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博駿教育
BOJUN EDU

Bojun Education Company Limited

博駿教育有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1758)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 AUGUST 2025

HIGHLIGHTS				
	For the year ended 31 August			
	2025	2024	Change	Change
	RMB'000	RMB'000	RMB'000	Percentage
Revenue	378,792	429,763	(50,971)	(11.9%)
Gross profit	144,678	204,899	(60,221)	(29.4%)
Loss for the year	(197,034)	(40,308)	(156,726)	388.8%
Loss for the year attributable to the owners of the Company	(129,615)	(39,566)	(90,049)	227.6%
Basic loss per share (RMB cents)	(14.35)	(4.38)	(9.97)	227.6%
	As at the beginning of the school year			
	2024/2025	2023/2024	Change	Change
				Percentage
Total students enrolment	31,427	33,386	(1,959)	(5.9%)
	As at 31 August			
	2025	2024	Change	Change
	RMB'000	RMB'000	RMB'000	Percentage
Contract liabilities	171,284	293,360	(122,076)	(41.6%)

ANNUAL RESULTS FOR THE YEAR ENDED 31 AUGUST 2025

The board (the “**Board**”) of directors (the “**Director(s)**”) of Bojun Education Company Limited (the “**Company**”, together with its subsidiaries and consolidated affiliated entities (the “**Consolidated Affiliated Entities**”), the “**Group**”) is pleased to announce the audited consolidated annual results of the Group for the year ended 31 August 2025.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 AUGUST 2025

		2025	2024
	Notes	RMB'000	RMB'000
Revenue	4	378,792	429,763
Costs of services		<u>(234,114)</u>	<u>(224,864)</u>
Gross profit		144,678	204,899
Other income	5	20,214	15,981
Other (losses)/gains, net	6	(58,828)	1,235
Selling expenses		(30,780)	(30,186)
Administrative expenses		(150,428)	(122,139)
Finance costs	7	<u>(115,378)</u>	<u>(107,713)</u>
Loss before tax		(190,522)	(37,923)
Income tax expenses	8	<u>(6,512)</u>	<u>(2,385)</u>
Loss and total comprehensive expense for the year	9	<u>(197,034)</u>	<u>(40,308)</u>
Loss and total comprehensive expense for the year attributable to:			
Owners of the Company		(129,615)	(39,566)
Non-controlling interests		<u>(67,419)</u>	<u>(742)</u>
		<u>(197,034)</u>	<u>(40,308)</u>
Loss per share attributable to owners of the Company			
Basic (RMB cents)	15	<u>(14.35)</u>	<u>(4.38)</u>
Diluted (RMB cents)		<u>N/A</u>	<u>N/A</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2025

	<i>Notes</i>	2025 RMB'000	2024 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		2,724,753	2,761,043
Right-of-use assets		734,292	757,130
Intangible assets		2,442	3,112
Goodwill		–	12,105
Deferred tax assets		16,521	16,905
Other receivables and deposits	<i>10</i>	36,517	55,223
Total non-current assets		3,514,525	3,605,518
CURRENT ASSETS			
Trade and other receivables	<i>10</i>	131,862	121,040
Amounts due from related companies		65,824	63,325
Equity investment at fair value through profit or loss		49,345	–
Bank balances and cash		140,599	225,803
Total current assets		387,630	410,168
Total assets		3,902,155	4,015,686
CURRENT LIABILITIES			
Other payables and accruals	<i>11</i>	298,146	445,692
Contract liabilities		171,284	293,360
Amounts due to related companies		104,828	124,328
Lease liabilities		370	540
Bank and other borrowings		676,466	328,704
Income tax payable		13,933	12,050
Financial guarantee liabilities		37,306	25,572
Total current liabilities		1,302,333	1,230,246
NET CURRENT LIABILITIES		(914,703)	(820,078)
TOTAL ASSETS LESS CURRENT LIABILITIES		2,599,822	2,785,440

		2025	2024
	Notes	RMB'000	RMB'000
NON-CURRENT LIABILITIES			
Lease liabilities		3,407	3,777
Bank and other borrowings		1,272,965	1,168,075
Other payables	11	1,000	1,000
Amounts due to related companies		529,248	612,540
Deferred income	12	414,034	422,053
Deferred tax liabilities		61,143	62,936
Total non-current liabilities		2,281,797	2,270,381
NET ASSETS		318,025	515,059
CAPITAL AND RESERVES			
Share capital		7,890	7,890
Reserves		60,901	190,516
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY			
		68,791	198,406
Non-controlling interests		249,234	316,653
TOTAL EQUITY		318,025	515,059

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

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

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

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

For the year ended 31 August 2025, the provision of private education services of the Group was carried out by PRC operating entities, comprising Chengdu Mingxian, Sichuan Boai, Chengdu Jinbojun, Nanjiang Bojun, Wangcang Bojun, Lezhi Bojun and Sichuan Zhengzhuo (collectively known as the “**School Sponsors**”), Tianfu High School, Lidu Kindergarten, Riverside Kindergarten, Vocational College, Vocational School and the other subsidiaries controlled by the School Sponsors (collectively known as the “**PRC Operating Entities**”). The School Sponsors and PRC Operating Entities herein collectively refer to “Consolidated Affiliated Entities”. Due to regulatory restrictions on foreign ownership in the private-owned schools in the PRC, Chengdu Bojun and Chengdu Bomao, both are wholly-owned subsidiaries of the Company, have entered into Structured Contracts with, among others, the PRC Operating Entities, the School Sponsors and their respective legal equity holders.

The directors of the Company (the “**Directors**”) are of the view that the Structured Contracts enable Chengdu Bojun and Chengdu Bomao to:

- exercise effective financial and operational control over the Consolidated Affiliated Entities;
- exercise equity holders’ voting rights of the Consolidated Affiliated Entities;
- receive substantially all of the economic interest returns generated by the Consolidated Affiliated Entities in consideration for the exclusive technical and management consultancy services including, among others, (a) design of curriculum; (b) preparation, selection and/or recommendation of course materials; (c) provision of teacher and staff recruitment and training support and services; (d) provision of student recruitment services and support; (e) provision of public relation services; (f) formulation of long term strategic development plans and annual working plans; (g) formulation of management mode, business plans and market development plans; (h) development of financial management systems and recommendation and optimisation on annual budget; (i) advising on design of internal structures and internal management system of the Consolidated Affiliated Entities; (j) provision of management and consultancy training for executive staff; (k) conduct of market survey and research, and advising on market information and business development; (l) formulation of regional and national market development plan; (m) assisting the Consolidated Affiliated Entities in building of education management network and improving management of business operation; (n) assisting in building online and offline marketing network; (o) providing management and consultancy services in respect of daily operations, finance, investment, assets, liabilities and debt, human resources, internal informatisation and other management and consultancy services; (p) assisting the Consolidated Affiliated Entities and their subsidiaries to find suitable financing channels where fund

is required in the operation of the Consolidated Affiliated Entities; (q) assisting the Consolidated Affiliated Entities to formulate programs to maintain relationships with their suppliers, customers, cooperation partners and students, and assisting to maintain such relationships; (r) advising and providing recommendations on asset and business operating of the Consolidated Affiliated Entities; (s) advising and providing recommendations to negotiate, sign and perform the material contracts of the Consolidated Affiliated Entities and (t) providing other technical services reasonably requested by the Consolidated Affiliated Entities; and

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

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

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

Going concern basis

The Group incurred a loss attributable to owners of the Company of approximately RMB129,615,000 for the year ended 31 August 2025 and as at 31 August 2025, the Group recorded net current liabilities of approximately RMB914,703,000 (2024: RMB820,078,000), including bank and other borrowings of approximately RMB676,466,000, which would be due for repayment within the next twelve months, while its total cash (including bank balances and cash) amounted to approximately RMB140,599,000. In addition, as disclosed in Note 27 to the consolidated financial statements, the Group's secured bank borrowings with a carrying amount of approximately RMB305,000,000 was classified as repayment on demand because of the failure to fulfil certain financial covenant 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.

In view of the net current liability position, the Directors have given careful consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern after considering the following:

- (i) Mr. Wang Jinglei and the non-controlling shareholders of the Group's subsidiaries have agreed to provide financial support of not more than RMB800 million for the Group to meet its liabilities as they fall due;
- (ii) subsequent to the year-end date, the Group raised a new bank loan of RMB200 million from a licensed bank in the PRC;
- (iii) notwithstanding the non-compliance with the financial covenant in the loan agreement, the Group believes, based on its long-standing relationship and the track record of punctual repayment, that the relevant bank will not demand immediate repayment. Nevertheless, the Group is actively seeking refinancing options with other financial institutions to mitigate the risk of accelerated repayment;

- (iv) the Group is actively negotiating with the main contractors of the campus facilities regarding payment terms to ensure that operating cash flows remain stable in the foreseeable future; and
- (v) the cash inflow generated from the operations of providing education services to students subsequent to the year-end date.

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

3. APPLICATION OF NEW AND REVISED HKFRS ACCOUNTING STANDARDS

In the current year, the Group has adopted all the new and revised HKFRS Accounting Standards 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 2024. HKFRS Accounting Standards comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards (“HKAS”) and Interpretations. The adoption of these new and revised HKFRS Accounting Standards 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 HKFRS Accounting Standards that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRS Accounting Standards but is not yet in a position to state whether these new HKFRS Accounting Standards would have a material impact on its results of operations and financial position.

4. REVENUE AND SEGMENT INFORMATION

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

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

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

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

	For-profit kindergarten and high school education services RMB’000	Vocational education services RMB’000	Education consultancy and management services RMB’000	Total RMB’000
For the year ended 31 August 2025				
Tuition fees	47,167	294,123	–	341,290
Boarding fees	1,233	34,665	–	35,898
Education consultancy and management services fees	–	–	1,604	1,604
Total	<u>48,400</u>	<u>328,788</u>	<u>1,604</u>	<u>378,792</u>

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

Performance obligations for contracts with customers

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

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

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

Geographical information

During the years ended 31 August 2025 and 2024, the Group operated within one geographical segment because all of its revenue was generated in the PRC and all of its non-current assets were located in the PRC. Accordingly, no geographical segment information is presented.

Major customers

No major customers for the years ended 31 August 2025 and 2024 contributing over 10% of the total sales of the Group.

Segment assets and liabilities

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

5. OTHER INCOME

	Year ended 31 August	
	2025	2024
	RMB'000	RMB'000
Interest income from banks	186	392
Interest income from other loans	994	1,583
Dividend income from equity investment at fair value through profit or loss	882	–
Release of asset-related government grants (<i>Note 12</i>)	9,026	8,291
Recharge income for the occupation of school campus	2,473	2,473
Others	6,653	3,242
	<u>20,214</u>	<u>15,981</u>

6. OTHER (LOSSES)/GAINS, NET

	Year ended 31 August	
	2025	2024
	RMB'000	RMB'000
Net exchange loss	(1,263)	(100)
Loss on disposal of property, plant and equipment, net	(8)	(1,870)
Gain on disposal of a subsidiary	–	2,539
Loss on derecognition of a subsidiary	(1,000)	–
Loss on disposal of an associate	–	(7)
Recognition of financial guarantee contracts	(52,656)	(38,704)
Amortisation of financial guarantee contracts	40,540	20,749
Loss allowance reversal for financial guarantee contracts	382	53
Gain on waiver of amount due to Pengzhou Bojun School	–	19,226
Loss allowance recognised for other receivables	(14,796)	–
Impairment loss on goodwill	(12,105)	–
Impairment loss on property, plant and equipment	(13,509)	–
Impairment loss on right-of-use assets	(4,171)	–
Fair value change on equity investment at fair value through profit or loss	380	–
Others	(622)	(651)
	<u>(58,828)</u>	<u>1,235</u>

7. FINANCE COSTS

	Year ended 31 August	
	2025	2024
	RMB'000	RMB'000
Interest on:		
Bank borrowings	70,877	53,042
Lease liabilities	183	142
Other borrowings	38,695	36,627
Imputed interests recognised upon the early payments of the deferred considerations	–	12,578
	<u>109,755</u>	<u>102,389</u>
Unwinding of discount on amounts due to a related company	<u>5,623</u>	<u>5,324</u>
Total finance costs	<u>115,378</u>	<u>107,713</u>

8. INCOME TAX EXPENSES

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

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

Pursuant to the PRC Income Tax Law and the respective regulations, the companies of the Group which operate in the PRC are subject to PRC EIT at a rate of 25% on their taxable income. Under the Western Development Tax Incentive Scheme, certain subsidiaries of the Group are subject to the preferential tax rate of 15% on their respective taxable income with an effective date on 1 January 2021.

Pursuant to State Taxation Administration Announcement 2023 No. 6 and No. 12, from 1 January 2023 to 31 December 2027, 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	
	2025	2024
	RMB'000	RMB'000
Tax expense comprises:		
PRC EIT — Current year	6,768	3,901
PRC EIT — Underprovision in prior year	1,153	—
Deferred tax	(1,409)	(1,516)
	<u>6,512</u>	<u>2,385</u>
Total tax charge for the year	<u>6,512</u>	<u>2,385</u>

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

	Year ended 31 August	
	2025	2024
	RMB'000	RMB'000
Loss before tax	<u>(190,522)</u>	<u>(37,923)</u>
Tax at applicable tax rate of 25%	(47,631)	(9,481)
Effect of preferential income tax rates	(3,689)	(3,638)
Effect of tax losses not recognised	22,266	7,268
Tax effect of expenses not deductible for tax purpose	35,803	9,758
Tax effect of income not taxable for tax purpose	(2,280)	(1,924)
Effect of different tax rates of other jurisdiction	890	402
Under-provision in prior years	<u>1,153</u>	<u>—</u>
Taxation for the year	<u>6,512</u>	<u>2,385</u>

9. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging:

	Year ended 31 August	
	2025	2024
	RMB'000	RMB'000
Directors' and chief executive's remuneration	1,472	1,457
Other staff costs		
— Salaries and other benefits	123,590	116,528
— Staff welfare	7,923	4,042
— Retirement benefit schemes	9,027	10,064
Total staff costs	142,012	132,091
Depreciation of property, plant and equipment	110,700	102,449
Depreciation of right-of-use assets	18,667	18,408
Amortisation of intangible assets	670	670
Increase of loss allowance on other receivables	14,796	979
Business promotion expenses	13,888	16,371
Auditor's remuneration	1,530	1,550

10. TRADE AND OTHER RECEIVABLES

		As at 31 August	
		2025	2024
	Notes	RMB'000	RMB'000
Trade receivables:			
Education consultancy and management services fees receivables	(i)	1,000	—
Other receivables, deposits and prepayments:			
Secured deposits for other borrowings		14,934	24,750
Deposits for establishment of school campus	(ii)	1,145	3,145
Other tax receivables	(iii)	57,752	57,022
Advances to staffs		22,938	14,993
Amount due from Hongde Guanghai	(iv)	24,337	24,364
Other receivables from Daying Estate	(v)	—	7,797
Loan and interest receivables from four independent vocational schools	(vi)	8,858	11,482
Consideration receivable from the disposal of equity interest	(vii)	13,165	14,410
Consideration receivable from the disposal of an associate		6,500	6,500
Prepaid expenses		3,505	2,596
Other deposits and receivables		14,245	9,204
Total		168,379	176,263
Analysed into:			
— Current assets		131,862	121,040
— Non-current assets		36,517	55,223
		168,379	176,263

Notes:

- (i) The Group generally allows a credit period of 0 to 180 days to its customers in education consultancy and management services. Overdue balances are reviewed regularly by the management of the Group. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of tuition and boarding fee receivables as at the end of the reporting period, based on the transaction date, is as follows:

	As at 31 August	
	2025	2024
	RMB'000	RMB'000
0–180 days	1,000	–

The Group applies the simplified approach under HKFRS 9 to provide for expected credit losses using the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses also incorporate forward-looking information.

As at 31 August 2025, neither trade receivables balance were past due and no loss allowances were made.

- (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 RMB1,145,000 (2024: RMB3,145,000).
- (iii) The balance as at 31 August 2025 mainly represented the deductible input value-added tax generated from the procurement of construction services for the Group's buildings and facilities.
- (iv) The balance represents a refundable investment fund due from Sichuan Hongde Guanghua Education Management Company Limited (四川弘德光華教育管理有限公司) (“**Hongde Guanghua**”) in relation to the disposal of Pengzhou Bojun School (彭州市博駿學校), which was one of the Affected Entities. The carrying amount before loss allowance was RMB25,357,000 (2024: RMB25,357,000).

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

On 29 September 2025, the Group, Hongde Guanghua and Pengzhou Bojun School entered into a fourth supplemental agreement pursuant to which the parties agreed to amend the payment terms by a monthly instalment from September 2025 to August 2029. The amount of approximately RMB18,734,000 was classified as non-current assets and the remaining balance was classified as current assets as of 31 August 2025. The amount is guaranteed by independent third parties and is non-interest-bearing. For details, please refer to the announcements of the Company dated 29 September 2025.

- (v) The balances as at 31 August 2025 represented the receivables due from Daying Tianshi Real Estate Company Limited (大英天世置業有限公司) (“**Daying Estate**”), a former subsidiary of Sichuan Gaojiao prior to the acquisition on 31 August 2023. The gross amount of the outstanding receivables amounted to approximately RMB7,797,000 (2024: RMB7,797,000), which is unsecured, non-interest bearing and without a fixed repayment term. During the year ended 31 August 2025, the Group, Daying Estate and the Purchaser (as defined in note (vii) below) entered into an agreement under which the parties agreed to assign the right and obligation under the receivables of approximately RMB7,797,000 to the Purchaser.

- (vi) The balances as of 31 August 2025 and 2024 represented the loans and interests receivable from four independent third parties. Out of the balance, the principal amounts of RMB8,500,000 are unsecured, interest-bearing at 6.9% per annum, and repayable within one year, and principal amounts of RMB2,500,000 are unsecured, non-interest bearing, and repayable within one year. As at 31 August 2025, the Group recognised a loss allowance of approximately RMB2,728,000.
- (vii) The balances as at 31 August 2025 and 2024 mainly represented the remaining consideration receivable due from an independent third party (“**the Purchaser**”) for the disposal of the entire equity interest in Daying Estate, and the receivables assigned from Daying Estate during the year ended 31 August 2025, as mentioned in note (v) above. As at 31 August 2025, the Group recognised a loss allowance of approximately RMB12,041,000 on the outstanding balances.

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
At the beginning of the year	1,003	24
Increase in loss allowance for the year	14,796	979
At the end of the year	<u>15,799</u>	<u>1,003</u>

11. OTHER PAYABLES AND ACCRUALS

		As at 31 August 2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
	<i>Notes</i>		
Payables for purchases of property, plant and equipment		81,067	270,388
Miscellaneous expenses received from students	(i)	16,248	10,867
Payroll payables		10,431	8,734
Payables for scholarship	(ii)	36,983	39,320
Other payables and accrued expenses		91,896	80,499
Other tax payables		26,080	5,175
Deferred cash considerations	(iii)	1,000	1,000
Deposits received		35,441	30,709
Total		<u>299,146</u>	<u>446,692</u>
Analysed into:			
— Current liabilities		298,146	445,692
— Non-current liabilities		1,000	1,000
		<u>299,146</u>	<u>446,692</u>

Notes:

- (i) The amount represents miscellaneous expenses received from students which will be paid out on behalf of students or refund for any excess.
- (ii) The amount represents the subsidies received from different parties for distribution to students as scholarships to students.
- (iii) As at 31 August 2025 and 2024, the amount represents the remaining consideration payables to the non-controlling shareholders of the Group’s subsidiaries, namely Zhengzhuo Industrial, for the acquisitions of subsidiaries in 2023. Amounts of approximately RMB1,000,000 are repayable after twelve months after the end of the reporting period in accordance with acquisition agreements is classified as a non-current liability.

12. DEFERRED INCOME

	Year ended 31 August	
	2025	2024
	RMB'000	RMB'000
Amounts recognised in profit or loss during the year:		
Subsidies related to assets (<i>Note</i>)	<u>(9,026)</u>	<u>(8,291)</u>

The movement of deferred income is as follows:

	As at 31 August	
	2025	2024
	RMB'000	RMB'000
At beginning of the year	422,053	272,363
Receipt of government subsidies	1,007	157,981
Amount credited to profit or loss during the year (<i>Note 5</i>)	<u>(9,026)</u>	<u>(8,291)</u>
At end of the year	<u>414,034</u>	<u>422,053</u>

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.

13. 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	
		2025	2024
		RMB'000	RMB'000
Entities	Nature of transactions		
Affected Entities	Provision of education management services	–	5,171
Affected Entities	Recharge income for the occupation of school campus	2,473	2,473
Chengdu Hengyu	Rental expenses incurred	<u>98</u>	<u>187</u>

Compensation of key management personnel

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

	Year ended 31 August	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Short-term benefits	6,313	7,397
Post-employment benefits	276	197
	<u>6,589</u>	<u>7,594</u>

14. DIVIDEND

No dividend has been paid or declared by the Company for the years ended 31 August 2025 and 2024, nor has any dividend been proposed subsequent to 31 August 2025.

15. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

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

	Year ended 31 August	
	2025	2024
Loss attributable to the owners of the Company (<i>RMB'000</i>)	(129,615)	(39,566)
Weighted average number of ordinary shares issued ('000)	903,138	903,138
Basic loss per share (<i>RMB cents</i>)	<u>(14.35)</u>	<u>(4.38)</u>

No adjustment has been made to the loss per share as the outstanding share options had anti-dilutive effect for the year ended 31 August 2025 and 2024.

SCOPE OF WORK OF ZHONGHUI ANDA CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 August 2025 as set out in this announcement have been agreed by the auditor of the Group, ZHONGHUI ANDA CPA Limited (“**Zhonghui**”), to the amounts set out in the Group's consolidated financial statements for the year. The work performed by Zhonghui in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Zhonghui on this announcement.

AUDIT OPINION

Zhonghui has issued an opinion with a material uncertainty related to going concern paragraph on the consolidated financial statements of the Group for the period under audit. An extract of the auditor's report is set out in the section headed “EXTRACT OF THE AUDITOR'S REPORT” below.

EXTRACT OF THE AUDITOR'S REPORT

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 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 to the consolidated financial statements which mentions that, the Group incurred a loss attributable to owners of the Company of approximately RMB129,615,000 for the year ended 31 August 2025 and as at 31 August 2025, the Group recorded net current liabilities of approximately RMB914,703,000, including bank and other borrowings of approximately RMB676,466,000, which would be due for repayment within the next twelve months or repayable on demand, while its total cash (including bank balances and cash) amounted to approximately RMB140,599,000. In addition, as disclosed in note 27 to the consolidated financial statements, the Group's secured bank borrowing with a carrying amount of approximately RMB305,000,000 was classified as repayment on demand because of the failure to fulfil certain financial covenant 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.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Our Schools

We are a leading private education service group in Sichuan Province, the PRC, with established operational experience of more than 24 years in the private education services sector. We independently operate our own kindergartens and high schools segments and has completed the acquisition of Winshare Vocational College and Zhengzhuo Vocational School on 31 August 2023 to have control over and derive economic benefits from such entities and their subsidiaries. This initiative has successfully facilitated the Group to enter into the vocational education.

As at the date of this announcement, the Group comprises two vocational schools, one high school and one kindergarten. The following sets out the types of education provided by each of our schools as at 31 August 2025:

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

Winshare Vocational College is a full-time common higher education institute approved by the Provincial Government of Sichuan Province and has registered with the Ministry of Education. It was established in March 2013 and is mainly engaged in the provision of higher vocational education. As one of the first provincial civilized campuses and modern apprenticeship pilot colleges in Sichuan Province, the college operates two campuses in Chengdu and Suining, covering an area of over 2,580 acres. The college comprises six secondary colleges including education, nursing, information, management, intelligent manufacturing and international cooperation. And 47 courses are offered including intelligent construction technology, NEVs technology, early childhood education, nursing, numerical control technology and industrial robot technology, with a current enrolment of over 24,000 students.

Zhengzhuo Vocational School is dedicated to providing full-time secondary vocational education and offering opportunities to enter full-time higher vocational education. It has established a talent development system that integrates junior college and undergraduate college as well as study abroad. The college has a long history dated from 1993, and has over 30 years of rich experience in education, having cultivated a large number of technical and skilled professionals for society. The school locates in the same area as the Chengdu campus of Winshare Vocational College, and shares all its teaching staff, equipment and other resources.

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

OUR STUDENTS

As at 1 September 2025, we had an enrolment of 28,932 students, including 27,881 vocational school students, 1,007 high school students and 44 kindergarten students.

Number of students by school sections	Student Enrolment As at 1 September		Change	Change in percentage
	2025	2024		
Vocational school	27,881	30,286	(2,405)	(7.9%)
High school	1,007	1,076	(69)	(6.4%)
Kindergarten ⁽ⁱ⁾	44	65	(21)	(32%)

Note(s):

- (i) The student enrolment information was based on the internal records of our school. The decrease in the number of kindergarten enrolment is attributable to the closure of Lidu Kindergarten in September 2024, with deregistration completed in March 2025 due to the significant decrease in birth rates and the number of school-age children.

School utilisation rate

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

Type of school	Students capacity ⁽ⁱ⁾		School utilisation rate ⁽ⁱⁱ⁾	
	2025	2024	2025	2024
Vocational school	42,270	42,270	65.9%	71.6%
High school	1,500	1,500	67.1%	71.7%
Kindergarten	100	100	44%	65%
Total	43,870	43,870	65.9%	71.6%

Notes:

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

Tuition and boarding fees

For vocational schools, the tuition fees for the 2024/2025 school year charged by Winshare Vocational College ranged from RMB13,500 to RMB14,800, while boarding fees ranging from RMB1,400 to RMB3,300 per school year was charged. The tuition fees increased slightly as compared to the 2023/2024 school year. The tuition fees charged by Zhengzhuo Vocational School ranged from RMB4,150 to RMB4,250, while boarding fees amounted to RMB1,000 per school year was charged. The fees charged remained unchanged as compared to the 2023/2024 school year.

For high schools, our annual tuition fees for the 2024/2025 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 2023/2024 school year. For kindergartens, our annual tuition fees for the 2024/2025 school year ranged from RMB45,360 to RMB46,560 per student. The fees charged were a slight adjustment when compared to the 2023/2024 school year (previous school year's tuition fees: RMB44,160 to RMB46,560).

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. 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 Colleges and Universities 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 colleges and universities 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 basic education schools adhere to the concepts of “respecting the individualities of our students, encouraging their individual development, and valuing both their present and future” (尊重幼兒主體地位、激勵幼兒個性發展、重視幼兒現實未來), “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 build a solid foundation in the study of basic subjects according to the essence of education and the law of individual growth. Meanwhile, we provide comprehensive and high-quality education services to our students through customised course system. We follow the trend of education and are committed to creating an educational environment that adapts to students’ growth. We believe our high-quality education services facilitate the development of our students’ skills in communication, creativity and collaboration, and thereby help them achieve outstanding results in academic fields and beyond. Looking ahead, we will continue to enhance our educational practices and refine our services on an ongoing basis. We aim not only to empower students’ present growth but also to equip them with the enduring momentum needed to adapt to future societies and achieve long-term development. Our goal is to enable every student to steadily progress on their path of growth, unleash their unique value, and continuously shape new educational paths for the future.

Our vocational schools adhere to the philosophy of “cultivating talents with morality first and skills as the foundation” (立德樹人，技能為本) and “Governing the School According to the Law, Establishing the School with Morality; Establishing the School based on Market Demand, and Developing the School with Characteristics; Strengthening the School with Quality, and Promoting the School with Culture” (依法治校，以德譽校；市場立校，特色興校；品質強校，文化弘校), and establishes modern schools with modern educational ideas and concepts. We cultivate modern people who are fully adapted to the development and competition of modern society, follow the rules of education, and follow the laws of economics to achieve the perfect combination of social and economic benefits. With the goal of “creating innovative talent training model and highlighting the characteristics of higher vocational education” (創新人才培養模式，突出高職辦學特色), we actively reform the traditional school-management practice. Through our innovative approach to talents development, we have met to the market demand for talents, and our graduates have gained widespread recognition from society. Looking ahead, we will regard quality as our lifeline, continuously broaden our distinctive educational pathways, cultivate more high-quality technical and skilled talents, and serve the development of the social economy.

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.

Shiyi (師一) School Jinjiang campus commenced operations in 2009. In light of the outstanding achievements in its early stages, we subsequently launched the Longquan and Tianfu campuses in 2015 and 2016, respectively. We currently operate four schools under the Shiyi (師一) brand. All four campuses inherit the founding philosophy of “Pursuing Truth and Pragmatism” (求真務實), with their educational achievements recognised by educational authorities and society. From a single school to a collaboration of four schools, the Shiyi (師一) brand has developed an educational system covering all stages of primary, junior and high school education, balancing academic quality and distinctive development. The schools consistently achieve a high rate of success in the high school entrance examinations, with over 90% of students gaining admission and over 85% of graduates achieving top-tier university enrolment in the national college entrance examinations. The schools have received numerous honours, including “National Advanced Private School” (全國民辦先進學校) and “National Demonstration School for Youth Science Activities” (國青少年科學活動示範校), and enjoy considerable influence in the Sichuan Province’s education sector.

The Group is generally entrusted with providing educational services and teaching resources, including curriculum design and consultation, relevant training to teaching staff and management, campus maintenance, and administrative services, etc. With affiliated kindergartens, the Group is also entrusted with provision of kindergarten teaching staff. In terms of external collaborations, the Group has established partnerships with one private kindergarten and two private schools with a 12-year well-established system. Through educational brand and leading school operations, the Group provides corresponding teaching staff and delivers high-quality educational services. During the reporting period, the Group provides education management services to two kindergartens and two private schools with a 12-year well-established system.

OUTLOOK

Development Trends in the Private Education Industry in the PRC

Amidst the transformation of the national economic development model and the upgrading of the industrial structure, as well as ongoing demographic adjustments, structural differentiation of the private education sector has become increasingly pronounced, showing an overall development trend of “optimised scale and upgraded structure”. According to the Statistical Bulletin on National Education Development 2024 (《2024年全國教育事業發展統計公報》) issued by the Ministry of Education, there were 152,800 private schools of all types and levels nationwide in 2024, accounting for 32.52% of the total number of schools nationwide, representing a further decrease as compared to 2023. The proportion of total student enrolment also adjusted accordingly, which indicates that the sector has entered a stage of deeper standardisation.

Analysis by educational stage reveals more significant structural disparities: In preschool education, driven by the ongoing advancement of inclusive policies, the proportion of inclusive kindergartens reached 87.26% in 2024, while the number of private kindergartens is expected to continue to decrease, with their focus on meeting customised education demand. In the compulsory education, private schools maintain a downward trend in scale. Guided by policy, their contribute to public interest is further strengthened, and their scale proportion remain stable with a slight downward trend. In contrast, the private high school and vocational education segment continue to expand. In 2024, there were 4,819 private high schools, accounting for 30.59% of the total number of high schools nationwide, and there were 2,100 private secondary vocational schools, accounting for 30.6% of the total number of secondary vocational schools nationwide. The proportion of students enrolled in private common and vocational junior college and undergraduate college reached 27.04%, with a clear growth trend.

At the policy level, the support system for vocational education and higher education continues to deepen. In 2024, the Ministry of Education issued the Notice on Strengthening the Development of City-based Industry-Education Consortiums (《關於加強市域產教聯合體建設的通知》), which promotes the close integration of vocational education elements such as majors and teaching staff with industrial demands. Meanwhile, the “New Double High Plan” (Construction Plan of High-level Vocational Colleges and Majors with Chinese Characteristics (2025–2029)) focuses on the “Five Golden Initiatives” (golden majors that match industry needs, golden courses that align with post standards, golden teaching materials that integrate new technologies, golden teachers with exquisite skills, and golden open and integrated practice bases) to further improve the quality of vocational education. In 2025, the Ministry of Education clearly proposed the establishment of a discipline setting adjustment mechanism led by scientific and technological development and national strategic needs. At the same time, the enrolment target for vocational undergraduate education reached 550,000 students, further highlighting the policy opportunities for private colleges and universities in training technical and skilled talents.

In summary, the private education sector in 2025 shows a trend towards “quality improvement and standardisation in basic education, and accelerated upgrading in vocational education” (基礎教育提質規範、職業教育加速升級). Driven by precise policy support and market demand, private vocational education and higher education are expected to become the core growth pole of the sector leveraging their advantages in the integration of vocational education with industry and offering flexible school operation, with continuously positive market prospects. For the Group, the key to seizing future development opportunities lies in aligning closely with policy direction, focusing on market demand and strengthening connotative development.

Government Support for Development of Vocational Education

Against the backdrop of China’s industrial structure upgrading and economic transformation, the demand for high-quality technical and skilled talents have surged. Vocational education is a crucial component of talent development, and it continues to be strongly supported by national policies and strategic guidance.

Since 2021, the government has established a vocational education policy framework comprising “legal amendments — top-level design — implementation rules”: In October 2021, the General Office of the Central Committee of the Communist Party of China and the General Office of the State Council issued the Opinions on Promoting the High-quality Development of Modern Vocational Education* (《關於推動現代職業教育高質量發展的實施意見》). In 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. In December 2022, 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》) was issued. In July 2023, 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》). Policies were further improved in 2024 to 2025: In June 2024, the Ministry of Education issued the Notice on Strengthening the Development of City-based Industry-Education Consortiums (《關於加強市域產教聯合體建設的通知》) which clearly stated that about 500 city-based industry-education consortiums would be established by 2025. In September 2025, the Ministry of Education and the Ministry of Finance launched the second phase of the “Construction Plan of High-level Vocational Colleges and Majors with Chinese Characteristics (2025–2029)” (中國特色高水平高職學校和專業建設計劃(2025–2029年)) with focus on the development of “golden majors, golden courses, golden teaching materials, golden teachers and golden bases” (金專業、金課程、金教材、金教師、金基地) to solidify the foundation for high-quality vocational education development.

The upgrading of industries and the digital transformation have driven structural growth in the demand for skilled talents. According to the Report on the Development of Chinese Skilled Talent (2024)* (《2024年中國技能人才發展報告》), the shortage of high-skilled talents in China exceeds 30 million, with over 60% of the gap concentrated in fields such as the digital economy. The total number of skilled workers is 230 million, high-skilled talents account for only 31.8%, which is significantly lower than the levels in developed countries. There is an urgent need for enterprises to recruit highly skilled technical talent.

Policy support has shifted from “Framework Guidance” to “Resource Implementation”. Financially, vocational education fiscal expenditure reached RMB386.7 billion in 2024, a year-on-year increase of 8.2%, to support training bases and the development of “dual-certificate” teachers. Institutionally, the “vocational college entrance exam” accounts for 60% of enrolment at vocational colleges, with the vocational undergraduate education enrolment target set at 550,000 students in 2025 (according to the supporting notice of the Ministry of Education’s Vocational Majors Directory (2025)), representing an 18% increase as compared to 2024. In terms of the integration of vocational education with industry, 320 city-based industry-education consortiums had been established by the end of 2024, with enterprises in running education over 75% of vocational programmes, thereby removing the barriers between “education, talent, and industry”.

Vocational education has transitioned from scale expansion to quality-driven development, with the government establishing a high-quality system through various measures. Looking ahead, vocational education will focus on “cultivating technical talents and supporting industrial upgrading”. It is necessary for institutions to deepen “Technology Empowerment + School-Enterprise Collaboration” (科技賦能 + 校企協同), optimise key disciplinary fields, and build collaborative ecosystem. Driven by both policy and market forces, the vocational education sector will enter a transformational period of “Quality Enhancement,” providing talent support for industrial transformation and high-quality economic development.

OUR BUSINESS DEVELOPMENT STRATEGIES AND PLANS

Increase Investments in the Operation of Vocational Education Schools

With the deepening implementation of the national “15th Five-Year Plan” and the implementation of the Outline for the Construction Plan for Strengthening the Country with Education (2024–2035) (《教育強國建設規劃綱要(2024–2035年)》), vocational education is positioned as a core pillar supporting the modern industrial system, exhibiting significant dual-driven characteristics by both policy and market. Currently, the shortage of high-skilled talents in China remains severe, with urgent demand in advanced manufacturing and the digital economy within the Chengdu-Chongqing Economic Circle. Building on the foundation of our institutional acquisitions in 2023 and the development of an educational system in 2024, the Group will improve educational quality and efficiency by capitalizing on the core development opportunities in vocational education “system upgrading, deepened industry-education integration, and digital transformation”.

The current vocational education system has established a clear framework with “secondary vocational school as the foundation, higher vocational school as the main body, and vocational undergraduate school as the leading force”. Sichuan Province has accelerated the development of city-based industry-education consortiums, and the enrolment proportion target for the “vocational college entrance exam” has been explicitly increased. These policy directions provide clear guidance on the development of the Group’s vocational education business. Leveraging Winshare Vocational College and Zhengzhuo Vocational School as core assets, the Group will drive its business transition from “scale expansion” to “quality enhancement”. We will support Winshare’s development into a national model higher vocational college and expand Zhengzhuo’s regional service capabilities. We will implement continuous optimisation of the vertical articulation mechanism spanning the integration of “secondary vocational school — higher vocational school — vocational undergraduate school” to guarantee student progression pathways and stable quality of education.

The period from 2025 to 2028 represents a critical time of development for Winshare Vocational College. The new Suining Campus is now fully operational, significantly enhancing the college’s facilities and capacity: Enrolment is planned to reach 18,000 students in 2026, with a target of 50,000 students in 2028. Meanwhile, the college is committed to connotative development and aims to become a national level demonstrative vocational college. The goal is to be ranked among the top tier in Sichuan Province for the integration of education and industries, to become a provincial leader, and to achieve national prominence. During the “15th Five-Year Plan” period, the college will upgrade its facilities to meet undergraduate education standards. During this period, key initiatives include establishing training centers for various emerging industries, collaborating with regional enterprises to optimise talent cultivation programmes, and building a provincial-level industry-education integration demonstration base. The college will strengthen its “dual-certificate” teaching faculty and actively promote the commercialisation of relevant scientific research achievements.

As a provider of secondary vocational education, Zhengzhuo Vocational School will keep up to date with Winshare's development by introducing professional offerings in emerging fields and phasing out those with weakening market demand. This will ensure that the school's professional offerings continue to match regional industrial demands. It will strengthen the "secondary-to-higher vocational articulation" with Winshare, work with local businesses to provide practical training and internships, and aim to ensure that graduates' initial salaries and job prospects are in line with or better than regional averages. In implementation of the "whole-cycle student support" requirement outlined in the Outline for the Construction Plan for Strengthening the Country with Education (《教育強國建設規劃綱要》), the school will continuously improve both living and educational facilities to enhance students' academic and campus life experience.

Looking ahead, the Group's core objective remains "building a leading vocational education group in Southwest China with nationwide influence". Through a "three-pronged approach", empowering Winshare Vocational College to pursue vocational undergraduate status, reinforcing Zhengzhuo Vocational School's foundation in secondary vocational education and expanding resources at the group level, the Group intends to enhance the quality and efficiency of its vocational education offerings. On the one hand, it will ensure the steady expansion of its educational provision. On the other hand, it will significantly improve the standard of education through the development of vocational undergraduate courses and the establishment of a national higher vocational education model. Ultimately, these changes will foster a vocational education ecosystem with "integration of secondary, higher, and undergraduate vocational education, deep industry-education integration and regional collaborative development", which not only supplies high-quality skilled talent for the national modern industrial system but also generates stable educational income for the Group, thereby achieving a synergistic unification of social and economic benefits.

The Group will continue to seek high-quality resources in the vocational education sector, maintaining its acquisition strategy of "prioritising high-quality targets". Our focus will remain on existing vocational schools within the Chengdu-Chongqing Economic Circle, particularly those with full operating licences, a strong background in industry-education integration and sufficient scale. This approach aims to strengthen the Group's position in the regional vocational education sector. As of the date of this announcement, a preliminary review of certain potential targets has been conducted, though no specific candidates for collaboration have yet been identified. We will advance follow-up cooperation negotiations based on further research.

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

The Group is committed to developing a distinctive education system and competitive academic disciplines to attract prospective students. The Group establishes internship and practical training platforms by leveraging its school-enterprise cooperation platform, while developing a curriculum that meets market demands. These measures achieve deep integration between education and employment needs. Furthermore, the improvement of educational quality remains a core priority. Specific measures include the implementation of modern teaching methodologies to optimise classroom effectiveness, the development of faculty to enhance professional competence, the upgrading of campus infrastructure to improve teaching and living environments, and the provision of comprehensive student support services to strongly promote students' academic and personal growth. The Group also prioritises brand building and external communication. The Group aims to elevate public perception and awareness of its schools through diversified channels such as social media promotion and open-day events, in order to gradually establish a highly recognisable brand image. Finally, the Group has established a continuous mechanism to evaluate and optimise its education services in order to adapt to dynamic changes in the education sector and market environment, ensuring the ongoing market competitiveness of our curriculum content and teaching quality. These coordinated initiatives enhance the Group's educational offering and competitiveness, utilise educational resources effectively, and provide students with a valuable, practical educational experience. In light of these distinctive, high-quality educational practices, the Group believes that it will achieve steady growth in student enrolment in the coming years.

Further engagement in the business of provision of education management

The Group has been highly engaged in the education sector for decades, and has spared no effort in establishing the “Shi Yi (師一)” (formerly known as No. 1 High School Attached to Sichuan Normal University (師大一中)) and “Bojun School” (博駿公學) education brand and “Youshi Kindergarten” nursery education brand. The Group has also achieved notable teaching accomplishments. The Group currently operates four schools⁽ⁱ⁾ under the “Shi Yi” education brand in Chengdu, with a total of nearly 10,000 students and more than 1,000 teaching staff. The brand is recognised as one of the “Top Five Brands (五朵私花)” of private schools in Chengdu. In response to demand for personalised, distinctive, high-quality basic education in Chengdu, the Group has integrated and upgraded its educational offerings to establish three “Bojun School” (博駿公學)⁽ⁱⁱ⁾. Since their establishment, the school has won numerous local educational awards and its student achievements consistently rank among the top in the city and county, recognising the widespread approval of parents and students.

Leveraging on its quality education resources and brand influence in nursery education and compulsory education, the Group has cooperated with two kindergartens and two private schools with a 12-year well-established system to offer its quality education management content and experience.

In July 2021, we entered into a collaboration with Weiyuan Jingli Bilingual School involving the promotion of the “博駿教育 BOJUN EDU” brand and the provision of educational management services. We authorised the school to change its name to Weiyuan Bojun Bilingual School and Weiyuan Bojun Kindergarten, and helped it to set up teaching and curriculum systems, recruit and train teachers, and designate partner alliance schools, among other tasks. In return, we received corresponding brand usage fees and educational management fees. In December 2024, Jinjiang Shiyi (錦江師一) entered into a collaborative partnership with Chengdu Meishi School for the “Chinese Curriculum” project. Leveraging our teaching management system and educational resources, the collaboration involves jointly organising teaching operations at Meishi School’s premises, achieving resource sharing and complementary development for mutual benefit. During our partnership, we authorised the use of the “Shiyi” (師一) brand and helped to change the name of Meishi School to Chengdu Meishi International School. In accordance with the signed cooperation agreement, we will provide educational management services such as formulating and implementing teaching plans, supplying high-quality teaching staff, establishing teaching management systems and coordinating all curriculum design and teaching arrangements.

Based on our previous collaborations, we will continue to seek out schools with full accreditation, adequate hardware facilities and requirements for educational quality improvement as potential partners. We will focus on targets offering compulsory education and high school courses within the Chengdu-Chongqing Economic Circle. We will gradually expand the scope of our educational management services by aligning with regional education policy directions and capitalising on institutional restructuring opportunities. Through a combination of standardised management systems and customised services, we intend to deliver high-quality educational support to more schools.

Notes:

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

Environment, Health and Safety

During the reporting period, the Group strictly complied with China's current environmental laws and regulations to ensure that all operational activities met environmental protection standards. There were no incidents involving environmental compliance risks.

The Group is dedicated to protecting the health and safety of the students. The Group has on-site professional medical staff to provide daily health monitoring, treatment for common illnesses and health education. For certain serious emergency medical situations, the Group will promptly activate its emergency medical referral protocol to send students to local hospitals for professional medical treatment. Regarding security at the schools, the Group employed qualified property management service providers to provide systematic and professional security management and services for school premises.

The Board and the management of the Group have verified and confirmed that 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 2025.

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 financial departments shall strengthen the supervision of agreements between non-profit private schools and stakeholders, and conduct annual reviews of related transactions.

According to the latest regulatory guidelines for 2025, the introduction of the Implementation Regulations has established standardised procedures: Related-party transactions are required to submit an annual audit report and pricing compliance is subject to the arm's length principle. The control structures of private schools offering compulsory education require look-through verification, which prevents the use of nominee holdings, trusts or similar arrangements to avoid supervision. Furthermore, the registration of private schools has entered the implementation phase, with matters such as asset disposal and tax incentives being subject to compliance with local guidelines. As of the date of this announcement, the Group has completed adjustments to its control structure in accordance with the Implementation Regulations and relevant guidelines, and has discontinued the consolidation of affected operations. The Group will continue to monitor policy developments to ensure compliant operations.

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

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

On 15 March 2019, the National People's Congress of the PRC has passed and promulgated the Foreign Investment Law of the PRC (the "**Foreign Investment Law**"), which was effective on 1 January 2020. The Foreign Investment Law defines "foreign investment" as investment activities directly or indirectly carried out by foreign investors in the PRC, and has listed the four situations that should be recognised as foreign investment. The Foreign Investment Law did not explicitly mention "actual control" and "contractual arrangement". According to the latest 2025 policy, although the law has not been amended directly, regulatory practices have incorporated contractual arrangement structures into an implicit regulatory framework through industry access, due diligence, filing management and information disclosure requirements. For example, enterprises with VIE structures are required to meet industry access requirements and complete filings with the China Securities Regulatory Commission (CSRC), as well as data security assessments and provide detailed disclosures of structural risks in their prospectuses. Furthermore, dynamic adjustments to the Negative List may affect the legal basis of variable interest entities (VIEs), thereby requiring enterprises to regularly review the compliance of their structures. As of the date of this announcement, the Company's operations have not been materially affected by the foreign investment law or related regulatory policy adjustments. The Company will continue to monitor changes to industry access policies and optimise its equity structure promptly to ensure compliance.

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

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

FINANCIAL REVIEW

Revenue

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

	For the year ended 31 August					
	2025		2024			
	<i>RMB'000</i>	<i>Percentage of total revenue %</i>	<i>RMB'000</i>	<i>Percentage of total revenue %</i>	Decrease	%
Tuition fees and boarding fees	377,188	99.6%	413,259	96.2%	(36,071)	(8.7%)
Education consultancy and management service fees	1,604	0.4%	16,504	3.8%	(14,900)	(90.3%)
Total	<u>378,792</u>	<u>100.0%</u>	<u>429,763</u>	<u>100.0%</u>	<u>(50,971)</u>	<u>(11.9%)</u>

Revenue decreased by approximately RMB51.0 million (or 11.9%) from approximately RMB429.8 million for the year ended 31 August 2024 to approximately RMB378.8 million for the year ended 31 August 2025. The decrease in revenue was primarily attributable to a decrease of approximately RMB34.5 million in revenue from the vocational education segment. In particular, the revenue from secondary vocational education decreased by approximately RMB17.7 million, primarily due to the structural reduction in student enrolment resulting from the continuous expansion of high school recruitment nationwide, leading to a decrease of approximately 1,246 in student numbers at Zhengzhuo Vocational School as at 31 August 2025 as compared to 31 August 2024. The revenue from higher vocational education decreased by RMB16.8 million. While the number of registered students for the current year remained stable as compared with that for the year ended 31 August 2024, the decline in revenue was primarily due to the routine reduction of the base for universal subsidies allocated by local public finance to higher vocational institutions, influenced by structural adjustments in national vocational education funding.

Costs of Services

Our costs of services primarily consist of staff costs, depreciation, office expenses, rental expenses and other costs. For the year ended 31 August 2024 and 2025, costs of services represented approximately 52.3% and 61.8% of our total revenue, respectively. The following table sets forth a breakdown of the major components of our costs of services for the years indicated:

		For the year ended 31 August			
		2025	2024	Increase/ (Decrease)	Change in percentage
		RMB'000	RMB'000		
Staff costs	(i)	79,147	83,861	(4,714)	(5.6%)
Cost of student learning activities	(ii)	11,850	10,315	1,535	14.9%
Amortisation and depreciation	(iii)	107,254	90,048	17,206	19.1%
Office expenses		376	129	247	191.5%
Repair and maintenance		2,282	3,841	(1,559)	(40.6%)
Utilities expenses		10,904	9,646	1,258	13.0%
Training expenses		150	335	(185)	(55.2%)
Leasing		198	3,433	(3,235)	(94.2%)
Others		21,953	23,256	(1,303)	(5.6%)
Total		234,114	224,864	9,250	4.1%

The cost of services increased by approximately RMB9.3 million (or 4.1%) from approximately RMB224.9 million for the year ended 31 August 2024 to approximately RMB234.1 million for the year ended 31 August 2025. Operating costs remained relatively stable over the two years.

- (i) Staff costs decreased by approximately RMB4.7 million (or 5.6%) from approximately RMB83.9 million for the year ended 31 August 2024 to approximately RMB79.1 million for the year ended 31 August 2025. Staff costs remained relatively stable over the two years, which was in line with the student numbers served by the Group's basic education segment and vocational education segment during the corresponding periods.
- (ii) Cost of student learning activities increased by approximately RMB1.5 million (or 14.9%) from approximately RMB10.3 million for the year ended 31 August 2024 to approximately RMB11.9 million for the year ended 31 August 2025. Cost of student learning activities mainly includes costs of practical social trainings arranged by vocational institutions for their students.

(iii) Amortisation and depreciation increased by approximately RMB17.2 million (or 19.1%) from approximately RMB90.0 million for the year ended 31 August 2024 to approximately RMB107.3 million for the year ended 31 August 2025. Fixed assets for the year mainly comprise the school premises of the three Bojun Schools, as well as the Daying and Dayi campuses of vocational education. Winshare Vocational College currently owns two campuses, with area of more than 2,580 acres. The gross floor area is more than 700,000 square metres.

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					
	2025			2024		
	Segment revenue RMB'000	Gross profit RMB'000	Gross profit margin %	Segment revenue RMB'000	Gross profit RMB'000	Gross profit margin %
Tuition fees and boarding fees	377,188	143,426	38.0%	413,259	201,897	48.9%
Education consultancy and management service fees	1,604	1,252	78.0%	16,504	3,002	18.2%
Total	378,792	144,678	38.2%	429,763	204,899	47.7%

Our gross profit margin decreased by approximately 9.5 percentage points from approximately 47.7% for the year ended 31 August 2024 to 38.2% for the year ended 31 August 2025. Among which, the gross profit margin for tuition fees and boarding fees decreased by approximately 10.9% from approximately 48.9% for the year ended 31 August 2024 to approximately 38.0% for the year ended 31 August 2025. As mentioned above, the vocational education segment experienced a decline in revenue during the current year due to headwinds across the industry. However, as the enrolment scale of the vocational education segment remained stable, the management did not reduce current staffing levels and corresponding service expenditures. Consequently, the gross profit margin for the current year decreased. The management has currently implemented a series of measures to enhance revenue for the next financial year and optimise costs, with the aim of restoring the gross profit margin to its previous level.

The gross profit margin of education advisory and management service fees increased by approximately 59.8% from approximately 18.2% for the year ended 31 August 2024 to approximately 78.0% for the year ended 31 August 2025 mainly due to the enhancement of operating efficiency of the segment.

Other income

Other income increased by approximately RMB4.2 million (or 26.5%) from approximately RMB16.0 million for the year ended 31 August 2024 to approximately RMB20.2 million for the year ended 31 August 2025. Other income mainly consisted of amortisation of government grants related to land use rights.

Other (losses)/gains, net

Other net gains decreased by approximately RMB60.1 million (or 4,863.4%) from approximately RMB1.2 million gains for the year ended 31 August 2024 to approximately losses of RMB58.8 million for the year ended 31 August 2025. It was primarily due to the inclusion of a gain of approximately RMB19.2 million from the waiver of amount due to Pengzhou in the previous year, and in light of the decline in the operating performance of the vocational education segment for the year ended 31 August 2025, the management conducted impairment testing on the asset groups within this segment. Consequently, the Group recognised an impairment for goodwill, as well as for property, plant and equipment and right-of-use assets approximately RMB29.8 million.

Administrative expenses

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

Our administrative expenses increased by approximately RMB28.3 million (or 23.2%) from approximately RMB122.1 million for the year ended 31 August 2024 to approximately RMB150.4 million for the year ended 31 August 2025. The increase was primarily attributable to the strategic investments made by the Group to facilitate better integration between the vocational education segment and the basic education segment following the acquisition of Winshare Vocational College and Zhengzhuo Vocational School as at 31 August 2023. The management expects that enhanced integration between the two segments to be achieved in the next financial year, with a corresponding reduction in administrative expenses.

Selling expenses

Selling expenses for the year ended 31 August 2025 mainly represented the costs related to the promotion of the vocational schools including branding, recruiting students and advertisement etc.

Finance costs

Finance costs primarily consist of bank borrowings, interest expenses of finance leases and unwinding of discount on amounts due to a related company.

Finance costs increased by approximately RMB7.7 million (or 7.1%) from approximately RMB107.7 million for the year ended 31 August 2024 to approximately RMB115.4 million for the year ended 31 August 2025, with the amount remaining relatively stable over the two years. Finance costs during the period mainly included cost of bank borrowings of RMB70.9 million, cost of other borrowings of RMB38.7 million, and unwinding of discount on amounts due to a related company of RMB5.6 million. As at 31 August 2025, our bank and other borrowings amounted to RMB1,949.4 million. Among which, balance of bank borrowings amounted to RMB1,362.0 million, balance of finance leases amounted to RMB587.4 million. Debt financing was mainly used for construction of the Daying campus of the vocational education segment. At present, the Company is actively adjusting its capital structure, with potential measures including, but not limited to (i) selling certain assets for cash withdrawal; (ii) enhancing working capital management to reduce the need for external financing; and (iii) exploring debt financing options at a lower cost to reduce its finance costs.

Taxation

Income tax expense increased by approximately RMB4.1 million (or 173.0%) from approximately RMB2.4 million for the year ended 31 August 2024 to approximately RMB6.5 million for the year ended 31 August 2025. The increase was primarily attributable to the income tax expense of Winshare Vocational College.

Loss for the year

The Group recorded a loss of approximately RMB197.0 million for the year ended 31 August 2025, representing a decrease of approximately RMB156.7 million or 388.8% as compared to the loss of approximately RMB40.3 million for the year ended 31 August 2024.

The further increase in loss for the current year is primarily attributable to the decrease in revenue from the vocational education segment and the impairment of asset groups within the vocational education segment. For the year ended 31 August 2025, the revenue amounted to approximately RMB378.8 million, representing a decrease of approximately RMB51.0 million as compared with that for the year ended 31 August 2024, of which the revenue from the vocational education segment decreased by approximately RMB34.5 million. In particular, the revenue from secondary vocational education decreased by approximately RMB17.7 million, primarily due to the structural reduction in student enrolment resulting from the continuous expansion of high school recruitment nationwide. The revenue from higher vocational education decreased by approximately RMB16.8 million. While the number of registered students for the current year remained stable as compared with that for the year ended 31 August 2024, the decline in revenue was primarily due to the routine reduction of the base for universal subsidies allocated by local public finance to higher vocational institutions, influenced by structural adjustments in national vocational education funding. On the other hand, in light of the decline in the operating performance of the vocational education segment for the current year, the management conducted impairment testing on the asset groups within this segment. Consequently, the Group recognised an impairment for goodwill, as well as for fixed assets and land use rights.

As discussed below in Contract liabilities, based on the enrolment situation for the 25/26 school year, revenue will only decline a little as compared to this year. And, the management has implemented a series of measures to enhance the appeal of both the vocational education and basic education segment to students in response to intense market competition.

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 decreased by approximately RMB122.1 million (or 41.6%) from approximately RMB293.4 million on 31 August 2024 to approximately RMB171.3 million on 31 August 2025. The collection progress for the 25/26 school year was slower than in the same period last year, primarily due to the later commencement of the autumn semester and registration period at Winshare Vocational College in 2025 compared with the same period last year, resulting in a delay in collections. Contract liabilities as at 31 October 2025 amounted to RMB340.5 million. The student enrolment as at 1 September 2025 is 28,932, which decrease by 2,495 (or 7.9%) as compared to that of 31,427 as at 1 September 2024. Among which, student enrolment of the secondary vocational school declined by 1,246. Furthermore, the revenue of secondary school only accounts for 5.5% of total revenue for the year ended 31 August 2025.

LIQUIDITY AND CAPITAL RESOURCES

During the year ended 31 August 2025, we have principally financed our operations through a combination of internally generated cash flows from our operations, proceeds from the Global Offering and bank and other borrowings. The Group regularly reviews and monitors the borrowings. As at 31 August 2025, the Group's total borrowings amounted to approximately RMB1,949.4 million, representing an increase of approximately RMB452.6 million as compared with that of approximately RMB1,496.8 million as at 31 August 2024. Out of the total borrowings, borrowings repayable (i) on demand or within a period not exceeding one year amounted to approximately RMB676.5 million, (ii) within a period of more than one year but not exceeding two years amounted to approximately RMB375.4 million, (iii) within a period of more than two years but not exceeding five years amounted to approximately RMB230.3 million, and (iv) within a period of more than five years amounted to approximately RMB667.2 million. The borrowings were charged with interest rates ranging from 4.2% to 10.2% and borrowings of fixed interest accounted for approximately 67.9% of the total borrowings of the Group as at 31 August 2025. Bank and other borrowings of the Group were primarily used in construction of the Daying campus of the vocational education segment.

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 RMB225.8 million and RMB140.6 million as at 31 August 2024 and 2025, 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 2025, 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	
	2025	2024
	RMB'000	RMB'000
Net cash generated from operating activities	5,222	175,255
Net cash used in investing activities	(326,823)	(385,810)
Net cash generated from financing activities	236,397	89,905
Net decrease in cash and cash equivalents	(85,204)	(120,650)
Cash and cash equivalents at the beginning of the year	225,803	346,553
Effect of foreign exchange rate changes	–	(100)
Cash and cash equivalents at the end of the year	140,599	225,803

For the year ended 31 August 2025, our cash and cash equivalents decreased by RMB85.2 million, of which the net cash generated from operating activities amounted to approximately RMB5.2 million, the net cash used in investing activities amounted to approximately RMB326.8 million, and the net cash generated from financing activities amounted to approximately RMB236.4 million. As compared to the year ended 31 August 2024, net cash generated from operating activities of the Group decreased, while net cash generated from financing activities increased. This was primarily due to the delay in fees charged for the 25/26 school year in the vocational education segment, with approximately RMB169.2 million in tuition fees being recognised in September and October 2025. Concurrently, the Group increased its bank financing during the year to address liquidity requirements in the education industry.

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	
	2025	2024
	RMB'000	RMB'000
Payment for property, plant and equipment	(277,293)	(176,481)
Payment for leasehold lands	–	(168,003)
Payment for share of equity investment at fair value through profit or loss	(48,965)	–
Payment for deferred consideration in relation to the acquisition of subsidiaries	–	(177,988)
Dividend income received	882	–
Partial proceeds from disposal of an associate	–	11,000
Net cash inflow from disposal of a subsidiary	–	400
Increase of amounts due from related companies	(2,499)	(34,559)
Proceeds from disposal of property, plant and equipment	45	1,840
Receipt of government subsidies related to acquisition of leasehold lands	<u>1,007</u>	<u>157,981</u>

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

GEARING RATIO

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

Our gearing ratio increased from approximately 290.6% as at 31 August 2024 to approximately 613.0% as at 31 August 2025. As at the date of this announcement, the Company is actively adjusting its capital structure, with potential measures including but not limited to (i) selling certain assets for cash withdrawal; (ii) enhancing working capital management to reduce the need for external financing; and (iii) exploring debt financing options at a lower cost to further optimise its gearing ratio.

INTEREST RATE RISK

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

If interest rate of variable-rate bank balances and bank and other borrowings had been 10 basis points higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 August 2025 would have decreased/increased by approximately RMB365,000 (2024: decreased/increased by approximately RMB395,000). 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 2024 and 2025, the book value of the monetary asset of the Group denominated in foreign currency was as follows:

	As at 31 August	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Bank balances and cash — HK\$	6,452	6,878

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 2024 and 2025. The analysis is prepared assuming the financial instruments outstanding as at 31 August 2024 and 2025 were outstanding for the whole financial year of 2024 and 2025, respectively.

	For the year ended 31 August	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Bank balances and cash — HK\$	323	344

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

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

CHARGES ON THE GROUP'S ASSETS

There were no other material charges on the Group's assets as at 31 August 2025.

CAPITAL COMMITMENT

As at 31 August 2025, capital commitment of the Group based on property, plant and equipment amounted to RMB19.8 million (31 August 2024: RMB15.1 million).

CONTINGENT LIABILITIES

As at 31 August 2025, the Group did not have any material contingent liabilities (31 August 2024: nil).

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

For the year ended 31 August 2025, the Group did not have any material acquisitions and disposals of subsidiaries, associates or joint ventures.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As of 31 August 2025, the Group has no future plans for material investments and capital assets.

USE OF PROCEEDS

Net proceeds (the “**Net Proceeds**”) from the Listing (including the partial exercise of overallotment option) amounted to approximately HK\$494.0 million (equivalent to approximately RMB428.9 million), after deducting the underwriting fees, commissions and expenses payable by us in connection with the Listing. Since the Listing Date and up to the date of this announcement, the Company has utilised approximately RMB428.9 million, being the entire amount of the Net Proceeds.

The utilisation of the Net Proceeds as at the date of this announcement is set out below:

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

SIGNIFICANT INVESTMENT HELD

The Group did not hold any significant investment as at 31 August 2025.

SIGNIFICANT LEGAL PROCEEDINGS

For the year ended 31 August 2025, the Group had not been involved in any significant legal proceedings or arbitration. To the best of the knowledge and belief of the Directors, there are no significant legal proceedings or claims pending or threatened against the Group.

EVENTS AFTER THE REPORTING PERIOD

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

EMPLOYEE BENEFITS

As at 31 August 2025, the Group had 2,265 employees (as at 31 August 2024: 2,240). The Group participates in various employee benefit plans, including provident fund, pension, medical insurance and unemployment insurance. The Company has also provided a share option scheme for its employees and other eligible persons. Salaries and other benefits of the Groups' employees are generally reviewed on a regular basis in accordance with individual qualifications and performance, result performance of the Group and other relevant market conditions. The Group also provides internal and external training programs to its employees. For the year ended 31 August 2025, the staff costs (including directors' fees) amounted to approximately RMB142.0 million (2024: RMB132.1 million).

SHARE OPTION SCHEME

On 12 July 2018, a share option scheme (the “**Share Option Scheme**”) was conditionally approved and adopted pursuant to a written resolution passed by the shareholders of the Company (the “**Shareholders**”). The Share Option Scheme will remain in force for a period of ten years from the date of its adoption. On 13 May 2021, the Company granted 1,000,000 share options at an exercise price of HK\$0.598 per share. The share options shall be valid for a period of ten years commencing from the date of grant to 12 May 2031 (both days inclusive). On 17 August 2023, the Company granted 5,000,000 share options at an exercise price of HK\$0.130 per share. The share options shall be valid for a period of ten years commencing from the date of grant to 16 August 2033 (both days inclusive). As at 31 August 2025, 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 2025.

ANNUAL GENERAL MEETING

The Company will hold an annual general meeting (the “AGM”) on Thursday, 22 January 2026. 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, 22 January 2026, the register of members of the Company will be closed from Monday, 19 January 2026 to Thursday, 22 January 2026, 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 4:00 p.m. on Friday, 16 January 2026.

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

During the year ended 31 August 2025, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

COMPETITION AND CONFLICT OF INTERESTS

As at the date of this announcement, none of the Directors has, either directly or indirectly, any interest in any business which causes or may cause any significant competition with the business of the Group or has any other conflict of interests with the Group.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix D2 to the Listing Rules as the code of conduct for dealings in the Company’s securities by the Directors. Having made specific enquiries to the Directors, all Directors confirmed that they had complied with the required standards set out in the Model Code for the period from 1 September 2024 to 31 August 2025.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board has committed to achieving high corporate governance standards in order to safeguard the interests of the Shareholders and to enhance corporate value and accountability. During the year ended 31 August 2025, the Company has complied with all the applicable code provisions set out in Part 2 of Appendix C1 to the Listing Rules (the “**CG Code**”).

AUDIT COMMITTEE

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

The Audit Committee has reviewed the consolidated financial statements of the Group for the year ended 31 August 2025 and has met with the independent auditor, Zhonghui. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management members of the Company.

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 2025.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at <http://bojuneducation.com>. The annual report of the Group for the year ended 31 August 2025 will be published on the aforesaid websites of the Stock Exchange and the Company and will be dispatched to shareholders in due course.

APPRECIATION

The Company would like to express its sincere appreciation for the unremitting effort and dedication made by the Board, the management and all of its staff members, as well as the continuous support to the Group from the Shareholders, the government, business partners, professional advisers and loyal customers.

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

Hong Kong, 27 November 2025

As at the date of this announcement, the executive Directors are Mr. Wang Jinglei, Mr. Lin Juncheng and Ms. Tang Hui; the non-executive Director is Mr. Wu Jiwei; and the independent non-executive Directors are Mr. Yang Yuchuan, Mr. Tao Qizhi and Mr. Cheng Tai Kwan Sunny.

* *For identification purpose only*