education management services	**14,807**	8,091
Affected Entities	Recharge income for the occupation of school campus	**2,465**	2,348
Chengdu Hengyu	Rental expenses incurred	**187**	187

32. RELATED PARTY TRANSACTIONS (Continued)

Compensation of key management personnel

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

	Year ended 31 August	
	2023	2022
	RMB'000	RMB'000
Short-term benefits	**3,417**	3,300
Post-employment benefits	**68**	97
	3,485	3,397

33. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debt, which includes borrowings disclosed in Note 27, net of bank balances and cash and equity attributable to owners of the Group, comprising share capital 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.

34. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

		Carrying amount at 31 August	
		2023	2022
		RMB'000	RMB'000
Financial assets			
Restricted bank deposits	At amortised cost	**150,000**	–
Bank balances and cash	At amortised cost	**346,553**	155,072
Other receivables and deposits	At amortised cost	**108,256**	45,424
Amounts due from related companies	At amortised cost	**28,766**	95,916
		633,575	296,412
Financial liabilities			
Other payables and accruals*	At amortised cost	**627,716**	26,636
Amounts due to related companies	At amortised cost	**750,959**	674,487
Bank and other borrowings	At amortised cost	**1,507,273**	160,120
Total financial liabilities at amortised cost		**2,885,948**	861,243
Lease liabilities	At amortised cost	**361**	719
Financial guarantee contracts	Refer to Note 4	**7,670**	13,105

* 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.

34. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

(i) Interest rate risk

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

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

Sensitivity analysis

If interest rate of variable-rate bank balances and bank and other borrowings had been 10 basis points higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 August 2023 would have decreased/increased by approximately RMB56,000 (2022: increased/decreased by approximately RMB14,000). The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year.

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

(ii) Foreign currency risk

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

	As at 31 August	
	2023	2022
	RMB'000	RMB'000
Bank balances and cash – HK$	**4,788**	18,521

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	
	2023	2022
	RMB'000	RMB'000
Increase in post-tax profit	**239**	926

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

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

34. FINANCIAL INSTRUMENTS (Continued)

c. Credit risk and impairment assessment

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

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

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

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

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

Financial guarantee contracts

As at 31 August 2023, the financial guarantee contracts provided to the Affected Entities were initially recognised in the consolidated financial statements at fair value. At the end of the reporting period, the management has performed impairment assessment, and concluded that there has been no significant increase in credit risk since initial recognition of the financial guarantee contracts. Accordingly, the loss allowance for financial guarantee contracts issued by the Group is measured at an amount equal to 12m ECL. Additional loss allowance of approximately RMB716,000 (2022: RMB15,000) was recognised in the profit or loss for the year ended 31 August 2023. Details of the financial guarantee contracts are set out in Note 28.

d. Liquidity risk

The Directors have reviewed the Group's cash flow projections which cover a period of not less than twelve months from 31 August 2023. They are of the opinion that the Group will have sufficient working capital to meet its financial obligations, including those committed capital expenditures relating to construction.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows (including interest payments computed using contractual rates of financial liabilities based on the earliest date on which the Group can be required to pay). The table includes both interest and principal cash flows, where applicable.

34. FINANCIAL INSTRUMENTS (Continued)

d. Liquidity risk (Continued)

Liquidity and interest risk tables

	Weighted average interest rate	On demand or within 3 months RMB'000	4 to 6 months RMB'000	6 to 12 months RMB'000	1–2 years RMB'000	3–5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
As at 31 August 2023									
Non-interest bearing									
Other payable and accruals	N/A	461,306	–	–	–	–	–	461,306	461,306
Amounts due to related companies	N/A	137,322	–	–	–	–	712,681	850,003	750,959
Financial guarantee contracts	N/A	264,272	–	–	–	–	–	264,272	7,670
Interest bearing									
Deferred cash considerations	3.45%	–	–	–	61,750	117,239	–	178,989	166,410
Lease liabilities	5.93%	187	–	–	187	–	–	374	361
Bank and other borrowings	5.0%–10.1%	565,512	94,401	133,537	407,339	428,279	36,281	1,665,349	1,507,273
		1,428,599	94,401	133,537	469,276	545,518	748,962	3,420,293	2,893,979
As at 31 August 2022									
Non-interest bearing									
Other payable and accruals	N/A	26,636	–	–	–	–	–	26,636	26,636
Amounts due to related companies	N/A	–	–	–	–	–	779,131	779,131	674,487
Financial guarantee contracts	N/A	329,163	–	–	–	–	–	329,163	13,105
Interest bearing									
Lease liabilities	5.93%	–	–	751	–	–	–	751	719
Bank and other borrowings	7%	28,617	2,345	9,544	37,280	107,614	–	185,400	160,120
		384,416	2,345	10,295	37,280	107,614	779,131	1,321,081	875,067

e. Fair value

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

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

The management of the Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate to their fair values.

For the year ended 31 August 2023

35. ACQUISITION OF SUBSIDIARIES

For the year ended 31 August 2023

(a) Acquisitions of Sichuan Zhengzhuo and Sichuan Gaojiao

With reference to the Company's circular dated 28 June 2023, on 8 December 2021, the Company, Sichuan Yunmao, Chengdu Bomao, Sichuan Zhengzhuo, Sichuan Gaojiao and the independent third parties (the "Vendors") entered into the equity transfer agreements, pursuant to which Sichuan Yunmao and Chengdu Bomao conditionally agreed to purchase and the Vendors conditionally agreed to sell a total of 51% of the equity interest in Sichuan Zhengzhuo and its subsidiaries (the "Sichuan Zhengzhuo Group") and a total of 51% of the equity interest in Sichuan Gaojiao in the aggregate consideration of RMB283,050,000 and RMB26,010,000, respectively. On 10 April 2023, the parties to the above equity transfer agreements entered into the amended equity transfer agreements which mainly amended the payment terms in the original agreements.

Pursuant to the amended equity transfer agreement for the acquisition of Sichuan Zhengzhuo Group, the total consideration of RMB283,050,000 consisted of (i) a deposit of RMB73,500,000 paid by the Group in the prior year; (ii) cash of RMB56,750,000 in total which shall be settled before 31 December 2024; (iii) cash of RMB76,825,000 in total which shall be settled before 31 December 2025; (iv) cash of approximately RMB24,165,000 which shall be settled before 31 December 2026; and (v) the allotment and issue of 74,441,857 consideration shares at the issue price of HK$0.85 per share by the Company.

Pursuant to the amended equity transfer agreement for the acquisition of Sichuan Gaojiao, the total consideration of RMB26,010,000 consisted of (i) cash of RMB5,000,000 which shall be settled before 31 December 2024; (ii) cash of RMB11,005,000 in total which shall be settled before 31 December 2025; (iii) cash of approximately RMB5,244,000 which shall be settled before 31 December 2026; and (iv) the allotment and issue of 6,840,603 consideration shares at the issue price of HK$0.85 per share by the Company.

Fair value of consideration transferred for the acquisitions of:

	Sichuan Zhengzhuo Group RMB'000	Sichuan Gaojiao RMB'000	Total RMB'000
Deposit paid in prior year	73,500	–	73,500
Payable by consideration shares (note (i))	6,748	620	7,368
Payable by deferred cash payments (note (ii))	146,783	19,627	166,410
	227,031	20,247	247,278

Notes:

(i) The consideration shares were subsequently settled by the allotment and issue of 81,282,460 new ordinary shares of the Company on 19 October 2023. At the date of acquisitions, the consideration payable for consideration shares is initially recognised at deferred consideration shares as equity instrument as the number of consideration shares to be issued is fixed. The amount of the deferred consideration shares at the date of acquisitions of Sichuan Zhengzhuo and Sichuan Gaojiao of approximately RMB6,748,000 and approximately RMB620,000 is determined by reference to the quoted market price of HK$0.098 (equivalent to RMB0.0906) per each ordinary share of the Company at the date of obtaining the control of Sichuan Zhengzhuo Group and Sichuan Gaojiao.

(ii) The consideration payable for deferred cash payments is initially recognised at fair value at the date of acquisition. At the acquisition date, the aggregate fair value of the deferred cash payables was estimated to be approximately RMB166,410,000.

35. ACQUISITION OF SUBSIDIARIES (Continued)

For the year ended 31 August 2023 (Continued)

(a) Acquisitions of Sichuan Zhengzhuo and Sichuan Gaojiao (Continued)

The acquisitions are part of the Group's business strategy to expand its footprints in the vocational education sector. Sichuan Zhengzhuo is the school sponsor of the Vocational College, a formal higher vocational education institution, and the Vocational School, a secondary vocational education institution. Sichuan Gaojiao is principally engaged in the business of investment in vocational education institutions.

For the purpose of the acquisitions, the Group engaged an external independent valuer to perform the valuation with the identification and determination of fair values to be assigned to the acquiree's assets and liabilities as at the acquisition date.

The fair values of the identifiable assets and liabilities of Sichuan Zhengzhuo and Sichuan Gaojiao as at the date of acquisition were as follows:

	Sichuan Zhengzhuo Group RMB'000	Sichuan Gaojiao RMB'000	Total RMB'000
Property, plant and equipment	958,666	1,050,354	2,009,020
Right-of-use assets	245,000	260,000	505,000
Intangible assets	3,782	–	3,782
Other receivables, deposits and prepayments	90,779	84,198	174,977
Amounts due from related companies	288,989	31,370	320,359
Bank balances and cash	265,505	5,488	270,993
Other payables and accruals	(207,099)	(202,510)	(409,609)
Contract liabilities	(226,428)	–	(226,428)
Amounts due to related companies	(117,322)	(341,843)	(459,165)
Bank and other borrowings	(641,153)	(650,000)	(1,291,153)
Income tax payable	–	(1,987)	(1,987)
Deferred income	–	(203,209)	(203,209)
Deferred tax liabilities	(48,940)	(15,896)	(64,836)
Total identifiable net assets	611,779	15,965	627,744
Non-controlling interests	(299,772)	(7,823)	(307,595)
Goodwill arising on acquisition	–	12,105	12,105
Gain on bargain purchase arising on acquisition	(84,976)	–	(84,976)
Consideration transferred	227,031	20,247	247,278

The fair value of the other receivables, deposits and prepayments is approximately RMB174,977,000 in total. The gross contractual amounts of the other receivables, deposits and prepayments are approximately RMB183,638,000, of which approximately RMB8,661,000 is expected to be uncollectible.

The non-controlling interests recognised at the acquisition date were measured by reference to the proportionate share of recognised amounts of net assets of Sichuan Zhengzhuo and Sichuan Gaojiao and amounted to approximately RMB299,772,000 and approximately RMB7,823,000.

For the year ended 31 August 2023

35. ACQUISITION OF SUBSIDIARIES (Continued)

For the year ended 31 August 2023 (Continued)

(a) Acquisitions of Sichuan Zhengzhuo and Sichuan Gaojiao (Continued)

The Group recognised a gain on bargain purchase of approximately RMB84,976,000 in the acquisition of Sichuan Zhengzhuo. The gain is included in "Other gains/(losses), net".

The first equity transfer agreement for the acquisition of Sichuan Zhengzhuo Group was entered into by the parties on 8 December 2021 and the consideration was determined by the parties after arm's length negotiations based on several factors including the then appraised equity value of Sichuan Zhengzhuo at 31 August 2021. Since the date of the first equity transfer agreement, Vocational College and Vocational School have been expanding the operation scale. The increase in fair value of Sichuan Zhengzhuo represented the upward adjustment on assets, in particular, of the school campus and facilities through out the years. As such, business combination resulted in a gain on bargain purchase as the fair value of Sichuan Zhengzhuo Group increased accordingly after the date of the first equity transfer agreement.

The goodwill recognised is primarily attributed to the expected business synergies arising from the acquisition of Sichuan Gaojiao, which is not separately recognised. The goodwill recognised is not expected to be deductible for income tax purposes.

Net cash inflow arising on acquisitions

	Sichuan Zhengzhuo Group RMB'000	Sichuan Gaojiao RMB'000	Total RMB'000
Cash consideration transferred	–	–	–
Cash and cash equivalents in the entities acquired	265,505	5,488	270,993
Net cash inflow from the acquisitions	265,505	5,488	270,993

Had the acquisitions of Sichuan Zhengzhuo Group and Sichuan Gaojiao taken place at the beginning of the year, the proforma revenue and profit of the Group for the year would have been approximately RMB405,535,000 and approximately RMB36,401,000, respectively.

35. ACQUISITION OF SUBSIDIARIES (Continued)

For the year ended 31 August 2023 (Continued)

(b) Acquisition of Riverside Kindergarten Business

Riverside Kindergarten was established on 29 November 2022 for the purpose of succeeding to the assets and liabilities of Chengdu Jinjiang District Youshi Riverside Kindergarten (成都市錦江區幼師河濱幼兒園, formerly known as "成都幼師河濱印象實驗幼兒園") ("Old Riverside"), one of the affected entities which deconsolidated from the Group on 31 August 2021. On 30 November 2022, Riverside Kindergarten completed the conversion of the operating license from non-profit to for-profit kindergarten and entered into a written confirmation with Chengdu Bojun, Chengdu Mingxian, Chengdu Junxian and Sichuan Boai (being the school sponsor and an immediate wholly-owned holding company of Riverside Kindergarten), pursuant to which the parties confirmed that Riverside Kindergarten had succeeded to (i) the entire assets and liabilities of Old Riverside (the "Riverside Kindergarten Business") and (ii) all the rights and obligations which Old Riverside entitled and obliged under the Structured Contracts.

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

Assets acquired and liabilities recognised at the date of acquisition

	RMB'000
Property, plant and equipment	264
Other receivables, deposits and prepayments	128
Amounts due from a related company	2,085
Bank balances and cash	60
Other payables and accruals	(383)
Amounts due to the Group	(29)
Contract liabilities	(1,453)
Total identifiable net assets	672
Cash consideration transferred	–
Gain on bargain purchase arose in the acquisition	(672)
Net cash inflow arising on acquisition	
Consideration transferred	–
Cash and cash equivalents in the entity acquired	60
Net cash inflow from the acquisition	60

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

35. ACQUISITION OF SUBSIDIARIES (Continued)

For the year ended 31 August 2022

(c) Acquisition of Lidu Kindergarten Business

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

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

Assets acquired and liabilities recognised at the date of acquisition

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

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

For the year ended 31 August 2023

36. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Amounts due to related companies RMB'000	Lease liabilities RMB'000	Interest payable RMB'000	Borrowings RMB'000	Total RMB'000
At 1 September 2021	689,183	1,536	–	179,000	869,719
Changes from financing cash flows	120,874	(888)	(11,660)	(18,880)	89,446
Finance costs capitalised	–	–	5,947	–	5,947
Finance costs recognised	–	71	5,713	–	5,784
Deemed contribution from the controlling shareholder	(104,644)	–	–	–	(104,644)
Reclassification	(30,926)	–	–	–	(30,926)
At 31 August 2022 and 1 September 2022	674,487	719	–	160,120	835,326
Changes from financing cash flows	(63,985)	(936)	(9,618)	56,000	(18,539)
Finance costs recognised	–	54	10,382	–	10,436
Acquisition of subsidiaries	459,165	–	2,084	1,291,153	1,752,402
Reclassification and elimination of inter-company's current accounts upon acquisition	(321,843)	–	–	–	(321,843)
Increase in lease liabilities from entering into new leases	–	524	–	–	524
Non-cash recharge income	(2,465)	–	–	–	(2,465)
Unwinding of discount on amounts due to a related company	5,600	–	–	–	5,600
At 31 August 2023	750,959	361	2,848	1,507,273	2,261,441

37. PARTLY-OWNED SUBSIDIARIES

The following table shows information of subsidiaries that have non-controlling interests ("NCI") material to the Group. The summarised financial information represents amounts before inter-company eliminations.

Name	Sichuan Zhengzhuo Group	Sichuan Gaojiao
	2023	
Principal place of business/ country of incorporation	**PRC/ PRC 49%**	**PRC/ PRC 49%**
% of equity interests held by NCI	**RMB'000**	**RMB'000**
At 31 August:		
Non-current assets	1,282,648	1,313,084
Current assets	570,073	118,326
Non-current liabilities	(444,682)	(219,105)
Current liabilities	(796,260)	(1,196,340)
Net assets	611,779	15,965
Accumulated NCI	299,772	7,823

The financial information of Sichuan Zhengzhuo Group and Sichuan Gaojiao was consolidated to the Group's consolidated financial statements on 31 August 2023 upon the completion of acquisitions (Note 35(a)). As such, no profit or loss and cash flow were allocated to the NCI during the current reporting period.

38. FINANCIAL INFORMATION OF THE COMPANY

Statement of financial position:

	As at 31 August	
	2023	2022
	RMB'000	RMB'000
Non-current assets		
Investment in a subsidiary	**9**	9
Amount due from a subsidiary	**83,031**	89,098
	83,040	89,107
Current assets		
Bank balances and cash	**1,859**	537
	1,859	537
Current liabilities		
Accruals	**4,782**	1,650
Amounts due to subsidiaries	**11,018**	11,018
Financial guarantee contracts	**4,351**	7,014
	20,151	19,682
Net current liabilities	**(18,292)**	(19,145)
Net assets	**64,748**	69,962
Capital and reserves		
Share capital	**7,138**	7,138
Reserves	**57,610**	62,824
	64,748	69,962

Statement of changes in equity:

	Share Capital RMB'000	Share premium RMB'000	Deferred consideration shares RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 September 2021	7,138	671,945	–	(597,834)	81,249
Loss and total comprehensive expense for the year	–	–	–	(11,287)	(11,287)
At 31 August 2022 and 1 September 2022	**7,138**	**671,945**	**–**	**(609,121)**	**69,962**
Loss and total comprehensive expense for the year	**–**	**–**	**–**	**(12,582)**	**(12,582)**
Acquisition of subsidiaries (Note 35(a))	**–**	**–**	**7,368**	**–**	**7,368**
At 31 August 2023	**7,138**	**671,945**	**7,368**	**(621,703)**	**64,748**

39. SHARE OPTION SCHEME

Pursuant to an ordinary resolution passed on 12 July 2018, the Company approved and adopted a share option scheme (the "Scheme") which will remain in force for a period of 10 years from the date of its adoption. Details of the Scheme are set out in section titled 'Share Option Scheme' in the annual report for the year ended 31 August 2023.

(a) Granted on 13 May 2021

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

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

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

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

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

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

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

39. SHARE OPTION SCHEME (Continued)

(b) Granted on 17 August 2023

Pursuant to the Company' s announcement on 17 August 2023, the Company granted to an eligible participant 5,000,000 share options to subscribe for ordinary shares of HK$0.01 each in the share capital of the Company at an exercise price of HK$0.130 per share.

All of the share options granted to the eligible participant shall be vested on 18 August 2024. The share options granted have a 10- year exercisable period upon the date of grant.

The closing price of the Company's shares immediately before 17 August 2023, being the date of grant, was HK$0.109 per share.

The aggregate fair value of the share options determined at the date of grant based on the Hull-White trinomial model, was approximately HK$314,000 (equivalent to approximately RMB292,000).

The following assumptions were used to calculate the fair values of share options granted on 17 August 2023:

Grant date share price (per share)	HK$0.109
Exercise price (per share)	HK$0.130
Contractual life	10 years
Expected volatility (%)	89.08%
Dividend yield (%)	0.00%
Risk-free interest rate (%)	4.02%

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

Details of the share options outstanding during the year are as follows:

	2023		2022	
	Number of share options	**Weighted average exercise price HK$**	Number of share options	Weighted average exercise price HK$
Outstanding at the beginning of the year	**1,000,000**	**0.598**	1,000,000	0.598
Granted during the year	**5,000,000**	**0.130**	–	–
Outstanding at the end of the year	**6,000,000**	**0.208**	1,000,000	0.598

As at 31 August 2023, the number of share options exercisable is 1,000,000 (2022: 1,000,000). The options outstanding at the end of the year have a weighted average remaining contractual life of 9.6 years (2022: 8.7 years) and a weighted average exercise price of HK$0.208 per share (2022: HK$0.598 per share).

40. EVENTS AFTER REPORTING PERIOD

On 27 November 2023, Chengdu Bojun and an independent third party entered into a sale and purchase agreement pursuant to which Chengdu Bojun agreed to transfer and the independent third party agreed to acquire 33.34% partnership equity interest in Tongxing Wanbang for a total consideration of RMB17,500,000. Upon the completion of the transfer, Tongxing Wanbang will cease to be an associate of the Group. For details of the equity transfer, please refer to the Company's announcement dated 27 November 2023.

DEFINITIONS

"Acquisition"	the acquisition of 51% equity interest in Sichuan Zhengzhuo and Sichuan Gaojiao completed on 31 August 2023
"Act Best"	Act Best Global Limited (萬福全球有限公司), a company incorporated in the BVI with limited liability on 28 November 2019 and is wholly-owned by Mr. Wang Jinglei
"Act Glory"	Act Glory Global Limited (鴻藝全球有限公司), a company incorporated in the BVI with limited liability on 29 November 2019 and is wholly-owned by Act Best
"Affected Entities"	subsidiaries or Consolidated Affiliated Entities the results of which have been deconsolidated from that of the Group due to implementation of the Implementation Regulation
"Articles of Association" or "Articles"	the articles of association of the Company adopted on 20 July 2023 which is uploaded onto the Company's website, as amended from time to time
"Audit Committee"	the audit committee of the Board
"Board"	the board of Directors
"Bojun Lixing"	Chengdu Bojun Lixing Education Management Company Limited* (成都博駿勵行教育管理有限公司), a limited liability company established under the laws of the PRC on 17 December 2019 and a Consolidated Affiliated Entity, which has not commenced any business
"Business Day" or "business day"	a day on which banks in Hong Kong are generally open for business to the public (other than a Saturday, Sunday or public holiday in Hong Kong)
"Chengdu Bojun"	Chengdu Tianfu Bojun Education Management Company Limited* (成都天府博駿教育管理有限公司), a wholly-foreign owned enterprise established under the laws of PRC on 26 July 2016 and a wholly-owned subsidiary of the Company
"Chengdu Bomao"	Chengdu Bomao Education Management Company Limited* (成都博懋教育管理有限公司), a limited liability company established under the laws of the PRC on 9 July 2020 and a wholly-owned subsidiary of the Company
"Chengdu Jinbojun"	Chengdu Jinbojun Education Consultancy Company Limited* (成都金博駿教育諮詢有限公司), a limited liability company established under the laws of the PRC on 13 March 2015 and a Consolidated Affiliated Entity
"Chengdu Junxian"	Chengdu Junxian Education Management Company Limited* (成都駿賢教育管理有限公司), a limited liability company established under the laws of the PRC on 4 June 2020, a connected person of the Company and the new nominal shareholder of Chengdu Mingxian under the Structured Contracts

"Chengdu Mingxian"	Chengdu Mingxian Education Investment Company Limited* (成都銘賢教育投資有限公司), a limited liability company established under the laws of the PRC on 10 March 2004 and a Consolidated Affiliated Entity
"Chengdu Youshi Preschool Investment"	Chengdu Youshi Preschool Education Investment Management Company Limited* (成都幼獅幼兒教育投資管理有限公司), a limited liability company established under the laws of the PRC on 16 July 2010 and a Consolidated Affiliated Entity
"China" or "PRC"	the People's Republic of China, for the purpose of this report, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
"Companies Law"	the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Company" or "our Company"	Bojun Education Company Limited (博駿教育有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 14 June 2016
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Consolidated Affiliated Entity(ies)"	the entity(ies) that the Group controls through the contractual arrangement contemplated under the Structured Contracts
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules and unless the context requires otherwise, refers to the controlling shareholders of the Company
"Cosmic City"	Cosmic City Holdings Limited (宇都控股有限公司), a company incorporated in the BVI with limited liability on 6 April 2016 and is wholly-owned by Mr. Xiong Tao
"Degree Education"	degree education provided by primary, middle and high schools
"Director(s)"	the director(s) of the Company
"Directors' (Council Members') Powers of Attorney A"	the amended and restated school director's (council members') power of attorney dated 19 June 2020 executed by each of the directors or council members of the PRC Operating Schools (namely, Mr. Wang Jinglei, Mr. Xiong Tao, Mr. Ran Tao, Ms. Liao Rong, Xie Gang (謝綱), Chen Qiuyan (陳秋燕), Tan Chunli (譚春莉), Liao Hong (廖紅), Tian Xiaogang (田曉崗), Liu Jing (劉靜), Ai Bingyu (艾冰玉), Fang Jia (方佳), Huang Xue (黃雪), Chen Ping (陳萍), Wang Chunguo (王淳國), Xie Li (謝利), Mou Tingting (牟婷婷), Yang Xi (楊曦) and Duan Bichong (段必聰)) in favour of Chengdu Bojun
"Directors' (Council Members') Power of Attorney B"	the directors' (council members') powers of attorney executed by directors (or council members) appointed by Sichuan Zhengzhuo to the Vocational College and the Vocational School dated 27 June 2023

"Equity Pledge Agreement A"	the amended and restated equity pledge agreement dated 19 June 2020 entered into by and among Chengdu Bojun, Chengdu Junxian and the School Sponsors (excluding Lezhi Bojun), which amended and replaced the Equity Pledge Agreement, and with effect from 16 June 2020, and supplemented by the agreement on additional party to cooperation agreements dated 21 August 2020 entered into by and among Chengdu Bojun, Chengdu Mingxian and Chengdu Jingxian Education Management Company Limited (成都旌賢教育管理有限公司), the agreement on additional party to cooperation agreements dated 21 August 2020 entered into by and among Chengdu Bojun, Chengdu Mingxian and Chengdu Juxian Education Management Company Limited (成都鉅賢教育管理有限公司) and the agreement on additional party to cooperation agreement dated 21 August 2020 entered into by and among Chengdu Bojun, Chengdu Mingxian and Taoyuan Company
"Equity Pledge Agreement B"	the equity pledge agreement dated 27 June 2023 entered into among Chengdu Bomao, Sichuan Yuanmao, Sichuan Yunmao, Sichuan Gaojiao and Sichuan Zhengzhuo
"Exclusive Business Cooperation Agreement A"	the amended and restated exclusive business cooperation agreement dated 19 June 2020 entered into by and among Chengdu Bojun, Chengdu Junxian and the Consolidated Affiliated Entities, which amended and replaced the exclusive business cooperation agreement in place then, and with effect from 16 June 2020, and supplemented by the agreement on additional party to cooperation agreements dated 21 August 2020 entered into by and among Chengdu Bojun, Chengdu Mingxian and Chengdu Jingxian Education Management Company Limited (成都旌賢教育管理有限公司), the agreement on additional party to cooperation agreements dated 21 August 2020 entered into by and among Chengdu Bojun, Chengdu Mingxian and Chengdu Juxian Education Management Company Limited (成都鉅賢教育管理有限公司) and the agreement on additional party to cooperation agreement dated 21 August 2020 entered into by and among Chengdu Bojun, Chengdu Mingxian and Taoyuan Company
"Exclusive Business Cooperation Agreement B"	the exclusive business cooperation agreement dated 27 June 2023 entered into among Chengdu Bomao, Sichuan Yuanmao and the Vocational Group
"Exclusive Call Option Agreement A"	the amended and restated exclusive call option agreement dated 19 June 2020 entered into by and among Chengdu Bojun, Chengdu Junxian and the Consolidated Affiliated Entities, which amended and replaced the exclusive call option agreement in place then, and with effect from 16 June 2020, and supplemented by the agreement on additional party to cooperation agreements dated 21 August 2020 entered into by and among Chengdu Bojun, Chengdu Mingxian and Chengdu Jingxian Education Management Company Limited (成都旌賢教育管理有限公司), the agreement on additional party to cooperation agreements dated 21 August 2020 entered into by and among Chengdu Bojun, Chengdu Mingxian and Chengdu Juxian Education Management Company Limited (成都鉅賢教育管理有限公司) and the agreement on additional party to cooperation agreement dated 21 August 2020 entered into by and among Chengdu Bojun, Chengdu Mingxian and Taoyuan Company
"Exclusive Call Option Agreement B"	the exclusive call option agreement dated 27 June 2023 entered into among Chengdu Bomao, Sichuan Yuanmao and the Vocational Group

"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
"Jianyang Jinbojun"	Jianyang Jinbojun Education Management Company Limited* (簡陽金博駿教育管理有限公司), a limited liability company established under the laws of the PRC on 2 June 2020 and a Consolidated Affiliated Entity
"Jinjiang School"	Chengdu Jinjiang District No. 1 Experimental Middle School Attached to Sichuan Normal University* (成都市錦江區四川師大附屬第一實驗中學), a private middle school established under the laws of the PRC on 27 April 2012, where the school sponsor's interest is wholly-owned by Chengdu Mingxian
"Latest Practicable Date"	19 December 2023, being the latest practicable date for the purpose of ascertaining certain information in this annual report prior to its publication
"Lezhi Bojun"	Lezhi Bojun Education Management Company Limited* (樂至博駿教育管理有限公司), a limited liability company established under the laws of the PRC on 10 January 2018 and a Consolidated Affiliated Entity
"Lezhi Bojun School"	Lezhi Bojun School* (樂至博駿公學), a private kindergarten, primary, middle and high school established by a subsidiary of Lezhi Bojun as the school sponsor

"Lidu Kindergarten"	Chengdu Wuhou District Youshi Lidu Kindergarten Company Limited* (成都市武侯區幼師麗都幼兒園有限公司) (formerly known as Chengdu Youshi Lidu Experimental Kindergarten* (成都幼師麗都實驗幼兒園)), a private kindergarten established under the laws of the PRC on 12 May 2003, where the school sponsor's interest is wholly-owned by Sichuan Boai , and a Consolidated Affiliated Entity
"Listing"	the listing of our Shares on the Main Board of the Stock Exchange
"Listing Date"	31 July 2018, the date on which our Shares are listed and from which dealings therein are permitted to take place on the Stock Exchange
"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or modified from time to time
"Loan Agreement A"	the amended and restated loan agreement dated 19 June 2020 entered into by and among Chengdu Bojun, the School Sponsors and the PRC Operating Schools, which amended and replaced the loan agreement in place then, and with effect from 16 June 2020, and supplemented by the agreement on additional party to cooperation agreements dated 21 August 2020 entered into by and among Chengdu Bojun, Chengdu Mingxian and Chengdu Jingxian Education Management Company Limited (成都旌賢教育管理有限公司), the agreement on additional party to cooperation agreements dated 21 August 2020 entered into by and among Chengdu Bojun, Chengdu Mingxian and Chengdu Juxian Education Management Company Limited (成都鉅賢教育管理有限公司) and the agreement on additional party to cooperation agreement dated 21 August 2020 entered into by and among Chengdu Bojun, Chengdu Mingxian and Taoyuan Company
"Loan Agreement B"	the loan agreement dated 27 June 2023 entered into among Chengdu Bomao and the Vocational Group
"Longquan Kindergarten"	Chengdu Longquan Youshi Dongshan Kindergarten* (成都市龍泉驛區幼師東山幼兒園) (formerly known as Chengdu Youshi Longquan Dongshan Experimental Kindergarten* (成都幼師龍泉東山實驗幼兒園)), a private kindergarten established under the laws of the PRC on 23 February 2009, where the school sponsor's interest is wholly-owned by Sichuan Boai
"Longquan School"	Chengdu Longquanyi District No. 1 Experimental Middle School Attached to Sichuan Normal University* (成都市龍泉驛區四川師大附屬第一實驗中學), a private middle and high school established under the laws of the PRC on 29 September 2015, where the school sponsor's interest is wholly-owned by Chengdu Jinbojun
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with GEM of the Stock Exchange
"Memorandum of Association" or "Memorandum"	the memorandum of association of the Company adopted on 12 July 2018, as amended from time to time

"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 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
"Nanjiang Bojun School"	Nanjiang Bojun School* (南江博駿學校), a private primary, middle and high school established by Nanjiang Bojun as the school sponsor
"Nomination Committee"	the nomination committee of the Board
"Pengzhou Bojun School"	Pengzhou Bojun School (彭州市博駿學校), a private middle and high school established jointly by Chengdu Minxian and Sichuan Hongde Guanghua Advisory Limited* (四川弘的教育諮詢有限公司)
"Peninsula Kindergarten"	Chengdu High and New District Youshi Peninsula City Centre Kindergarten* (成都高新區幼獅半島城邦幼兒園), a private kindergarten established under the laws of the PRC on 27 September 2013, where the school sponsor's interest is wholly- owned by Chengdu Youshi Preschool Investment
"PRC EIT"	the enterprise income tax of the PRC
"PRC Operating School(s)"	Jinjiang School, Longquan School, Tianfu School, Nanjiang Bojun School, Wangcang Bojun School and Pengzhou Bojun School, Peninsula Kindergarten, Youshi Kindergarten, Lidu Kindergarten, Longquan Kindergarten, Riverside Kindergarten, Qingyang Kindergarten, the Vocational College and the Vocational School
"Preschool Education"	preschool education provided by kindergartens
"Prospectus"	the prospectus dated 19 July 2018 issued by the Company in connection with the public offering
"Qingyang Kindergarten"	Chengdu Qingyang Youshi Jingjie Kindergarten* (成都市青羊區幼師境界實驗幼兒園) (formerly known as Chengdu Qingyang Youshi Jingjie Experimental Kindergarten* (成都青羊幼師境界實驗幼兒園)), a private kindergarten established under the laws of the PRC on 15 March 2010, where the school sponsor's interest is wholly-owned by Sichuan Boai
"Remuneration Committee"	the remuneration committee of the Board
"Renshou Bojun"	Renshou Bojun Education Investment Management Company Limited* (仁壽博駿教育投資管理有限公司), a limited liability company established under the laws of the PRC on 15 October 2015 and a Consolidated Affiliated Entity
"Reporting Period"	from 1 October 2022 to 31 August 2023

"Riverside Kindergarten"	Chengdu Youshi Riverside Impression Experimental Kindergarten* (成都幼師河濱印象實驗幼兒園), a private kindergarten established under the laws of the PRC on 18 June 2003, where the school sponsor's interest is wholly-owned by Sichuan Boai, and a Consolidated Affiliated Entity
"RMB" or "Renminbi"	Renminbi, the lawful currency for the time being of the PRC
"School Sponsors"	(i) Chengdu Mingxian, Nanjiang Bojun, Wangcang Bojun, Chengdu Youshi Preschool Investment, Chengdu Jinbojun, Sichuan Boai, Lezhi Bojun and Sichuan Zhengzhuo which were our school sponsors as at the Latest Practicable Date and (ii) Renshou Bojun, Zhongjiang Bojun, Bojun Lixing and Jianyang Jinbojun which could be our school sponsors of new schools (if any)
"School Sponsors' and Directors' (Council Members') Rights Entrustment Agreement A"	the amended and restated school sponsors' and directors' (council members') rights entrustment agreement dated 19 June 2020 entered into by and among Chengdu Bojun, the School Sponsors, the PRC Operating Schools and their respective directors or council members (namely, Mr. Wang Jinglei, Mr. Xiong Tao, Mr. Ran Tao, Ms. Liao Rong, Xie Gang (謝綱), Chen Qiuyan (陳秋燕), Tan Chunli (譚春莉), Liao Hong (廖紅), Tian Xiaogang (田曉崗), Liu Jing (劉靜), Ai Bingyu (艾冰玉), Fang Jia (方佳), Huang Xue (黃雪), Chen Ping (陳萍), Wang Chunguo (王淳國), Xie Li (謝利), Mou Tingting (牟婷婷), Yang Xi (楊曦) and Duan Bichong (段必聰)), which amended and replaced the school sponsors' and directors' (council members') rights entrustment agreement in place then, and with effect from 16 June 2020, and supplemented by the agreement on additional party to cooperation agreements dated 21 August 2020 entered into by and among Chengdu Bojun, Chengdu Mingxian and Chengdu Jingxian Education Management Company Limited (成都旌賢教育管理有限公司), the agreement on additional party to cooperation agreements dated 21 August 2020 entered into by and among Chengdu Bojun, Chengdu Mingxian and Chengdu Juxian Education Management Company Limited (成都鉅賢教育管理有限公司) and the agreement on additional party to cooperation agreement dated 21 August 2020 entered into by and among Chengdu Bojun, Chengdu Mingxian and Taoyuan Company
"School Sponsors' and Directors' (Council Members') Rights Entrustment Agreement B"	the school sponsors' and directors' (council members') rights entrustment agreement dated 27 June 2023 entered into among Chengdu Bomao, the Vocational Group and directors (or council members) appointed by Sichuan Zhengzhuo to the Vocational College and the Vocational School
"School Sponsors' Powers of Attorney A"	the school sponsor's power of attorney dated 19 June 2020 executed by each of the School Sponsors in favour of Chengdu Bojun
"School Sponsors' Powers of Attorney B"	the school sponsors' powers of attorney executed by Sichuan Zhengzhuo dated 27 June 2023
"SFO" or "Securities and Futures Ordinance"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or modified from time to time
"Share(s)"	ordinary share(s) of HK$0.01 each in the share capital of the Company

"Share Option Scheme"	the share option scheme conditionally adopted by the Company on 12 July 2018
"Shareholder(s)"	holder(s) of the Share(s)
"Shareholder's Powers of Attorney A"	the powers of attorney dated 19 June 2020 executed by Chengdu Junxian, which replaced the shareholder's powers of attorney in place then
"Shareholder's Powers of Attorney B"	the shareholder's powers of attorney executed by Sichuan Yuanmao dated 27 June 2023
"Shareholder's Rights Entrustment Agreement A"	the amended and restated shareholder's rights entrustment agreement dated 19 June 2020 entered into by and among Chengdu Bojun, Chengdu Junxian and Chengdu Mingxian, which amended and replaced the shareholder's rights entrustment agreement in place then, and with effect from 16 June 2020, and supplemented by the agreement on additional party to cooperation agreements dated 21 August 2020 entered into by and among Chengdu Bojun, Chengdu Mingxian and Chengdu Jingxian Education Management Company Limited (成都旌賢教育管理有限公司), the agreement on additional party to cooperation agreements dated 21 August 2020 entered into by and among Chengdu Bojun, Chengdu Mingxian and Chengdu Juxian Education Management Company Limited (成都鉅賢教育管理有限公司) and the agreement on additional party to cooperation agreement dated 21 August 2020 entered into by and among Chengdu Bojun, Chengdu Mingxian and Taoyuan Company
"Shareholder's Rights Entrustment Agreement B"	the shareholder's rights entrustment agreement dated 27 June 2023 entered into among Chengdu Bomao, Sichuan Yuanmao and Sichuan Yunmao
"Shenzhen Hongyuan"	Shenzhen Hongyuan Education Investment Company Limited* (深圳弘遠教育投資有限公司), a limited liability company established in the PRC on 17 November 2016 and an Independent Third Party
"Sichuan Boai"	Sichuan Boai Preschool Education Development Company Limited (四川省博愛幼兒教育事業專業發展有限責任公司), a limited liability company established under the laws of the PRC on 26 July 2001 and a Consolidated Affiliated Entity
"Sichuan Gaojiao"	Sichuan Gaojiao Investment Company Limited* (四川高教投資有限公司), a limited liability company incorporated in the PRC on 5 March 2020 and a Consolidated Affiliated Entity
"Sichuan Yuanmao"	Sichuan Yuanmao Education Management Company Limited* (四川沅懋教育管理有限公司), a limited liability company established under the laws of the PRC on 1 December 2021 and owned as to 99% by Mr. Wang Jinglei, an executive Director and a substantial Shareholder, and as to 1% by Ms. Duan Ling, the spouse of Mr. Wang Jinglei as at the Latest Practicable Date
"Sichuan Yunmao"	Sichuan Yunmao Education Management Company Limited* (四川沄懋教育管理有限公司), a limited liability company established under the laws of the PRC on 1 December 2021 and a Consolidated Affiliated Entity

"Sichuan Zhengzhuo"	Sichuan Zhengzhuo Education Investment Company Limited* (四川正卓教育投資有限公司) (formerly known as Sichuan Wenxuan Zhuotai Investment Company Limited* (四川文軒卓泰投資有限公司) and Sichuan Taihe Zhengzhuo Education Investment Company Limited* (四川泰合正卓教育投資有限公司)), a limited liability company established under the laws of the PRC in July 2012 and a Consolidated Affiliated Entity
"Stock Exchange" or "Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Structured Contracts"	the Structured Contracts A and the Structured Contracts B
"Structured Contracts A"	collectively, the Exclusive Business Cooperation Agreement A, the Exclusive Call Option Agreement A, the Equity Pledge Agreement A, the School Sponsors' and Directors' (Council Members') Rights Entrustment Agreement A, the School Sponsors' Powers of Attorney A, the Directors' (Council Members') Powers of Attorney A, the Loan Agreement A, the Shareholder's Rights Entrustment Agreement A and the Shareholder's Powers of Attorney A
"Structured Contracts B"	collectively, the Exclusive Business Cooperation Agreement B, the Exclusive Call Option Agreement B, the Equity Pledge Agreement B, the School Sponsors' and Directors' (Council Members') Rights Entrustment Agreement B, the School Sponsors' Powers of Attorney B, the Directors' (Council Members') Powers of Attorney B, the Loan Agreement B, the Shareholder's Rights Entrustment Agreement B and the Shareholder's Powers of Attorney B
"Subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules. For the avoidance of doubt, the Subsidiaries include Consolidated Affiliated Entities in this report
"Taoyuan Company"	Sichuan Jiuzhou Taoyuan Eco-tourism Development Limited* (四川九洲桃源里生態旅遊開發有限公司), a limited liability company established in the PRC on 24 July 2017
"Tianfu School"	Chengdu New Tianfu District No. 1 Experimental Middle School Attached to Sichuan Normal University* (成都市天府新區四川師大附屬第一實驗中學), a private middle school established under the laws of the PRC on 20 April 2016, where the school sponsor's interest is wholly-owned by Chengdu Mingxian
"Tianfu High School"	Sichuan New Tianfu District No. 1 High School Attached to Sichuan Normal University* (四川天府新區師大一中高級中學), a private middle school established under the laws of the PRC on 23 March 2021, where the school sponsor's interest is wholly-owned by Chengdu Mingxian, and a Consolidated Affiliated Entity
"Tongxing Wanbang"	Chengdu Tongxing Wanbang Enterprise Management Center (Limited Partnership)* (成都同興萬邦企業管理中心(有限合夥)), is a limited liability partnership established in the PRC and an associate of the Company immediately prior to the completion of disposal as detailed in the announcement of the Company dated 27 November 2023
"U.S." or "United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction

"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
"Vocational College"	Sichuan Winshare Vocational College (Dayi Campus) (四川文軒職業學院大邑校區), a formal higher vocational education institution (普通高等職業學校) established in February 2013 and a Consolidated Affiliated Entity
"Vocational Group"	Sichuan Gaojaio, Sichuan Zhengzhuo and their subsidiaries
"Vocational School"	Chengdu Daiyi County Zhengzhuo Education Vocational School* (成都市大邑縣正卓教育職業學校) (formerly known as Sichuan Winshare Vocational School* (四川文軒職業學校)), a secondary vocational education institution (中等職業教育學校) established in December 2012 and a Consolidated Affiliated Entity
"Wangcang Bojun"	Wangcang Bojun Education Management Company Limited* (旺蒼博駿教育管理有限公司), a limited liability company established under the laws of the PRC on 18 August 2017 and a Consolidated Affiliated Entity
"Wangcang Bojun School"	Wangcang Bojun School* (旺蒼博駿公學), a private primary, middle and high school to be established by Wangcang Bojun as the school sponsor
"Youshi Kindergarten"	Chengdu Wuhou District Youshi Kindergarten* (成都市武侯區幼獅幼兒園) (formerly known as Chengdu Youshi Experimental Kindergarten* (成都幼師實驗幼兒園)), a private kindergarten established under the laws of the PRC on 12 August 2002, where the school sponsor's interest is wholly-owned by Sichuan Boai
"Zhengzhuo Industrial"	Sichuan Zhengzhuo Industrial Company Limited* (四川正卓實業有限公司), a limited company established under the laws of the PRC on 17 June 2015
"Zhongjiang Bojun"	Zhongjiang Bojun Education Management Company Limited* (中江博駿教育管理有限公司), a limited liability company established under the laws of the PRC on 18 October 2018 and a Consolidated Affiliated Entity, which has not commenced any business
"%"	per cent

Certain amounts and percentage figures included in this annual report have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

If there is any inconsistency between the Chinese names of entities or enterprises established in the PRC and their English translations, the Chinese names shall prevail. The English translation of company or entity names in Chinese or another language which are marked with "*" and the Chinese translation of company or entity names in English which are marked with "*" is for identification purpose only.