

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



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 2024

<b>HIGHLIGHTS</b>	<b>For the year ended 31 August</b>			
	<b>2024</b>	<b>2023</b>	<b>Change</b>	<b>Change</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>Percentage</b>
Revenue	<b>429,763</b>	81,305	348,458	428.6%
Gross profit	<b>204,899</b>	11,919	192,980	1,619.1%
(Loss)/profit for the year	<b>(40,308)</b>	51,047	(91,355)	(179.0%)
(Loss)/profit for the year attributable to owners of the Company	<b>(39,566)</b>	51,047	(90,613)	(177.5%)
Basic (loss)/earnings per share (RMB cents)	<b>(4.38)</b>	6.21	(10.59)	(170.5%)
	<b>As at the beginning of the school year</b>			
	<b>2023/2024</b>	<b>2022/2023</b>	<b>Change</b>	<b>Change Percentage</b>
Total students enrolment	<b>33,386</b>	840	32,546	3,874.5%
	<b>As at 31 August</b>			
	<b>2024</b>	<b>2023</b>	<b>Change</b>	<b>Change Percentage</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>Percentage</b>
Contract liabilities	<b>293,360</b>	277,041	16,319	5.9%

## ANNUAL RESULTS FOR THE YEAR ENDED 31 AUGUST 2024

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 2024.

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 AUGUST 2024

	<i>Notes</i>	<b>2024</b> <i>RMB'000</i>	2023 <i>RMB'000</i>
<b>Revenue</b>	4	<b>429,763</b>	81,305
Costs of services		<u>(224,864)</u>	<u>(69,386)</u>
<b>Gross profit</b>		<b>204,899</b>	11,919
Other income	5	<b>15,981</b>	4,081
Other gains, net	6	<b>1,235</b>	91,157
Share of loss of an associate		–	(3)
Selling expenses		<b>(30,186)</b>	–
Administrative expenses		<b>(122,139)</b>	(38,206)
Finance costs	7	<u>(107,713)</u>	<u>(16,036)</u>
<b>(Loss)/profit before tax</b>		<b>(37,923)</b>	52,912
Income tax expenses	8	<u>(2,385)</u>	<u>(1,865)</u>
<b>(Loss)/profit and total comprehensive (expense)/income for the year</b>		<u><b>(40,308)</b></u>	<u>51,047</u>
<b>(Loss)/profit and total comprehensive (expense)/income for the year attributable to:</b>			
Owners of the Company		<b>(39,566)</b>	51,047
Non-controlling interests		<u>(742)</u>	–
		<u><b>(40,308)</b></u>	<u>51,047</u>
<b>(Loss)/earnings per share attributable to owners of the Company</b>			
Basic (RMB cents)	15	<u><b>(4.38)</b></u>	<u>6.21</u>
Diluted (RMB cents)		<u><b>N/A</b></u>	<u>N/A</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
*AS AT 31 AUGUST 2024*

	<i>Notes</i>	<b>2024</b> <b>RMB'000</b>	2023 <i>RMB'000</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>2,761,043</b>	2,671,943
Right-of-use assets		<b>757,130</b>	600,285
Intangible assets		<b>3,112</b>	3,782
Goodwill		<b>12,105</b>	12,105
Interest in an associate		–	17,507
Deferred tax assets		<b>16,905</b>	17,289
Other receivables and deposits	<i>10</i>	<b>55,223</b>	94,544
Total non-current assets		<b>3,605,518</b>	3,417,455
<b>CURRENT ASSETS</b>			
Other receivables, deposits and prepayments	<i>10</i>	<b>121,040</b>	120,630
Amounts due from related companies		<b>63,325</b>	28,766
Restricted bank deposits		–	150,000
Bank balances and cash		<b>225,803</b>	346,553
Total current assets		<b>410,168</b>	645,949
Total assets		<b>4,015,686</b>	4,063,404
<b>CURRENT LIABILITIES</b>			
Other payables and accruals	<i>11</i>	<b>445,692</b>	461,457
Contract liabilities		<b>293,360</b>	277,041
Amounts due to related companies		<b>124,328</b>	137,322
Lease liabilities		<b>540</b>	175
Bank and other borrowings		<b>328,704</b>	704,991
Income tax payable		<b>12,050</b>	9,759
Financial guarantee liabilities		<b>25,572</b>	7,670
Total current liabilities		<b>1,230,246</b>	1,598,415
<b>NET CURRENT LIABILITIES</b>		<b>(820,078)</b>	(952,466)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>2,785,440</b>	2,464,989

	<i>Notes</i>	<b>2024</b> <b>RMB'000</b>	2023 <i>RMB'000</i>
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities		<b>3,777</b>	186
Bank and other borrowings		<b>1,168,075</b>	802,282
Other payables	<i>11</i>	<b>1,000</b>	166,410
Amounts due to related companies		<b>612,540</b>	613,637
Deferred income	<i>12</i>	<b>422,053</b>	272,363
Deferred tax liabilities		<b>62,936</b>	64,836
		<hr/>	<hr/>
Total non-current liabilities		<b>2,270,381</b>	1,919,714
		<hr/>	<hr/>
<b>NET ASSETS</b>		<b>515,059</b>	545,275
		<hr/> <hr/>	<hr/> <hr/>
<b>CAPITAL AND RESERVES</b>			
Share capital		<b>7,890</b>	7,138
Reserves		<b>190,516</b>	230,542
		<hr/>	<hr/>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>			
		<b>198,406</b>	237,680
Non-controlling interests		<b>316,653</b>	307,595
		<hr/>	<hr/>
<b>TOTAL EQUITY</b>		<b>515,059</b>	545,275
		<hr/> <hr/>	<hr/> <hr/>

# 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 2024, the provision of private education services of the Group was carried out by PRC operating entities, comprising Chengdu Mingxian, Sichuan Boai, Chengdu Jinbojun, Nanjiang Bojun, Wangcang Bojun, Lezhi Bojun and Sichuan Zhengzhuo (collectively known as the “**School Sponsors**”), Tianfu High School, Lidu Kindergarten, Riverside Kindergarten, Winshare Vocational College, Zhengzhuo Vocational School and the other subsidiaries controlling by the School Sponsors (collectively known as the “**PRC Operating Entities**”). The School Sponsors and PRC Operating Entities herein collectively refer to “**Consolidated Affiliated Entities**”. Due to regulatory restrictions on foreign ownership in the private-owned schools in the PRC, Chengdu Bojun and Chengdu Bomao, both are wholly-owned subsidiaries of the Company, have entered into Structured Contracts with, among others, the PRC Operating Entities, the School Sponsors and their respective legal equity holders.

The directors of the Company (the “**Directors(s)**”) 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**

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

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

- (i) Mr. Wang Jinglei and the non-controlling shareholders of the Group's subsidiaries have agreed to provide financial support of not more than RMB250 million for the Group to meet its liabilities as they fall due;
- (ii) Subsequent to the year-end date, the Group obtained a new banking facilities line of RMB380 million from a licensed bank in the PRC;
- (iii) the cash inflow generated from the operations of providing education services to students subsequent to the year-end date; and
- (iv) the Group is contemplating an asset realisation plan and is actively exploring opportunities to dispose certain land and buildings. It is the intention of the Directors that such realisation plan could be finalised by the end of the forthcoming financial year ending 31 August 2025. As of the date of this announcement, no definitive legally binding agreement has been entered by the Group.

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

### 3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

In the current year, the Group has adopted all the new and revised HKFRSs and new interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) that are relevant to its operations and effective for its accounting year beginning on 1 September 2023. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards (“HKAS”) and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s consolidated financial statements and amounts reported for the current year and prior years.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

### 4. 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 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:

	<b>For-profit kindergarten and high school education services RMB’000</b>	<b>Vocational education services RMB’000</b>	<b>Education consultancy and management services RMB’000</b>	<b>Total RMB’000</b>
<b>For the year ended 31 August 2024</b>				
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>

	For-profit kindergarten and high school basic education services RMB'000	Vocational education services RMB'000	Education consultancy and management services RMB'000	Total RMB'000
<b>For the year ended 31 August 2023</b>				
Tuition fees	36,241	–	–	36,241
Boarding fees	8,483	–	–	8,483
Education consultancy and management services fees	–	–	36,581	36,581
Total	<u>44,724</u>	<u>–</u>	<u>36,581</u>	<u>81,305</u>

#### **Performance obligations for contracts with customers**

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

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

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

#### **Geographical information**

During the years ended 31 August 2024 and 2023, the Group operated within one geographical segment because all of its revenue was generated in the PRC and all of its non-current assets were located in the PRC. Accordingly, no geographical segment information is presented.

#### **Major customers**

	<b>Year ended 31 August</b>	
	<b>2024</b>	<b>2023</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Customer A Group ( <i>Note 13</i> )	<u>N/A*</u>	<u>14,807</u>

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

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

#### **Segment assets and liabilities**

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



## 5. OTHER INCOME

	Year ended 31 August	
	2024	2023
	RMB'000	RMB'000
Interest income from banks	392	82
Interest income from other loans	1,583	–
Release of asset-related government grants ( <i>Note 12</i> )	8,291	1,534
Recharge income for the occupation of school campus	2,473	2,465
Others	3,242	–
	<u>15,981</u>	<u>4,081</u>

## 6. OTHER GAINS, NET

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

## 7. FINANCE COSTS

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

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

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

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

	<b>Year ended 31 August</b>	
	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
Tax expense comprises:		
PRC EIT — Current year	<b>3,901</b>	1,482
Deferred tax	<b>(1,516)</b>	383
	<u>2,385</u>	<u>1,865</u>
Total tax charge for the year	<u><b>2,385</b></u>	<u>1,865</u>

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

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

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

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

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

## 10. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

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

Notes:

- (i) The balance represents the non-interest bearing deposits placed to local government authorities for the purpose of establishment of school campus amounting to approximately RMB3,145,000 (2023: RMB3,145,000).
- (ii) The balance as at 31 August 2024 mainly represented the deductible input value-added tax generated from the procurement of construction services for the Group's buildings and facilities.
- (iii) The balance represents a refundable investment fund due from Sichuan Hongde Guanghua Education Management Company Limited (四川弘德光華教育管理有限公司) (“**Hongde Guanghua**”) in relation to the disposal of Pengzhou Bojun School (彭州市博駿學校), which was one of the Affected Entities. The carrying amount before loss allowance was RMB25,357,000 (2023: RMB32,000,000). An amount of approximately RMB6,633,000 (2023: RMB5,000,000) was refunded during the year ended 31 August 2024.

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

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

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

- (v) The balances as of 31 August 2024 represented the loans and interests receivable from four independent third parties. Out of the balance, the principal amounts of RMB8,500,000 are unsecured, interest-bearing at 6.9% per annum, and repayable within one year, and principal amounts of RMB2,500,000 are two unsecured, non-interest bearing, and repayable within one year.
- (vi) The balances as at 31 August 2024 represented the remaining consideration receivables due from an independent third party for the disposal of the entire equity interest in Daying Estate after the fair value adjustment. The balance is expected to be settled on or before the end of 2024.

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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
At the beginning of the year	24	24
Increase in loss allowance for the year	979	–
At the end of the year	<u>1,003</u>	<u>24</u>

## 11. OTHER PAYABLES AND ACCRUALS

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

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

## 12. DEFERRED INCOME

	Year ended 31 August	
	2024	2023
	RMB'000	RMB'000
Amounts recognised in profit or loss during the year:		
Subsidies related to assets ( <i>Note</i> )	<u>(8,291)</u>	<u>(1,534)</u>

The movement of deferred income is as follows:

	As at 31 August	
	2024	2023
	RMB'000	RMB'000
At beginning of the year	272,363	70,688
Government subsidies related to assets received during the year	157,981	–
Acquisition of subsidiaries	–	203,209
Amount credited to profit or loss during the year ( <i>note 5</i> )	<u>(8,291)</u>	<u>(1,534)</u>
At end of the year	<u>422,053</u>	<u>272,363</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:

Entities	Nature of transactions	Year ended 31 August	
		2024	2023
		RMB'000	RMB'000
Affected Entities	Provision of education management services	5,171	14,807
Affected Entities	Recharge income for the occupation of school campus	2,473	2,465
Chengdu Hengyu	Rental expenses incurred	<u>187</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	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Short-term benefits	7,397	3,417
Post-employment benefits	197	68
	<u>7,594</u>	<u>3,485</u>

## 14. DIVIDEND

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

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

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

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

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

## 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 2024 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.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

#### Our Schools

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

In July 2024, the Group decided to close Lidu Kindergarten due to significant decreases in birth rates and the number of school-age children. The deregistration of Lidu Kindergarten is in progress as at the date of this announcement.

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

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

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



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

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

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

## OUR STUDENTS

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

Number of students by school sections	Student Enrolment As at 1 September			Change in percentage
	2024	2023	Change	
High school	<b>1,076</b>	965	111	11.5%
Kindergarten <sup>(i)</sup>	<b>65</b>	187	(122)	(65.2%)
Vocational school	<b>30,286</b>	32,234	(1,948)	(6.0%)

*Note(s):*

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

### *School utilisation rate*

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

Type of school	Students capacity <sup>(i)</sup>		School utilisation rate <sup>(ii)</sup>	
	2024	2023	2024	2023
High school	<b>1,500</b>	1,500	<b>71.7%</b>	64.3%
Kindergarten	<b>100</b>	295	<b>65.0%</b>	63.4%
Vocational school	<b>42,270</b>	42,270	<b>71.6%</b>	76.3%
Total	<b>43,870</b>	44,065	<b>71.6%</b>	75.8%

#### *Notes:*

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

### **Tuition and boarding fees**

For high schools, our annual tuition fees for the 2023/2024 school year was RMB42,000 per student, while boarding fees of RMB1,200 per school year was charged for each boarding student. The fees charged remained unchanged when compared to the 2022/2023 school year. For kindergartens, our annual tuition fees for the 2023/2024 school year ranged from RMB44,160 to RMB46,560 per student. The fees charged remained unchanged when compared to the 2022/2023 school year.

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

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

## **OUR OBJECTIVES IN EDUCATION**

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

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

## **EDUCATION MANAGEMENT SERVICES**

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

The Group is generally entrusted with providing educational services and teaching resources, including curriculum design and consultation, relevant training to teaching staff and management, campus maintenance, and administrative services, etc. With affiliated kindergartens, the Group is also entrusted with provision of kindergarten teaching staff. During the reporting period, the Group provides kindergarten education management services to four connected kindergartens.

## **OUTLOOK**

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

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

1. Decrease in the overall number and proportion of private schools and students enrolled in the schools. In 2023, there were a total of 167,000 private schools of all levels and types in the PRC, representing a decrease of 11,092 as compared to the previous year and a decrease in the percentage over total number of schools of all levels and types nationwide from 34.4% to 33.6%. The number of students enrolled was 49.395 million, representing a decrease of 3.432 million as compared to the previous year and accounting for 17.0% of the total number of students enrolled in schools of all levels and types nationwide.
2. Decrease in the number and proportion of private schools at the preschool and compulsory education levels. There were 149,500 private kindergartens, representing a decrease of 11,013 as compared to the previous year and a decrease in the percentage over the total number of kindergartens nationwide from 55.5% to 54.5%. The total number of children enrolled in kindergartens was 17.916 million, representing a decrease of 3.352 million as compared to the previous year and a decrease in the percentage over the total number of children enrolled in kindergartens nationwide from 46.0% to 43.8%. There were 10,000 private schools at the compulsory education level, representing a decrease of 425 as compared to the previous year and a decrease in the percentage over the total number of schools at the compulsory education level nationwide from 5.23% to 5.2%. The number of students enrolled was 12.2199 million, representing a decrease of 1.349 million as compared to the previous year.

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

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

### **Government Support for Development of Vocational Education**

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

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

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

In the future, vocational education will take on important roles in nurturing diverse talents, maintaining crafts and skills as well as promoting employment and entrepreneurship, which will make it an indispensable part of the national education system. Vocational education institutions should insist on technology-empowered, learner-centered and quality-driven guidelines to build a new vocational education ecosystem in which the education, talent, industry and innovation chains are mutually beneficial to promoting industrial prosperity. Vocational skills education is an important part to support the industrial transformation and the development of the digital economy of China in the future. The policies have explicitly encouraged enterprises to participate and cooperate with vocational institutions to resolve the conflict between supply and demand for highly skilled talents. Vocational education will embrace tremendous opportunities for development from the policies and demand.



## **OUR BUSINESS DEVELOPMENT STRATEGIES AND PLANS**

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

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

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

- (i) establishing a curriculum of “New Engineering, New Medicine and New Liberal Arts” that is specific to our schools while embracing the core value of “cultivating talents with morality first” so as to develop a new “all-staff, whole-process and comprehensive” model of talent cultivation. We will comprehensively modify the standard of our curriculum according to the practical requirements of industrial development and fully integrate concepts including industry-education integration, digital empowerment, innovative entrepreneurship, craftsmanship, career education and labor education into our talent cultivation process;
- (ii) promoting adjustment of professional offerings according to industrial development dynamics as well as precise alignment and in-depth integration of professional offerings with key industries in the region, thereby creating a professional development direction with “accurate positioning and distinctive features”;

- (iii) enhancing the quality of skill-oriented and employment-oriented student cultivation. We will create focus courses in cooperation with leading enterprises to enhance the employability of students. We will also continue to fully promote “1 + X” certificate pilot majors and skills competitions to strengthen the adaptability of vocational education and effectively enhance the competitiveness of students in the job market;
- (iv) establishing connection with leading enterprises and strengthening the new talent cultivation model of industry-education integration. Our schools adhere to the regional strategy of Chengdu-Chongqing Economic Circle. We take the initiative to connect with industrial leaders, industrial chain, and innovation chain and build up a long-term mechanism for school-enterprise cooperation, so as to promote talent cultivation that precisely meets the needs of the industry and enterprises;
- (v) strengthening our scientific research team and enhancing the quality of our research results to elevate the quality and effectiveness of our teaching and learning through scientific research.

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

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

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



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

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

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

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

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

### **Note:**

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

## **Environment, Health and Safety**

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

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

As far as the Board and the Company's management are aware of, the Group is in compliance with the relevant laws and regulations that have a significant impact on the Group's businesses and operations in all material aspects. There was no material violation of or non-compliance with applicable laws and regulations by the Group during the year ended 31 August 2024.

## **LATEST REGULATORY DEVELOPMENTS**

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

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

The Group believes that there are still uncertainties in the interpretation and implementation of the Implementation Regulations. As at the date of this announcement, no concrete policies have been announced and launched. After detailed discussion with the PRC legal advisors and auditors, the management of the Group and the Directors are of the view that the Group has lost its control over the Affected Entities since 31 August 2021. Therefore, the Group has decided to exclude the Affected Business from the consolidated financial statements with effect from 31 August 2021 and the carrying value of the net assets of the Affected Business for the year ended 31 August 2021 has been deconsolidated in the Group's consolidated financial statements. The operations of the Affected Business have been classified as discontinued operations for the period ended 31 August 2021.

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

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

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

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

The newly revised Private Education Promotion Law of the PRC that was implemented on 29 December 2018 states that the State encourages all sectors of society to establish private schools in accordance with the law, and has issued a series of documents to further regulate and support the development of private education. The main point of the regulations is that private schools can choose to register as non-profit or for-profit, and it stipulates the procedural framework that different types of schools should follow. In order to further implement the above regulations, the government and relevant competent authorities where the Group operates its schools have issued the Implementation Measures for Classification and Registration of Private Schools in Sichuan Province\* (《四川省民辦學校分類登記實施辦法》) on 2 May 2018, which became effective on 1 June 2018 and is valid for 5 years. The Implementation Measures are mainly to follow the Central Government’s decision, actively promote the reform of private education classification, and actively and steadily advance the classification and registration management work of private schools across the province, to support and encourage different social entities to establish education institutions, and promote and standardise the healthy development of private education. As of the date of this 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 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				Increase/ (Decrease)	%
	2024		2023			
	<i>RMB'000</i>	<i>Percentage of total revenue %</i>	<i>RMB'000</i>	<i>Percentage of total revenue %</i>		
Tuition fees and boarding fees	<b>413,259</b>	<b>96.2%</b>	44,724	55.0%	368,535	824.0%
Education consultancy and management service fees	<b>16,504</b>	<b>3.8%</b>	36,581	45.0%	(20,077)	(54.9%)
Total	<b>429,763</b>	<b>100.0%</b>	81,305	100.0%	348,458	428.6%

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

## Costs of Services

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

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

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

- (i) Staff costs increased by approximately RMB46.2 million (or 122.4%) from approximately RMB37.7 million for the year ended 31 August 2023 to approximately RMB83.9 million for the year ended 31 August 2024. The significant increase of costs was due to the increase in the number of employees. Sichuan Zhengzhuo owned two vocational schools. These two schools have more than 1,900 teachers.
- (ii) Cost of student learning activities increased by approximately RMB10.0 million (or 2,855.6%) from approximately RMB0.3 million for the year ended 31 August 2023 to approximately RMB10.3 million for the year ended 31 August 2024. Cost of student learning activities mainly includes costs of practical social trainings arranged by vocational institutions for their students.

- (iii) Amortisation and depreciation increased by approximately RMB86.7 million (or 2,609.0%) from approximately RMB3.3 million for the year ended 31 August 2023 to approximately RMB90.0 million for the year ended 31 August 2024. Winshare Vocational College currently owns two campuses, with area of more than 2,580 acres. The gross floor area is more than 700,000 square metres.
- (iv) Canteen operation cost decreased by approximately RMB12.3 million (or 58.3%) from approximately RMB21.1 million for the year ended 31 August 2023 to approximately RMB8.8 million for the year ended 31 August 2024, mainly due to the accordingly decrease of the canteen operation income.

### Gross profit and gross profit margin

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

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

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

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



## **Other income**

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

## **Other gains, net**

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

## **Administrative expenses**

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

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

## **Selling expenses**

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

## **Finance costs**

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

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

### **Taxation**

Income tax expense increased by approximately RMB0.5 million (or 27.9%) from approximately RMB1.9 million for the year ended 31 August 2023 to approximately RMB2.4 million for the year ended 31 August 2024. The increase in income tax expense was mainly due to the Group's completion of the Acquisition on 31 August 2023. Sichuan Yunmao Education Management Company Limited\* (四川运懋教育管理有限公司) (“**Sichuan Yunmao**”), the parent company of Sichuan Zhengzhuo and Sichuan Gaojiao, recorded revenue of approximately RMB363.3 million and loss before tax of approximately RMB12.0 million during the year ended 31 August 2024.

### **Loss/(profit) for the period**

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

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



## **Contract liabilities**

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

## **LIQUIDITY AND CAPITAL RESOURCES**

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

There is no seasonality in the borrowing needs of the Group. The Group's cash and bank balances are mainly denominated in RMB or HK\$. The Group's cash and cash equivalents amounted to approximately RMB346.6 million and RMB225.8 million as at 31 August 2023 and 2024, respectively. We generally deposit our excess cash in interest bearing bank accounts. Our cash have been principally used for funding working capital, purchase of property, campus buildings and equipment and other recurring expenses to support the expansion of our operations. Going forward, we believe our liquidity requirements will be satisfied by combination of internally generated cash, external borrowings and other funds raised from the capital markets from time to time. We regularly monitor our liquidity requirements to ensure that we maintain sufficient cash resources for working capital and capital expenditure needs. For the year ended 31 August 2024, we had not experienced any difficulties in settling our obligations in the normal course of business, which would have had a material impact on our business, financial condition or results of operations.

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

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

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

## CAPITAL EXPENDITURES

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

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

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

## GEARING RATIO

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

Our gearing ratio slightly increased from approximately 276.4% as at 31 August 2023 to approximately 290.6% as at 31 August 2024. As at the date of this 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 2024 would have decreased/increased by approximately RMB395,000 (2023: decreased/increased by approximately RMB56,000). The analysis is prepared assuming the financial instruments outstanding as at the end of period were outstanding for the whole year.

## FOREIGN EXCHANGE EXPOSURE

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

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

	As at 31 August	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Bank balances and cash — HK\$	<u>6,878</u>	<u>4,788</u>

The following shows the Group's sensitivity to 5% appreciation of HK\$ against RMB which represents the management's assessment of reasonable possible change in HK\$–RMB exchange rate. The sensitivity analysis of the Group includes the outstanding HK\$ denominated balances as adjusted for 5% appreciation of HK\$ as at 31 August 2023 and 2024. The analysis is prepared assuming the financial instruments outstanding as at 31 August 2023 and 2024 were outstanding for the whole financial year of 2023 and 2024, respectively.

	As at 31 August	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Increase in post-tax profit	<u>344</u>	<u>239</u>

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

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

## **CHARGES ON THE GROUP'S ASSETS**

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

## **CONTINGENT LIABILITIES**

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

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

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

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

On 27 August 2021, Chengdu Mingxian entered into a termination agreement (the “**Termination Agreement**”) with Hongde Guanghua, Pengzhou Bojun School, Chengdu Qizheng Corporate Management Company Limited\* (成都啟正企業管理有限公司) and Mr. Chen Lung\* (陳龍) (the “**Guarantors**”), which, amongst others, sets out the terms on termination of the Cooperation Agreement and the refund of RMB41,164,941.29 (the “**Total Investment Fund**”). The Guarantors have agreed to provide joint and several liability guarantee to Chengdu Mingxian to guarantee the financial obligation of Hongde Guanghua and Pengzhou Bojun School for a period of up to two years from the latest date when Hongde Guanghua and Pengzhou Bojun School are obliged to fulfil their respective financial obligations towards Chengdu Mingxian.

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

On 19 August 2022, the disposal of Pengzhou Bojun School was completed and Chengdu Mingxian ceased to be the school sponsor of Pengzhou Bojun School. Pengzhou Bojun School was deconsolidated from the financial statements of the Company with effect from 31 August 2021 when the Regulations for the Implementation of the Private Education Promotion Law of the PRC (《中華人民共和國民辦教育促進法實施條例》) became effective.

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

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

## FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

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

### USE OF PROCEEDS

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

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

Use of proceeds	% of the net proceeds	Proceeds allocated (RMB million)	Amount utilised (RMB million)	Unutilised balance (RMB million)	Expected timetable for proposed use of the Unutilised Net Proceeds
I. Establishing Nanjiang School	28%	120.1	120.1	–	
II. Establishing Wangcang School	28%	120.1	120.1	–	
III. Establishing the high school section of Tianfu School	22%	94.4	94.4	–	
IV. Establishing the Chengdu School	9%	38.6	38.6	–	
V. Establishing Lezhi School	5%	21.4	21.4	–	
VI. Financing the acquisition of vocational education schools	3%	12.9	–	12.9	On or before 31 December 2024
VII. As working capital and for general corporate purpose	5%	21.4	21.4	–	
Total	100%	428.9	416.0	12.9	

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



## **SIGNIFICANT INVESTMENT HELD**

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

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

## **SIGNIFICANT LEGAL PROCEEDINGS**

For the year ended 31 August 2024, the Group had not been involved in any significant legal proceedings or arbitration. To the best of the knowledge and belief of the Directors, there are no significant legal proceedings or claims pending or threatened against the Group.

## **EVENTS AFTER THE REPORTING PERIOD**

Save as disclosed in this 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 2024, the Group had 2,240 employees (as at 31 August 2023: 2,430). The Group participates in various employee benefit plans, including provident fund, pension, medical insurance and unemployment insurance. The Company has also provided a share option scheme for its employees and other eligible persons. Salaries and other benefits of the Groups' employees are generally reviewed on a regular basis in accordance with individual qualifications and performance, result performance of the Group and other relevant market conditions. The Group also provides internal and external training programs to its employees. For the year ended 31 August 2024, the staff costs (including directors' fees) amounted to approximately RMB132.1 million (2023: RMB44.4 million).

## **SHARE OPTION SCHEME**

On 12 July 2018, a share option scheme (the “**Share Option Scheme**”) was conditionally approved and adopted pursuant to a written resolution passed by the shareholders of the Company (the “**Shareholders**”). The Share Option Scheme will remain in force for a period of ten years from the date of its adoption. On 13 May 2021, the Company granted 1,000,000 share options at an exercise price of HK\$0.598 per share. The share options shall be valid for a period of ten years commencing from the date of grant to 12 May 2031 (both days inclusive). On 17 August 2023, the Company granted 5,000,000 share options at an exercise price of HK\$0.130 per share. The share options shall be valid for a period of ten years commencing from the date of grant to 16 August 2033 (both days inclusive). As at 31 August 2024, 6,000,000 share options remained outstanding under the Share Option Scheme.



## **FINAL DIVIDENDS**

The Board does not recommend the payment of final dividend for the year ended 31 August 2024.

## **ANNUAL GENERAL MEETING**

The Company will hold an annual general meeting (the “AGM”) on Thursday, 16 January 2025. Notice of the AGM will be published and dispatched to the Shareholders in accordance with the articles of association of the Company and the Listing Rules as soon as practicable.

## **CLOSURE OF REGISTER OF MEMBERS**

For determining the entitlement to attend and vote at the AGM to be held on Thursday, 16 January 2025, the register of members of the Company will be closed from Monday, 13 January 2025 to Thursday, 16 January 2025, both days inclusive, during which period no transfer of shares will be registered. In order to be qualified for attending and voting at the AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Friday, 10 January 2025.

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

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

## **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 2023 to 31 August 2024.

## COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

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

## 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 2024 and has met with the independent auditor, Zhonghui. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management members of the Company.

## **SUFFICIENCY OF PUBLIC FLOAT**

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

## **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](http://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 2024 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, 28 November 2024

*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*