China Maple Leaf Educational Systems Limited
中國楓葉教育集團有限公司*

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 1317

2024 ANNUAL REPORT

* For identification purposes only

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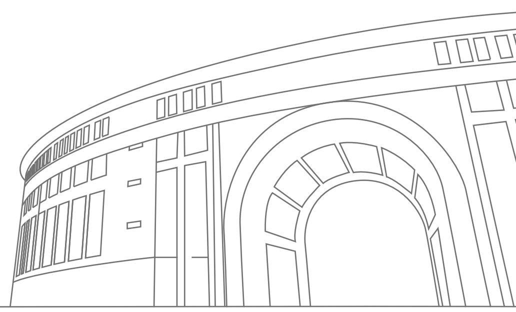
2024 ANNUAL REPORT



CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Shu Liang Sherman Jen
*(Chairman and Chief Executive Officer ("**CEO**"))*
Mr. King Pak Lau#
*(Co-Chief Financial Officer ("**Co-CFO**"))*
Ms. Jingxia Zhang*
(Co-CFO)
Mr. James William Beeke

Non-executive Director

Dr. Kem Hussain

Independent Non-executive Directors

Mr. Peter Humphrey Owen
Ms. Wai Fong Wong
Mr. Ming Sang Chow**

AUDIT COMMITTEE

Mr. Ming Sang Chow** *(Chairman)*
Mr. Peter Humphrey Owen
Ms. Wai Fong Wong

REMUNERATION COMMITTEE

Mr. Peter Humphrey Owen *(Chairman)*
Mr. James William Beeke
Ms. Wai Fong Wong

NOMINATION AND CORPORATE GOVERNANCE COMMITTEE

Mr. Shu Liang Sherman Jen *(Chairman)*
Mr. Peter Humphrey Owen
Ms. Wai Fong Wong

COMPANY SECRETARY

Ms. Shu Ling Jen

AUTHORISED REPRESENTATIVES

Mr. King Pak Lau#
Ms. Shu Ling Jen

AUDITORS

Moore CPA Limited
Certified Public Accountants

\# *re-designated from an independent non-executive Director to an executive Director, and appointed as a Co-CFO and one of the authorised representatives with effect from 1 March 2024*
* *resigned with effect from 1 March 2024*
** *appointed with effect from 1 March 2024*

LEGAL ADVISORS

As to Hong Kong law
LCH Lawyers LLP

As to PRC law
Jingtian & Gongcheng

As to Cayman Islands law
Maples and Calder (Hong Kong) LLP

REGISTERED OFFICE

Maples Corporate Services Limited
P.O. Box 309, Ugland House
Grand Cayman, KY1-1104
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN CHINA

No. 13, Baolong First Road
Baolong Street, Longgang District
Shenzhen, Guangdong Province 518116
China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 2402, 24/F., Admiralty Centre Tower Two
18 Harcourt Road, Admiralty
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Maples Fund Services (Cayman) Limited
P.O. Box 1093, Boundary Hall, Cricket Square
Grand Cayman, KY1-1102
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

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

STOCK CODE

1317

COMPANY WEBSITE

www.mapleleaf.cn

LETTER FROM THE CHAIRMAN

Dear Shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**") of China Maple Leaf Educational Systems Limited (the "**Company**" or "**Maple Leaf**", together with its subsidiaries and consolidated affiliated entities, collectively the "**Group**"), I am pleased to present the annual report comprising the consolidated results of the Company for the year ended 31 August 2024.

RESULTS AND DIVIDENDS

On 14 May 2021, the PRC State Council announced the Regulations for the Implementation of the Private Education Promotion Law of the People's Republic of China*《中華人民共和國民辦教育促進法實施條例》(the "**Implementation Regulations**"), which came into effect on 1 September 2021. The Implementation Regulations impose significant uncertainties and restrictions on the Group's control over the affiliated entities operating private schools that offer compulsory education consisting of six years of primary school education and three years of middle school education to PRC residents and not-for-profit schools that provide preschool education in the People's Republic of China ("**PRC**" or "**China**") (the "**Affected Schools**"). Up to the date of this report, based on the advice of our PRC legal advisor, there are uncertainties concerning the validity and enforceability of the current contractual arrangements between the Group and the Affected Schools and therefore it could not be concluded that they are legally binding and enforceable upon the Implementation Regulations becoming effective on 1 September 2021.

Consequently, the Directors considered that by the end of 31 August 2021, it was no longer practicable for the Group to make and enforce relevant decisions for its own benefit as a principal in accordance with the contractual arrangements with the Affected Schools and the Group lost control over the Affected Schools on 31 August 2021. The Affected Schools were deconsolidated from the consolidated financial statements of the Company for the year ended 31 August 2021 and the operations of the Affected Schools were classified as discontinued operations as of 31 August 2021. Please refer to the section headed "Update on the Regulations for the Implementation of the Private Education Promotion Law of the People's Republic of China" for further details.

The revenue of the Group was RMB1,228.5 million and RMB1,151.2 million for the years ended 31 August 2024 and 31 August 2023 respectively. The profit for the year ended 31 August 2024 was RMB15.5 million, representing an increment of RMB10.4 million as compared to the year ended 31 August 2023 of RMB5.1 million.

The EBITDA and Adjusted EBITDA (as illustrated in "Five-Year Financial Summary – Calculation of EBITDA and Adjusted EBITDA" as contained in this report) for the year ended 31 August 2024 were RMB468.6 million and RMB497.5 million respectively, representing a decrease of RMB3.5 million and RMB32.4 million or 0.7% and 6.1% as compared to the year ended 31 August 2023.

The Board has resolved not to declare a final dividend for the year ended 31 August 2024.

BUSINESS HIGHLIGHTS

The quality of Maple Leaf education is reflected in the achievements of our students. As at the date of this report,

* *For identification purposes only*

802 Maple Leaf high school graduates of the class of 2024 ("**Class 2024 Students**") received over 3,411 letters of acceptance from 177 universities and colleges in 16 countries and regions, including but not limited to Canada, the United States of America (the "**United States**" or "**USA**"), the United Kingdom ("**UK**"), Australia, and China. Approximately 91.7% of Class 2024 Students received letters of acceptance from Quacquarelli Symonds ("**QS**") Top 100 universities. Moreover, 22 of them received letters of acceptance from QS Top 10 universities including prestigious University College London and Imperial College London in the UK. This is the second batch of Maple Leaf students graduated under Maple Leaf World School Program ("**World School Program**" or "**MLWSP**") who received Maple Leaf Group graduate certificate.

In order to provide Maple Leaf graduates with a wider range of further education opportunities, the Group has entered into cooperation agreements with more than 23 well-known domestic universities and colleges, such as the Beijing Foreign Studies University, Central University of Finance and Economics, and Southwest University of Political Science & Law, etc. These universities offer programs in various disciplines in cooperation with overseas universities. We endeavor to develop more opportunities to work with Chinese domestic universities and offer a variety of options to our high school graduates. Since then, Maple Leaf has been offering domestic and international "Dual Graduation Exit" to its high school students for pursuing higher education.

OUTLOOK

Following the promulgation of the Implementation Regulations, Maple Leaf has adjusted its development strategy from the pyramid structure to inverted pyramid structure and our high schools carry on a dual development scheme. We will focus on the development of high schools providing World School Program, with moderate development of regular high schools whereby students are sitting for the National College Entrance Examination ("**Gaokao**").

As ECCTIS fully completed the benchmarking of MLWSP in April 2024, the Group will focus on developing and expanding its network of external schools authorised to offer MLWSP, English as a second language ("**ESL**") curriculum and Chinese as a second language ("**CSL**") curriculum. We have successfully entered into an authorisation agreement with a Turkish school to implement MLWSP at Grade 10 students starting from 2024/2025 school year. Turkey plays an important role in the "Belt and Road" initiative. Another agreement was also entered into with a private school located in Taizhou, Jiangsu province, China to use our ESL curriculum starting from 1 September 2024.

In addition to providing the academic education services, the Group also plans to further develop education industry chain business which previously provided services only to Maple Leaf students internally. We plan to offer professional catering services for universities, boarding schools, institutions, and corporate canteens; and provide services of supplies of school uniforms and professional uniforms for various schools, institutions and corporate customers. We strive to forge Maple Leaf brand to a professional catering and professional uniforms brand and generate additional income for the Group.

Overseas expansion is an important part of the Group's long-term growth strategy. The Group believes that a global presence of Maple Leaf branded schools will help the Group's student recruitment in China as Chinese parents recognise that Maple Leaf is able to offer a broader array of educational opportunities for their children. In fact, the demand for bilingual English and Chinese education is growing not only in China but also along the Belt and Road countries, for instance, Southeast Asia, and around the world, such as the North America. Accordingly, the Group believes that with its unique advantages in having both English and Chinese curricula, and both ESL and CSL curricula, it is precisely positioned to meet the demand for quality international preschool to grade 12 ("**K-12**") education along the Belt and Road countries, where there is a demand for blending the best of Western and Eastern cultures. The Group will further expand its school network under the brand of Canadian International School ("**CIS**") and Kingsley International School ("**KIS**") in the Southeast Asian countries.

Chinese Testing International Company Limited* ("**CTI**", 漢考國際教育科技(北京)有限公司) authorised Maple Leaf to establish Chinese learning and testing center globally in May 2024. Maple Leaf series of Chinese textbooks have been renamed as "K12 Standard Chinese" and published by Beijing Language and Culture University Press ("**BLCUP**" 北京語言大學出版社). In light of the above, the Group started to operate a Chinese learning and testing centre in the campus of Kwantlen Polytechnic University, Canada at the beginning of the 2024/2025 school year. This will further enhance and strengthen the Group's status and reputation in the field of Chinese language education and contribute to the international Chinese language education of the PRC.

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APPRECIATION

I would like to express my heartfelt gratitude to our students, parents, the local governments, and our shareholders of the Company (the "**Shareholders**") for their continuing support on behalf of the Board. I also wish to thank our fellow Board members and senior management for their contributions and hard work during the year and extend my appreciation to our management, teachers and staff for their endeavours and commitments in providing the highest quality education for tens of thousands of Maple Leaf students.

Shu Liang Sherman Jen
China Maple Leaf Educational Systems Limited
Chairman and Chief Executive Officer

Hong Kong, 28 November 2024

CORPORATE PROFILE

With over 29 years of experience in operating international schools in China, the Group is one of the leading international school operators in China in terms of student enrolment, offering high-quality and bilingual education, combining the merits of both Western and Eastern educational philosophies. We also operate international schools in Malaysia and Singapore.

World School Program is the first international program with oriental cultural characteristics in the world. It cooperates with two of the world's largest educational institutions, benchmarked by ECCTIS and accredited by Cognia. ECCTIS has completed the benchmarking of the World School Program which marks that World School Program has become a globally certified course after A-Level and International Baccalaureate (the "**IB**") programs, and has filled the gap in China's international education program.

Our overseas school, KIS offers A-Level program to K-12 students in Malaysia. KIS targets mainly local students in Malaysia and also international students primarily from Asian countries. CIS offers the IB curriculum to K-12 students in Singapore. CIS is one of the largest for-profit premium international schools in Singapore in terms of revenue and student enrolment, and targets expatriate families employed in Singapore, especially those from the United States, India and other Asian countries. CIS is well known for its highly acclaimed bilingual English/Chinese program where students are fully immersed culturally and taught by qualified native English speakers who are also IB certified. As at 31 August 2024, the Group employed 276 IB certified teachers (as at 31 August 2023: 297 IB certified teachers).

FIVE-YEAR FINANCIAL SUMMARY

RESULTS

	Year ended 31 August				
	2020 RMB'000 (Restated)	2021 RMB'000	2022 RMB'000	2023 RMB'000	**2024** **RMB'000**
Revenue	385,882	941,015	989,795	1,151,162	**1,228,462**
Cost of revenue	(228,405)	(525,265)	(563,542)	(647,880)	**(635,483)**
Gross profit	157,477	415,750	426,253	503,282	**592,979**
Profit/(loss) for the year	43,425	(671,919)	57,125	5,120	**15,513**
EBITDA (Non-IFRS measure)#	109,891	(348,677)	481,580	472,081	**468,634**
Adjusted EBITDA (Non-IFRS measure)#	126,068	400,815*	462,729	529,862	**497,527**
Basic earnings/(loss) per share (RMB cents)	1.46	(22.62)	1.92	0.17	**0.52**

	Year ended 31 August				
Profitability Margins	2020 (Restated)	2021	2022	2023	**2024**
Gross profit margin	40.8%	44.2%	43.1%	43.7%	**48.3%**
Net profit/(loss) margin	11.3%	(71.4%)	5.8%	0.4%	**1.3%**
EBITDA margin	28.5%	(37.1%)	48.7%	41.0%	**38.1%**
Adjusted EBITDA margin	32.7%	42.6%	46.7%	46.0%	**40.5%**

Notes:

#. *For definition of EBITDA and adjusted EBITDA and the purpose for changing the non-IFRS measures from the adjusted net profit and adjusted profit margin to EBITDA and adjusted EBITDA, please refer to the section headed "Calculation of EBITDA and adjusted EBITDA – Non-IFRS measures".*

* *Includes adjustments for one-off impairment loss recognised in respect of property, plant and equipment, goodwill, right-of-use assets and other intangible assets in a total amount of RMB793,659,000.*

ASSETS AND LIABILITIES

	At 31 August 2020 RMB'000 *(Note 1)*	2021 RMB'000 *(Note 2)*	2022 RMB'000 *(Note 2)*	2023 RMB'000 *(Note 2)*	**2024** **RMB'000** *(Note 2)*
Non-current assets	8,291,609	5,180,100	5,160,584	5,405,542	**5,315,428**
Current assets	2,977,621	2,701,122	1,196,198	809,345	**886,252**
Current liabilities	4,584,093	3,301,873	2,463,471	2,278,173	**1,457,915**
Net current assets/(liabilities)	(1,606,472)	(600,751)	(1,267,273)	(1,468,828)	**(571,663)**
Total assets less current liabilities	6,685,137	4,579,349	3,893,311	3,936,714	**4,743,765**
Total equity	4,623,635	1,388,857	1,456,813	1,497,516	**1,551,354**
Non-current liabilities	2,061,502	3,190,492	2,436,498	2,439,198	**3,192,411**
Total equity and non-current liabilities	6,685,137	4,579,349	3,893,311	3,936,714	**4,743,765**

Selected Major Items	At 31 August 2020 RMB'000 *(Note 1)*	2021 RMB'000 *(Note 2)*	2022 RMB'000 *(Note 2)*	2023 RMB'000 *(Note 2)*	**2024** **RMB'000** *(Note 2)*
Property, plant and equipment	3,842,542	2,002,303	2,285,196	2,233,548	**2,146,794**
Bank balances and cash	1,310,907	739,477	805,876	528,041	**564,788**
Total borrowings	3,630,566	3,382,248	1,541,799	1,660,213	**1,602,379**
Contract liabilities	1,506,002	441,673	501,550	513,559	**482,164**

Liquidity	At 31 August 2020 *(Note 1)*	2021 *(Note 2)*	2022 *(Note 2)*	2023 *(Note 2)*	**2024** *(Note 2)*
Gearing ratio *(Note 3)*	0.79	2.44	1.06	1.11	**1.03**

Notes:

1. *Financial information on continuing and discontinued operations.*

2. *Financial information on continuing operations.*

3. *The gearing ratio was calculated as total borrowings divided by total equity as at the end of the relevant financial year.*

DIVIDEND PER SHARE

	Year ended 31 August				
	2020 HK$ cents	2021 HK$ cents	2022 HK$ cents	2023 HK$ cents	**2024** **HK$ cents**
Interim dividend	–	–	–	–	**–**
Final dividend	–	–	–	–	**–**
Special dividend	–	–	–	–	**–**
Total	–	–	–	–	**–**

CALCULATION OF EBITDA AND ADJUSTED EBITDA

The following table reconciles profit for the year to EBITDA and adjusted EBITDA for both years:

	Year ended 31 August	
	2024 **RMB'000**	2023 RMB'000
Profit for the year	**15,513**	5,120
Add:		
Finance costs	**213,062**	220,711
Taxation	**65,099**	47,347
Depreciation of property, plant and equipment	**114,552**	107,405
Amortisation of other intangible assets	**48,464**	75,874
Depreciation of right-of-use assets	**7,171**	14,579
Depreciation of investment properties	**4,274**	905
Amortisation of books for lease	**499**	140
EBITDA	**468,634**	472,081
Loss arising from fair value changes of Convertible Bonds *(Note 1)*	**28,174**	55,828
Share-based payments *(Note 2)*	**719**	1,953
Adjusted EBITDA	**497,527**	529,862

Notes:

1. *Loss arising from fair value changes of Convertible Bonds is measured at fair value through profit or loss, which is non-cash in nature and non-indicative to the Group's operating performances.*

2. *Share-based payment recognised for share options granted to directors and employees are non-cash in nature and non-indicative to the Group's operating performance.*

NON-IFRS MEASURES

To supplement the Group's consolidated financial statements which are presented in accordance with the International Financial Reporting Standards (the "**IFRS**"), the Company also uses earnings before interests, taxes, depreciation and amortisation ("**EBITDA**") and EBITDA adjusted by items which are non-cash in nature and non-indicative to the Group's operating performance ("**Adjusted EBITDA**") as additional financial measures, which are not required by, or presented in accordance with, IFRS. The Company believes that these non-IFRS measures facilitate comparisons of operating performance from period to period by eliminating potential impacts of items that the management does not consider to be indicative of the Group's operating performance. The Company believes that these measures provide useful information to the Shareholders and potential investors in understanding and evaluating the Group's consolidated results of operations in the same manner as they help the Group's management.

However, the use of these non-IFRS measures has limitations as an analytical tool, and you should not consider it in isolation from, or as substitute for analysis of, the Group's results of operations or financial condition as reported under IFRS. In addition, the non-IFRS measures do not have standardised meaning and may be defined differently from similar terms used by other issuers and therefore may not be comparable to similar measures presented by other issuers.

In the financial reports and results announcements for prior years, the Company used adjusted net profit as non-IFRS measures which was calculated as profit for the year, taking into account (i) the amortisation of other intangible assets and depreciation of properties arising from acquisition; (ii) change in fair value of the Convertible Bonds (as defined below); (iii) share-based payment; and (iv) change in fair value of financial assets at fair value through profit or loss. The Company considers the change of the non-IFRS measures from the adjusted net profit and adjusted profit margin in the financial reports for prior years to EBITDA and Adjusted EBITDA in the current year will provide more information to investors about results of our operations.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group's Market Position

With over 29 years of experience in operating international schools in China, the Group is one of the leading international school operators in China in terms of student enrolment, offering high-quality and bilingual education, combining the merits of both Western and Eastern educational philosophies. We also operate international schools in Malaysia and Singapore.

World School Program is the first international program with oriental cultural characteristics in the world. It cooperates with two of the world's largest educational institutions, benchmarked by ECCTIS and accredited by Cognia. ECCTIS has fully completed the benchmarking of the World School Program which marks that the World School Program has become a globally certified course after A-Level and IB programs and has filled the gap in China's international education program.

World School Program is in line with the national strategy in education, namely, Opinions of Eight Government Departments Including the Ministry of Education on Accelerating and Expanding the Opening-up of Education in the New Era* (《教育部等八部門關於加快和擴大新時代教育對外開放的意見》) ("**Opinion**") issued by the Ministry of Education in June 2020. In this Opinion, it is clearly proposed to establish an upgraded version of the educational action along "Belt and Road". In particular, it is determined to establish an international curriculum development and promotion system with Chinese characteristics at national level.

Our high schools in China have provided World School Program at the commencement of the 2020/2021 school year. The unique programs and systems are designed to cultivate elite talents with a global perspective and proficiency in Chinese culture and wisdom. The combination of "Chinese language curriculum" and "English academic curriculum" is a set of "curricula for Chinese plus high school subjects" which happens to be suitable for international students in China and students around the globe preparing for undergraduate study in China from a multi-dimensional perspective.

The Group relocated its headquarters to Shenzhen in March 2021. Shenzhen headquarters was officially launched at the commencement of the 2022/2023 school year. The relocation of the Group's headquarters to Shenzhen was a strategic move intended to bolster the Group's further development and ensure the success of the Group's sixth five-year plan (from 2020/2021 to 2024/2025 school years) (the "**Sixth Five-Year Plan**") and strengthen its ability to recruit and retain talents for its expansions in China and overseas. Moreover, the new headquarters has increased the brand awareness of the "Maple Leaf" brand and accelerated our business development in first-tier cities in China, especially in the Greater Bay Area.

Our overseas school, KIS offers A-Level program to K-12 students in Malaysia. KIS targets mainly local as well as international students primarily from Asian countries. CIS offers IB curriculum for K-12 students in Singapore. CIS is one of the largest for-profit premium international schools in Singapore in terms of revenue and student enrolment, and targets expatriate families employed in Singapore, especially those from the United States, India and other Asian countries. CIS is well known for its highly acclaimed bilingual English/Chinese program where students are fully immersed culturally and taught by qualified native English speakers who are also IB certified.

University Placements

The quality of Maple Leaf education is reflected in the achievements of our students. At the end of 2023/2024 school year, 802 Maple Leaf high school graduates of the Class 2024 Students received over 3,411 letters of acceptance from 177 universities and colleges in 16 countries and regions, including but not limited to Canada, the United States, the UK, Australia and China. Approximately 91.7% of Class 2024 Students received letters of acceptance from QS Top 100 universities including prestigious University College London and Imperial College London in the UK. This is the second batch of Maple Leaf students graduated under World School Program who received Maple Leaf Group graduate certificate.

In April 2023, the Group entered into agreement with Arizona State University ("**ASU**") to facilitate ASU's delivery of two first-year higher education experiences, including the New College of Interdisciplinary Arts and Sciences focusing on Humanities, Mathematics and Sciences, for Maple Leaf graduates in the PRC (the "**1+3 Program**"). The 1+3 Program was welcomed by Maple Leaf graduates, and we have enrolled 59 Maple Leaf graduates for the 2024/2025 school year.

In order to provide Maple Leaf graduates with a wider range of further education opportunities, the Group has entered into cooperation agreements with more than 23 well-known domestic universities and colleges, such as the Beijing Foreign Studies University, Central University of Finance and Economics, and Southwest University of Political Science & Law, etc. These universities offer programs in various disciplines in cooperation with overseas universities. We will continue to increase cooperation with Chinese domestic universities and offer a variety of options to our high school graduates. Since then, Maple Leaf has been offering domestic and international "Dual Graduation Exit" to its high school students for pursuing higher education.

Maple Leaf maintains long-term relationships with a significant number of universities and colleges around the world. Various universities and colleges have memoranda of understanding with us to facilitate the admission process for our high school graduates. Our Group provides consulting services to assist our students in making informed decisions about the universities and colleges they choose to attend. Maple Leaf has held annual university and college recruitment fairs on our campuses mainly for overseas participants since November 2005. In addition, we assist our students with respect to admissions, visas and scholarships, preparing them to study abroad. We believe that our services ensure a smooth transition for our students from our high schools to higher education.

The Group officially launched Honorary Zhou Enlai class* (榮譽周恩來班) ("**Honorary Class**") in the PRC in February 2024 aiming to enhance the competitiveness of Maple Leaf brand and nurture elite talents. This program customised a high-end high school curriculum presenting Maple Leaf graduates a smooth pathway to the world's leading universities, such as University of Oxford and University of Cambridge in the UK; Harvard University and Yales University in the United States; and Tsinghua University, Peking University and University of Hong Kong in China. The first cohort of Honorary Class will be graduated at the end of 2026/2027 school year. To ensure the success of the program, an advisory committee, an admission committee and an execution team were established which consist of experienced global educational experts and senior managements, including chairman of the Board, superintendent of MLWSP, principal, etc., of the Group.

Update on the Regulations for the Implementation of the Private Education Promotion Law of the People's Republic of China

On 14 May 2021, the PRC State Council announced the Implementation Regulations, which came into effect on 1 September 2021. The Implementation Regulations lay down a concrete measure to implement the top-level design of the classification management system of the superior law – Private Education Promotion Law of the People's Republic of China – and help regulate and promote the policies of "classification management", "classification support" and "classification development" of private education in China. It would help realise the development of private education with distinctive characteristics and high quality and meet the diversified and selective needs of different families for education in the new era.

The restrictions in the Implementation Regulations on the prohibition of foreign participation in private schools that provide compulsory education and not-for-profit preschools by means of mergers and acquisitions, contractual agreements and related party transactions. The restrictions are intended to ensure the legitimate rights and interests of not-for-profit schools, especially to protect the property rights and interests of not-for-profit schools and to avoid the improper transfer of proceeds from the operation of not-for-profit schools.

The Implementation Regulations strengthen the supervision of compulsory education schools, and at the same time, specify that private education enjoys preferential taxation policies stipulated by the Chinese government. The Implementation Regulations grant for-profit schools the autonomy to charge fees, and encourage and support private schools to use internet technology to implement online education, grant private schools, which carry out higher education and secondary vocational and technical education, the autonomy to self-established majors, designing courses and other greater autonomy, enriching the operation of and expanding student sources of private schools and facilitating the development of private schools.

The Implementation Regulations impose significant uncertainties and restrictions on the Group's control over the affiliated entities operating private schools offering compulsory education and not-for-profit preschools in the PRC. As local governments have not yet issued corresponding classifications management regulations and rules for the Implementation Regulations, there are uncertainties concerning the validity and enforceability of the contractual arrangements between the Group and the Affected Schools and therefore it could not be concluded that they are legally binding and enforceable upon the Implementation Regulations becoming effective on 1 September 2021. Consequently, the Affected Schools were deconsolidated from the consolidated financial statements of the Company for the year ended 31 August 2021. Please refer to the 2021 annual report of the Company for further details of the deconsolidation of the Affected Schools. The Group has determined to take measures to optimise its operating structure to mitigate the impact of the Implementation Regulations. Such measures include, among others, transferring current students from high schools which are under the same operating licences with private schools providing compulsory education and/or not-for-profit preschools in the PRC ("**Mixed High Schools**") to high schools that have their own operating licences in the PRC ("**Independent High Schools**") and making registration and filings with the relevant local government departments in the PRC for individual operating licences for the eight Mixed High Schools.

Subsequent to the effective date of the Implementation Regulations on 1 September 2021, Xi'an Maple Leaf School* (西咸新區空港楓葉學校) ("**Xi'an School**") obtained a private school operating license as an Independent High School and a registration certificate for private non-enterprise entities to operate as the Independent High School in August 2022 and January 2023 respectively. The financial results and the financial position of Xi'an School were re-consolidated since and, as the case may be, as at 10 August 2022. The Group has also registered four for-profit preschools in Dalian, China during the year ended 31 August 2022 and one preschool in Chongqing, China at the commencement of the 2022/2023 school year.

The Group has adjusted its enrolment strategy from the pyramid structure to inverted pyramid structure in the Sixth Five-Year Plan following the promulgation of the Implementation Regulations, which focuses on its development of high schools providing World School Program in China.

We will continue to monitor the implementation of the Implementation Regulations in different regions and continue to assess its subsequent impact on the Company and will make further announcement(s) as and when appropriate.

Post-COVID-19

With the widespread vaccination and the stabilisation of the pandemic, our Group's schools in China have resumed face-to-face teaching since the commencement of the 2023/2024 school year.

Our overseas school, KIS, targets both local students in Malaysia and international students. CIS targets expatriate families employed in Singapore as well as international students. For the year ended 31 August 2024, both CIS and KIS delivered face-to-face teaching. Overseas countries have gradually lifted travel restrictions and relaxed visa conditions, which would increase the student enrolment in our overseas schools, and benefit both domestic and overseas Maple Leaf schools.

Suspension of trading, Resumption Guidance and Resumption

On 13 May 2022, the Company received a letter from the former auditor of the Company ("**Letter**") regarding significant matters in relation to certain transactions of the Group ("**Relevant Matters**") identified during the course of its review of the unaudited interim results for the six months ended 28 February 2022 ("**2022 Interim Results**"). Trading in the shares of the Company (Stock Code: 1317) and the debt securities of the Company (previous Debt Securities Stock Code: 40564) on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") has been suspended with effect from 9:00 a.m. on 3 May 2022 due to the delay in publication of the 2022 Interim Results.

On 27 May 2022, the Company was notified by the Stock Exchange of the following resumption guidance ("**Resumption Guidance**") for the Company: (i) publish all outstanding financial results required under the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") and address any audit modifications; (ii) demonstrate the Company's compliance with Rule 13.24 of the Listing Rules; (iii) conduct an appropriate independent forensic investigation into the matters identified in the Letter, announce the findings and take appropriate remedial actions; (iv) demonstrate that there is no reasonable regulatory concern about the management integrity and/or the integrity of any persons with substantial influence over the Company's management and operations, which may pose a risk to investors and damage market confidence; (v) conduct an independent internal control review and demonstrate that the Company has in place adequate internal controls and procedures to meet its obligations under the Listing Rules; and (vi) announce all material information for the Shareholders and investors to appraise its position.

As disclosed in the announcement of the Company dated 23 May 2022, the Board resolved to establish the independent board committee of the Board ("**IBC**") to conduct the independent investigation of the Relevant Matters and the internal control over financial reporting ("**Independent Investigation**"). As disclosed in the announcement of the Company dated 14 June 2022, the IBC appointed RSM Corporate Advisory (Hong Kong) Limited as an independent forensic accountant ("**Independent Investigator**") to conduct an independent forensic accounting review into the Relevant Matters and prepare an independent forensic accounting report on the findings of the Independent Investigation and provide recommendations to the IBC in respect of the Relevant Matters. In late August 2022, the Company appointed RSM Consulting (Hong Kong) Limited ("**IC Consultant**") to conduct an independent review of the existing internal controls and procedures of the Company and make recommendations of remedial measures ("**IC Review**").

On 20 June 2023, the Independent Investigator had completed the Independent Investigation and issued the investigation report on the findings of the Independent Investigation and provided recommendations in respect of the Relevant Matters ("**Investigation Report**") to the IBC. Having reviewed the findings and results of the Independent Investigation, the IBC presented the Investigation Report together with the recommendations to the Board for consideration and approval on 20 June 2023. The Board concurred with the IBC that the content and findings of the Independent Investigation were reasonable and acceptable and the Board believed that (i) there was no reasonable regulatory concern regarding the integrity of the management or any individuals with substantial influence over the Company's management and operations, which could potentially put investors at risk and undermine market confidence; and (ii) the enhanced internal control measures adopted by the Company were sufficient and effective in fulfilling the Company's obligations and protecting its interests as per the Listing Rules. The Board accepted the IBC's recommendations in their entirety and has resolved to (i) adopt the findings of the Investigation Report and (ii) implement the recommendations of the IBC.

The IC Consultant had completed the IC Review with a review period from 1 September 2021 to 31 August 2022 ("**First Review**"). The IC Consultant had identified certain key findings and made certain recommendations in the First Review and completed the follow-up review with a review period from the date of implementation of remedial measures by the Group to 20 June 2023 ("**Follow-up Review**"). The IC Consultant had issued a report in respect of the findings of the IC Review ("**IC Review Report**") on 20 June 2023 and concluded that the Group had implemented recommended remedial measures to rectify the deficiencies identified in the First Review. No material deficiencies in the Company's internal controls and procedures were noted in the Follow-up Review.

Following the fulfillment of all the Resumption Guidance, the trading in the shares of the Company (Stock Code: 1317) and the debt securities of the Company (previous Debt Securities Stock Code: 40564) on the Stock Exchange resumed with effect from 9:00 a.m. on 2 November 2023.

For details, please refer to the announcements of the Company dated 27 April 2022, 16 May 2022, 23 May 2022, 30 May 2022, 14 June 2022, 2 August 2022, 1 November 2022, 1 February 2023, 28 April 2023, 4 July 2023, 1 August 2023 and 1 November 2023.

Change of Directors and change in composition of Board committees

With effect from 1 March 2024, Ms. Jingxia Zhang ("**Ms. Zhang**") resigned as an executive Director and a Co-CFO. Ms. Zhang also resigned from all positions within the Group i.e. the positions of director of each of Canadian International School Pte. Ltd., Star Readers Pte. Ltd. and Canadian School of Advanced Learning Pte. Ltd. and all such resignations took effect from 1 March 2024. Following her resignation as an executive Director, the Co-CFO and all positions within the Group, Ms. Zhang now serves the Company as a consultant to the Board. Following the resignation of Ms. Zhang with effect from 1 March 2024, Mr. King Pak Lau ("**Mr. Lau**") was re-designated from an independent non-executive Director to an executive Director.

Upon the re-designation which took effect on 1 March 2024, Mr. Lau (i) ceased to be the chairman of each of the audit committee of the Board ("**Audit Committee**") and the IBC established for, among other matters, conducting the Independent Investigation (as defined in the announcement of the Company dated 23 May 2022); and (ii) has been appointed as the Co-CFO.

With effect from 1 March 2024, Mr. Ming Sang Chow ("**Mr. Chow**") has been appointed as an independent non-executive Director and the chairman of the Audit Committee.

BUSINESS REVIEW

The Group offers high-quality and bilingual education in the PRC under Maple Leaf brand and in Asia Pacific countries under CIS and KIS brands. In addition to the provision of academic education service, we also develop education industry chain business including, sales of ancillary products and provision of catering service to our students.

Student Enrolment

	At the end of school year			
	2023/2024	**% of Total**	2022/2023	% of Total
PRC				
High schools	**3,195**	**34.0**	3,496	34.2
Preschools	**1,752**	**18.7**	2,103	20.6
Foreign national schools	**344**	**3.7**	294	2.8
	5,291	**56.4**	5,893	57.6
Overseas				
High schools	**732**	**7.8**	634	6.2
Middle schools	**1,322**	**14.0**	1,282	12.5
Elementary schools	**1,774**	**18.9**	2,044	19.9
Preschools	**271**	**2.9**	380	3.8
	4,099	**43.6**	4,340	42.4
Total number of students enrolled	**9,390**	**100**	10,233	100

The total number of students enrolled decreased by 843 or 8.2% from 10,233 at the end of the 2022/2023 school year to 9,390 at the end of the 2023/2024 school year, which was primarily due to the decrease in number of students in high schools and preschools as a consequence of the lower birth rate in the PRC and the decrease in number of students in elementary schools in Singapore as a result of the closure of Tanjong Katong campus of CIS.

Aiming to buttress the growth in student enrolment number, CIS will strengthen its student enrolment strategies and elevate the school's influence in the international education market by strengthening its global marketing efforts, holding more multinational education exhibitions, and launching online and offline marketing activities. CIS will also focus on promotion of the high quality aspect of its education, including the IB curriculum system, introducing more bilingual education options and specific academic programmes to attract more international families from different backgrounds.

In addition, the Group has taken continuous effort to apply for approval for the registration and filings with the relevant local government departments in the PRC for individual operating licences for our eight Mixed High Schools in order to increase the number of our Independent High Schools and student enrolment of the Group.

We believe that with the liberalisation of cross-border exchanges and the study abroad market, it is expected that the number of our high school students will gradually resume growth in the future.

The Group has adjusted its enrolment strategy from the pyramid structure to inverted pyramid structure in the Sixth Five-Year Plan in the PRC. Maple Leaf will focus on its development of high schools providing World School Program with moderate development of regular high schools whereby students are sitting for the National College Entrance Examination ("**Gaokao**").

The Group's Schools

The following table shows a summary of the Group's schools by category as at the end of the two financial years:

	As at 31 August 2024	2023
PRC		
High schools	**7**	7
Preschools	**12**	12
Foreign national schools	**3**	3
	22	22
Overseas		
High schools	**3**	4
Middle schools	**2**	2
Elementary schools	**2**	3
Preschools	**2**	2
	9	11
Total	**31**	33

During the year ended 31 August 2024, one of the elementary school campus, Tanjong Katong campus, in Singapore was returned to the government of Singapore as the lease agreement had expired in August 2023. One more overseas high school in Canada was temporarily closed, due to the market conditions and visa policies implemented in the country.

The Group has no intention to re-open the suspended overseas schools as we foresee the market conditions and visa policies in Canada and Australia are still uncertain within one or two years.

The Group's Teachers

Teachers are the key to maintaining high-quality educational programs and services as well as maintaining our brand and reputation. Our globally certified teachers form a core group within our teaching staff, allowing us to maintain the quality of our educational services while undergoing expansion. Our Group has established a global recruitment office ("**Global Recruitment Office**") to recruit high school foreign teachers and ESL foreign teachers worldwide. The establishment of the Global Recruitment Office ensures both the quality and quantity of Maple Leaf foreign teachers and satisfies the development needs of the Group's Sixth Five-Year Plan.

The Group has forged strategic cooperation with University of Alberta in Canada and University of South Australia in Australia. Every year, a certain number of outstanding Maple Leaf STEM (Science, Technology, Engineering and Mathematics) graduates are selected to major in pedagogy in these universities, who will return to Maple Leaf to teach after obtaining overseas teacher certification and receive the same benefit as a foreign teacher. In addition, Maple Leaf provides internships and job opportunities for outstanding graduates majoring in pedagogy from these universities.

In the meantime, the Group encourages and attracts Maple Leaf graduates who work abroad after graduating from foreign universities and are excellent in mathematics and other science subjects to pass the teacher certification examination in Canada, the United States and other countries, and then return to Maple Leaf to work as teacher with overseas qualification and experience.

FUTURE DEVELOPMENT

Following the promulgation of the Implementation Regulations, Maple Leaf has adjusted its development strategy from the pyramid structure to inverted pyramid structure and our high schools carry on a dual development scheme in China. We will focus on the development of high schools providing World School Program, with moderate development of regular high schools whereby students are sitting for Gaokao.

CTI, a professional education and examination institution directly under the Ministry of Education of the PRC, has benchmarked Maple Leaf CSL course and certified Maple Leaf Chinese textbooks and recommended it to be used by Chinese language learners in primary and secondary schools in all countries. CTI has established over 1,208 Chinese exam sites across 155 countries and regions and have served for more than 30 million learners in the world. Five HSK Chinese Proficiency Test centres have been set up in Maple Leaf campuses in the PRC. The Company expects the cooperation with Center for Language Education and Cooperation* (中外語言交流合作中心) of the Ministry of Education of the PRC to publish Maple Leaf Chinese textbooks at the end of 2023/2024 school year. Maple Leaf series of Chinese textbooks have been renamed as "K12 Standard Chinese" and published by BLCUP. In light of the above, the Group started to operate a pilot Chinese learning and testing centre in the campus of Kwantlen Polytechnic University, Canada, at the beginning of the 2024/2025 school year. This will further enhance and strengthen the Group's status and reputation in the field of Chinese language education and contribution to the international Chinese language education of the PRC.

In addition to providing the academic education services, the Group also plans to further develop education industry chain business which previously provided services only to Maple Leaf students internally. We plan to offer professional catering services for universities, boarding schools, institutions and corporate canteens; and provide services of supplies of school uniforms and professional uniforms for various schools, institutions and corporate customers. We strive to forge Maple Leaf brand to a professional catering and professional uniforms brand and contribute additional income for the Group. The Group launched a pilot canteen which provides dine-in and take-away catering services to the public in June 2023 in Shenzhen, the PRC. This is an all-round catering services customised for small group meals and we plan to develop it to become a catering service platform serving tens of thousands of urban elites in the future. We strive to forge Maple Leaf brand to a professional catering and professional uniforms brand and generate additional income for the Group.

Standard Implementation Strategy

Under the standard implementation strategy, the Group implemented the World School Program, China's first internationally accredited curriculum with self-developed intellectual property, at the commencement of 2020/2021 school year. The World School Program was developed by Maple Leaf curriculum experts and meets high academic and curriculum standard, which get students well equipped for entering into the world's top ranked universities. The World School Program was benchmarked by ECCTIS and has acquired accreditation from Cognia – two of the world's most recognised certification institutions – providing further assurance that Maple Leaf graduates will be able to transit to universities and colleges across the globe seamlessly. The Group's first two batches of graduates from the World School Program received Maple Leaf High School Graduation Diplomas endorsed by Cognia.

During the year ended 31 August 2024, ECCTIS has completed a thorough review of the Grade 10-12 MLWSP in terms of entry requirements, duration, structure, content, modes of learning, student assessment, learning outcomes, and graduation (diploma) standards. ECCTIS compared the MLWSP to Grade 10-12 programs and diploma standards in the UK, Canada (British Columbia), and the United States (New York).

The overall conclusion of ECCTIS' independent review and benchmarking of MLWSP and diploma reads as follows:

"Overall conclusion: ECCTIS' independent review has found the MLWSP High School Diploma, awarded by Maple Leaf Educational Systems (MLES), comparable to:

- *Overall GCE A Level standard in the UK system, when five Grade 12 MLWSP subjects have been passed (in addition to the Personal and Global Leadership and Creative Thinking and Problem-Solving courses)*
- *British Columbia Certificate of Graduation standard*
- *US High School Graduation Diploma standard*

Holders of the MLWSP Grade 12 diploma may be considered to meet the general entry requirements of undergraduate admission in the UK, Canada, and US."

ECCTIS is the UK National Information Centre for global qualifications and skills. It offers official UK national agency services on behalf of the UK government in global qualifications. While UK-based, ECCTIS provides independent evaluation and benchmarking services to education providers, governmental agencies, and professional bodies across the globe.

Therefore, the World School Program has become globally certified course after A-Level and IB programs and has filled the gap in China's international education program.

After the completion of the benchmarking of the MLWSP, our Group set up an authorisation office to develop external schools authorised to offer MLWSP. At the end of the 2023/2024 school year, we have successfully entered into an authorisation agreement with a Turkish school to implement MLWSP at Grade 10 students starting from 2024/2025 school year. Turkey plays an important role in the "Belt and Road" initiatives. Another agreement was also entered into with a private school located in Taizhou, Jiangsu province, China to use our ESL curriculum starting from 1 September 2024.

Since November 2023, King's College London, one of the Golden Triangle universities of the UK, a member of Russell Group University and ranked 40th globally by the QS, marked on its official website that (i) the admission standards for MLWSP are comparable with those for A-level and IB programs; and (ii) the benchmarking of MLWSP with A-Level were specified. The Group also received a confirmation letter from University of Technology Sydney ("**UTS**") which is ranked 90th globally by the QS. UTS stated in the confirmation letter that graduates of MLWSP are eligible to apply for UTS directly with MLWSP graduate certificate and school transcripts.

Overseas Expansion

Overseas expansion is an important part of the Group's long-term growth strategy. The Group believes that a global presence of Maple Leaf branded schools will help the Group's student recruitment in China as Chinese parents recognise that Maple Leaf is able to offer a broader array of educational opportunities for their children. In fact, the demand for bilingual English and Chinese education is growing not only in China but also along the Belt and Road countries, for instance, Southeast Asia, and around the world, such as the North America. Accordingly, the Group believes that with its unique advantages in having both English and Chinese curricula, and both ESL and CSL curricula, it is precisely positioned to meet the demand for quality international K-12 education along the Belt and Road countries, where there is a demand for blending the best of Western and Eastern cultures. The Group will further expand its school network under the brand of CIS and KIS in the Southeast Asian countries.

Conclusion

Pursuant to the Sixth Five-Year Plan, the Group will continue to adopt multiple expansion strategies including, but not limited to, increasing our student enrolment, increasing tuition fee rate, and expanding our established schools to achieve the growth targets in both China and overseas, and strive to become one of the largest international school operators in the world.

OTHER INFORMATION

Full redemption of US$125.0 million 2.25% Convertible Bonds due 2026

On 12 January 2021, the Company entered into a subscription agreement ("**Subscription Agreement**") with UBS AG Hong Kong Branch ("**Manager**"), under which the Manager agreed to subscribe and pay for, or to procure subscribers to subscribe and pay for, convertible bonds ("**Convertible Bonds**") due 2026 in an aggregate principal amount of US$125.0 million. The Manager informed the Company that it intended to offer and sell the Convertible Bonds to no less than six independent placees (who would be independent individual, corporate and/or institutional investors). The closing price of the ordinary shares of par value US$0.0005 each in the share capital of the Company (the "**Shares**") quoted on the Stock Exchange on the date of the Subscription Agreement, i.e. 12 January 2021, was HK$2.020 per Share. The net proceeds from the subscription of the Convertible Bonds, after deduction of underwriting commission and expenses, amounted to approximately US$123.1 million. The issue of the Convertible Bonds can provide the Company with additional funds at lower funding cost.

Based on the initial conversion price (subject to adjustments) of HK$2.525 per Share and assuming full conversion of the Convertible Bonds, the Convertible Bonds would be convertible into approximately 383,881,188 new Shares (subject to adjustments) which would have an aggregate nominal value of approximately US$191,940.59. The net price of each new Share, based on the net proceeds of US$123.1 million and assuming the full conversion of the Convertible Bonds at the initial conversion price, was approximately HK$2.487.

The new Shares (if any) are to be issued under the general mandate granted to the Directors pursuant to an ordinary resolution of the Shareholders passed on 22 January 2020 to allot, issue and deal with, among other securities, up to 599,064,184 Shares. The issue of the Convertible Bonds is not subject to the specific approval of the Shareholders.

The Convertible Bonds bear interest on their outstanding principal amount from and including 27 January 2021 at the rate of 2.25% per annum, payable semi-annually in arrears on 27 January and 27 July in each year until 27 January 2026, being the maturity date. Subject to the conditions as stipulated in the Subscription Agreement, each Convertible Bond shall entitle the bondholder to convert such Convertible Bond into new Shares credited as fully paid at any time on or after 9 March 2021 up to the close of business on the seventh day prior to the maturity date (i.e. 27 January 2026) (both days inclusive) (unless previously redeemed, converted or purchased or cancelled). On 27 January 2021, with the fulfilment of all conditions required for the Convertible Bonds under the Subscription Agreement, the Company issued the Convertible Bonds with an aggregate principal amount of US$125.0 million for the repayment of existing borrowings, acquisitions and general corporate purposes. Permission for the listing of, and dealing in, the Convertible Bonds and the new Shares upon conversion of the Convertible Bonds on the Stock Exchange became effective on 28 January 2021.

As at 31 August 2021, all the proceeds had been applied for the repayment of the then borrowings as to approximately US$119.0 million, and general corporate purposes as to approximately US$4.1 million. The net proceeds from the issuance of the Convertible Bonds were used according to the intentions previously disclosed by the Company.

As disclosed in the announcement of the Company dated 12 September 2023, on 11 September 2023, the requisite majority of bondholders duly passed the extraordinary resolution as set out in the Notice of Meeting the Proposed Waivers and Amendments in relation to the Convertible Bonds.

All the outstanding Convertible Bonds were fully redeemed by the Company on 9 February 2024 in accordance with the terms and conditions of such Second Amended and Restated Trust Deed. All interest accrued but unpaid to (but excluding) such date has also been paid in full. The listing of the Convertible Bonds on the Stock Exchange was withdrawn upon the close of business on 26 February 2024.

As such, as at 31 August 2024 and as of the date of this report, no Convertible Bonds remained outstanding.

Please refer to the announcements of the Company dated 13 January 2021, 27 January 2021, 28 January 2021, 17 January 2022, 1 June 2022, 1 August 2022, 16 August 2022, 1 September 2022, 16 September 2022, 5 October 2022, 27 October 2022, 20 January 2023, 3 February 2023, 18 August 2023 and 12 September 2023 and 19 February 2024 and the offering circular of the Company dated 22 January 2021 for further details.

ADOPTION OF NEW MEMORANDUM AND ARTICLES OF ASSOCIATION

In order to be in line with the latest legal and regulatory requirements of the Listing Rules in respect of the expanded paperless listing regime and the mandatory electronic dissemination of corporation communications by the listed issuers which took effect on 31 December 2023, the Board has put forward to the Shareholders a special resolution to adopt a new memorandum and articles of association of the Company ("**New M&A**") in substitution for, and to the exclusion of, the then constitution of the Company ("**Existing M&A**"). On 28 August 2024, a special resolution for adopting the New M&A in substitution for and to the exclusion of the Existing M&A was passed by the Shareholders at the extraordinary general meeting ("**EGM**"). For details of the New M&A, please refer to the announcements of the Company dated 15 July 2024, 28 August 2024 and the circular of the Company dated 5 August 2024.

FINANCIAL REVIEW

Overview

The revenue of the Group was RMB1,228.5 million and RMB1,151.2 million for the financial years ended 31 August 2024 and 31 August 2023 respectively. The profit for the financial years ended 31 August 2024 and 31 August 2023 was RMB15.5 million and RMB5.1 million respectively.

Revenue

The Group derives revenue from tuition fees and boarding fees from the Group's high schools, middle schools, elementary schools, preschools and foreign national schools, summer and winter camps, sales of educational books, sales of goods and educational materials, catering services income, extracurricular activities and others.

The total revenue of the Group increased by RMB77.3 million, or 6.7%, from RMB1,151.2 million for the financial year ended 31 August 2023 to RMB1,228.5 million for the financial year ended 31 August 2024. The increase in revenue was primary due to the increase in tuition fee income which has remained as the principal source of revenue of the Group, in particular the increase in the revenue contribution from the operations overseas as a result of (i) the increase in tuition fee rate of CIS and (ii) appreciation of Singapore dollars against RMB. Amongst the revenue of the Group for the financial year ended 31 August 2024, RMB472.3 million (approximately 38.4%) was contributed by the operations in the PRC, and RMB756.2 million (approximately 61.6%) was contributed by the operations overseas.

Cost of Revenue

The Group's cost of revenue primarily consists of (i) staff costs; (ii) depreciation and amortisation; and (iii) other costs. Cost of revenue decreased by RMB12.4 million, or 1.9%, from RMB647.9 million for the financial year ended 31 August 2023 to RMB635.5 million for the financial year ended 31 August 2024. The decrease in cost of revenue was largely due to (i) the decrease in amortisation of certain intangible assets arising from acquisitions, which were fully amortised during the year and (ii) good cost control.

Gross Profit and Gross Profit Margin

Gross profit increased by RMB89.7 million, or 17.8% from RMB503.3 million for the financial year ended 31 August 2023 to RMB593.0 million for the financial year ended 31 August 2024. Gross profit margin increased from 43.7% for the financial year ended 31 August 2023 to 48.3% for the financial year ended 31 August 2024, primarily due to the higher gross profit as a result of an increase in revenue and decrease in cost of revenue due to the factors stated in the paragraph above.

Investment and Other Income

Investment and other income consist mainly of (i) interest income from our bank deposits, (ii) rental income from investment properties, and (iii) government grants. Investment and other income increased by 15.5% from RMB22.6 million for the financial year ended 31 August 2023 to RMB26.1 million for the financial year ended 31 August 2024. Bank interest income increased by 26.3% from RMB7.6 million for the financial year ended 31 August 2023 to RMB9.6 million for the financial year ended 31 August 2024. Rental income increased from RMB2.6 million for the financial year ended 31 August 2023 to RMB10.4 million for the financial year ended 31 August 2024 due to lease of additional properties. Government grant decreased from RMB9.5 million for the financial year ended 31 August 2023 to RMB3.8 million for the year ended 31 August 2024.

Other Gains and Losses

Other gains and losses consist primarily of (i) net foreign exchange gain; (ii) loss arising from fair value changes of Convertible Bonds, (iii) reversal of other payables, (iv) gain on disposal of property, plant and equipment, and (v) change in fair value of financial assets measured at fair value through profit or loss. Other gains and losses changed from a gain of RMB65.6 million for the financial year ended 31 August 2023 to a loss of RMB4.0 million for the financial year ended 31 August 2024. Such a change was mainly attributable to (i) the decrease in net foreign exchange gain from RMB105.4 million for the financial year ended 31 August 2023 to RMB14.6 million for the financial year ended 31 August 2024 and (ii) the decrease in loss arising from fair value changes of Convertible Bonds from RMB55.8 million for the financial year ended 31 August 2023 to RMB28.2 million for the financial year ended 31 August 2024.

Marketing Expenses

Marketing expenses consist mainly of (i) commercials and expenses for producing, printing and distributing advertising and promotional materials; and (ii) salaries and benefits for personnel engaged in selling and marketing activities. Marketing expenses increased by 61.3% from RMB14.2 million for the financial year ended 31 August 2023 to RMB22.9 million for the year ended 31 August 2024. Marketing expenses as a percentage of revenue increased from 1.2% for the financial year ended 31 August 2023 to 1.9% for the financial year ended 31 August 2024, primarily due to CIS incurring more marketing, advertising and promotional expenses for the financial year ended 31 August 2024 due to the resumption of the economic activities in the post-pandemic of COVID-19.

Administrative Expenses

Administrative expenses consist primarily of (i) salaries and other benefits for general and administrative staff; (ii) depreciation of property, plant and equipment and right-of-use assets; (iii) amortisation of other intangible assets; (iv) employee share-based payments; and (v) certain professional expenses. Administrative expenses decreased by 4.7% from RMB303.1 million for the financial year ended 31 August 2023 to RMB289.0 million for the financial year ended 31 August 2024, mainly due to the decrease in professional fee after the resumption of trading of Shares of the Company.

Finance Costs

Finance costs mainly represented (i) interest expenses for secured bank borrowings and other borrowings, and (ii) interest expenses for the Convertible Bonds. Finance costs decreased from RMB220.7 million for the financial year ended 31 August 2023 to RMB213.1 million for the financial year ended 31 August 2024 primarily due to the net effect of the decrease in interest expenses for secured bank borrowings and other borrowings and the increase in interest expense for Convertible Bonds for the year ended 31 August 2024.

Profit before Taxation

The Group recorded a profit before taxation of RMB80.6 million for the financial year ended 31 August 2024, compared to profit before taxation of RMB52.5 million for the financial year ended 31 August 2023. Profit before taxation as a percentage of revenue of the Group was 6.6% for the financial year ended 31 August 2024 and profit before taxation as a percentage of revenue of the Group was 4.6% for the financial year ended 31 August 2023. The increase in profit before taxation for the current year is mainly attributable to the increase in gross profit of the Group.

Taxation

Income tax expense of the Group increased from RMB47.3 million for the year ended 31 August 2023 to RMB65.1 million for the year ended 31 August 2024, mainly because overseas enterprise income tax increased from RMB32.2 million for the financial year ended 31 August 2023 to RMB46.7 million for the year ended 31 August 2024.

Profit for the Year

As a result of the above factors, the Group recorded a profit of RMB15.5 million and a profit of RMB5.1 million for the financial years ended 31 August 2024 and 31 August 2023 respectively.

Capital Expenditures

For the year ended 31 August 2024, the Group incurred RMB7.3 million primarily related to the campus expansion of CIS. For the year ended 31 August 2023, the Group incurred RMB106.5 million primarily related to the construction of Shenzhen headquarters and campus expansion of CIS.

Liquidity, Financial Resources and Capital Structure

As at 31 August 2024, the Group's bank balances and cash amounted to RMB564.8 million, which were mainly denominated in RMB, United States dollars ("**USD**"), Singapore dollars ("**SGD**") and Malaysian ringgit ("**MYR**"). Bank balances and cash was RMB528.0 million as at 31 August 2023. Net cash used in financing activities amounted to RMB285.3 million, which were primarily due to the repayment of certain bank borrowings and full redemption of the Convertible Bonds by the Group during the year ended 31 August 2024.

As at 31 August 2024, the Group's secured bank borrowings amounted to RMB1,602.4 million were mainly denominated in SGD and MYR with variable interest rates with reference to Singapore Interbank Offered Rate and with variable profit rate with reference to Malaysian bank's cost of fund. Of the Group's total borrowings as at 31 August 2024, RMB28.6 million or 1.8% (31 August 2023: RMB1,084.3 million or 94.8%) will mature within one year or on demand and the remaining will mature after one year. These bank borrowings were secured by certain properties and shares of certain offshore entities of the Group and carried certain financial covenants.

As at 31 August 2024, the Convertible Bonds had been fully redeemed and no Convertible Bonds remained outstanding (31 August 2023: USD75 million, equivalent to RMB515.9 million). The Company had applied to the Stock Exchange for the withdrawal of the listing of the Convertible Bonds. Such withdrawals of listing came into effect upon the close of business on 26 February 2024.

The Group expects that its future capital expenditures will primarily be financed by bank borrowings and its internal resources. The purpose of the Company's treasury policy is to manage liquidity risk and the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

Gearing Ratio

The gearing ratio of the Group was calculated as total borrowings including secured bank and other borrowings and any outstanding balance of the Convertible Bonds divided by total equity as at the end of the relevant financial year. Gearing ratio decreased from 1.11 for the year ended 31 August 2023 to 1.03 for the year ended 31 August 2024 primarily due to the decrease in total borrowings as a results of full redemption of the Convertible Bonds and increase in total equity.

Foreign Exchange Exposure

The functional currency of the Company is RMB. Certain expenditures and liabilities of the Group are denominated in foreign currencies such as HKD, USD, Canadian dollars ("**CAD**"), MYR and SGD. As at 31 August 2024, certain bank balances and cash and liabilities were denominated in HKD, USD, CAD, MYR and SGD. The Group did not enter into any financial arrangement for hedging purposes as it is expected that its foreign exchange exposure will not be significant. However, the management of the Company monitors foreign exchange exposure of the Group and will consider to hedge significant foreign currency exposure when the need arises.

Contingent liabilities

As at 31 August 2024, the Group had no contingent liabilities.

Pledge of Assets and Charges on Group Assets

As at 31 August 2024, the Group pledged debt service reserve account, certain properties and shares of the offshore entities of the Group to certain licenced banks for certain banking facilities. As at 31 August 2024, a bank borrowing of the Group was secured by, among others, certain fixed and floating charge and joint control and monitoring rights over cash accounts of certain subsidiaries of the Group and fixed and floating charge over all assets of certain subsidiaries of the Group.

Future Plans for Material Investments and Capital Assets and Expected Sources of Fundings

As at 31 August 2024, the Group did not have any plans for material investments and capital assets. Please refer to the section headed "Management Discussion and Analysis – Liquidity, Financial Resources and Capital Structure" for details of the Group's expected sources of funding.

Material Acquisition and Disposal

The Group had no other material acquisition and disposal during the year ended 31 August 2024.

Significant Investment Held

As at 31 August 2024, no significant investment was held by the Group.

Employee Benefits

As at 31 August 2024, the Group had 1,917 (as at 31 August 2023: 1,832) full-time employees. The Group provides external and internal training programs to its employees. The Group participates in various employee benefit plans, including provident fund, housing pension, medical, basic pension and unemployment benefit plans, occupational injury and maternity leave insurance. The Company also has a post-IPO share option scheme set up for its employees and other eligible persons. Salaries and other benefits of the Group's employees are generally reviewed on a regular basis in accordance with individual qualifications and performance, results and performance of the Group and relevant market conditions. Total employees' remuneration (including directors' remuneration) for the year ended 31 August 2024 amounted to RMB501.6 million (for the year ended 31 August 2023: RMB483.7 million). Mr. Shu Liang Sherman Jen, an executive Director and the chairman of the Board, voluntarily reduced his annual remuneration by HKD1 million for the period covering 1 January 2023 to 31 December 2023 to tide the Company over amidst the challenges.

Pension Plan

To ensure the smooth implementation of the Sixth Five-Year Plan, the Group has devised incentive plans aiming at encouraging employees to provide their services to the Group on a long-term basis, and to share the fruits of the Group's development.

The Group had a pension plan for foreign teachers who worked in the Group's schools operated in China. Under the pension plan, every month a sum amounting to 3.0% of the eligible employee's monthly salary had been paid by each foreign employee and by the Group respectively, as contribution to the employee's pension. The Group had entrusted a professional trustee to manage the funds under the pension plan. The leaving employees would receive part or all of the funds paid by the Group according to the number of years of service in the Group. As at 31 August 2024, in response to challenges arising from the market, the Group terminated the pension plan for foreign teachers to reserve more funds for Group's future development.

DIRECTORS AND SENIOR MANAGEMENT

OUR BOARD OF DIRECTORS

Name	Age	Position/Title	Date of Appointment
Mr. Shu Liang Sherman Jen	70	Executive Director, Chairman of the Board, CEO and President of China Operations	June 2007
Ms. Jingxia Zhang *(resigned with effect from 1 March 2024)*	67	Executive Director and Co-CFO	March 2008
Mr. James William Beeke	74	Executive Director and Superintendent of Global Education (other than the PRC)	April 2014 (2)
Mr. King Pak Lau *(re-designated from an independent non-executive Director to an executive Director, and appointed as a Co-CFO with effect from 1 March 2024)*	52	Executive Director and Co-CFO	February 2023
Mr. Peter Humphrey Owen	77	Independent Non-executive Director	June 2014 (1)
Dr. Kem Hussain	54	Non-executive Director	December 2022
Ms. Wai Fong Wong	64	Independent Non-executive Director	December 2022
Mr. Ming Sang Chow *(appointed with effect from 1 March 2024)*	51	Independent Non-executive Director	February 2024

Notes:

(1) Effective from the listing of the Company's shares on the Stock Exchange on 28 November 2014.

(2) Mr. James William Beeke worked for the Group from 2005 to 2009 and again from 2014 up to now, he was appointed as Director from 12 March 2008 to 20 January 2010 and reappointed on 25 April 2014.

Executive Directors

Shu Liang Sherman Jen ("**Mr. Jen**"), aged 70, is our controlling Shareholder (the "**Controlling Shareholder**") and founder. Mr. Jen was appointed as a Director in June 2007 and was re-designated as an Executive Director and was appointed as chairman of the nomination and corporate governance committee of our Company, both taking effect on 28 November 2014, and is primarily responsible for the overall business and strategy of our Group, including the introduction of the dual diploma school model. His contributions lead us to become one of the leading international school service providers in China. He has been the chairman of the Board, CEO of our Company since 2007, and co-chief executive officer ("**Co-CEO**") since March 2014. Mr. Jen was re-designated as CEO on 15 August 2016 following the resignation of the other Co-CEO and was appointed as the president of China operations on 1 September 2016.

Mr. Jen is also the president of Dalian Maple Leaf International School, a subsidiary of the Company, since 1995, the chairman of Dalian Maple Leaf Educational Group Co., Ltd., a consolidated affiliated entity, since 2003, and the director of Maple Leaf Educational Systems Limited, a subsidiary of the Company, since 1992, Tech Global Investment Limited, a subsidiary of the Company, since 2007, Maple Leaf Education Asia Pacific Limited (formerly known as Hong Kong Maple Leaf Educational Systems Limited), a subsidiary of the Company, since 2009, Dalian Beipeng Educational Software Development Inc., a subsidiary of the Company, since 2011, Maple Leaf CIS Holdings Pte. Limited, a subsidiary of the Company, since March 2020. Mr. Jen was appointed as the executive director and the chairman of the Board of Directors of Kingsley Edugroup Limited ("**Kingsley**"), a subsidiary of the Company formerly listed on GEM of the Stock Exchange (former stock code: 8105) on 19 March 2020 and as a director of Kingsley International Sdn. Bhd., an indirect subsidiary of the Company on 30 April 2020. Mr. Jen remained as an executive director and chairman of Kingsley after it was delisted on 24 July 2020 until it was dissolved on 31 March 2021. Mr. Jen was also appointed as a director of Star Readers Pte. Ltd., an indirect subsidiary of the Company and Canadian International School Pte. Ltd., an indirect subsidiary of the Company, both on 26 August 2020. Mr. Jen is a director of Sherman International Investment Limited ("**Sherman Int'l**") and Sherman Investment Holdings Limited ("**Sherman Investment**"), both of which have an interest in the shares and underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance.

Mr. Jen has more than 29 years of experience in the education industry. In 2004, he was selected as one of the most influential figures in the private education industry in China by sohu.com.

In 2005, he received the Outstanding Chinese Entrepreneur Award from the Overseas Chinese Affairs Office of the State Council of the PRC. In 2011, he was honored as one of the "Top Ten Figures of our Time" by a group of media organizations and industry associations.

In 2013, he received the Governor General's Medallion from Mr. David Johnston, Governor General of Canada, for his contributions to international education.

In October 2014, he received the Chinese Government Friendship Award from the PRC Premier Mr. Keqiang Li and two Vice Premiers, which is the highest honor awarded by the Chinese government to foreign experts for their outstanding contributions to the modernized development of the PRC.

In 2019, he was recognised as one of the "Top 10 Most Influential Education leaders in China" by Knowledge Review, a United Kingdom leading education magazine, and was honorably featured on the cover of the August 2019 edition.

Mr. Jen received his Bachelor of Arts degree in English Language and Arts from Beijing Foreign Languages University, the PRC in May 1978, his Master of Business Administration by distance learning from the University of Wales, New Port, the United Kingdom in September 2005 and an Honorary Doctor of Laws degree (Hon. LL.D.) from Royal Roads University in British Columbia, Canada in June 2013. Mr. Jen is a resident of Hong Kong. Mr. Jen is not a resident of Canada for Canadian taxation purposes.

Jingxia Zhang ("**Ms. Zhang**"), aged 67, was appointed as a Director in March 2008 and was re-designated as an Executive Director and a Co-CFO, both taking effect on 28 November 2014. Ms. Zhang was re-designated from Co-CFO to chief financial officer of our Company on 16 June 2015. She was subsequently re-designated from chief financial officer to Co-CFO on 1 December 2022. Ms. Zhang joined the Group in April 1995 and was primarily responsible for the overall management and financial operations of the schools in our Group. Ms. Zhang was one of the key members of the management team of the Company and had made important contributions to the Group. With effect from 1 March 2024, Ms. Zhang resigned as an executive Director and Co-CFO. Ms. Zhang now serves the Company as a consultant to the Board.

Ms. Zhang was a director of Canadian International School Pte. Ltd., Star Readers Pte. Ltd. and Canadian School of Advanced Learning Pte. Ltd. from 1 September 2021 to 28 February 2024. Prior to joining our Group, Ms. Zhang was the director of finance of Jilin Province Dunhua City Pharmaceutical Factory, a Chinese pharmaceutical manufacturer, where Ms. Zhang was responsible for managing its accounts and financial operations. Ms. Zhang has not held any directorship roles in any other listed companies in the last three years.

Ms. Zhang received her Financial Accounting diploma by distance learning from Jilin Accounting School, the PRC in July 1991.

James William Beeke ("**Mr. Beeke**"), aged 74, is our Executive Director and superintendent of global education (other than the PRC) of the Group. He was appointed as a Director in April 2014 and was re-designated as an Executive Director taking effect on 28 November 2014. Mr. Beeke has been appointed as a member of our remuneration committee with effect from 26 August 2020. Mr. Beeke was also appointed as a director of Canadian International School Pte. Ltd., an indirect subsidiary of the Company, on 26 August 2020. Mr. Beeke previously served as the vice chairman of the Board and the superintendent of the British Columbia Program ("**BC Program**") of the Group from 2005 to 2009 and again from 2014 to 2016. Mr. Beeke was appointed as the superintendent of global education (other than the PRC) of the Group and ceased to be the superintendent of the BC Program of the Group with effect from 15 August 2016. Mr. Beeke is primarily responsible for overseeing the development of the Group's educational programs outside of the PRC.

Prior to joining our Group, Mr. Beeke was employed by the British Columbia ("**BC**") provincial government as deputy inspector, and later, inspector for the Ministry of Education of the BC provincial government from 1996 to 1998 and from 1998 to 2005, respectively. As inspector, he was responsible for the inspection, certification and funding of all independent schools in the province, and developed and directed BC's Offshore School Certification Program. Since September 2009, he has been president of Signum International Educational Services Inc., a company which provides educational consultant services to schools in Canada and internationally, where he was responsible for assisting schools with board governance and strategic development planning, performing school reviews, conducting principal evaluations and providing analysis and comparisons of provincial curricula. Mr. Beeke has not held any directorship roles in any other listed companies in the last three years.

Mr. Beeke received his Bachelor of Arts degree and Master of Arts degree from Western Michigan University in Michigan, United States, in December 1971 and August 1973, respectively. He received the Certificate of Qualification from the British Columbia Teachers in June 1991, Certificate of Recognition from the British Columbia Minister of Education in 1991, Certificates of Recognition from the Chinese Consulate (Vancouver, Canada) and from British Columbia Ministry of Education in June 2005 and Certificate of Honorary Award from Liaoning Provincial Government of the PRC in 2006.

King Pak Lau ("**Mr. Lau**"), aged 52, was appointed as an Independent Non-executive Director and the chairman of each of the audit committee and the IBC with effect from 28 February 2023. Mr. Lau is primarily responsible for supervising and providing independent judgment to the Board. Following Ms. Zhang's resignation with effect from 1 March 2024, Mr. Lau was re-designated from an independent non-executive Director to an executive Director. Under the re-designation which took effect on 1 March 2024, Mr. Lau (i) ceased to be the chairman of each of the audit committee and the IBC established for, among other matters, conducting the Independent Investigation (as defined in the announcement of the Company dated 23 May 2022); and (ii) was appointed as the Co-CFO.

Mr. Lau has more than 26 years' experience in the accounting and auditing industry. Mr. Lau obtained a bachelor degree of Business Administration in Accounting from the Hong Kong University of Science and Technology in 1995.

Mr. Lau worked at KPMG from August 1995 to January 1997, with his last position as accountant. Mr. Lau worked in Beijing office of Ernst & Young from September 2000 to April 2011, with his last position as a partner. Mr. Lau joined Deloitte and was a partner from April 2011 to January 2021. He was a managing director of MC CPA Ltd, a certified public accountant firm in Hong Kong from January 2022 to November 2022.

Mr. Lau is a practicing member of the Hong Kong Institute of Certified Public Accountants and holds a Certified Public Accountant (Practising) certificate issued by Accounting and Financial Reporting Council.

Mr. Lau previously served as a non-executive director, member of the audit committee, the nomination committee and the remuneration committee of DreamEast Group Limited (Stock Code: 593), the shares of which are listed on the Stock Exchange, from 17 June 2022 to 28 June 2023.

Non-Executive Director

Kem Hussain ("**Dr. Hussain**"), aged 54, was appointed as a Non-executive Director with effect from 1 January 2023. Dr. Hussain is responsible for supervising the overall management and strategic planning of the Group.

Dr. Hussain has around 21 years of experience in education and management of educational institutions. From 2002 to 2003, Dr. Hussain worked at the Florida International University as an adjunct professor and a lecturer. From 2005 to 2019, Dr. Hussain worked at the Universal Academy of Florida, with the last position as the president and superintendent. From 2008 to 2022, Dr. Hussain worked at the Nova Southeastern University as an adjunct professor. Dr. Hussain was also the superintendent at Garden of the Sahaba Academy from 2009 to 2020 and at Salah Tawfik Elementary & Middle School from 2008 to 2020. Dr. Hussain has been the director and vice president of Cognia, Inc. (formerly known as AdvancED) since 2008. Dr. Hussain is also currently the president and chief executive officer of Rise University Systems, a registered postsecondary institution in San Jose, California.

Dr. Hussain obtained a Bachelor's Degree from the Faculty of Arabic Language of the Islamic University of Medina in 1993 and a Master of Arts from The University of Manchester in 1995. Dr. Hussain also obtained a Doctor of Education from the Nova Southeastern University in 2004, after which he completed his postdoctoral studies at the Independent Schools Institute of the Harvard Graduate School of Education in 2008.

Independent Non-executive Directors

Peter Humphrey Owen ("**Mr. Owen**"), aged 77, was appointed as an Independent Non-executive Director in June 2014, and was appointed as a chairman of our remuneration committee and a member of our audit committee and nomination and corporate governance committee, all taking effect on 28 November 2014. With effect from 22 May 2022, Mr. Owen was appointed as a member of the IBC established for, among other matters, conducting the Independent Investigation (as defined in the announcement of the Company dated 23 May 2022). Mr. Owen is primarily responsible for supervising and providing independent judgment to our Board.

Prior to joining the Group, Mr. Owen served as the vice chair of the Workers Compensation Review Board of BC in 1986. He subsequently held various positions at the Ministry of Education of the BC provincial government until May 2011, including the positions of director, executive director, and assistant deputy minister, responsible for education related legislation, governance, international education, policy and planning, and a variety of program areas. Mr. Owen has not held any directorship roles in any other listed companies in the last three years.

Mr. Owen received a Bachelor of Arts degree from Simon Fraser University, Canada in May 1976 and a Bachelor of Laws degree (LLB) from the University of British Columbia, Canada in May 1979.

Wai Fong Wong ("**Ms. Wong**"), aged 64, was appointed as an Independent Non-executive Director with effect from 1 January 2023. Ms. Wong is primarily responsible for supervising and providing independent judgment to the Board. Ms. Wong was appointed as a member of each of the audit committee, the remuneration committee, the nomination and corporate governance committee and the IBC with effect from 31 August 2023.

Ms. Wong has 42 years of global financial experience covering central banks, multinational corporations, listed companies and family offices. Ms. Wong joined The Hongkong and Shanghai Banking Corporation Limited ("**HSBC**") as a Foreign Exchange Dealer Trainee in September 1982, becoming the first woman foreign exchange bank dealer in Hong Kong and was subsequently seconded to HSBC London in 1983. After the secondment, her last position with the HSBC group was Senior Dealer – Treasury Products (Foreign Exchange & Treasury Department) in April 1990. Since then, she has worked and held different senior management positions with various global banks, which included the Hongkong Bank of Canada (now known as HSBC Bank Canada) ("**HSBC Canada**"), the National Westminster Bank PLC's Hong Kong office, the Hong Kong office of Westdeutsche Landesbank Girozentrale (WestLBAG) Bank, a German state-backed merchant bank, and Standard Chartered Bank (Hong Kong) Limited. In 2007, Ms. Wong joined Goldman Sachs (Asia) L.L.C. in Hong Kong as an executive director of the Institutional Wealth Management of the Investment Management Division. She subsequently acted as an executive director at the Investment Banking Division of Goldman Sachs (Asia) L.L.C. in Hong Kong from 2011 to 2016. Ms. Wong has been a co-founder and managing partner of Alpha Grand Consulting Group Ltd and Alpha Grand Real Estate Ltd, global financial consultancy firms headquartered in Hong Kong with representatives in Italy and Canada covering the European and North American markets since January 2017. She is responsible for managing proprietary real estate investment portfolios in the UK and Canada.

Ms. Wong obtained a Bachelor of Social Sciences from the University of Hong Kong in 1982. She obtained a Master of Business Administration from the Chinese University of Hong Kong and a Master of Laws in Corporate and Financial Law from the University of Hong Kong in 1989 and 2020 respectively. Ms. Wong obtained the Diploma in Management Consulting and Change from The University of Hong Kong and The Poon Kam Kai Institute of Management in 1999. She completed the Harvard Negotiation Master Class from Harvard Law School with a Certificate in 2021.

Ming Sang Chow ("**Mr. Chow**"), aged 51, was appointed as an Independent Non-executive Director and chairman of the audit committee with effect from 1 March 2024. Mr. Chow is primarily responsible for supervising and providing independent judgment to the Board.

Mr. Chow obtained his bachelor degree of Business Administration in Accounting from The Hong Kong University of Science and Technology in 1995. Mr. Chow is a fellow member of the Hong Kong Institute of Certified Public Accountants, a fellow member of the Association of Chartered Certified Accountants and a Certified Internal Auditors.

Mr. Chow has over 27 years working experience in various industries in auditing, corporate governance and risk management advisory. He worked at Ernst & Young (China) Advisory Limited from January 2007 to September 2018 and he was the advisory partner of Ernst & Young (China) Advisory Limited since 2007 and was responsible for managing the Risk Advisory sub-service line's strategic growth and development in various regions of Mainland China since 2011.

From 2014 to 2016, Mr. Chow became the Committee member of The Internal Controls General Standards Committee* of The Ministry of Finance of the People's Republic of China (中華人民共和國財政部企業內部控制標準委員會委員), the only Hong Kong resident and Big Four partner being appointed as a committee member.

Mr. Chow was the general manager of the Risk and Control Department of 泰禾集團 (Tahoe Group*) (the shares of which are listed on the Shenzhen Stock Exchange with stock code 000732) from September 2018 to June 2019, overseeing the company's risk management and corporate governance of all business sectors like residential, commercial, hotel, education, insurance, medical, estate management and ageing care. Since December 2023, Mr. Chow has been an independent director of 牧原食品股份有限公司(Muyuan Foods Co., Ltd.*, the shares of which are listed on the Shenzhen Stock Exchange with stock code 002714). Mr. Chow is currently the managing director of 北京信實安業管理諮詢有限公司 (Beijing Xinshi Anye Management Consulting Co., Ltd*) where he provides capital market related advisory services to companies mostly in Mainland China.

Mr. Chow has been an independent non-executive director in a number of Hong Kong listed companies, namely Teamway International Group Holdings Limited (Stock code: 1239) since 21 June 2019, China Modern Dairy Holdings Ltd. (Stock code: 1117) since 1 July 2021, Redco Healthy Living Company Limited (Stock code: 2370) since 14 March 2022, China Rundong Auto Group Limited (previous stock code: 1365, the shares of which were delisted with effect from 31 October 2022) from 18 December 2020 to 31 August 2022, and QuantumPharm Inc. (Stock code: 2228) since 12 June 2024, the shares of these companies are/were listed on the main board of the Stock Exchange.

* *For identification purpose only*

OUR SENIOR MANAGEMENT

Name	Age	Position
Mr. Shu Liang Sherman Jen	70	CEO and President of China Operations
Ms. Jingxia Zhang *(resigned with effect from 1 March 2024)*	67	Co-CFO
Mr. King Pak Lau *(re-designated from an independent non-executive Director to an executive Director, and appointed as a Co-CFO with effect from 1 March 2024)*	52	Co-CFO
Mr. James William Beeke	74	Superintendent of Global Education (other than the PRC)
Mr. Patrick Thalheimer	64	Superintendent (the PRC)

The biography of each member of the senior management team (other than our Executive Directors) is set out below:

Patrick Thalheimer ("**Dr. Thalheimer**"), aged 64, was appointed as superintendent of the BC program in China and Maple Leaf World School Program on 15 August 2023, overseeing the educational program for the Group's schools in the PRC. He joined the Group on 15 August 2021 as principal of Wuhan Maple Leaf International School, and then assumed the role of assistant superintendent on April 1, 2022.

Dr. Thalheimer has 32 years of experience in public education in Canada, with 28 years in administrative roles in schools. He has also worked overseas as a principal in Guangzhou, China and Bahrain for 3 years. He has given presentations at both national and international conferences in Canada and China.

Dr. Thalheimer earned a Bachelor of Education degree from the University of Calgary in 1984, a Master of Education degree in Curriculum and Administration from Gonzaga University in 1991, and an education Doctorate from the University of Calgary in 2015.

COMPANY SECRETARY

Shu Ling Jen ("**Ms. Jen**"), has been appointed as the company secretary and authorised representative of the Company for the purpose of Rule 3.05 of the Listing Rules since 28 April 2021. Ms. Jen joined the Group in February 2010 and is currently the assistant to Co-CFO. Ms. Jen is a Chartered Secretary, a Chartered Governance Professional and an Associate of both The Hong Kong Chartered Governance Institute (formerly known as "The Hong Kong Institute of Chartered Secretaries") and The Chartered Governance Institute (formerly known as "The Institute of Chartered Secretaries and Administrators") in the United Kingdom.

Ms. Jen holds a degree of Master of Corporate Governance and a degree of Bachelor of Science with Honours in Accounting.

REPORT OF THE DIRECTORS

The Board of China Maple Leaf Educational Systems Limited present their report together with the audited consolidated financial statements of the Group for the year ended 31 August 2024.

GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 5 June 2007 as an exempted company with limited liability. The principal place of business of the Company in Hong Kong is located at Room 2402, 24/F., Admiralty Centre Tower Two, 18 Harcourt Road, Admiralty, Hong Kong.

The Company's shares ("**Shares**") were listed (the "**Listing**") on the Main Board of the Stock Exchange on 28 November 2014 ("**Listing Date**").

PRINCIPAL ACTIVITIES AND SUBSIDIARIES

The Group is a leading international school operator in the PRC under the "Maple Leaf" brand and in the Southeast Asia under the brand of CIS and KIS. We officially launched the World School Program, China's first internationally accredited curriculum with self-developed intellectual property, at the commencement of 2020/2021 school year. The World School Program has become a globally certified course after A-Level and IB programs and has filled the gap in China's international education program. A list of the Company's principal subsidiaries, together with their date and places of incorporation, operation and principal activities, etc., is set out in note 43 to the financial statements.

RESERVES AND DISTRIBUTABLE RESERVES

As at 31 August 2024, the reserves available for distribution to the Shareholders were approximately RMB225.8 million. Details of the movements in the reserves of the Group for the year ended 31 August 2024 are set out in the consolidated statement of changes in equity on page 91 of this report.

BUSINESS REVIEW

A fair review of the business of the Group during the year as required by Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), including an analysis of the Group's financial performance, an indication of likely future developments in the Group's business and the Group's key relationships with its stakeholders who have a significant impact on the Group and on which the Group's success depends, is set out in the sections headed "Letter from the Chairman" and "Management Discussion and Analysis" of this report. These discussions form part of this report.

Principal Risks and Uncertainties

Save as disclosed in the section headed "Risks relating to the Contractual Arrangements" under "Contractual Arrangements" in this report, the following list is a summary of certain principal risks and uncertainties facing the Group.

– Our operations and business prospects;

– Our business and operating strategies and our ability to implement such strategies;

– Our ability to develop and manage our operation and business;

– Our business depends on the market recognition of our Maple Leaf brand, CIS brand and KIS brand;

– Our ability to maintain or increase student enrolment in our schools;

– Our ability to maintain or increase tuition fees;

– Our ability to control our operating costs;

– Competition in the education industry where we serve;

– Our business depends on our ability to recruit and retain dedicated and capable teachers and other school personnel;

– Ability to obtain or renew the necessary licenses or government approvals for our business and operations;

– Changes to regulatory and operating conditions in the education industry where we serve, in particular, the regulatory changes under the new law and new policies; and

– The recognition of the World School Program.

Some of the above risks and uncertainties are beyond the Group's control and should any of these occur, the Group's business, financial position and results of operation may be materially adversely affected.

In addition, the Group also faces various market risks. In particular, the Group is exposed to credit, liquidity, interest rate and currency risks that arise in the normal course of the Group's business. In order to meet these challenges, the Group has established the following structures and measures to manage the Group's risks:

- the Board is responsible for and has general powers over the management and operation of our schools, and is in charge of the overall risk control of the Group. Any significant business decision involving material risks, such as decisions to expand into new geographic regions or to raise tuition fees, is reviewed, analysed and approved at the board level to ensure a thorough examination of the associated risks at the Group's highest corporate governance body;

- the Group maintains insurance coverage which we believe is in line with the customary practice in the PRC education industry. The Group also adopts health and safety measures on our campuses to safeguard our students' wellbeing; and

- the Group has made arrangements with banks to ensure that the Group is able to obtain credits to support its business operation and expansion.

However, the above is not an exhaustive list. Investors are advised to make their own judgment or consult their own investment advisors before making any investment in the Shares. As recommended under "Review of Disclosure in Issuer's Annual Reports to Monitor Rule Compliance Report" and "Review of Issuers' Annual Report Disclosure" issued by the Stock Exchange from time to time, the Company discussed specifically how the major risk areas would affect the business operations, the potential financial impact, and whether they had undertaken any measure to manage risk areas.

Environmental Policies and Performance

The Group realises the importance of environmental protection in pursuing long-term sustainability. We have developed various internal energy conservation and emission reduction systems to promote energy saving and emission control in our headquarters and schools including managing the emissions generated from and resources used by the canteens. The Group is committed to improving environmental sustainability and will closely monitor its performance. We always strictly comply with the applicable laws and regulations at where we operate schools, such as the Environmental Protection Law of the People's Republic of China* (中華人民共和國環境保護法). These policies are supported by our staff and were implemented effectively. During the financial year ended 31 August 2024, we have not been subject to any fines or other penalties due to non-compliance with any health, safety or environmental regulations. For details, please refer to our Environmental, Social and Governance ("**ESG**") Report for the year ended 31 August 2024 which will be available on the Company's website under the "Investors" section and the website of the Stock Exchange at the same time as the publication of this annual report.

* *For identification purposes only*

Compliance with Relevant Laws and Regulations

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

Relationships with employees, customers and suppliers

(a) Employees

The Group believes that employees are valuable assets. The Group provides a competitive remuneration package to attract and motivate employees. Please refer to the section headed "Management Discussion and Analysis – Employees Benefits" for further details. The Group regularly reviews the remuneration package of employees and makes necessary adjustments to conform to the market standard. The Group is also passionately committed to developing staff and provides employees with rewarding career paths and a friendly working environment.

(b) Customers

The Group strives to achieve corporate sustainability in providing quality services to our customers. To ensure continuous improvement of the quality of services, the Group regularly reviews its curriculum and teaching materials in order to ensure that the quality of education delivered by the Group meets the standard set by various educational institutions around the world. The Group believes that maintaining a high admission rate to top-ranked universities can help strengthen its market competitiveness in the industry. As at the date of this report, 802 Maple Leaf Class 2024 students received 3,411 letters of acceptance from 177 universities and colleges in 16 countries and regions. Approximately 91.7% of Class 2024 students received letters of acceptance from QS Top 100 universities. Moreover, 22 of them received letters of acceptance from QS Top 10 universities.

(c) Suppliers

The Group understands the importance of working closely with our suppliers to ensure the sustainability of our business. The Group has established long standing relationships with our suppliers to ensure they share our commitment to quality and ethics.

Save for the disclosure in this report, there were no material and significant disputes between the Group and its employees, customers and/or suppliers during the financial year ended 31 August 2024.

FINANCIAL RESULTS

The results of the Group for the year ended 31 August 2024 are set out in the consolidated statement of profit or loss and other comprehensive income on page 88 of this report.

DIVIDENDS

The Board has resolved not to recommend any dividend for the year ended 31 August 2024.

Dividend Policy

On 9 November 2018, the Board adopted a dividend policy which sets out the principles and guidelines of the Group. The Company intends to distribute no less than 40% of its annual adjusted net profits as dividends to its Shareholders. The declaration and payment of dividends shall be determined at the sole and absolute discretion of the Board which shall take into account the Company's financial results, cash flow position, business conditions and strategies, future operations and earnings, capital requirements and expenditure plans, interests of the Shareholders, any restrictions on dividend payment and any other factors considered relevant by the Board. A dividend may be proposed and/or declared by the Board for a financial year or period as interim dividend, final dividend, special dividend and any distribution of net profits deemed appropriate by the Board.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and assets and liabilities of the Group for the five years ended 31 August 2024 is set out in the section headed "Five-Year Financial Summary" on pages 8-11 of this report.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment during the year are set out in note 16 to the financial statements.

INVESTMENT PROPERTIES

Details of investment properties as at 31 August 2024 are set out in note 19 to the financial statements.

BANK LOANS AND OTHER BORROWINGS

As at 31 August 2024, the Group maintained variable interest rate bank loans secured by certain properties and shares of the offshore group to finance the acquisition of overseas schools.

SPECIFIC PERFORMANCE OBLIGATION ON CONTROLLING SHAREHOLDER

2022 Term Loan Facility

On 22 December 2022, CIS Pte Ltd (as a borrower) ("**Borrower**"), among others, and certain lenders ("**2022 Lenders**") entered into the term loan facility agreement ("**2022 Term Loan Facility Agreement**") pursuant to which the 2022 Lenders agreed to make available the term loan facility ("**2022 Term Loan Facility**") in an aggregate amount up to USD143,000,000 with a final maturity date being either (i) the date falling 18 months after the utilisation date of the 2022 Term Loan Facility or (ii) the date falling 30 months after the utilisation date of the 2022 Term Loan Facility ("**Extended Final Repayment Date**"). The Borrower may request the final maturity date be extended to the Extended Final Repayment Date by submitting a written request notice in accordance with the terms of 2022 Term Loan Facility Agreement. The proceeds of the 2022 Term Loan Facility would be used for refinancing of existing indebtedness of the Group, financing the payment of the aggregate cash consideration payable by Maple Leaf CIS for the acquisition of the remaining 10% of the Target Company, payment of expenses in connection with the 2022 Term Loan Facility and the general working capital requirements of the Group. The 2022 Term Loan Facility Agreement imposes, among other things, specific performance obligations on the controlling shareholder of the Company. As at the date of this annual report, Mr. Jen and Sherman Investment Holdings Limited (indirectly wholly owned by a discretionary trust, of which Mr. Jen is the founder who can influence how the trustee exercises his discretion) ("**Sherman Investment**") are the controlling shareholders who were interested or deemed to be interested in 1,585,170,010 Shares and 1,483,639,818 Shares respectively (representing approximately 52.92% and 49.53% of the total issued share capital of the Company respectively).

Pursuant to the 2022 Term Loan Facility Agreement, a change of control event occurs (among other matters) if:

i. Mr. Jen and each of his immediate family members (taken together) do not or cease directly or indirectly to:

    a. have the power (whether by way of ownership of shares, contract, agency or otherwise) to cast, or control the casting of, more than 30% of the maximum number of votes that might be cast at a general meeting of the Company; or

    b. beneficially own and control more than 30% of the issued share capital of the Company; or

ii. any person or persons acting in concert (other than Mr. Jen and each of his immediate family members) (whether directly or indirectly and whether individually or together) beneficially owns and controls more of the issued voting share capital of the Company than Mr. Jen and each of his immediate family members (taken together).

If a change of control event abovementioned occurs:

a. the Borrower shall promptly (and in any case no later than 1 business day of becoming aware of that event) notify the agent; and

b. irrespective of whether the Borrower has complied with paragraph (a): (i) no Lender shall be obliged to participate in the making of the loan; and (ii) each available commitment of each 2022 Lender will be immediately cancelled and reduced to zero and the loan drawn under the 2022 Term Loan Facility, together with accrued interest, and all other amounts accrued or outstanding under the finance documents, shall become immediately due and payable.

In January 2024, the 2022 Term Loan was fully settled. On 24 January 2024, following the full payment and discharge of the secured liabilities by the new borrower Canadian International School Pte. Ltd and the other obligors, the Lenders agreed to release and discharge all security documents and the parties agreed to grant the release and executed a deed of discharge, release and reassignment. For details, please refer to the announcement of the Company dated 22 December 2022.

2024 Bridge Term Loan Facility

On 24 January 2024, CIS Pte Ltd (as a borrower) ("**Borrower**"), among others, and certain lenders ("**2024 Bridge Term Loan Lenders**") entered into the bridge term loan facility agreement ("**2024 Bridge Term Loan Facility Agreement**") pursuant to which the 2024 Lenders agreed to make available the term loan facility ("**2024 Bridge Term Loan Facility**") in an aggregate amount up to SGD300,000,000 with a final maturity date being either (i) the date falling six months from the utilisation date of the 2024 Bridge Term Loan Facility or (ii) the date falling twelve months from the utilisation date of the 2024 Bridge Term Loan Facility ("**Extended Final Repayment Date**"), subject to each of the 2024 Bridge Term Loan Lenders' approval. The proceeds of the 2024 Bridge Term Loan Facility would be used for fully refinancing the existing indebtedness of the Group (including the amounts outstanding under or in connection with the 2022 Term Loan Facility Agreement), payment of costs and expenses in connection with the 2024 Bridge Term Loan Facilities and the full redemption of the Convertible Bonds. The 2024 Bridge Term Loan Facility Agreement imposes, among other things, specific performance obligations on the controlling shareholder of the Company.

Pursuant to the 2024 Bridge Term Loan Facility Agreement, a change of control event occurs (among other matters) if Mr. Jen ceases to, directly or indirectly, be the single largest shareholder of the Company.

If a change of control event abovementioned occurs:

(a) a Lender shall not be obliged to fund any utilisation of the 2024 Bridge Term Loan Facility; and

(b) by not less than three Business Day's notice to the Borrower, the 2024 Bridge Term Loan Facilities will where upon be immediately cancelled and the outstanding Loans, together with accrued interest, and all other amounts accrued under the 2024 Bridge Term Loan Facilities will whereupon become immediately due and payable.

In July 2024, the 2024 Bridge Term loan was fully settled. On 23 July 2024, following the full payment and discharge of the secured liabilities by the new borrower Canadian International School Pte. Ltd and the other obligors, the 2024 Bridge Term Loan Lenders agreed to release and discharge all security documents and the parties agreed to grant the release and executed a deed of discharge, release and reassignment. For details, please refer to the announcement of the Company dated 24 January 2024.

2024 Term Loan Facility

On 22 July 2024, CIS Pte Ltd (as a borrower) ("**Borrower**"), among others, and certain lenders ("**2024 Term Loan Lenders**") entered into the bridge term loan facility agreement ("**2024 Term Loan Facility Agreement**") pursuant to which the 2024 Term Loan Lenders agreed to make available the term loan facility ("**2024 Term Loan Facility**") in an aggregate amount up to SGD280,000,000 with a final maturity date being five years from the date of the 2024 Term Loan Facilities Agreement. The proceeds of the 2024 Term Loan Facility would be used to fully refinance the existing indebtedness of the Group (including the amounts outstanding under or in connection with the 2024 Bridge Term Loan Facility Agreement), payment of costs and expenses in connection with the 2024 Term Loan Facilities. The 2024 Term Loan Facility Agreement imposes, among other things, specific performance obligations on the controlling shareholder of the Company.

Pursuant to the Term Loan Facility Agreement, a change of control event occurs (among other matters) if Mr. Jen and the family members of Mr. Jen (including spouse, children and siblings of Mr. Jen) cease to collectively, directly or indirectly be the single largest shareholder of the Company.

If a change of control event abovementioned occurs:

(a) the Borrower shall promptly notify the agent upon becoming aware of that event;

(b) a 2024 Term Loan Lender shall not be obliged to fund a drawdown of the 2024 Term Loan Facilities; and

(c) the agent shall, by not less than three business days' notice to the Borrower, cancel the 2024 Term Loan Facility and declare the outstanding loan, together with accrued interest, and all other amounts accrued under the finance documents immediately due and payable, whereupon the 2024 Term Loan Facility will be cancelled and all such outstanding amounts will become immediately due and payable.

For details, please refer to the announcement of the Company dated 22 July 2024.

DISCLOSURE PURSUANT TO RULES 13.18 AND 13.21 OF THE LISTING RULES

For details of the obligation arising under Rule 13.18 of the Listing Rules i.e. the loan agreement with covenants relating to specific performance of the controlling shareholder, please refer to the section headed "Specific Performance Obligation on Controlling Shareholder – 2022 Term Loan Facility", "2024 Bridge Term Loan Facility" and "2024 Term Loan Facility" in this annual report.

SHARE CAPITAL

Details of the movements in share capital of the Company are set out in note 32 to the financial statements.

PERMITTED INDEMNITY

In accordance with article 33.1 of the Company's articles of association ("**Articles of Association**"), every Director, auditor or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him/her as a Director, auditor or other officer of the Company in defending any proceedings, whether civil or criminal, in which judgment is given in his/her favour, or in which he/she is acquitted. Such permitted indemnity provision for the benefit of the Directors was in force during the year and has remained in force as of the date of this report.

DIRECTORS

The Directors during the year ended 31 August 2024 and up to the date of this report were as follows:

Executive Directors:

Mr. Shu Liang Sherman Jen *(Chairman)*
Ms. Jingxia Zhang *(resigned with effect from 1 March 2024)*
Mr. King Pak Lau *(re-designated from an independent non-executive Director to an executive Director with effect from 1 March 2024)*
Mr. James William Beeke

Non-executive Director:

Dr. Kem Hussain

Independent Non-executive Directors:

Mr. Peter Humphrey Owen
Ms. Wai Fong Wong
Mr. Ming Sang Chow *(appointed with effect from 1 March 2024)*

In accordance with article 16.18 of the Company's Articles of Association, Ms. Zhang, Mr. Beeke and Mr. Owen had retired by rotation at the annual general meeting of the Company held on 28 February 2024 ("**AGM**") and, being eligible, had offered themselves for re-election at the AGM. Mr. Lau who has been appointed by the Board with effect from 28 February 2023 held office until the AGM pursuant to Article 16.2 of the Articles of Association and offered himself for re-election at the AGM. Ms. Zhang resigned as an executive Director and the Co-CFO with effect from 1 March 2024, Ms. Zhang has confirmed that she has no disagreement with the Board and she is not aware of any matters that need to be brought to the attention of the Shareholders in relation to her resignation. In accordance with article 16.18 of the Articles of Association, Ms. Wong and Mr. Hussain will retire by rotation at the forthcoming annual general meeting to be held in 2025 and, being eligible, will offer themselves for re-election. In addition, Mr. Chow who has been appointed by the Board with effect from 1 March 2024 shall hold office until the next following general meeting pursuant to Article 16.2 of the Articles and Association.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the Independent Non-executive Directors, a confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules. Based on such confirmations, the Company considers that all Independent Non-executive Directors are independent.

DIRECTORS' SERVICE CONTRACTS

Each of our Executive Directors has entered into a service contract with our Company pursuant to which they agreed to act as Executive Directors until the year ending 31 August 2025, except that Mr. King Pak Lau' s service contract with the Company will end on 28 February 2027. Either the Company or the Director has the right to give the other party not less than three to six months prior written notice to terminate the agreement.

Our Non-executive Director has signed a letter of appointment with our Company. The term of office of our Non-executive Director will end on 31 August 2025. Either the Company or the Director has the right to give the other party not less than three months prior written notice to terminate the agreement.

Each of our Independent Non-executive Directors has signed a letter of appointment with our Company. The term of office of our Independent Non-executive Directors will end on 31 August 2025, except that, the letter of appointment of Mr. Chow with the Company will end on 28 February 2027. Either the Company or the Director has the right to give the other party not less than three months prior written notice to terminate the agreement.

None of the Directors proposed for re-election at the forthcoming AGM has entered into any service contract with the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

DIRECTORS' AND SENIOR EXECUTIVES' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors and those of the five highest paid individuals of the Group for the year ended 31 August 2024 are set out in note 13 to the financial statements. Save as disclosed in note 13 to the financial statements, there has been no arrangement under which any Director has waived or agreed to waive any emoluments.

Directors' remuneration is determined by the Board, or the Company in general meeting, as the case may be, such sum (unless otherwise directed by the resolution by which it is determined) to be divided amongst the Directors in such proportions and in such manner as they may agree, or failing agreement, equally, except that in such event any Director holding office for less than the whole of the relevant period in respect of which the remuneration is paid shall only rank in such division in proportion to the time during such period for which he has held office. Such remuneration shall be in addition to any other remuneration to which a Director who holds any salaried employment or office in the Company may be entitled by reason of such employment or office. The Directors anticipate that they will periodically review the compensation levels of key executives of the Group. Based on the Group's performance and the executives' respective contributions to the Group, the Directors may, with the approval of the Company's remuneration committee, grant salary increases or pay bonuses to executives. All Directors receive reimbursements from the Company for expenses which are necessarily and reasonably incurred for providing services to the Company or executing matters in relation to the operations of the Company.

DIRECTORS' INTERESTS IN CONTRACTS AND COMPETING BUSINESSES

Save as disclosed in note 40 to the financial statements headed "Related Party Transactions and Balances" and the section headed "Contractual Arrangements" of this report below, neither Director nor any entity connected with any of our Directors had a material interest, whether directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party as at 31 August 2024 or at any time during the year ended 31 August 2024.

During the year ended 31 August 2024, neither our Controlling Shareholders (as defined in the Listing Rules) nor any of our Directors were interested in the business of operating international schools or educational institutions, other than our Group, which, competes or is likely to compete, either directly or indirectly, with our Group's business and which requires disclosure pursuant to Rule 8.10 of the Listing Rules.

CONTRACTS WITH CONTROLLING SHAREHOLDERS

No contract of significance has been entered into among the Company or any of its subsidiaries and the Controlling Shareholders or any of their subsidiaries during the year ended 31 August 2024.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section headed "Share Incentive Schemes" of this report, at no time during the year ended 31 August 2024 was the Company or any of its subsidiaries a party to any arrangement to enable the Directors or the chief executive of the Company or their respective spouses or children under 18 years of age to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

EQUITY-LINKED AGREEMENTS

Save as disclosed in the sections headed "Other information – Full redemption of US$125.0 million 2.25% Convertible Bonds due 2026" in "Management Discussion and Analysis" of this report and "Share Incentive Schemes" of this report, there was no equity-linked agreement entered into by the Company during the year ended 31 August 2024 or subsisting at the end of this financial year. The disclosure in the aforementioned section in the "Management Discussion and Analysis" forms part of this report.

CONTRACTUAL ARRANGEMENTS

Due to restrictions in the PRC laws and regulations on foreign investment in schools that offer compulsory education and not-for-profit preschools in China, we have entered into a number of continuing agreements and arrangements ("**Contractual Arrangements**" or "**VIE Agreements**") with certain consolidated affiliated entities in the PRC solely for the purpose of operating the Group's relevant business in China. Some of these agreements and arrangements have been entered into with our connected persons in our ordinary and usual course of business, which constitute continuing connected transactions under the Listing Rules. We set out below details of the Contractual Arrangements.

Reasons for the Contractual Arrangements

The PRC laws and regulations currently prohibit foreign participation in private schools that provide compulsory education and not-for-profit preschools by means of mergers and acquisitions, contractual agreements and related parties transactions. Furthermore, although the PRC laws and regulations allow foreign investment in foreign nationals schools and high schools, government authorities either impose restrictions in this respect or, as a matter of policy, withhold approval for such ventures altogether (as discussed further below in the section headed "Updates in Relation to the Qualification Requirement"). The Contractual Arrangements among us, Dalian Beipeng Educational Software Development Inc. ("**Beipeng Software**"), Shenzhen Beipeng Educational Software Development Inc. ("**Shenzhen Beipeng Software**"), our consolidated affiliated entities and shareholders of our consolidated affiliated entities are therefore necessary to achieve our business objectives, although they have been as narrowly tailored as possible so as to minimise potential conflict with current PRC laws and regulations.

Particulars of the consolidated affiliated entities and their registered shareholders are as follows:

(1) Dalian Maple Leaf Education Group Co., Ltd ("**Dalian Educational Group**") is a limited liability company established in the PRC on 23 May 2003, the registered shareholders of which is Ms. Shu'E Ren (the "**Founder's Sister**"), a sister of Mr. Shu Liang Sherman Jen ("**Founder**"). Dalian Educational Group is principally engaged in investment in private K-12 education in the PRC.

(2) Shenzhen Maple Leaf Education Group Co., Ltd ("**Shenzhen Educational Group**") is a limited liability company established in the PRC on 1 June 2021, the registered shareholders of which are Ms. Lihua Liu ("**Ms. Liu**") and Mr. Yisheng Tang ("**Mr. Tang**"), both are independent third parties. Shenzhen Educational Group is principally engaged in investment in private K-12 education in the PRC.

(3) Dalian Youwen Science and Education Co., Ltd. ("**Dalian Youwen**") (formerly known as Dalian Science and Education Co., Ltd.) is a limited liability company established in the PRC on 9 January 2003, the registered shareholders of which are Ms. Shu'E Ren and Dalian Educational Group. Dalian Youwen is principally engaged in investment in private K-12 education in the PRC.

Our Directors (including the Independent Non-executive Directors) consider that the Contractual Arrangements have been entered into: (i) in the ordinary and usual course of business of the Company; (ii) on normal commercial terms; and (iii) in accordance with the respective agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Risks relating to the Contractual Arrangements

We believe the following risks are associated with the Contractual Arrangements. Further details of these risks are set out on pages 26 to 32 of the Company's prospectus dated 18 November 2014 ("**Prospectus**").

1. If the PRC government finds that the agreements that establish the structure for operating our business in China do not comply with applicable PRC laws and regulations, we could be subject to severe penalties and our business may be materially and adversely affected.

2. Our Contractual Arrangements may not be as effective in providing control over our consolidated affiliated entities as equity ownership.

3. Any failure by our consolidated affiliated entities or their respective ultimate shareholders to perform their obligations under our Contractual Arrangements would potentially lead to us having to incur additional costs and expend substantial resources to enforce such arrangements, temporary or permanent loss of control over our primary operations or loss of access to our primary sources of revenue.

4. The ultimate owners of our consolidated affiliated entities may have potential conflicts of interest with us, which may materially and adversely affect our business and financial condition.

5. Certain terms of our Contractual Arrangements may not be enforceable under PRC laws.

6. The Contractual Arrangements between Beipeng Software and our consolidated affiliated entities and Dalian Maple Leaf International School (High School) ("**Dalian Maple Leaf High School**") may subject our Group to increased income tax due to the different income tax rates applicable to Beipeng Software and our consolidated affiliated entities and Dalian Maple Leaf High School, which may adversely affect our results of operations.

7. Our Contractual Arrangements may be subject to scrutiny by the PRC tax authorities, and a finding that we owe additional taxes could substantially reduce our net income and the value of our investment.

8. We rely on dividends and other payments from Beipeng Software and Shenzhen Beipeng Software to pay dividends and other cash distributions to our shareholders.

9. Our consolidated affiliated entities and Dalian Maple Leaf High School may be subject to significant limitations on their ability to operate private education or make payments to related parties or otherwise be materially and adversely affected by changes in the PRC laws and regulations.

10. The discontinuation of any preferential tax treatments currently available to us, in particular the tax exempt status of our schools, could result in a decrease of our net income and materially and adversely affect our results of operations.

11. If any of our PRC subsidiaries or consolidated affiliated entities becomes the subject of a bankruptcy or liquidation proceeding, we may lose the ability to use and enjoy certain important assets, which could reduce the size of our operations and materially and adversely affect our business, ability to generate revenue and the market price of our Shares.

12. Our exercise of the option to acquire the equity interests of our consolidated affiliated entities may be subject to certain limitations and the ownership transfer may subject us to substantial costs.

Contractual Arrangements in Place

The Contractual Arrangements that were in place as at 31 August 2024 are as follows:

(i) an exclusive management consultancy and business cooperation agreement dated 11 May 2014 and entered into by and among Beipeng Software, Dalian Educational Group and its subsidiary entities, including but not limited to companies, schools and other entities which it directly or indirectly holds more than 50% interests of, and Founder's Sister, pursuant to which Dalian Educational Group and the Founder's Sister agreed to engage Beipeng Software as the exclusive service provider to provide Dalian Educational Group and its subsidiary entities with comprehensive business management consultancy and educational consultancy services, intellectual property licenses, technical support and business support services, and in return, Beipeng Software will charge for the services; and various letters of acceptance of rights and obligations* (權利義務承受函) entered into between Dalian Educational Group and its subsidiary entities, pursuant to which each of the newly added subsidiary entities became a party to the said exclusive management consultancy and business cooperation agreement with all the rights and obligations of a party thereunder at any time after the said exclusive management consultancy and business cooperation agreement took effect;

(ii) an exclusive management consultancy and business cooperation agreement dated 11 May 2014 and entered into by and between Beipeng Software and Dalian Maple Leaf High School, pursuant to which Dalian Maple Leaf High School agreed to engage Beipeng Software as the exclusive service provider to provide Dalian Maple Leaf High School with comprehensive educational consultancy services, intellectual property licenses and technical support and business support services, and in return, Beipeng Software will charge for the services;

(iii) an exclusive management consultancy and business cooperation agreement dated 22 August 2014 and entered into by and among Beipeng Software, Dalian Maple Leaf Foreign Nationals School ("**Dalian Foreign School**"), Wuhan Maple Leaf Foreign Nationals School ("**Wuhan Foreign School**") and the Founder, pursuant to which Dalian Foreign School, Wuhan Foreign School and the Founder agreed to engage Beipeng Software as the exclusive service provider to provide Wuhan Foreign School and Dalian Foreign School with comprehensive educational consultancy services, intellectual property licenses and technical support and business support services, and in return, Beipeng Software will charge for the services;

* *For identification purposes only*

(iv) an exclusive call option agreement dated 11 May 2014 and entered into by and among our Company, Dalian Educational Group and the Founder's Sister, pursuant to which the Founder's Sister granted, at nil consideration, an exclusive, unconditional and irrevocable option to our Company or our nominee to acquire from the Founder's Sister part or all of her equity interests in Dalian Educational Group for nil consideration or the minimum amount of consideration permitted by applicable PRC laws and regulations;

(v) an exclusive call option agreement dated 11 May 2014 and entered into by and among our Company, Dalian Youwen and the Founder's Sister, pursuant to which the Founder's Sister granted, at nil consideration, an exclusive, unconditional and irrevocable option to our Company or our nominee to acquire from the Founder's Sister part or all of her equity interests in Dalian Youwen for nil consideration or the minimum amount of consideration permitted by applicable PRC laws and regulations;

(vi) an exclusive call option agreement dated 22 August 2014 and entered into by and among our Company, the Founder and Wuhan Foreign School, pursuant to which the Founder granted, at nil consideration, an exclusive, unconditional and irrevocable option to our Company or our nominee to acquire from the Founder part or all of his sponsor interests in Wuhan Foreign School for nil consideration or the minimum amount of consideration permitted by applicable PRC laws and regulations;

(vii) an exclusive call option agreement dated 11 May 2014 and entered into among our Company, the Founder and Dalian Foreign School, pursuant to which the Founder granted, at nil consideration, an exclusive, unconditional and irrevocable option to our Company or our nominee to acquire from the Founder part or all of his sponsor interests in Dalian Foreign School for nil consideration or the minimum amount of consideration permitted by applicable PRC laws and regulations;

(viii) an equity pledge agreement dated 26 May 2014 and entered into by and among Beipeng Software, Dalian Educational Group and the Founder's Sister, pursuant to which the Founder's Sister pledged all of her equity interests in Dalian Educational Group to Beipeng Software to guarantee the performance of the obligations of the Founder's Sister and Dalian Educational Group and its subsidiary entities under the exclusive management consultancy and business cooperation agreement (as described in item (i)), the exclusive call option agreement (as described in item (iv)), and power of attorney (as described in item (x));

(ix) an equity pledge agreement dated 26 May 2014 and entered into by and among Beipeng Software, Dalian Youwen and the Founder's Sister, pursuant to which the Founder's Sister pledged all of her equity interests in Dalian Youwen to Beipeng Software to guarantee the performance of the obligations of Dalian Youwen and its subsidiary entities under the exclusive management consultancy and business cooperation agreement (as described in item (i)), the exclusive call option agreement (as described in item (v)) and power of attorney (as described in item (x));

(x) a power of attorney executed by the Founder's Sister dated 11 May 2014 appointing Beipeng Software, or nominee(s) of Beipeng Software, as her attorney-in-fact to exercise the shareholder's rights in Dalian Educational Group and Dalian Youwen;

(xi) a power of attorney executed by the Founder dated 11 May 2014 appointing Beipeng Software, or nominee(s) of Beipeng Software, as his attorney-in-fact to exercise the shareholder's rights in Dalian Foreign School and Wuhan Foreign School (items (i) to (xi) collectively referred to as the "**2014 Contractual Arrangements**").

On 22 September 2017, Education Department of Zhejiang Province issued an administrative licensing decision (Zhe Jiao Xu Ke [2017] No. 23) approving to change the sponsor of Yiwu Maple Leaf Foreign Nationals School ("**Yiwu Foreign School**") from the Founder to Beipeng Software. Yiwu Foreign School, Beipeng Software, the Company and the Founder entered into a VIE termination agreement on 8 November 2018, which terminated the relevant VIE agreements for Yiwu Foreign School ("**Termination**"), including: (i) the exclusive management consultancy and business cooperation agreement entered into among Beipeng Software, Yiwu Foreign School and the Founder on 22 June 2016, (ii) the exclusive call option agreement entered into among the Company, the Founder and Yiwu Foreign School on 22 June 2016, and (iii) the power of attorney executed by the Founder on 22 June 2016. Upon the completion of the Termination, Yiwu Foreign School was transferred to the Group and as at the date of this report, Yiwu Foreign School is directly held by Beipeng Software and not subject to VIE Agreements;

(xii) an exclusive management consultancy and business cooperation agreement dated 30 August 2021 and entered into by and among Shenzhen Beipeng Software, Shenzhen Educational Group and its subsidiary entities, including but not limited to companies, schools and entities which it directly or indirectly holds more than 50% interests of, pursuant to which Shenzhen Educational Group agreed to engage Shenzhen Beipeng Software as the exclusive service provider to provide Shenzhen Educational Group and its subsidiary entities with comprehensive business management consultancy and educational consultancy services, intellectual property licenses, technical support and business support services, and in return, Shenzhen Beipeng Software will charge for the services;

(xiii) an exclusive call option agreement dated 30 August 2021 and entered into by and among our Company, Shenzhen Educational Group, Ms. Liu, and Ms. Tingting Sun ("**Ms. Sun**"), pursuant to which Ms. Liu and Ms. Sun granted, at nil consideration, an exclusive, unconditional and irrevocable option to our Company or our nominee to acquire from Ms. Liu and Ms. Sun part or all of the equity interests in Shenzhen Educational Group for nil consideration or the minimum amount of consideration permitted by applicable PRC laws and regulations;

(xiv) an equity pledge agreement dated 30 August 2021 and entered into by and among Shenzhen Educational Group, Ms. Liu, Ms. Sun and Shenzhen Beipeng Software, pursuant to which Ms. Liu and Ms. Sun pledged all of the equity interests in Shenzhen Educational Group to Shenzhen Beipeng Software to guarantee the performance of the obligations of Ms. Liu, Ms. Sun and Shenzhen Educational Group and its subsidiary entities under the exclusive management consultancy and business cooperation agreement (as described in item (xii)), the exclusive call option agreement (as described in item (xiii)), and power of attorney (as described in item (xv));

(xv) a power of attorney executed by Ms. Liu and Ms. Sun dated 30 August 2021 appointing Shenzhen Beipeng Software, or nominee(s) of Shenzhen Beipeng Software, as the attorney-in-fact to exercise the shareholders' rights in Shenzhen Educational Group (items (xii) to (xv) collectively referred to as the "**2021 Contractual Arrangements**");

(xvi) on 18 November 2022, a share transfer agreement entered into between Ms. Sun and Mr. Tang, pursuant to which Ms. Sun transferred 0.01% equity interest in Shenzhen Educational Group to Mr. Tang. An equity pledge agreement dated 18 November 2022 entered into by and among Shenzhen Educational Group, Ms. Liu, Mr. Tang and Shenzhen Beipeng Software, pursuant to which Ms. Liu and Mr. Tang pledged all of the equity interests in Shenzhen Educational Group to Shenzhen Beipeng Software to guarantee the performance of the obligations of Ms. Liu, Mr. Tang and Shenzhen Educational Group and its subsidiary entities under the exclusive management consultancy and business cooperation agreement (as described in item (xii));

(xvii) on 18 November 2022, a change of entity of contract to the exclusive call option agreement entered into by and among our Company, Shenzhen Educational Group, Ms. Liu, Ms. Sun and Mr. Tang, pursuant to which from 18 November 2022, the unexercised rights and obligations of Ms. Sun were transferred to Mr. Tang in full;

(xviii) on 18 November 2022, a change of entity of contract to the power of attorney entered into by and among Shenzhen Beipeng Software, Ms. Liu, Ms. Sun and Mr. Tang, pursuant to which from 18 November 2022, the unexercised rights and obligations of Ms. Sun under the power of attorney exercised by Shenzhen Beipeng Software, Ms. Liu and Ms. Sun were transferred to Mr. Tang in full (items (xvi) to (xviii) collectively referred to as the "**2022 Contractual Arrangements**");

(xix) on 10 April 2023, Dalian Educational Group, Founder's Sister and Ms. Yanru Zhang ("**Ms. Zhang**") entered into a capital increase and share expansion agreement agreeing that Ms. Zhang would subscribe for Dalian Educational Group's newly added registered capital of RMB20,000. After this capital increase, Ms. Zhang holds 0.01% of the shares of Dalian Educational Group. Founder's Sister holds 99.99% of the shares of Dalian Educational Group;

(xx) a supplemental agreement dated 10 April 2023 to the exclusive management consultancy and business cooperation agreement dated 11 May 2014 (as described in item (i)) and entered into by and among Beipeng Software, Founder's Sister, Ms. Zhang and Dalian Educational Group and its subsidiary entities, pursuant to which Ms. Zhang as a new shareholder of Dalian Educational Group became a party to the exclusive management consultancy and business cooperation agreement dated 11 May 2014 with all the rights and obligations of a party thereunder;

(xxi) a supplemental agreement dated 10 April 2023 to the exclusive call option agreement dated 11 May 2014 (as described in item (iv)) and entered into by and among our Company, Dalian Educational Group, Founder's Sister and Ms. Zhang, pursuant to which Ms. Zhang as a new shareholder of Dalian Educational Group became a party to the exclusive call option agreement dated 11 May 2014 with all the rights and obligations of a party thereunder;

(xxii) a power of attorney dated 10 April 2023 executed by Ms. Zhang, appointing Beipeng Software, or nominee(s) of Beipeng Software, as her attorney-in-fact to exercise the shareholder's rights in Dalian Educational Group; and

(xxiii) an equity pledge agreement dated 10 April 2023 and entered into by and among Dalian Educational Group, Ms. Zhang and Beipeng Software, pursuant to which Ms. Zhang pledged all of the equity interests in Dalian Educational Group to Beipeng Software to guarantee the performance of the obligations of Ms. Zhang and Dalian Educational Group and its subsidiary entities under the exclusive management consultancy and business cooperation agreement dated 11 May 2014 (as described in item (i)), the exclusive call option agreement dated 11 May 2014 (as described in item (iv)), the supplemental agreement dated 10 April 2023 to the exclusive management consultancy and business cooperation agreement (as described in item (xx)), the supplemental agreement dated 10 April 2023 to the exclusive call option agreement (as described in item (xxi)), and power of attorney dated 10 April 2023 (as described in item (xxii)) collectively referred to as the "**2023 Contractual Arrangements**").

Apart from the above, there are no other new Contractual Arrangements entered into, renewed or reproduced between the Group and the PRC consolidated affiliated entities during the financial year ended 31 August 2024 and up to the date of this report. Save as disclosed in this report, there was no material change in the Contractual Arrangements under which they were adopted for the year ended 31 August 2024, except that Xiangyang Xiangcheng District Maple Leaf Beiqin Kindergarden Co., Ltd. and Daliann Fengsheng Educational Technology Co., Ltd. have been added as subsidiary entities of Dalian Educational Group pursuant to the requirements of the management consultancy and business cooperation agreement in (i) above.

For the year ended 31 August 2024, none of the Contractual Arrangements has been terminated as none of the restrictions that led to the adoption of structured contracts under the Contractual Arrangements has been removed.

For the year ended 31 August 2024, the Group has adopted various measures to ensure the effective operation of the Group with the implementation of the Contractual Arrangements and the Group's compliance with the Contractual Arrangements including the review of the overall performance of and compliance with the structured contracts under the Contractual Arrangements by the Board at least once a year.

We have been advised by our PRC legal advisor that the Contractual Arrangements do not violate the relevant PRC regulations as at 31 August 2024.

On 14 May 2021, the PRC State Council announced the Implementation Regulations, which came into effect on 1 September 2021. The restrictions in the Implementation Regulations on the prohibition of foreign participation in private schools that provide compulsory education and not-for-profit preschools by means of mergers and acquisitions, contractual agreements and related party transactions. The restrictions are intended to ensure the legitimate rights and interests of not-for-profit schools, especially to protect the property rights and interests of not-for-profit schools and to avoid the improper transfer of proceeds from the operation of not-for-profit schools.

The Implementation Regulations stipulate that no social organisation or individual may control a private school that is an elementary school or middle school (learning stages) or not-for-profit preschools by means of mergers and acquisitions, contractual agreements and related party transactions, etc. As advised by our PRC legal advisor, PRC laws and regulations do not have retrospective effect, except for the special provisions developed for the better protection of the rights and interests of citizens, legal persons, and other organisations. According to our PRC legal advisor, the Implementation Regulations should be subject to further laws, regulations or rules (if any) by relevant local competent regulatory authorities or other organs of state power, rendering it retrospective. As a result, there are uncertainties concerning the validity and enforceability of the current Contractual Arrangements between the Group and the Affected Schools and therefore it could not be concluded that they are legally binding and enforceable upon the Implementation Regulations becoming effective on 1 September 2021.

Revenue, profit before taxation and assets subject to the Contractual Arrangements

For the year ended 31 August 2024, the revenue and profit before taxation subject to the Contractual Arrangements are RMB272.5 million and RMB16.9 million, respectively. As at 31 August 2024, the total assets subject to the Contractual Arrangements are RMB1,140.4 million.

Listing Rules Implications

The 2014 Contractual Arrangements

As the Founder is our Controlling Shareholder and our chairman of the Board, he is therefore our connected person pursuant to Rule 14A.07(1) of the Listing Rules. The Founder's Sister is the sister of the Founder and is therefore an associate of the Founder and our connected person pursuant to Rules 14A.12(2)(a) and 14A.07(4) of the Listing Rules. Dalian Educational Group is owned as to 99.99% by the Founder's Sister and is therefore an associate of the Founder and our connected person pursuant to Rules 14A.12(2)(b) and 14A.07(4) of the Listing Rules. Dalian Youwen is 95.3% indirectly owned by the Founder's Sister via Dalian Educational Group, which she controls, and is therefore an associate of the Founder and our connected person pursuant to Rules 14A.12(2)(b) and 14A.07(4) of the Listing Rules. Each of Wuhan Foreign School and Dalian Foreign School is wholly owned by the Founder and is therefore an associate of the Founder and our connected person pursuant to Rules 14A.12(1)(c) and 14A.07(4) of the Listing Rules. Accordingly, the 2014 Contractual Arrangements constitute connected transactions of the Company under the Listing Rules.

The 2021 Contractual Arrangements, the 2022 Contractual Arrangements and 2023 Contractual Arrangements

Ms. Liu, Mr. Tang and Ms. Zhang are independent third parties. Shenzhen Education Group is owned as to 99.99% and 0.01% by Ms. Liu and Mr. Tang respectively, and Dalian Educational Group is owned as to 0.01% by Ms. Zhang. The 2021 Contractual Arrangements, the 2022 Contractual Arrangements and the 2023 Contractual Arrangements do not constitute notifiable or connected transactions of the Company under Chapters 14 and 14A of the Listing Rules.

Waiver from the Stock Exchange and Annual Review

The Stock Exchange has granted a specific waiver to the Company from strict compliance with the connected transactions requirement of Chapter 14A of the Listing Rules in respect of the 2014 Contractual Arrangements, including (i) the announcement and independent Shareholders' approval requirements, (ii) the requirement of setting an annual cap for the fees payable to Beipeng Software under the 2014 Contractual Arrangements and (iii) the requirement of limiting the term of the 2014 Contractual Arrangements to three years or less, for so long as the Shares are listed on the Stock Exchange, subject however to the condition that the 2014 Contractual Arrangements subsist and that the consolidated affiliated entities will continue to be consolidated into our Group's financial results as if they were our Group's subsidiaries. If any terms of the 2014 Contractual Arrangements are altered or if the Group enters into any new agreements with any connected persons in the future, the Group must fully comply with the relevant requirements under the Listing Rules unless we obtain a separate waiver from the Stock Exchange.

Agreements with Beipeng Software

Pursuant to the exclusive management consultancy and business cooperation agreements entered into by and among (i) Beipeng Software, Dalian Educational Group and any of its subsidiaries and schools and the Founder's Sister on 11 May 2014 and (ii) Beipeng Software, Wuhan Foreign School, Dalian Foreign School and the Founder on 22 August 2014, each of which superseded all previous agreements among the parties with respect to subject matters thereof, Beipeng Software has the exclusive right to provide, or designate any third party to provide each of the Group's consolidated affiliated entities with intellectual property development and licensing services as well as comprehensive technical and educational consultancy services (the "**Services**"). Such Services include educational software and course materials, research and development, employee training, technology development, transfer and consulting services, public relation services, market survey, research and consulting services, market development and planning services, human resource and internal information management, network development, upgrade and ordinary maintenance services, sales of proprietary products, and software and trademark and know-how licensing and other additional services as the parties may mutually agree from time to time.

For the year ended 31 August 2024, the Services provided by Beipeng Software to Dalian Educational Group and its subsidiaries, Wuhan Foreign School and Dalian Foreign School amounted to RMB26.1 million.

Agreements with Shenzhen Beipeng Software

Pursuant to the exclusive management consultancy and business cooperation agreement entered into by and among Shenzhen Beipeng Software and Shenzhen Educational Group and any of its subsidiaries and schools on 30 August 2022, Shenzhen Beipeng Software has the exclusive right to provide, or designate any third party to provide Services to each of the Group's consolidated affiliated entities. Such Services include educational software and course materials, research and development, employee training, technology development, transfer and consulting services, public relation services, market survey, research and consulting services, market development and planning services, human resource and internal information management, network development, upgrade and ordinary maintenance services, sales of proprietary products, and software and trademark and know-how licensing and other additional services as the parties may mutually agree from time to time.

For the year ended 31 August 2024, the Services provided by Shenzhen Beipeng Software to Shenzhen Educational Group and its subsidiaries and schools amounted to RMB4.7 million.

Confirmation from Independent Non-executive Directors

Our Independent Non-executive Directors have reviewed the Contractual Arrangements and confirmed that (i) the transactions carried during the year ended 31 August 2024 have been entered into in accordance with the relevant provisions of the Contractual Arrangements and that the profit generated by the consolidated affiliated entities was substantially retained by the Group, (ii) no dividends or other distributions have been made by the consolidated affiliated entities to the holders of its equity interests which are not otherwise subsequently assigned or transferred to the Group during the year ended 31 August 2024, (iii) in respect of the 2014 Contractual Arrangements, the 2021 Contractual Arrangements, the 2022 Contractual Arrangements and the 2023 Contractual Arrangements, no new contracts were entered into, renewed or reproduced during the year ended 31 August 2024, and (iv) the Contractual Arrangements were entered into in the ordinary and usual course of business of the Group, on normal commercial terms and are fair and reasonable and in the interests of the Shareholders as a whole.

Confirmations from the Company's Independent Auditors

The auditors of the Company have confirmed in a letter to the Board that, with respect to the aforesaid continuing connected transactions entered into in the year ended 31 August 2024:

1. nothing has come to their attention that causes the auditors to believe that the disclosed continuing connected transactions have not been approved by the Board; and

2. nothing has come to their attention that causes the auditors to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements under the Contractual Arrangements governing such transactions;

In light of the deconsolidation of the Affected School on 31 August 2021, the Group is now assessing the Listing Rules' implications on the related party balances as disclosed in note 40 to the consolidated financial statements. Save as aforesaid, during the year ended 31 August 2024, no related party transactions disclosed in note 40 to the consolidated financial statements constituted a connected transaction or continuing connected transaction which should be disclosed pursuant to the Listing Rules. The Company has complied with the disclosure requirements set out in Chapter 14A of the Listing Rules.

Updates in Relation to the Qualification Requirement

Our PRC legal advisor has advised us that there have not been changes in the relevant regulatory developments and guidance relating to the Qualification Requirement since the publication of the Prospectus and the amendment in 2019.

Efforts and Actions Undertaken to Comply with the Qualification Requirement

Up to the date of this report, apart from the steps taken as disclosed in the Prospectus and previous years' annual reports, the Group is still in the progress of working on different ways of obtaining the Qualification Requirement.

Impact of the Implementation Regulations on the Contractual Arrangements

As disclosed in the section headed "Update on the Regulations for the Implementation of the Private Education Promotion Law of the People's Republic of China" in Management Discussion and Analysis, based on the advice of our PRC legal advisor, there are uncertainties concerning the validity and enforceability of the current contractual arrangements between the Group and the Affected Schools and therefore it could not be concluded that they are legally binding and enforceable upon the Implementation Regulations becoming effective on 1 September 2021. By the end of 31 August 2021, it was no longer practicable for the Group to make relevant decision to obtain significant variable returns from the Affected Schools. Consequently, the Group lost control over the Affected Schools on 31 August 2021 and the Affected Schools were deconsolidated from the consolidated financial statements of the Company for the year ended 31 August 2021 and the operations of the Affected Schools were classified as discontinued operations as of 31 August 2021.

As at the date of this report, Xi'an School obtained a private school operating license as an Independent High School and it was re-consolidated with the Group as at 10 August 2022 (the "**Date of re-consolidation**"), and the financial results and the financial position of the Xi'an School were re-consolidated since the Date of re-consolidation and as at the Date of re-consolidation, respectively. The Group will continue to monitor the implementation of the Implementation Regulations in different regions and continue to assess its subsequent impact on the Company and will make further announcement(s) as and when appropriate.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed for the year ended 31 August 2024.

CUSTOMERS AND SUPPLIERS

Our customers primarily consist of our students and their parents or other guardians. We did not have a single customer who accounted for more than 5% of our revenue for the two years ended 31 August 2024 and 2023.

For the year ended 31 August 2024, our five largest suppliers in aggregate accounted for approximately 3.5% (2023: 3.6%) of our cost of revenue and our largest supplier accounted for approximately 0.9% (2023: 1.4%) of our cost of revenue. None of our Directors, their respective close associates, or any Shareholder of the Company who, to the knowledge of our Directors, owns more than 5% of our issued capital, has any interest in any of our five largest suppliers.

DIRECTORS' AND CHIEF EXECUTIVE'S INTEREST AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 August 2024, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("**SFO**"), Chapter 571 of the Laws of Hong Kong) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken, or are deemed to have taken, under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be recorded in the register required to be kept by the Company; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") as set out in Appendix C3 to the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Long/short positions in Shares and underlying Shares of the Company

Name of Director/ Chief executive	Capacity	Interest in Shares	Interest in underlying Shares	Total interest in Shares and underlying Shares	Approximate percentage of shareholding as at 31 August 2024 *(Note 1)*	Long position/ Short position
Shu Liang Sherman Jen ("**Mr. Jen**")	Founder of a discretionary trust who can influence how the trustee exercises his discretion	1,483,639,818 *(Note 2)*	–	1,483,639,818	49.53%	Long position
	Beneficial interest	101,528,850	–	101,528,850	3.39%	Long position
	Interest of spouse	1,342 *(Note 3)*	–	1,342	0.00%	Long position
Jingxia Zhang *(Note 4)*	Beneficial interest	3,511,146	3,000,000 *(Note 5)*	6,511,146	0.22%	Long position
James William Beeke	Interest of controlled corporation	884,000 *(Note 6)*	–	884,000	0.03%	Long position
	Beneficial interest	51,342	–	51,342	0.00%	Long position
Peter Humphrey Owen	Beneficial interest	121,342		121,342	0.00%	Long position
King Pak Lau	Beneficial interest	–	3,000,000 *(Note 5)*	3,000,000	0.10%	Long position

Notes:

1. *The total number of 2,995,320,920 Shares in issue as at 31 August 2024 has been used for the calculation of the approximate percentage.*

2. *Sherman Investment is a company incorporated in the British Virgin Islands, which is indirectly wholly owned by a discretionary trust. Mr. Jen is the founder of the discretionary trust who can influence how the trustee exercises his discretion and is deemed to be interested in the long position in 1,483,639,818 Shares held by Sherman Investment.*

3. *Mr. Jen is the spouse of Ms. Meichen Amy Yan ("**Ms. Yan**") who is interested in 1,342 Shares. Mr. Jen is deemed to be interested in all the Shares in which Ms. Yan is interested by virtue of the SFO.*

4. *Ms. Jingxia Zhang resigned as Director of the Company with effect from 1 March 2024.*

5. *These interests in underlying Shares represent the interests in outstanding options (being regarded as unlisted physically settled equity derivatives) granted pursuant to the Post-IPO share option scheme approved and adopted by the Company on 10 November 2014 ("**Post-IPO Share Option Scheme**") to subscribe for the relevant number of Shares.*

6. *These Shares were held by Signum International Educational Services Inc. ("**Signum Services**"), a company which is owned as to 51% by Mr. James William Beeke and 49% by his spouse. Mr. James William Beeke is deemed to be interested in all the Shares held by Signum Services.*

Interest in shares of associated corporation

Name of Director	Name of associated corporation	Capacity	Number of issued shares	Percentage of total issued shares of the associated corporation as at 31 August 2024	Long position/ short position
Mr. Jen	Sherman Investment	Founder of a discretionary trust who can influence how the trustee exercises his discretion*	50,000	100%	Long position

* *A discretionary trust has been set up and the entire issued capital of Sherman Investment was transferred from Mr. Jen to Sherman Int'l Investment Limited ("**Sherman Int'l**"), the shares of which form the assets of a trust, of which Mr. Jen is the Founder.*

Save as disclosed above, as at 31 August 2024, none of the Directors or the chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken, or are deemed to have taken, under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be recorded in the register required to be kept by the Company; or (c) were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 August 2024, the following persons or corporations, other than the Directors or the chief executive of the Company, had interests or short positions in the Shares and underlying Shares as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of Shareholder	Capacity	Total interest in Shares and underlying Shares	Approximate percentage of interest in the Company as at 31 August 2024 *(Note 1)*	Long position/ Short position
Sherman Investment *(Note 2)*	Beneficial interest	1,483,639,818	49.53%	Long position
Sherman Int'l *(Note 3)*	Interest of controlled corporation	1,483,639,818	49.53%	Long position
HSBC International Trustee Limited ("**HSBC Trustee**") *(Note 4)*	Trustee	1,484,039,818	49.55%	Long position
Ms. Yan *(Note 5)*	Interest of spouse	1,585,168,668	52.92%	Long position
	Beneficial interest	1,342	0.00%	Long position

Notes:

(1) The total number of 2,995,320,920 Shares of the Company in issue as at 31 August 2024 has been used for the calculation of the approximate percentage.

(2) Sherman Investment is indirectly wholly owned by a discretionary trust. Mr. Jen is the founder of the discretionary trust who can influence how the trustee exercises his discretion.

(3) Sherman Int'l owns 100% shareholding in Sherman Investment and is therefore deemed to be interested in all the Shares which Sherman Investment is interested by virtue of the SFO.

(4) HSBC Trustee is the trustee of a discretionary trust, of which Mr. Jen is the founder, owns 100% shareholding in Sherman Int'l and is therefore deemed to be interested in all the Shares which Sherman Int'l is interested by virtue of the SFO.

(5) Ms. Yan is the spouse of Mr. Jen and, therefore, Ms. Yan is deemed to be interested in all the Shares and underlying Shares in which Mr. Jen is interested or deemed to be interested by virtue of the SFO.

Save as disclosed above, as at 31 August 2024, no other person or corporation, other than the Directors or the chief executive of the Company, had an interest or short position in the Shares or underlying Shares as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

REMUNERATION POLICY

Employees of the Group are selected, remunerated and promoted on the basis of their merits, qualifications, competence and contributions to the Group. Compensation of key executives of the Group is determined by the Company's remuneration committee which reviews and determines executives' compensation based on the Group's performance and the executives' respective contributions to the Group.

The Company also has a provident fund set up for its employees and share incentive schemes as described below.

SHARE INCENTIVE SCHEMES

In order to incentivise our Directors, senior management, other employees and consultants for their contribution to the Group and to attract and retain suitable personnel to our Group, on 10 November 2014 we adopted the Post-IPO Share Option Scheme and the restricted share units scheme which was subsequently modified by the Board on 28 April 2015 and renamed as the Share Award Scheme. The Company has also adopted the employee share purchase plan on 12 October 2020. From 1 January 2023, the Company will rely on the transitional arrangements provided for the existing share incentive schemes and will comply with the new Chapter 17 of the Listing Rules accordingly (effective from 1 January 2023).

Details on the movement of the relevant scheme for the year ended 31 August 2024 is set out in note 35 to the financial statements.

1. Post-IPO Share Option Scheme

(a) Purpose of the Post-IPO Share Option Scheme

The Company adopted the Post-IPO Share Option Scheme on 10 November 2014 to enable our Group to grant options to selected participants as incentives or rewards for their contributions to our Group. Our Directors consider the Post-IPO Share Option Scheme, with its broadened basis of participation, will enable our Group to reward our employees, our Directors and other selected participants for their contributions to our Group. Given that our Directors are entitled to determine the performance targets to be achieved as well as the minimum period that an option must be held before an option can be exercised on a case by case basis, and that the exercise price of an option cannot in any event fall below the price stipulated in the Listing Rules or such higher price as may be fixed by our Directors, it is expected that grantees of an option will make an effort to contribute to the development of our Group so as to bring about an increased market price of the Shares in order to capitalize on the benefits of the options granted.

(b) Who may join

Our Directors (which expression shall, for the purpose of this paragraph, include a duly authorised committee thereof) may, at their absolute discretion, invite any person belonging to any of the following classes of participants, who our Board considers, in its sole discretion, have contributed or will contribute to our Group, to take up options to subscribe for Shares:

(i) any Directors (including Executive Directors, Non-executive Directors and Independent Non-executive Directors) and employees of any member of our Group; and

(ii) any advisers, consultants, distributors, contractors, customers, suppliers, agents, business partners, joint venture business partners, service providers of any member of our Group.

For the purposes of the Post-IPO Share Option Scheme, the options may be granted to any company wholly owned by one or more persons belonging to any of these classes of participants. For the avoidance of doubt, the grant of any options by our Company for the subscription of Shares or other securities of our Group to any person who falls within any of these classes of participants shall not, by itself, unless our Directors otherwise so determine, be construed as a grant of option under the Post-IPO Share Option Scheme.

The eligibility of any of these class of participants to the grant of any option shall be determined by our Directors from time to time on the basis of our Directors' opinion as to the participant's contribution to the development and growth of our Group.

(c) Maximum number of Shares

The maximum number of Shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Post-IPO Share Option Scheme and any other share option scheme of our Group shall not in aggregate exceed 10% of the shares in issue of our Company.

The total number of Shares which may be issued upon exercise of all options to be granted under the Post-IPO Share Option Scheme and any other share option scheme of our Group shall not in aggregate exceed 10% of the Shares in issue on the Listing Date, such 10% limit represents 266,800,000 Shares (the "**General Scheme Limit**") but excluding any Shares which may be issued upon the exercise of the over-allotment option for the Listing. There was no service provider sublimit under the Post-IPO Share Option Scheme.

As at the date of this report, the Company had a total of 190,637,168 Shares available for issue under the Post-IPO Share Option Scheme (representing approximately 6.36% of the issued Shares as at the date of this report).

Subject to paragraph (a) above and without prejudice to paragraph (d) below, our Company may issue a circular to its Shareholders and seek approval of its Shareholders in a general meeting to extend the General Scheme Limit provided that the total number of Shares which may be issued upon exercise of all options to be granted under the Post-IPO Share Option Scheme and any other share option scheme of our Group shall not exceed 10% of the Shares in issue as at the date of approval of the limit and, for the purpose of calculating the limit, options (including those outstanding, cancelled, lapsed or exercised in accordance with the Post-IPO Share Option Scheme and any other share option scheme of our Group) previously granted under the Post-IPO Share Option Scheme and any other share option scheme of our Group will not be counted. The circular sent by our Company to its Shareholders shall contain, among other information, the information required under the Listing Rules.

Subject to paragraph (a) above and without prejudice to paragraph (c) herein, our Company may seek separate Shareholders' approval in a general meeting to grant options beyond the General Scheme Limit or, if applicable, the extended limit referred to in paragraph (c) herein to participants specifically identified by our Company before such approval is sought. In such event, our Company must send a circular to its Shareholders containing a general description of the specified participants, the number and terms of options to be granted, the purpose of granting options to the specified participants with an explanation as to how the terms of the options serve such purpose and such other information required under the Listing Rules.

(d) Maximum entitlement of each participant

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Post-IPO Share Option Scheme and any other share option scheme of our Company (including both exercised and outstanding options) to each participant in any 12-month period shall not exceed 1% of the issued share capital of our Company for the time being (the "**Individual Limit**"). Any further grant of options in aggregate in excess of the Individual Limit in any 12-month period up to and including the date of such further grant shall be subject to the issue of a circular to our Shareholders and our Shareholders' approval in general meeting of our Company with such participant and his associates abstaining from voting. The number and terms (including the exercise price) of options to be granted to such participant must be fixed before Shareholders' approval and the date of board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the exercise price under note (1) to Rule 17.03(9) of the Listing Rules.

(e) Grant of options to connected persons

Any grant of options under the Post-IPO Share Option Scheme to a Director, chief executive or Substantial Shareholder of our Company or any of their respective associates must be approved by our Independent Non-executive Directors (excluding any Independent Non-executive Director who is the proposed grantee of the options).

Where any grant of options to a substantial Shareholder of our Company or an Independent Non-executive Director or any of their respective associates would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

(i) representing in aggregate over 0.1% (or such other higher percentage as may from time to time be specified by the Stock Exchange) of the Shares in issue; and

(ii) having an aggregate value, based on the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet as at the date of the offer of grant, in excess of HK$5 million (or such other higher amount as may from time to time be specified by the Stock Exchange);

such further grant of options must be approved by our Shareholders in a general meeting. Our Company must send a circular to its Shareholders. All connected persons of our Company must abstain from voting at such general meeting, except that any connected person may vote against the relevant resolution at the general meeting provided that his intention to do so has been stated in the circular. Any vote taken at the general meeting to approve the grant of such options must be taken on a poll.

Any change in the terms of options granted to a substantial Shareholder or an Independent Non-executive Director or any of their respective associates must be approved by our Shareholders in a general meeting.

(f) Time of acceptance and exercise of option

An option may be accepted by a participant within five business days from the date of the offer of grant of the option.

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

(g) Subscription price for Shares

The subscription price per Share under the Post-IPO Share Option Scheme will be a price determined by our Directors, but shall not be less than the highest of:

(i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant, which must be a business day;

(ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations for the five trading days immediately preceding the date of the offer of grant (provided that in the event that any option is proposed to be granted within a period of less than five business days after the trading of the Shares first commences on the Stock Exchange, the new issue price of the Shares for the Listing shall be used as the closing price for any business day falling within the period before Listing); and

(iii) the nominal value of a share on the date of grant.

A nominal consideration of HK$1.00 is payable upon acceptance of the grant of an option.

(h) Restriction on the time of grant of options

No offer for grant of options shall be made after an inside information event has occurred or an inside information matter has been the subject of a decision until such inside information has been announced in accordance with the requirements of the Securities and Futures Ordinance and the Listing Rules. In particular, during the period commencing one month immediately preceding the earlier of (i) the date of the meeting of our Directors (as such date is first notified to the Stock Exchange in accordance with the requirements of the Listing Rules) for the approval of our Company's results for any year, half-year, quarter or any other interim period (whether or not required under the Listing Rules), and (ii) the last date on which our Company must publish its announcement of its results for any year, half-year, quarter or any other interim period (whether or not required under the Listing Rules), and ending on the date of the announcement of the results, no offer for grant of options may be made.

Our Directors may not grant any option to a participant who is a Director during the period or time in which Directors are prohibited from dealing in shares pursuant to the Model Code prescribed by the Listing Rules or any corresponding code or securities dealing restrictions adopted by our Company.

(i) Period of the Post-IPO Share Option Scheme

The Post-IPO Share Option Scheme would remain in force for a period of 10 years from 10 November 2014. Accordingly, the Post-IPO Share Option Scheme expired on 10 November 2024. The options granted prior to the expiration remain valid for exercise and no further option under the Post-IPO Share Option Scheme would be granted.

(j) Outstanding Share Options

The following table discloses movements in the outstanding share options granted to all grantees under the Post-IPO Share Option Scheme as at 31 August 2024. 9,000,000 Options were granted under the Post-IPO Share Option Scheme during the financial year ended 31 August 2024. The number of options available for grant under the Post-IPO Share Option Scheme mandate at the beginning and the end of the reporting period are 199,637,168 and 190,637,168 respectively.

Grantees *(Note 1)*	Date of grant	Number of share options: Outstanding as at 1 September 2023	Granted during the year	Exercised during the year	Cancelled during the year	Lapsed during the year	Outstanding as at 31 August 2024	Exercise period/date	Exercise price *(Note 2)*	Vesting period/date
Directors										
Jingxia Zhang *(resigned with effect from 1 March 2024)*	4 March 2024	–	3,000,000	–	–	–	3,000,000	4 March 2025–3 March 2030	HK$0.52	4 March 2025
Peter Humphrey Owen	28 June 2019	60,000	–	–	–	(60,000)	–	1 January 2024–31 January 2024	HK$3.11	1 January 2024
King Pak Lau	4 March 2024	–	1,000,000	–	–	–	1,000,000	4 March 2025-3 March 2026	HK$0.52	4 March 2025
	4 March 2024	–	1,000,000	–	–	–	1,000,000	4 March 2026-3 March 2027	HK$0.52	4 March 2026
	4 March 2024	–	1,000,000	–	–	–	1,000,000	4 March 2027–3 March 2028	HK$0.52	4 March 2027
Sub-total		**60,000**	**6,000,000**	**–**	**–**	**(60,000)**	**6,000,000**			
Employees										
Nineth tranche	10 May 2024	–	600,000	–	–	–	600,000	10 May 2025-9 May 2026	HK$0.381	10 May 2025
	10 May 2024	–	600,000	–	–	–	600,000	10 May 2026-9 May 2027	HK$0.381	10 May 2026
	10 May 2024	–	600,000	–	–	–	600,000	10 May 2027-9 May 2028	HK$0.381	10 May 2027
	10 May 2024	–	600,000	–	–	–	600,000	10 May 2028-9 May 2029	HK$0.381	10 May 2028
	10 May 2024	–	600,000	–	–	–	600,000	10 May 2029-9 May 2030	HK$0.381	10 May 2029
Sub-total		**–**	**3,000,000**	**–**	**–**	**–**	**3,000,000**			
Total		**60,000**	**9,000,000**	**–**	**–**	**(60,000)**	**9,000,000**			

Notes:

1. *The five highest paid individuals of the Group included two directors for the year ended 31 August 2024, share options granted to one of the Directors remained outstanding. The remaining three individuals were not granted any share options since the adoption of the Post-IPO Share Option Scheme and up to the date of this report.*

2. *The closing price of the Share immediately before the date on which the options were granted on 28 June 2019, 4 March 2024 and 10 May 2024 was HK$3.09, HK$0.54 and HK$0.385 respectively.*

3. *The other principal terms of the Post-IPO Share Option Scheme are set out in the Prospectus.*

4. *No performance target is required to be met before exercising the share options. The Remuneration Committee and the Board considered that notwithstanding the absence of performance target, the grant of the share options aligns with the purpose of the Post-IPO Share Option Scheme.*

5. *Please refer to the corporate governance report of this annual report for a summary of material matters relating to the Post-IPO Share Options Scheme reviewed by the remuneration committee of the Board.*

Information on the accounting standard and policy for share options granted and the fair value of options at the date of grant are provided in Note 34 to the consolidated financial statements.

2. Share Award Scheme

The Share Award Scheme was adopted by the Company on 10 November 2014 and modified by the Board on 28 April 2015.

(a) Purpose of the Share Award Scheme

The grant of share awards (the "**Awards**") recognises the contribution of the Directors, executive officers, senior management, employees and consultants of the Company and of its subsidiaries and consolidated affiliated entities (collectively, "**Scheme Companies**" and each, a "**Scheme Company**") to the historical achievements of the Company. The Company has the intention to continue exploring ways to incentivise, retain and reward Scheme Companies' directors, executive officers, senior management and employees and may implement other share award schemes or other share-based remuneration schemes in the future.

(b) Awards

Each Award is a right to receive a Share at the end of the vesting period, subject to vesting conditions provided for under the Share Award Scheme. For each Award, the Eligible Participants (as defined below) may receive, subject to vesting, one Share.

Awards cannot be sold, pledged or transferred by the Eligible Participants by any means, except by inheritance.

(c) Grant of Awards

The Share Award Scheme provides for the grant of Awards by the Company to beneficiaries (the "**Beneficiaries**") selected at the discretion of the Board from among the directors, executive officers, senior management, employees and consultants of the Scheme Companies (the "**Eligible Participants**"). Shares will not be released under the Awards until the applicable vesting conditions have been satisfied.

(d) Shares underlying the Awards

The Company will from time to time transfer the necessary funds and instruct the scheme trustee ("**Scheme Trustee**") to acquire Shares through on-market transactions so as to satisfy Awards.

The Share Award Scheme Shares will be held on trust by the Scheme Trustee until their release to the Beneficiaries upon vesting of their Awards.

The grant of Awards by the Company to a connected person of the Company will be subject to the requirements of Chapter 14A of the Listing Rules.

(e) Restrictions on grants and Share purchases

No instruction may be given to the Scheme Trustee to acquire Shares and no Award may be granted when the Board is in possession of unpublished inside information in relation to the Scheme Companies or when dealings by Directors are prohibited under any code or requirement of the Listing Rules and all applicable laws from time to time.

(f) Vesting of Awards

Vesting of Awards is subject to continued employment of the Beneficiaries with a Scheme Company over the vesting period as determined by the Board. Upon vesting, the Company will instruct the Scheme Trustee to release Share Award Scheme Shares to the Beneficiary on its behalf.

In the event of termination of the employment or corporate officer's mandate of a Beneficiary with a Scheme Company, his or her Awards will be forfeited: (i) in the case of employment contracts, such forfeiture shall take effect on the date of receipt of the dismissal letter or the submission of the resignation letter (as the case may be), notwithstanding any period of notice (regardless of whether it has been given or satisfied), or on the date of the termination of the employment agreement for other circumstances, and (ii) in the case of corporate officer's mandate, such forfeiture shall take effect on the date of the expiration of the term of the mandate, or on the date of the dismissal or notification of such dismissal.

In the case of retirement or early retirement of the Beneficiary, Awards are not forfeited. However, the Shares are not released until they vest on the grantee.

If a Beneficiary's employer ceases to be a Scheme Company during the vesting period, the continued employment condition will be deemed not to have been satisfied.

No consideration is paid or payable by the grantees for the Shares to be issued under the Share Award Scheme.

(g) Limit for each Beneficiary

Pursuant to a resolution passed at a meeting of the Board on 29 November 2016, the maximum number of Awards which may be granted to a Beneficiary but unvested under the Share Award Scheme was revised to not exceed 1% of the Shares in issue from time to time.

(h) The Share Award Scheme Period

The Share Award Scheme shall be valid and effective from 28 April 2015 and end on the earlier of (i) the business day immediately prior to the tenth anniversary of 28 April 2015 except in respect of any non-vested Awards granted prior to the expiration of the Share Award Scheme, for the purpose of giving effect to the vesting of such Awards or otherwise as may be required in accordance with the provisions of the Share Award Scheme; and (ii) such date of early termination as determined by the Board provided that such termination shall not affect any subsisting rights of any Beneficiary in respect of the Awards already granted.

(i) Outstanding Shares awarded

In July 2015, the Scheme Trustee purchased a total of 62,160,000 Shares on the Stock Exchange at a total consideration of approximately HK$74.7 million (equivalent to approximately RMB59.0 million). During the year ended 31 August 2024, no share award was granted, vested, cancelled or lapsed under the Share Award Scheme. Both the number of share award available for grant under the scheme mandate as at 1 September 2023 and 31 August 2024 were Nil. There was no service provider sublimit under the Share Award Scheme.

The Company did not expect to grant further Share awards under the Share Award Scheme prior to its expiry on 27 April 2025 and in order to reduce administrative cost of the Company, the Board has resolved to terminate the trust of the Share Award Scheme with effect from 17 October 2022. In accordance with the rules of the Share Award Scheme, the total of 24,309,988 Shares (representing approximately 0.81% of the issued Shares as at the date of this report) were resettled and transferred to the ESPP Trust established for Employee Share Purchase Plan on 3 November 2022.

3. Employee Share Purchase Plan ("ESPP")

The Company's ESPP was approved and adopted on 12 October 2020 which provides eligible employees with the opportunity to acquire proprietary interests in the Company and to encourage eligible employees to work towards enhancing the value of the Company and the Shares for the benefit of the Company and the Shareholders as a whole. Chinese employees in the PRC who have been employed by the Group for three years or more are eligible to participate in the ESPP. The ESPP is effective for a period of 5 years from the adoption date. The remaining life of the scheme is approximately 11 months from the date of this report. Each year employees may make contributions according to their respective ranks, and a trustee will be responsible for purchasing Shares on their behalf. Under the ESPP, eligible employees of the Group may elect to purchase the Company's shares ("**Employee Contribution Share(s)**") and, through the grant of matching restricted share units ("**RSUs**"), receive one matching share ("**Matching Share(s)**") for every three shares purchased and held until the end of the vesting period. Each eligible employee's participation level is capped at RMB2,000 or RMB1,000 per calendar month for senior and middle management and RMB1,000 or RMB500 per calendar month for general employees. No consideration is payable by participants on grant of Matching RSUs. The vesting period with respect to a Matching RSU is the period commencing on the first allocation date (i.e. the 1st day of each March and September) of the offering period in which such Matching RSU was granted to a participant and ending on the third anniversary of such date. On the allocation date within an offering period, the trustee shall purchase, in one or more tranches, as many Shares as may be purchased by using all of the Employee Contributions made for the preceding six months and held under the trust on such date.

Upon vesting of the Matching RSUs (i.e. three years from the first share purchase date in a plan year), those employees who are still employed with the Group will receive one Matching Share for each RSU granted to him or her. The Matching Shares can either be provided to recipients through the issuance of new shares by the Company or be purchased on market by the trustee of the ESPP.

For the year ended 31 August 2024, 564,017 Matching Shares were granted under the ESPP, no Matching RSUs were granted and no Matching RSUs were vested. Since the adoption date of the ESPP, no new Shares were issued under the ESPP. As at 31 August 2024, nil Shares are available for issue under the ESPP. The number of Matching RSUs available for grant under the ESPP as of 1 September 2023 and 31 August 2024 was nil and nil, respectively.

The number of Shares that may be issued in respect of options and awards granted under all schemes of the Company during the year ended 31 August 2024 divided by the weighted average number of shares of the relevant class in issue (excluding treasury shares) for the year ended 31 August 2024 is 0.

Contingent Liabilities

As at 31 August 2024, the Group had no contingent liabilities.

PURCHASE, SALES OR REDEMPTION OF OUR COMPANY'S SHARES

In accordance with the then prevailing terms and conditions of the Convertible Bonds, on 9 February 2024, the Company redeemed the Convertible Bonds then outstanding (being an amount of USD75,000,000), together with interest accrued but unpaid. As of the date of this report, all Convertible Bonds have been fully redeemed and no Convertible Bonds remain outstanding. The Company has applied to The Stock Exchange of Hong Kong Limited for the withdrawal of the listing of the Convertible Bonds. Such withdrawal of listing became effective upon the close of business on 26 February 2024.

Save as disclosed above, during the year ended 31 August 2024, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company (including sale of treasury share). As at 31 August 2024, the Company did not hold any treasury shares.

PROFESSIONAL TAX ADVICE RECOMMENDED

The Company is not aware of any tax relief or exemption available to the Shareholders by reason of their holding of the Company's securities.

If the Shareholders are unsure about the taxation implications of purchasing, holding, disposing of, dealing in, or the exercise of any rights in relation to the Shares, they are advised to consult an expert.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirm that the Company has maintained the prescribed public float under the Listing Rules as at the date of this report.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the laws of the Cayman Islands or under the Company's Articles of Association that require the Company to offer new Shares on a pro-rata basis to its existing Shareholders.

LITIGATION

The Group did not have any material litigation outstanding as at 31 August 2024.

CONTINUING DISCLOSURE PURSUANT TO LISTING RULES

Save as disclosed in the other sections of this annual report, the Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

CHANGE IN DIRECTORS' INFORMATION

Please refer to the section headed "Change of Directors and change in composition of Board committee" in this report for details of the change of Directors during the reporting period.

Save as disclosed above and the section headed "Directors and Senior Management", there is no other information in respect of Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

EVENTS AFTER THE REPORTING PERIOD

The Group has no subsequent events after the reporting period and up to the date of this report which required disclosure.

NON-COMPETITION UNDERTAKING

In March 2008, each of the Founders, Ms. Mei Chen Amy Yan, Ms. Shu Ling Jen and Sherman Investment undertook to the Company and among others not to establish new entities or schools that are in competition with the entities or schools directly or indirectly controlled by us without our consent ("**Non-competition Undertaking**").

The Founders, Ms. Mei Chen Amy Yan, Ms. Shu Ling Jen and Sherman Investment undertook to the Company and among others have confirmed their compliance with the Non-competition Undertaking throughout the period from the Listing Date to 31 August 2024. The Independent Non-executive Directors have also reviewed the compliance with the Non-competition Undertaking and are satisfied that they have complied with the undertakings.

AUDIT COMMITTEE

The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 August 2024 and has met with the independent auditors, Moore CPA Limited ("**Moore**"). 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.

AUDITORS

Deloitte Touche Tohmatsu ("**Deloitte**") resigned as the auditor of the Company with effect from 25 March 2022 and SHINEWING (HK) CPA Limited ("**SHINEWING**") was appointed as the auditor of the Company with effect from 8 April 2022 to fill the casual vacancy following the resignation of Deloitte. SHINEWING resigned as the auditor of the Company with effect from 15 July 2022 and ZHONGHUI ANDA CPA Limited ("**ZHONGHUI**") was appointed as the auditor of the Company with effect from 25 July 2022 to fill the casual vacancy following the resignation of SHINEWING. ZHONGHUI resigned as the auditor of the Company with effect from 27 August 2024 and Moore was appointed as the new auditor of the Company with effect from 28 August 2024 to fill the casual vacancy following the resignation of ZHONGHUI.

The consolidated financial statements for the year ended 31 August 2024 have been audited by Moore. Moore will hold office until conclusion of the next annual general meeting of the Company.

Save as disclosed above, there has been no other change in the auditor of the Company in any of the preceding three years.

On behalf of the Board
Shu Liang Sherman Jen
Chairman and Chief Executive Officer

Hong Kong, 28 November 2024

CORPORATE GOVERNANCE REPORT

The Board of China Maple Leaf Educational Systems Limited is pleased to present this Corporate Governance Report in the Company's annual report for the year ended 31 August 2024.

PURPOSE, VALUES AND STRATEGY

Maple Leaf's Corporate Culture

Maple Leaf is driven by our passionate belief that education is the most important factor that enhances the life opportunities of children. All Maple Leaf Directors and employees work together in a visionary, entrepreneurial, problem-solving, results-oriented, accountable and professional manner to meet the challenges of implementing our purpose, values and beliefs. The Board and all Maple Leaf employees adhere to a strict code of ethics and principles that define business practices, professional relationships, decision-making, and individual roles and responsibilities. Maple Leaf values diversity in the workplace; and is driven by continuous improvement and ongoing professional development. We believe in operational transparency and proactive, open communications with our employees and stakeholders.

Maple Leaf's Purpose

Maple Leaf's purpose is to provide high-quality, academically-focused, educational programming that blends the best of eastern and western educational thinking so as to graduate students who will be successful in their studies in top universities around the world and become global leaders and contributing citizens.

Maple Leaf's Values and Beliefs

Maple Leaf believes that all children are able to succeed, and that education is the most important factor that enhances the life opportunities of children. Understanding the thinking of East and West, experiencing teachers from different cultures, and completing educational programs in different languages, prepares students well for the global world of tomorrow.

We believe in the importance of student engagement in learning, and in educating the whole child. We highly value moral and ethical behaviour in a diverse, respectful, safe and supporting educational and workplace environment. We value integrity, responsibility and accountability in one's actions and to act as role models for our community. We are all part of the Maple Leaf team and rely on each other for our success. We have a passion for education and set high expectations and goals for students.

Maple Leaf's Corporate Strategy

Our purpose, values and beliefs underlie everything that we do and find full expression in our corporate culture. We are driven by the pursuit of excellence and are accountable to the Maple Leaf community to uphold and model our values as we strive to achieve our purpose. We develop transparent policies and procedures to give effect to our beliefs and seek to continuously improve our governance model.

In addition to our focus on individual schools, we provide oversight at a systems level to provide policies, procedures, and assessment standards, as well as guidance and advice to our educational enterprise.

Maple Leaf encourages the Shareholders to engage actively with the Company and is committed to providing effective communication with the Shareholders and other stakeholders. Maple Leaf provides balanced and understandable information about the Company so as to enable the Shareholders to effectively exercise their rights.

At Maple Leaf we have zero tolerance for any sort of fraud and ensure that all employees, (including Directors, supervisors, and middle and senior managers), establish a work style of integrity, diligence, dedication, honesty, fairness, impartiality, and ethical business practices. All our staff comply with relevant laws and regulations, professional ethics, and the internal management system.

We expect and encourage all our employees, as well as other parties whom we deal with, to report any concerns including actual or suspected misconduct, malpractice, impropriety, fraud or irregularity by any employee or other stakeholder. We provide reporting channels and guidance on reporting possible improprieties; and reassurance to persons reporting concerns of the protection against unfair disciplinary action or victimisation for any genuine reports made.

Maple Leaf values the independent views of Directors and to ensure that independent views are available to the Board, we appoint at least three independent non-executive directors, representing at least one-third of the Board.

Maple Leaf recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in maintaining our competitive advantage. We regularly assess the diversity profile of the Board and, where applicable, senior management, by considering a number of aspects, including but not limited to gender, age, cultural and educational background, professional qualifications, and skills, knowledge, industry, and regional experience.

CORPORATE GOVERNANCE CODE

The Board has committed to achieving high corporate governance standards. The Board believes that high corporate governance standards are essential in providing a framework for the Company to safeguard the interests of Shareholders and to enhance corporate value and accountability. The corporate governance principles of the Company put an emphasis on an effective Board with a high level of integrity, comprehensive internal controls, and a high degree of transparency and accountability, which enhances corporate value for Shareholders and protects the long-term sustainability of the Group and thereby achieving sustainable business growth and generating values over the longer term and the strategy for delivering the Group's objective. The Board has played a proactive role in the development of effective and sustainable business strategy and in aligning the Group's culture with the Group's purpose, values and strategy.

During the year ended 31 August 2024 and up to the date of this report, the Company has applied the principles as set out in the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") contained in Appendix C1 to the Listing Rules and has complied with all the applicable code provisions, save and except for code provision C.2.1.

Code provision C.2.1 of Part 2 of the CG Code stipulates that the roles of chairman and CEO should not be performed by the same individual. Mr. Jen performs the dual roles of both chairman and CEO. The Board believes that by vesting the roles of both chairman and CEO in the same person, the Company derives the benefit of ensuring consistent leadership within the Group, which in turn enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively.

The Board will continue to review and monitor the practices of the Company for the purpose of complying with the CG Code and maintaining a high standard of corporate governance practices of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as its own securities dealing code to regulate all dealings by Directors and relevant employees of securities in the Company and other matters covered by the Model Code.

Specific enquiries have been made of all the Directors and the relevant employees and they have confirmed that they have complied with the Model Code during the year ended 31 August 2024.

The Company has maintained an effective system in monitoring the dealings by Directors (including a notification mechanism) to ensure compliance with the Model Code. In particular, the Company has notified all Directors the prohibition period before the commencement of such prohibition period. The Board is of the view that the guidelines and procedures for the director's dealings of shares in the Company are adequate and effective.

BOARD OF DIRECTORS

The Board currently comprises seven members, consisting of three Executive Directors, one Non-executive Director and three Independent Non-executive Directors.

The composition of the Board as at the date of this report is as follows:

Executive Directors

Mr. Shu Liang Sherman Jen *(Chairman and Chief Executive Officer)*
Mr. King Pak Lau *(re-designated as executive Director and Co-Chief Financial Officer with effect from 1 March 2024)*
Mr. James William Beeke

Non-executive Director

Dr. Kem Hussain

Independent Non-executive Directors

Mr. Peter Humphrey Owen
Ms. Wai Fong Wong
Mr. Ming Sang Chow *(appointed with effect from 1 March 2024)*

The biographical information of the Directors is set out in the section headed "Directors and Senior Management" in this report.

None of the members of the Board is related to one another.

Mr. Ming Sang Chow ("**Mr. Chow**") was appointed as an independent non-executive Director with effect from 1 March 2024. Mr. Chow confirmed that he obtained legal advice referred to under Rule 3.09D of the Listing Rules on 30 January 2024 before his appointment became effective in relation to the requirements under the Listing Rules that are applicable to him as a director of a listed company and the possible consequences of making a false declaration or giving false information to the Stock Exchange. Mr. Chow had confirmed that he understood his obligations as a director of a listed issuer.

Chairman and Chief Executive Officer

Code provision C.2.1 of Part 2 of the CG Code stipulates that the roles of chairman and chief executive should not be performed by the same individual.

The Board does not have a separate chairman and CEO. Mr. Jen performs the dual roles of both chairman and CEO. The Board believes that by vesting the roles of both chairman and CEO in the same person, the Company derives the benefit of ensuring consistent leadership within our Group, which in turn enables more effective and efficient overall strategic planning for our Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively.

Board Meetings and Shareholders' Meetings Held

During the year ended 31 August 2024, the Board convened twelve Board meetings and the Company convened the AGM and an extraordinary meeting ("**EGM**"). A summary of the attendance record of the Directors is set out in the following table:

Name of Director	Board Meetings	AGM	EGM
Executive Directors			
Mr. Shu Liang Sherman Jen	11/12	1/1	1/1
Ms. Jingxia Zhang *(resigned with effect from 1 March 2024)*	7/7	1/1	N/A
Mr. King Pak Lau *(re-designed from an independent non-executive Director to an executive Director with effect from 1 March 2024)*	12/12	1/1	1/1
Mr. James William Beeke	10/12	1/1	1/1
Non-executive Director			
Dr. Kem Hussain	11/12	1/1	1/1
Independent Non-executive Directors			
Mr. Peter Humphrey Owen	11/12	1/1	1/1
Ms. Wai Fong Wong	11/12	1/1	1/1
Mr. Ming Sang Chow *(appointed with effect from 1 March 2024)*	5/5	N/A	1/1

The Board will meet at least four times in each financial year at approximately quarterly intervals in accordance with code provision C.5.1 of Part 2 of the CG Code.

Apart from regular Board meetings, the Chairman also held a meeting with the Independent Non-executive Directors without the presence of other Directors during the year ended 31 August 2024.

Independent Non-executive Directors

The Board at all times met the requirements of the Listing Rules relating to the appointment of at least three Independent Non-executive Directors representing more than one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received from each Independent Non-executive Director a written annual confirmation in respect of his/her independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. Based on such confirmation, the Board considers that all Independent Non-executive Directors are independent.

Non-executive Directors and Directors' Re-election

Code provision B.2.2 of Part 2 of the CG Code states that every Director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years.

All Directors including Independent Non-executive Directors have been appointed for a fixed term of not more than three years. Mr. Peter Humphrey Owen, Ms. Wai Fong Wong and Mr. Ming Sang Chow, the Independent Non-executive Directors, were appointed for a term of three years commencing on 1 September 2022, 1 January 2023 and 1 March 2024 respectively. Each of the Directors is subject to retirement by rotation once every three years in accordance with the Articles of Association. The Articles of Association requires that at every annual general meeting of the Company one-third of the Directors for the time being (or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third) shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years.

Responsibilities, Accountabilities and Contributions of the Board and Management

The Board is responsible for leadership and control of the Company and oversees the Group's businesses, strategic decisions and performance and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. The Board takes decisions objectively in the interests of the Company.

All Directors, including Independent Non-executive Directors, have brought a wide spectrum of valuable business experiences, knowledge and professionalism to the Board for its efficient and effective functioning.

All Directors have full and timely access to all the information of the Company as well as the services and advice from the company secretary and senior management. The Directors may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The Directors shall disclose to the Company details of other offices held by them and the Board regularly reviews the contribution required from each Director to perform his/her responsibilities to the Company.

The Board reserves the discretion to make decision on all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and coordinating the daily operations and management of the Company are delegated to the management.

Continuous Professional Development of Directors

Directors shall keep abreast of responsibilities as a Director of the Company and of the conduct, business activities and development of the Group.

Every newly appointed Director will receive a formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Group and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

In accordance with code provision C.1.4 of Part 2 of the CG Code with regard to continuous professional development, Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. All Directors are encouraged to attend relevant training courses at the Company's expenses.

During the year ended 31 August 2024, the key methods of attaining continuous professional development by each of the Directors are summarized as follows:

Name of Director	Attending courses/ seminars/ Conferences	Reading books/ journals/ articles
Mr. Shu Liang Sherman Jen	✓	✓
Ms. Jingxia Zhang *(resigned with effect from 1 March 2024)*	✓	✓
Mr. King Pak Lau *(re-designated from an independent non-executive Director to an executive Director with effect from 1 March 2024)*	✓	✓
Mr. James William Beeke	✓	✓
Mr. Peter Humphrey Owen	✓	✓
Dr. Kem Hussain	✓	✓
Ms. Wai Fong Wong	✓	✓
Mr. Ming Sang Chow *(appointed with effect from 1 March 2024)*	✓	✓

BOARD COMMITTEES

The Board has established three committees, namely, the Audit Committee, the Remuneration Committee and the Nomination and Corporate Governance Committee, to oversee particular aspects of the Company's affairs. Each of these committees was established with defined written terms of reference. The terms of reference of the Board committees are posted on the Company's website and the Stock Exchange's website and are available to Shareholders upon request.

The majority of the members of each Board committee are Independent Non-executive Directors and the list of the chairman and members of each Board committee is set out in the section headed "Corporate Information" in this report.

Audit Committee

The Company has established an Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph D.3 of 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 systems of our Group, to oversee the audit process and the relationship with external auditor, to review arrangements enabling employees of the Group to raise concerns about possible improprieties in financial reporting, internal control or other matters of the Company and to perform other duties and responsibilities as assigned by our Board.

As at 31 August 2024, the Audit Committee consisted of three members: Mr. Chow, Mr. Peter Humphrey Owen and Ms. Wai Fong Wong, all of whom are Independent Non-executive Directors. Mr. Chow was the chairman of the Audit Committee. Mr. King Pak Lau was re-designated from an Independent Non-executive Director to an executive Director with effect from 1 March 2024.

During the year ended 31 August 2024, the Audit Committee held ten meetings. The attendance record of the meetings is set out in the table below:

Name of Committee Member	Attendance/Number of meetings
Mr. Peter Humphrey Owen	10/10
Mr. King Pak Lau *(re-designated from an independent non-executive Director to an Executive Director with effect from 1 March 2024)*	8/8
Ms. Wai Fong Wong	9/10
Mr. Ming Sang Chow *(appointed with effect from 1 March 2024)*	2/2

During the meetings, the Audit Committee met with external auditor and discussed the status of the outstanding financial reporting of the Company and met with internal audit department to discuss issues on annual internal audit for the years ended 31 August 2023 and 2024 and the work plan for the years ended 31 August 2023 and 2024.

Remuneration Committee

The Company has established a Remuneration Committee with written terms of reference in compliance with paragraph E.1 of the CG Code. The primary duties of the Remuneration Committee include but are not limited to, (i) making recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration; (ii) making recommendations to the Board on the remuneration packages of all Directors and senior management; (iii) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time; and (iv) reviewing and approving the terms of incentive schemes and Directors' service contracts.

As at 31 August 2024, the Remuneration Committee consisted of three members: Mr. Peter Humphrey Owen, Mr. James William Beeke and Ms. Wai Fong Wong. Mr. Beeke was an Executive Director and Mr. Owen and Ms. Wong were Independent Non-executive Directors. Mr. Owen was the chairman of the Remuneration Committee.

During the year ended 31 August 2024, the Remuneration Committee held four meetings. The attendance record of the meetings is set out in the table below:

Name of Committee Member	Attendance/Number of meetings
Mr. Peter Humphrey Owen	4/4
Mr. James William Beeke	4/4
Ms. Wai Fong Wong	4/4

During the meeting, the Remuneration Committee reviewed the terms of reference of Remuneration Committee, the remuneration package of independent non-executive directors, its role in the consideration of senior management and other related matters of the Company. The Remuneration Committee also reviewed the annual performance of the Remuneration Committee.

Summary of matters relating to the Post-IPO Share Option Scheme reviewed by the Remuneration Committee

During the year ended 31 August 2024, the Remuneration Committee considered, approved and made recommendation to the Board in relation to the grant of options to a Director, a former Director and an employee of the Group (collectively, the "**Grantees**"). For details of the share options granted during the year, please refer to the section headed "Share Incentive Schemes – 1. Post-IPO Share Option Scheme".

The share options granted must be held by the Grantees for 12 months from the respective date of grant before the share options can be exercised.

There is no performance target attached to the share options granted to the Grantees. The Remuneration Committee considered (1) certain Grantee's experiences in the Group's business, length of service to the Group and contribution and dedication to the promotion of the Group's business; (2) the Grantees are Director or employee of the Group who will directly contribute to the overall business performance, sustainable development and/or good corporate governance of the Group; (3) the share options will be vested in tranches over a period of not less than 12 months from the respective date of grant; (4) the share options will give the Grantees an opportunity to have a personal stake in the Company; and (5) the value of the share options shall be subject to the market performance of the Shares, which in turn depends on the performance of the Group, to which the Grantees would directly contribute. Therefore, the Remuneration Committee was of the view that notwithstanding the absence of performance target, the grant of the share options aligns with the purpose of the Post-IPO Share Option Scheme.

The share options granted are not subject to any clawback mechanism but shall lapse (to the extent not already exercised) on the date when the respective Grantee ceases to be an eligible participant under the Share Option Scheme. The Remuneration Committee was of the view that a specific clawback mechanism is not necessary, having considered that the lapse of the share options upon the respective Grantee ceases to be an eligible participant under the Post-IPO Share Option Scheme, which is in line with the purpose of the Post-IPO Share Option Scheme and in the interests of the Company.

Saved as disclosed above, the Company did not make any grant of share options to the directors and/or senior managers of the Group as set forth in Rules 17.03F, 17.06B(7) and 17.06B(8) of the Listing Rules during the year ended 31 August 2024.

During the year ended 31 August 2024, the total remuneration paid/payable to the senior management (including all Executive Directors) by band expressed in Hong Kong dollars is set out below:

Band	Number of senior management
HK$1,500,001 to HK$2,000,000	1
HK$2,000,001 to HK$2,500,000	2
HK$3,500,001 to HK$4,000,000	2

Nomination and Corporate Governance Committee

The Company has established a Nomination and Corporate Governance Committee ("**N&CGC**") with written terms of reference in compliance with paragraphs B.3 and A.2 of the CG Code. The N&CGC has the following two main functions: (i) nomination function including reviewing the structure, size, composition and performance of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy, identifying individuals suitably qualified to become board members and select or make recommendations to the Board on the selection of individuals nominated for directorships, assessing the independence of Independent Non-executive Directors and making recommendations to the Board on matters relating to the appointment of Directors; and (ii) corporate governance function including developing and reviewing the Company's corporate governance policies and practices and making recommendations to the Board, reviewing and monitoring the training and continuous professional development of Directors and senior management, reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements, developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees and directors and reviewing the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

As at 31 August 2024, the N&CGC consisted of three members: Mr. Shu Liang Sherman Jen, Mr. Peter Humphrey Owen and Ms. Wai Fong Wong. Mr. Jen was an Executive Director and Mr. Owen and Ms. Wong were Independent Non-executive Directors. Mr. Jen was the chairman of the N&CGC.

Director Nomination Policy

On 9 November 2018, the Company adopted a director nomination policy which sets out the selection criteria and process and the Board succession planning considerations in relation to nomination and appointment of Directors. When assessing and selecting candidates of directors, the N&CGC and the Board will consider the character, integrity, qualifications, including professional qualifications, skills, knowledge and experience and diversity elements as described in the Board Diversity Policy of the candidates. For appointment of Independent Non-executive Directors, the Company will also consider the independence of the candidates in accordance with the Listing Rules and the commitment of sufficient time in order to discharge the duties as the member of the Board and the Board Committees.

For appointment of directors, the N&CGC should recommend to the Board to appoint suitable candidates for directorship. For person nominated by shareholders for election as a director at the general meeting of the Company, the N&CGC and/or the Board should assess such candidate based on the above selection criteria to determine the eligibility of such candidate to be appointed as a director, and thus make recommendation to the shareholders on the proposal of election of director at the general meeting.

For re-election of directors at the general meeting, the N&CGC and/or the Board should review the overall contribution and services made by the retired directors to the Company and consider whether their level of engagement and performance in the Board meet the above standards and make recommendation to the shareholders on the proposed re-election of directors at the general meeting.

During the year ended 31 August 2024, the N&CGC held three meetings. The attendance record of the meetings is set out in the table below

Name of Committee Member	Attendance/Number of meetings
Mr. Shu Liang Sherman Jen	3/3
Mr. Peter Humphrey Owen	3/3
Ms. Wai Fong Wong	3/3

During the year ended 31 August 2024, the N&CGC reviewed the structure, size, composition and diversity of the Board, assessed the independence of independent non-executive Directors, made recommendation to the Board for the re-election of directors, reviewed the Company's policies and practices on corporate governance and on compliance with legal and regulatory requirements and discussed the adequacy on the training and continuous professional development of Directors and senior management.

Board Diversity Policy

The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance and strives to maintain a Board with diversity perspectives at all levels, in particular, those aligning with the Company's strategies and objectives. In determining the composition of the Board and the nomination of directors, the Company takes into consideration a number of factors, including but not limited to gender, age, cultural and educational background, professional qualifications and skills, knowledge and industries and regional experience. Measurable objectives are adopted for achieving diversity of the Board. As at the date of this report, the Board comprises seven Directors comprising one female Director and six male Directors. Gender diversity in respect of the Board has been achieved to a certain extent, as opposed to a single-gender board. The Board would continue to take initiatives to identify suitable candidates so as to appoint at least one additional female Director on the Board in the next 5 years. For succession planning to maintain gender diversity on the Board, the Board will ensure, by upholding an open, fair and reasonable human resource policy with equal opportunities for talent attraction and promotion regardless of gender, that a diverse pipeline of candidates is available to take up leadership positions when any vacancy arises.

As at 31 August 2024, for the gender ratio in the workforce, 32.5% were male and 67.5% were female. Our approach for talent recruitment and retention is to employ a diverse team that works together collaboratively and encourage differences and individuality in employees with respect to equal opportunities, diversity and anti-discrimination. To enhance efficiency, we have not set a measurable objective for achieving gender diversity at the workforce level, the Company is determined to commit to adopting the meritocratic and diverse approach which provides equal consideration and opportunities to all qualified candidates regardless of gender in terms of hiring and promotion process. The Company will conduct regular assessment on the diversity perspective, measurable objectives and progress in achieving the objective of diversity.

The N&CGC is responsible for monitoring and reviewing the Board Diversity Policy annually. During the year ended 31 August 2024, the N&CGC reviewed the implementation and effectiveness of the Board Diversity Policy and the results were satisfactory and the N&CGC was satisfied with the diversity of the existing Board and did not recommend any change of the size of the Board.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 August 2024.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the independent auditors of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on page 83 to page 87 in this report.

AUDITORS' REMUNERATION

The Company appointed Moore CPA Limited ("**Moore**") as the external auditors for the year ended 31 August 2024. During the year ended 31 August 2024, the total fees paid/payable, excluding disbursements, in respect of audit and non-audit services provided by the Group's external auditors are set out below:

Items of auditors' services	**Amount** RMB'000
Audit service:	
Annual audit service	1,869
Non-audit service:	
Transfer pricing service	110
Total	**1,979**

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board highly values and has the overall responsibility for establishing and maintaining adequate and effective risk management and internal control systems of the Group to safeguard the Group's assets and stakeholders' interests and reviewing their effectiveness annually. The Board is responsible for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives. Management has the responsibility to carry out the decisions of the Board of Directors in the design, implementation and monitoring of the risk management and internal control systems of the Group.

The Group's risk management and internal control systems include a management structure with defined lines of responsibility and limits of authority. These systems only aim to provide reasonable, but not absolute, assurance that assets are safeguarded against misappropriations or loss, transactions are executed in accordance with the management's authorisation, and accounting records are reliable and proper for preparing financial information and are not materially misstated. The systems are designed to identify, evaluate and manage risks effectively rather than to eliminate the risk of failure to achieve business objectives.

The Group has established a risk management framework in providing direction in identifying, evaluating and managing significant risks. Risks that would adversely affect the achievement of the Group's objectives are identified and assessed and prioritised according to a set of standard criteria. Risk mitigation plans and risk owners are then established for those risks which are considered to be significant. The Company's internal audit function is performed by the internal audit department. During the year under review, the Board conducted review to assesses the effectiveness of the risk management and internal control systems through the reviews performed by the Audit Committee, executive management, internal audit department, external internal control consultant and external auditors.

During the closing of the financial statement for the year ended 31 August 2024, the management engaged external IC Consultant to review independently on the enhanced internal control procedures and policies as stated in the IC Review Report for the remedial measures of the internal control deficiencies in relation to the Relevant Matters. The Company has considered and adopted recommendations by the IC consultant to improve its internal control systems and procedures (if necessary) as far as practicable in order to ensure that the Company has in place adequate internal controls and procedures to meet its obligations under the Listing Rules.

References are made to the section headed "Management Discussion and Analysis – Suspension of trading, Resumption Guidance and Resumption" in this report and the announcements of the Company dated 27 April 2022, 16 May 2022, 23 May 2022, 14 June 2022, 1 November 2022, 4 July 2023, 6 July 2023 and 1 November 2023 regarding the Relevant Matters, the Resumption Guidance, the Independent Investigation, the Investigation Report, the IC Review Report and the resumption of trading. Unless otherwise defined, capitalised terms used in this section shall have the same meanings as those defined in the announcement of the Company dated 1 November 2023.

Please refer to the announcement in relation to the key findings of the IC Review Report on 4 July 2023 and the annual report of the Company for the year ended 31 August 2023 for the details of the remedial actions implemented to rectify the internal control weakness in relation to the Relevant Matters.

The IC Review Report issued on 20 June 2023 concluded that the Group has implemented recommended remedial measures to rectify the deficiencies identified in the First Review. No material deficiencies in the Company's internal controls and procedures were noted in the Follow-up Review.

The Company would like to provide an update regarding the progress of the relevant remedial actions as referred to in the announcement of the Company dated 1 November 2023.

1. Matter 1 – Management fee received from the Canteen Subcontractors amounted to RMB32 million for the six months ended 28 February 2022

The retrospective reduction of the Management Fees from 45% to 15% and the excess amount paid has been fully utilised to offset with the Management Fees chargeable to the Canteen Subcontractors before the year ended 31 August 2024.

2. Matter 2 – Royalty income from the Affected Schools for the CIP Use Rights amounted to RMB23 Million for the six months ended 28 February 2022

The amounts of tax payments were fully settled to the Group and the Group no longer suffered any loss.

The Company has assigned Weishi Chen, head of the Intellectual Property Office, to monitor and identify any policy changes from the government. Various training sections for intellectual properties have been provided or planned in 2023 and 2024. If significant legal policy changes occur, arrangements will be made for specific matters, and external consultants will be hired to provide training and guidance to management and related personnel. Attendance records and training materials will be maintained for relevant training.

3. Matter 3 – Acquisition of the investment property at a consideration of RMB40 million during the six months ended 28 February 2022

The Company will not resort to the onshore/offshore funding arrangement in the sale or purchase of property(ies) with the related parties of the Company. In order to ensure compliance with the Listing Rules and relevant regulations, the Company will comply with the relevant enhanced internal control procedures and policies. In such circumstances, the Company will adhere to the applicable requirements under Chapter 14 and Chapter 14A of the Listing Rules if there is any such transaction. No connected transactions were noted for the year ended 31 August 2024.

4. Matter 4 – Amount due from/to the Affected Schools

The Company will not conduct any related party transactions with the Affected Schools. In the event there is any future transactions to be undertaken by the Group with the Affected Schools, the Company will abide by the applicable requirements under Chapter 14 or Chapter 14A of the Listing Rules.

5. Internal control remedial actions

The Company provided training in May 2024 to promote a robust compliance and ethics awareness of management staff and other employees. In addition, the Company arranged annual training session on 20 November 2024 for its Directors, senior management (including but not limited to Mr. Jen and Ms. Ying Gao), and staff from the operation, internal audit, and finance departments to enhance their familiarity with (i) the Listing Rules, applicable laws and regulations, and compliance with internal control procedures; and (ii) the applicability of Chapter 14A of the Listing Rules.

A letter was issued by the Company to Ms. Jingxia Zhang, the then executive Director and Co-CFO of the Company, requiring her to attend training on regulatory and legal topics and Listing Rule compliance. Ms. Zhang subsequently attended the directors' training in relation to regulatory and legal topics and Listing Rule compliance on 30 January 2024. A warning letter was issued by the Company to Ms. Ying Gao to remind her of the importance of adhering to relevant rules and regulations.

The Company has put the enhanced internal control policies into practice. The internal audit department of the Company and external internal control consultants are involved in reviewing the internal control policies, the results of which are reported to the Board. Reports presented to the Audit Committee will be optimised to cover the review of the Group's internal control system's adequacy, effectiveness, and compliance. The company secretary of the Company has been responsible for monitoring projects and transactions for compliance with the Listing Rules.

The Company circulated the relevant internal guidelines with a view to reminding the responsible staff, senior management and Directors and strengthening their understanding to identify the circumstances which are expected to trigger an announcement and other reporting requirements under the Listing Rules.

On an ongoing basis, the Company will work more closely with external financial and legal advisers before entering into any potential notifiable or connected transactions.

Management confirmed that they have performed their duties to maintain effective risk management and internal control systems, and have ensured the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial report functions, as well as those relating to the Company's ESG performances and reporting. The Board has received a confirmation from the management on the effectiveness of the Company's risk management and internal control systems. By taking into account all material controls, including financial, operational and compliance controls, the Board considered that the risk management and internal control systems are effective and adequate and is committed to improve the Group's risk management and internal control systems on an ongoing basis. The Board is satisfied that the Group has fully complied with the code provisions on risk management and internal controls as set out in the CG Code during the reporting period.

The Group discloses inside information to the public as soon as reasonably practicable in accordance with the requirements of the SFO and the Listing Rules unless the information falls within any of the safe harbours as provided in the SFO. Before the information is fully disclosed to the public, the Group ensures the information is kept strictly confidential. If the Group believes that the necessary degree of confidentiality cannot be maintained or that confidentiality may have been breached, the Group would immediately disclose the information to the public. The Group is committed to ensuring that information contained in announcements is not false or misleading as to a material fact, or false or misleading through the omission of a material fact in view of presenting information in a clear and balanced way, which requires equal disclosure of both positive and negative facts.

COMPANY SECRETARY

Ms. Jen was appointed as the company secretary of the Company and the authorised representative of the Company for the purpose of Rule 3.05 of the Listing Rules. Ms. Jen fulfills the requirement of Rule 3.28 of the Listing Rules and details of her professional qualifications are set out in the section headed "Directors and Senior Management" in this report.

Ms. Jen undertook no less than 15 hours of relevant professional training during the year ended 31 August 2024.

SHAREHOLDERS' RIGHTS

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

Convening an Extraordinary General Meeting ("EGM") and Putting Forward Proposals at EGM

Pursuant to article 12.3 of the Articles of Association, the Board may, whenever it thinks fit, convene an EGM.

General meetings shall also be convened on the written requisition of any two or more members deposited at the principal place of business of the Company in Hong Kong or, in the event the Company ceases to have such a principal place of business, the registered office specifying the objects of the meeting and signed by the requisitionists, provided that such requisitionists hold as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company.

If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitionists themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionists as a result of the failure of the Board shall be reimbursed to them by the Company.

The requisition must state clearly the name of the requisitionists, their shareholding in the Company, the reason(s) to convene an EGM, the agenda proposed to be included and the details of the business(es) proposed to be transacted in the EGM and signed by the requisitionists.

Putting Forward Enquiries to the Board

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

Contact Details

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

Address: No. 13, Baolong First Road, Baolong Street, Longgang District, Shenzhen, Guangdong Province 518116, China
Investor Relations Department

Email: ir@mapleleaf.net.cn

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

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business, performance and strategies. The Company endeavors to maintain an ongoing dialogue with Shareholders and in particular, through annual general meetings and other general meetings. The chairman of the Board, the chairmen of the Audit Committee, Remuneration Committee and N&CGC, or, in their absence, other members of the respective committees, will make themselves available at the annual general meetings to meet Shareholders and answer their enquiries.

The Company has made changes to its Articles of Association during the year ended 31 August 2024. For details, please refer to the section headed "Other Information – Adoption of New Memorandum and Articles of Association". An up-to-date version of the Articles of Association is also available on the Company's website and the Stock Exchange's website.

OTHER RELATED MATTERS

The Company has adopted the following measures to align with the changes to the CG Code which took effect on 1 January 2022:

(1) Anti-fraud System (《楓葉教育集團反舞弊制度》) ("Anti-fraud System")

The Board has updated the Anti-fraud System which outlines the goals and policies of the Group in prevention and crackdown of corruption behaviour. The Anti-fraud System sets out the basic standard of conduct which applies to all directors, officers and employees of the Group (collectively known as "**employees**") and external parties doing business with the Company and those acting in an agency or fiduciary capacity on behalf of the Company (e.g. agents, consultants and contractors) ("**Other Stakeholders**"). It also provides guidance to all employees on acceptance of advantage and handling of conflict of interest when dealing with the Company's business. The Company also encourages and expects Other Stakeholders to abide by the principles of the Anti-fraud System. Since May 2023, the updated Anti-fraud System has become effective.

(2) Whistleblowing policy ("Whistleblowing Policy")

The Board has adopted the Whistleblowing Policy which sets out, among other matters, the reporting and investigation procedures for the employees of the Group and those who deal with the Company to raise concerns about possible improprieties in matters related to the Group. Since October 2022, the Whistleblowing Policy has become effective.

(3) Policy in relation to independent views available to the Board ("Independent View Policy")

The Board has adopted the Independent View Policy which sets out the principles and guidelines for the Company to ensure independent view and input to be available to the Board, including but not limited to the requirements in relation to the Independent Non-executive Directors. Since October 2022, the Independent View Policy has become effective.

(4) Shareholders' communication policy

The Board has updated the shareholders' communication policy ("**Updated Shareholders Communication Policy**") since October 2022. With the objective of ensuring that the Shareholders and potential investors are provided with timely access to information about the Company, the Company has established several channels to communicate with the Shareholders and solicit and understand the views of Shareholders.

The Company reviewed the implementation and effectiveness of the Updated Shareholders Communication Policy and considered the policy to be effective for the year ended 31 August 2024 after reviewing the Shareholder and investor communication activities conducted in the reporting period.

MOORE

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會計師事務所有限公司

TO THE SHAREHOLDERS OF
CHINA MAPLE LEAF EDUCATIONAL SYSTEMS LIMITED
(Incorporated in Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of China Maple Leaf Educational Systems Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 88 to 162, which comprise the consolidated statement of financial position as at 31 August 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 August 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board ("**IABS**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

TO THE SHAREHOLDERS OF
CHINA MAPLE LEAF EDUCATIONAL SYSTEMS LIMITED

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of Goodwill and Trademark	
We identified impairment assessment of goodwill and trademark as a key audit matter due to the significance of the balances to the consolidated financial statements as a whole and significant judgments and estimations involved when preparing the value in use calculation by the management to assessment for their impairment. Goodwill and trademark (included in other intangible assets) with indefinite useful lives are subject to impairment test annually, or when there are indicators that they might be impaired. The Group's goodwill and trademark are allocated to Star Readers Pte. Ltd. and Kingsley Edugroup Berhad (collectively, the "**CGUs**") in respect of their operations in Singapore and Malaysia. The management assesses impairment of goodwill and trademark by comparing their carrying amounts and the recoverable amounts of the relevant CGU, which determined with reference to the value in use calculation derived from cash flow projection of the respective CGU. Significant judgment and assumptions, including local economic development, growth rates of number of students, tuition fee and discount rates, are required when preparing the value in use calculation. Where the actual future cash are less than expected, or change in facts and circumstances which results in downward revision of future cash flow or upward revision of discount rate, there will be a change of recoverable amount, and impairment loss may arise. As at 31 August 2024, the Group's goodwill and trademark amounted to RMB2,153,640,000 and RMB630,024,000, respectively, as set out in notes 20 and 21 to the consolidated financial statements. No impairment had been provided during the year.	Our procedures in relation to impairment assessment of goodwill and trademark included: • Understanding and assessing the design and implementation of key internal controls of the management's impairment assessment process; • Assessing the identification of the related cash generating units; • Obtaining the value in use calculation from the management and checking its mathematical accuracy; • Evaluating the competence, capabilities and objectivity of the independent qualified professional valuer and obtaining an understanding of its scope of work and terms of engagement; • Challenging the reasonableness of the key assumptions and inputs, including local economic development, growth rates of number of students, tuition fee and discount rates; • Evaluating the reliability of the Group's management's cash flow projections by comparing the actual performance during the year, on a sample basis, with the cash flow included in the prior year's forecasts; and • Involving our internal valuation specialists to assess the reasonableness of discount rates used in the value in use calculations.

TO THE SHAREHOLDERS OF
CHINA MAPLE LEAF EDUCATIONAL SYSTEMS LIMITED

OTHER MATTER

The consolidated financial statements of the Group for the year ended 31 August 2023 were audited by another auditor, who expressed an unmodified opinion with emphasis of matter in relation to material uncertainty related to going concern, on those statements on 29 November 2023.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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

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

TO THE SHAREHOLDERS OF
CHINA MAPLE LEAF EDUCATIONAL SYSTEMS LIMITED

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

TO THE SHAREHOLDERS OF
CHINA MAPLE LEAF EDUCATIONAL SYSTEMS LIMITED

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Moore CPA Limited
Certified Public Accountants
Registered Public Interest Entity Auditors

Kong Shao Fung
Practising Certificate Number: P07996

Hong Kong, 28 November 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 31 August 2024

	Notes	2024 RMB'000	2023 RMB'000
Revenue	6	**1,228,462**	1,151,162
Cost of revenue		**(635,483)**	(647,880)
Gross profit		**592,979**	503,282
Investment and other income	8	**26,145**	22,625
Other gains and losses	9	**(3,990)**	65,630
Impairment losses under expected credit loss model, net of reversal		**(9,588)**	(1,037)
Marketing expenses		**(22,884)**	(14,215)
Administrative expenses		**(288,988)**	(303,107)
Finance costs	10	**(213,062)**	(220,711)
PROFIT BEFORE TAXATION		**80,612**	52,467
Taxation	11	**(65,099)**	(47,347)
PROFIT FOR THE YEAR	12	**15,513**	5,120
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translation of financial statements of foreign operations		**41,209**	33,630
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**56,722**	38,750
Profit for the year attributable to:			
Owners of the Company		**15,513**	5,120
Non-controlling interests		**–***	–*
		15,513	5,120
Total comprehensive income for the year attributable to:			
Owners of the Company		**56,722**	38,750
Non-controlling interests		**–***	–*
		56,722	38,750
Earnings per share	15		
– basic (RMB cents)		**0.52**	0.17
– diluted (RMB cents)		**0.52**	0.17

* *For identification purposes only*

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 August 2024

	Notes	2024 RMB'000	2023 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	16	**2,146,794**	2,233,548
Right-of-use assets	17	**91,897**	96,022
Investment properties	19	**158,581**	143,391
Goodwill	20	**2,153,640**	2,122,393
Other intangible assets	21	**756,530**	792,433
Prepayments for acquisition of property and equipment		**3,995**	1,042
Books for lease		**22**	521
Deferred tax assets	30	**3,969**	16,192
		5,315,428	5,405,542
CURRENT ASSETS			
Inventories		**12,536**	11,950
Deposits, prepayments, trade and other receivables	23	**47,453**	79,783
Financial assets at fair value through profit or loss	24	**49,435**	7,266
Pledged bank deposits	25	**32,328**	–
Bank balances and cash	25	**564,788**	528,041
Amounts due from related parties	40	**179,712**	182,305
		886,252	809,345
CURRENT LIABILITIES			
Contract liabilities	26	**482,164**	513,559
Other payables and accrued expenses	27	**231,814**	243,786
Lease liabilities	28	**4,326**	5,596
Income tax payable		**85,698**	68,687
Bank and other borrowings	29	**28,624**	1,084,279
Convertible bonds	31	**–**	227,078
Amounts due to related parties	40	**625,289**	135,188
		1,457,915	2,278,173
NET CURRENT LIABILITIES		**(571,663)**	(1,468,828)
TOTAL ASSETS LESS CURRENT LIABILITIES		**4,743,765**	3,936,714

	Notes	2024 RMB'000	2023 RMB'000
NON-CURRENT LIABILITIES			
Deferred tax liabilities	30	**234,282**	247,667
Bank and other borrowings	29	**1,573,755**	60,013
Lease liabilities	28	**20,998**	21,816
Convertible bonds	31	**–**	288,843
Amounts due to related parties	40	**1,363,376**	1,820,859
		3,192,411	2,439,198
NET ASSETS		**1,551,354**	1,497,516
EQUITY			
Share capital	32	**9,309**	9,309
Reserves		**1,542,045**	1,488,207
Equity attributable to owners of the Company		**1,551,354**	1,497,516
Non-controlling interests		**–***	–*
TOTAL EQUITY		**1,551,354**	1,497,516

* *For identification purposes only*

The consolidated financial statements on pages 88 to 162 were approved and authorised for issue by the Board of Directors on 28 November 2024 and are signed on its behalf by:

Shu Liang Sherman Jen
Director

King Pak Lau
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year Ended 31 August 2024

	Attributable to owners of the Company										
	Share capital RMB'000	Share premium RMB'000	Other reserve RMB'000	Shares held for restricted share award scheme RMB'000 *(Note (a))*	Translation reserve RMB'000	Statutory surplus reserve RMB'000 *(Note (b))*	Share-based payment reserve RMB'000	Retained profits RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 September 2022	9,309	1,013,030	10,742	(22,280)	(12,407)	184,477	61,446	212,496	1,456,813	–*	1,456,813
Profit for the year	–	–	–	–	–	–	–	5,120	5,120	–*	5,120
Other comprehensive income for the year	–	–	–	–	33,630	–	–	–	33,630	–*	33,630
Total comprehensive income for the year	–	–	–	–	33,630	–	–	5,120	38,750	–*	38,750
Share-based payments *(Note 12)*	–	–	–	–	–	–	1,953	–	1,953	–*	1,953
At 31 August 2023 and 1 September 2023	**9,309**	**1,013,030**	**10,742**	**(22,280)**	**21,223**	**184,477**	**63,399**	**217,616**	**1,497,516**	**–***	**1,497,516**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**15,513**	**15,513**	**–***	**15,513**
Other comprehensive income for the year	**–**	**–**	**–**	**–**	**41,209**	**–**	**–**	**–**	**41,209**	**–***	**41,209**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**41,209**	**–**	**–**	**15,513**	**56,722**	**–***	**56,722**
Transfer upon deregistration of subsidiaries	**–**	**–**	**–**	**–**	**(3,603)**	**(914)**	**–**	**914**	**(3,603)**	**–***	**(3,603)**
Appropriation to statutory surplus reserve	**–**	**–**	**–**	**–**	**–**	**8,236**	**–**	**(8,236)**	**–**	**–***	**–**
Share-based payments *(Note 12)*	**–**	**–**	**–**	**–**	**–**	**–**	**719**	**–**	**719**	**–***	**719**
At 31 August 2024	**9,309**	**1,013,030**	**10,742**	**(22,280)**	**58,829**	**191,799**	**64,118**	**225,807**	**1,551,354**	**–***	**1,551,354**

* *For identification purposes only*

Notes:

*(a) Shares held for the restricted share award scheme is comprised of shares purchased from open market that are to be used for the share award scheme approved by the directors of the Company on 10 November 2014 (the "**Share Award Scheme**").*

*(b) Pursuant to the relevant laws in the People's Republic of China (the "**PRC**"), the Company's subsidiaries in the PRC shall make appropriations from after-tax profit to non-distributable reserve funds as determined by the board of the directors of the relevant PRC subsidiaries. These reserves include (i) the general reserve of the limited liability companies and (ii) the development fund of schools:*

(i) In accordance with relevant PRC regulations, for PRC subsidiaries with limited liability, it is required to make annual appropriations to statutory surplus reserve of 10% of after-tax profits as determined in accordance with PRC accounting standards for each calendar year until the balance reaches 50% of the relevant PRC entity's registered capital.

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended 31 August 2024

	2024 RMB'000	2023 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	80,612	52,467
Adjustments for:		
Amortisation of books for lease	499	140
Amortisation of other intangible assets	48,464	75,874
Depreciation of investment properties	4,274	905
Depreciation of property, plant and equipment	114,552	107,405
Depreciation of right-of-use assets	7,171	14,579
Dividend income from financial assets at fair value through profit or loss	(636)	(605)
Loss arising from fair value changes of convertible bonds	28,174	55,828
Gain on early termination of lease contract	(86)	(2,565)
Gain on disposal of property, plant and equipment	(770)	(7,332)
Interest expenses	213,062	220,711
Interest income	(9,566)	(7,610)
Impairment losses under expected credit loss model, net of reversal	9,588	–
(Gain)/loss on fair value changes of financial assets at fair value through profit or loss	(2,027)	961
Net foreign exchange gain	(14,623)	(105,373)
Share-based payments	719	1,953
Operating profit before working capital changes	479,407	407,338
Change in inventories	(586)	2,018
Change in deposits, prepayments, trade and other receivables	27,475	19,763
Change in amount due to/from related parties	2,593	56,800
Change in contract liabilities	(31,395)	12,009
Change in other payables and accrued expenses	(18,823)	(189,322)
Cash generated from operations	458,671	308,606
Income tax paid	(55,485)	(68,042)
Interest received	–	7,610
Net cash generated from operating activities	403,186	248,174

	2024 RMB'000	2023 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in time deposits with original terms of over three months	**(67,115)**	–
Dividends received from financial assets at fair value through profit or loss	**636**	605
Proceeds from disposal of property, plant and equipment	**1,756**	18,818
Repayment of consideration payable	**–**	(219,591)
Purchase of financial assets at fair value through profit or loss	**(99,945)**	–
Proceeds from redemption of financial assets at fair value through profit or loss upon the maturity date	**59,426**	23,918
Purchase of property, plant and equipment	**(23,225)**	(119,124)
Placement of pledged bank deposits	**(32,328)**	–
Bank interest received	**9,566**	–
Net cash used in investing activities	**(151,229)**	(295,374)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from new bank and other borrowings	**3,148,665**	1,038,763
Repayment of bank and other borrowings	**(2,731,105)**	(758,090)
Repayment of convertible bonds	**(532,770)**	(351,080)
Repayment of lease liabilities	**(5,051)**	(12,684)
Repayment of amounts due to related parties	**(12,311)**	–
Interest paid	**(152,753)**	(131,324)
Net cash used in financing activities	**(285,325)**	(214,415)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(33,368)**	(261,615)
Effect of foreign exchange	**3,000**	(16,220)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**528,041**	805,876
CASH AND CASH EQUIVALENTS AT END OF YEAR	**497,673**	528,041
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents	**497,673**	528,041

1. GENERAL INFORMATION

China Maple Leaf Educational Systems Limited (the "**Company**" together with its subsidiaries collectively referred to as the "Group") was incorporated in the Cayman Islands as an exempted company with limited liability under Companies Law Chapter 22 of the Cayman Islands on 5 June 2007. Its shares are listed on the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). Its parent is Sherman Investment Holdings Limited incorporated in the British Virgin Islands ("**BVI**"), and its ultimate controlling party is Mr. Shu Liang Sherman Jen, who is also the Chairman of the board and Chief Executive Officer of the Company. The address of the registered office of the Company is Maples Corporate Services Limited, PO Box 309, Ugland House, the Grand Cayman, KY1-1104, Cayman Islands and the address of principal place of business of the Company is No.13, Baolong First Road, Baolong Street, Longgang District, Shenzhen, Guangdong Province 518116, the People's Republic of China ("**PRC**").

The Group operates a network of bilingual private schools and preschools in the PRC under the "Maple Leaf" brand and in other Asia Pacific countries under the brand "Canadian International School" and "Kingsley International School", focusing on high schools that offer World School Program and bilingual education mainly within the PRC and other Asia Pacific countries.

The consolidated financial statements are presented in thousands of Renminbi ("**RMB'000**"), unless otherwise stated.

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

New and amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to IFRSs issued by the International Accounting Standards Board (the "**IASB**") for the first time, which are mandatorily effective for the Group's annual period beginning on 1 September 2023 for the preparation of the consolidated financial statements:

IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	Insurance Contracts
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform-Pillar Two model Rules
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies

Except as described below, the application of the new and amendments to IFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (Continued)

New and amendments to IFRSs that are mandatorily effective for the current year (Continued)

Impacts on application of Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The Group has applied the amendments for the first time in the current year. The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of IAS 12 *Income Taxes* so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

In accordance with the transition provision:

(i) the Group has applied the new accounting policy retrospectively to leasing transactions that occurred on or after 1 September 2022;

(ii) the Group also, as at 1 September 2022, recognised a deferred tax asset of RMB3,608,000 (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability of RMB3,608,000 for all deductible and taxable temporary difference associated with right-of-use-assets and lease liabilities.

The application of the amendments has had no material impact on the Group's financial position and performance.

Impacts on application of Amendments to IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies

The Group has applied the amendments for the first time in the current year. IAS 1 *Presentation of Financial Statements* is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

IFRS Practice Statement 2 *Making Materiality Judgments* (the "**Practice Statement**") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group's financial positions and performance but has affected the disclosure of the Group's accounting policies set out in Note 4.

In accordance with the guidance set out in the amendments, accounting policy information that is standardised information, or information that only duplicates or summarises the requirements of the IFRSs, is considered immaterial accounting policy information and is no longer disclosed in the notes to the consolidated financial statements so as not to obscure the material accounting policy information disclosed in the notes to the consolidated financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (Continued)

New and amendments to IFRSs in issue but not yet effective

The Group has not early applied the following amendments to IFRSs that have been issued but are not yet effective:

Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback[2]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[2]
Amendments to IAS 1	Non-current Liabilities with Covenants[2]
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements[2]
Amendments to IAS 21	Lack of Exchangeability[3]
IFRS 18	Presentation and Disclosure in Financial Statements[4]

1 *Effective for annual periods beginning on or after a date to be determined.*
2 *Effective for annual periods beginning on or after 1 January 2024.*
3 *Effective for annual periods beginning on or after 1 January 2025.*
4 *Effective for annual periods beginning on or after 1 January 2027.*

The directors of the Company (the "**Directors**") anticipate that the application of all new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with IFRSs issued by the IASB. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Listing Rules and the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the material accounting policy information set out in Note 4.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Contractual arrangements

Due to regulatory restrictions on foreign ownership in the schools in the PRC, the Group conducts a substantial portion of the business through Dalian Maple Leaf Educational Group Co., Ltd ("**Dalian Educational Group**"), Shenzhen Maple Leaf Educational Group Co., Ltd ("**Shenzhen Educational Group**"), Dalian Maple Leaf Foreign National School ("**Dalian Foreign School**") and Wuhan Maple Leaf Foreign National School ("**Wuhan Foreign School**") (collectively referred to as "**Consolidated Affiliated Entities**") in the PRC. The wholly-owned subsidiaries, Dalian Beipeng Educational Software Development Inc. ("**Dalian Beipeng Software**"), Shenzhen Beipeng Educational Software Development Inc. ("**Shenzhen Beipeng Software**") (collectively referred to as "**Beipeng Software**"), have entered into the contractual arrangements (the "**Contractual Arrangements**") with the Consolidated Affiliated Entities and their respective equity holders, which enable Beipeng Software and the Group 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 business support, technical and consulting services provided by Beipeng Software;
- 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. Beipeng Software may exercise such options at any time until it has acquired all equity interests 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 Beipeng Software; and obtain a pledge over the entire equity interest of Dalian Educational Group and Shenzhen Educational Group from their equity holders as collateral security for all of Dalian Educational Group and Shenzhen Educational Group's payments due to Beipeng Software and to secure performance of Dalian Educational Group, Shenzhen Educational Group and their respective subsidiaries obligations under the Contractual Arrangements.

There are no pledge agreements for Dalian Foreign School and Wuhan Foreign School due to the PRC law restriction. To further enhance the Company's security over Dalian Foreign School and Wuhan Foreign School, the Company segregated the duties of different people and functions to ensure that the company seals of Dalian Foreign School and Wuhan Foreign School are properly secured, are within the full control of the Company and cannot be used without its permission.

The Group does not have any equity interest in the Consolidated Affiliated Entities. However, as a result of the Contractual Arrangements, the Group 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 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 and income and expenses of the Consolidated Affiliated Entities (other than the Affected Schools, see below) in the consolidated financial statements of the Group.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Implementation regulations of the PRC for the law for promoting of private education (the "Implementation Regulations") issued in 2021

The PRC State Council issued the Implementation Regulations with effective on 1 September 2021. The key provisions of the Implementation Regulations include, but not limited to: (1) prohibiting foreign investors from controlling private schools that provides compulsory education (which includes the six years primary school education and the three years middle school education provided to PRC residents) and not-for-profit schools that provides pre-school education (the "**Affected Schools**") by means of merger, acquisition and contractual arrangements, and (2) prohibiting private schools providing compulsory education from conducting transactions with the related parties. Therefore, the Contractual Arrangements with the Affected Schools is considered not enforceable upon the effective of the Implementation Regulations. Based on its reassessment of the Contractual Arrangements and the profound implication of the Implementation Regulations, the Directors considered that, the Group's ability to use its power from the Contractual Arrangements to direct the relevant activities of and its ability to affect its variable returns from the Affected Schools had ceased by 31 August 2021 immediately before the Implementation Regulations became effective. By the end of 31 August 2021, it was no longer practicable for the Group to make relevant decision to obtain significant variable returns from the Affected Schools. Consequently, the Group lost control over the Affected Schools on 31 August 2021 immediately before the Implementation Regulations became effective, and deconsolidated the Affected Schools as at 31 August 2021.

4. MATERIAL ACCOUNTING POLICY INFORMATION

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting right relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Goodwill

Goodwill arising on an acquisition of a business is carried at cost less accumulated impairment losses, if any.

Interests in subsidiaries

Interests in subsidiaries are stated at cost less any accumulated impairment loss.

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e., when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

Output method

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

As a practical expedient, if the Group has a right to consideration in an amount that corresponds directly with the value of the Group's performance completed to date, the Group recognises revenue in the amount to which the Group has the right to invoice.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Leases

The Group as a lessee

Right-of-use assets

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets that do not meet the definition of investment property as a separate line item on the consolidated statement of financial position.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model.

Interest and rental income which are derived from the Group's ordinary course of business are presented as revenue.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

Goodwill arising on an acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

Borrowing costs

Borrowing costs directly attributable to the construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use are added to the cost of those assets until such time as the assets are substantially ready for their intended use.

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

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

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

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

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Taxation

Income tax expense represents the sum of current and deferred income tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from (loss)/profit before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

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

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

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

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 requirements to the lease liabilities and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Property, plant and equipment

Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Building in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs included any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets is functioning properly and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

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

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are initially measured at cost including any directly attributable expenditure.

Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is calculated using the straight-line method to allocate the cost after taking into accounting of their estimated residual value, over their estimated useful life.

Intangible assets

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortisation and any accumulated impairment losses. Intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Impairment on tangible and intangible assets

Goodwill and trademark

For the purposes of impairment testing, goodwill and trademark are allocated to each of the Group's cash-generating units (or group of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill and trademark are monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill and trademark have been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill/trademark and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

Property, plant and equipment, investment properties, right-of-use assets and, intangible assets other than goodwill and trademark

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, investment properties and right-of-use assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any). Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

The recoverable amount of property, plant and equipment, investment properties and right-of-use assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted-average basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15 *Revenue from contracts with customers*. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets at fair value through profit or loss ("**FVTPL**")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at FVTPL are recognised immediately in profit or loss.

Effective interest method

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

Interest and dividend income which are derived from the Group's ordinary course of business are presented as revenue.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

(ii) Financial assets at FVTPL

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "net loss on financial assets at fair value through profit or loss" line item.

Impairment of financial assets subject to impairment assessment under IFRS 9

The Group performs impairment assessment under expected credit loss ("**ECL**") model on financial assets (including trade and other receivables, pledged bank deposits, bank balances and amounts due from related parties) which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

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

The Group always recognises lifetime ECL for trade receivables. The ECL is assessed individually for trade receivables.

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

(i) Significant increase in credit risk

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

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

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under IFRS 9 (Continued)

(i) Significant increase in credit risk (Continued)

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor; or

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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

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

(ii) Definition of default

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

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

(iii) Credit-impaired financial assets

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

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

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

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

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

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under IFRS 9 (Continued)

(iv) Write-off policy

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

(v) Measurement and recognition of ECL

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

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

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group's other receivables are assessed as a separate group);
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

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

For trade receivables, the ECL of the Group is recognised through a loss allowance account.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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

Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at amortised cost

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

Convertible bonds

Convertible bonds issued by the Company can be converted into the share capital of the Company at the option of the investor.

The Group designates convertible bonds denominated in a currency other than the functional currency of the Company as financial liabilities designated as at FVTPL. The amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, and the remaining amount of change in the fair value of convertible bonds is recognised in profit or loss unless the recognition of the effects of changes in the credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to the convertible bonds' credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained profits upon derecognition of the convertible bonds.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (Continued)

Financial liabilities and equity (Continued)

Derecognition of financial liabilities

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

Share-based payments

Equity-settled share-based payment transactions

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payment reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve. For equity-settled share-based payments that vest immediately at the date of grant, the fair value of the equity-settled share-based payments granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognised in share-based payments reserve will be transferred to share premium. When restricted shares are vested, the amount previously recognised in shares held for restricted share award scheme reserve will be transferred to share premium with any difference recognised to retained profits.

Employee benefits

(i) Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognised as expenses when employees have rendered services entitling them to the contributions.

(ii) Short-term employee benefits

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

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

(iii) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs and involves the payment of termination benefits.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION

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

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

Critical judgments in applying accounting policies

Legal rights of certain buildings

As stated in Note 16, the Group is still in the process of obtaining the legal titles of certain properties located in the PRC as at 31 August 2024. Despite the Group has not obtained the relevant legal titles, the Directors determine to recognise those buildings as the Group's property, plant and equipment on the basis that the Group is in substance controlling those buildings and they have legal rights to these properties.

Contractual arrangements

As disclosed in Note 3, the Group conducts a substantial portion of the business through the Consolidated Affiliated Entities in the PRC due to regulatory restrictions on foreign ownership in the Group's schools in the PRC. The Group does not have any equity interest in the Consolidated Affiliated Entities. The Directors assessed whether or not the Group has control over the Consolidated Affiliated Entities based on whether the Group has the power over the Consolidated Affiliated Entities, has rights to variable returns from its involvement with the Consolidated Affiliated Entities and has the ability to affect those returns through its power over the Consolidated Affiliated Entities. After assessment, the Directors concluded that the Group has control over the Consolidated Affiliated Entities other than the Affected Schools as a result of the Contractual Arrangements and other measures and accordingly, the Group has consolidated the financial information of the Consolidated Affiliated Entities in the consolidated financial statements other than the Affected Schools.

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

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

Critical judgments in applying accounting policies (Continued)

Contractual arrangements (Continued)

With regard to the Affected Schools, the Directors reassessed whether the Group could control the Affected Schools upon the effective of the Implementation Regulations based on analysis and judgment as (1) the Group's power over the Affected Schools; (2) the Group's exposure or rights to variable returns from its involvement with the Affected Schools; and (3) the Group's ability to use its power over the Affected Schools to affect the amount of the Group's returns. In making such judgment, the Directors has considered the requirements of the Implementation Regulations and legal opinion from its legal advisor. Based on the legal opinion, whether general grandfather rule could apply to the Contractual Arrangements established prior to the effective of the Implementation Regulations was not specially addressed in the Implementation Regulation which may subject to further interpretation of relevant government authorities, as such, the legal advisor could not conclude that the current Contractual Arrangement between the Group and the Affected Schools are legally binding and legally enforceable upon the effective of the Implementation Regulations. Consequently, the Directors consider that by the end of 31 August 2021, it was no longer practicable for the Group to make and enforce relevant decision for its own benefit as principal in accordance with the Contractual Arrangement to direct the relevant activities to affect and obtain the variable return from the Affected Schools and the Group lost control over the Affected Schools on 31 August 2021 immediately before the Implementation Regulations became effective, and deconsolidated the Affected Schools as of 31 August 2021.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment assessment of property, plant and equipment and right-of-use assets

Property, plant and equipment and right-of-use assets are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Directors have to exercise judgment and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group's management estimates the recoverable amount of the cash generating unit to which the assets belongs. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts.

As at 31 August 2024, the carrying amounts of property, plant and equipment and right-of-use assets subject to impairment assessment were approximately RMB2,146,794,000 and RMB91,897,000 (2023: RMB2,233,548,000 and RMB96,022,000) respectively. Details of the impairment assessment are disclosed in Note 18.

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

Key sources of estimation uncertainty (Continued)

Impairment assessment of goodwill and trademark

Determining whether goodwill and trademark is impaired requires an estimation of the value in use of the cash-generating unit ("**CGU**") to which goodwill and trademark has been allocated. Significant judgment and assumptions were required by the management of the Group in assessing the recoverable amounts of CGUs. The recoverable amounts are determined with reference to the value-in-use of the relevant CGU derived from respective cash flow projection, which required significant judgment and assumptions including local economic development, growth rates of number of students, tuition fee and discount rates during the forecasting period in order to derive the net present value of the discounted future cash flow analysis. Where the actual future cash are less than expected, or change in facts and circumstances which results in downward revision of future cash flow or upward revision of discount rate, there will be a change of recoverable amount, and impairment loss may arise.

As at 31 August 2024, the carrying amounts of goodwill and trademark subject to impairment assessment were approximately RMB2,153,640,000 and RMB630,024,000 (2023: RMB2,122,393,000 and RMB619,412,000), respectively. Details of the impairment assessment are disclosed out in Note 22.

6. REVENUE

Revenue represents (i) service income from tuition fees and boarding fees, (ii) fees from summer and winter camps provided to students, (iii) fees from selling educational books to students, (iv) fees from sales of goods and educational materials to students, (v) catering services income, (vi) fee from extracurricular activities, and (vii) other fees and income.

The revenues attributable to the Group's service lines are as follows:

Disaggregation of revenue from contracts with customers

	2024 RMB'000	2023 RMB'000
Types of goods or services		
Tuition and boarding fees	948,634	884,456
Summer and winter camps	40,187	23,296
Sales of textbooks	24,416	21,598
Sales of goods and materials	41,605	40,664
Catering services income	69,262	50,567
Extracurricular activities	29,251	21,136
Others *(Note)*	75,107	109,445
	1,228,462	1,151,162
Timing of revenue recognition		
Over time	1,064,337	978,634
At a point in time	164,125	172,528
	1,228,462	1,151,162

Note

The amount mainly represents non-refundable fee received for application and reservation for school admission, service fee for arranging public or overseas examinations, consultation fee for overseas studies, management fee received from courses provided by third parties and other miscellaneous income.

Performance obligations for contracts with customers

Tuition and boarding fees (revenue recognised over time)

For tuition and boarding services, the Group provides classroom education services and boarding services through the Group's high schools, middle schools, elementary schools, preschools and foreign schools to customers (individual students) during the service period for a fixed fee. These services are mainly paid in advance prior to the beginning of each school year. The service period for tuition and boarding services is the related school year. A contract liability is recognised for fee received whereas revenue has yet been recognised.

The Directors have determined that the performance obligation of education related services is satisfied over time as customers simultaneously receive and consume the benefits of these services throughout the service period. Accordingly, the tuition and boarding fee will be recognised proportionately over the relevant academic periods.

6. REVENUE (Continued)

Performance obligations for contracts with customers (Continued)

Revenue from summer and winter camps and other activities (revenue recognised over time)

Other education related services include summer and winter camps, educational vacation activities and extracurricular activities provided to students for a fixed fee. These services are mainly paid in advance prior to the service is provided. The service period for other education related services is the duration of the summer and winter camps or educational vacation activities. A contract liability is recognised for fee received whereas revenue has yet been recognised.

The Directors have determined that the performance obligation of other education related services is satisfied over time as customers simultaneously receive and consume the benefits of these services throughout the service period.

Sales of textbooks (revenue recognised at a point in time)

The Group sells textbooks and other educational materials to students which are purchased from third parties. The Group recognises revenue from sales of textbooks and educational materials at a point in time when the control of textbooks and educational materials are passed to students. The Group considers that it is acting as the principal in the transaction as the Group controls the specific goods before it is transferred to the customer after taking into considerations indicators such as the Group is primarily responsible for fulfilling the promise to provide the goods to its customers and has the inventory risk. Therefore, the Group recognises revenue from sales of textbooks and educational materials on a gross basis.

Sales of goods and materials (revenue recognised at a point in time)

The Group sells goods and materials at the supermarkets and stationery stores, as well as the clothing to the students which are purchased from third parties. The Group recognises revenue from sales of goods and materials at a point in time when the control of goods, materials and clothing are passed to students. The Group considers that it is acting as the principal in the transaction as the Group controls the specific goods before it is transferred to the customer after taking into considerations indicators such as the Group is primarily responsible for fulfilling the promise to provide the goods to its customers and has the inventory risk. Therefore, the Group recognises revenue from sales of goods and materials on a gross basis.

Revenue from catering services income (revenue recognised over time)

The Group provides both catering services directly to students in schools and management services to school canteens operated by third party service providers under which the management fee is charged at certain rates on the gross income generated by the third party service providers.

The Directors have determined that the performance obligation of providing catering services is satisfied over time as customers simultaneously receive and consume the benefits of these services throughout the service period.

Others (including revenue recognised overtime and at a point in time)

Others represent revenue from fees from overseas studies consulting service, admission application, confirmation fees and student enrichment programme fees, which individually are not material. For student enrichment programme fees received, the Group recognises revenue over time through the duration of the service period; and for fees from overseas studies consulting service, and admission application and confirmation fees, the Group recognises revenue at a point in time when the control of the goods and services are passed to students.

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

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 August 2024 is expected to be recognised within one year amounted to RMB482,164,000 (2023: RMB513,559,000). As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts are not disclosed.

7. OPERATING SEGMENTS

Information reported to the Group's Chief Executive Officer, being the chief operating decision maker ("**CODM**"), for the purposes of resource allocation and assessment of segment performance focuses on types of services provided.

The Group's reportable segments under IFRS 8 are as follows:

(i) PRC Segment

(ii) Overseas Segment

The Group is mainly engaged in international school education in the PRC and other Asia Pacific countries. The CODM reviews revenue analysis by services lines when making decisions about allocating resources and assessing performance of the Group.

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable segments:

For the year ended 31 August 2024

	PRC Segment RMB'000	Overseas Segment RMB'000	Total RMB'000
Revenue from external customers	472,308	756,154	1,228,462
Segment profit	140,846	183,628	324,474
Unallocated items:			
Other gains and losses			(3,990)
Finance costs			(213,062)
Directors' and chief executive's emoluments			(9,263)
Corporate administrative expense			(17,547)
Group's profit before income tax			80,612

7. OPERATING SEGMENTS (Continued)

Segment revenues and results (Continued)

For the year ended 31 August 2023 (restated*)

	PRC Segment RMB'000	Overseas Segment RMB'000	Total RMB'000
Revenue from external customers	465,580	685,582	1,151,162
Segment profit	119,821	119,649	239,470
Unallocated items:			
Other gains and losses			65,630
Finance costs			(220,711)
Directors' and chief executive's emoluments			(7,724)
Corporate administrative expense			(24,198)
Group's profit before income tax			52,467

The accounting policies of the operating segments are the same as the Group's accounting policies in Note 4. Segment profit represents the profit earned by each segment without allocation of corporate administrative expense and directors' and chief executive's emoluments. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

* The comparative information including segment profit and certain unallocated items for the year ended 31 August 2023 has been restated or re-classified to be in line with the current year presentation.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segments:

	2024 RMB'000	2023 RMB'000
Segment assets		
PRC Segment	**1,846,631**	1,769,691
Overseas Segment	**4,355,049**	4,445,196
Consolidated assets	**6,201,680**	6,214,887
Segment liabilities		
PRC Segment	**2,429,888**	2,930,545
Overseas Segment	**2,220,438**	1,786,826
Consolidated liabilities	**4,650,326**	4,717,371

For the purposes of monitoring segment performance and allocating resources between segments, all assets and liabilities are allocated to operating segments. Assets and liabilities used jointly by operating segments are allocated to the PRC segment for consistence of presentation.

7. OPERATING SEGMENTS (Continued)

Major customers

No single customer contributed 10% or more of total revenue of the Group for the years ended 31 August 2024 and 2023.

Geographical information

The Group primarily operates in the PRC and other Asia Pacific countries. Information about the Group's revenue from external customers and non-current assets other than deferred tax assets are presented based on the location of the assets.

	Revenue from external customers		Non-current assets	
	2024	2023	**2024**	2023
	RMB'000	RMB'000	**RMB'000**	RMB'000
PRC	**472,308**	465,580	**1,100,945**	1,139,211
Singapore	**679,593**	625,970	**3,711,604**	3,760,918
Malaysia	**71,633**	56,387	**434,364**	421,368
Others	**4,928**	3,225	**64,546**	67,853
	1,228,462	1,151,162	**5,311,459**	5,389,350

8. INVESTMENT AND OTHER INCOME

	2024	2023
	RMB'000	RMB'000
Bank interest income	**9,566**	7,610
Government grant *(Note)*	**3,791**	9,487
Rental income	**10,440**	2,610
Dividend income from financial assets at FVTPL	**636**	605
Others	**1,712**	2,313
	26,145	22,625

Note:

The Group obtained government grants and subsidies from (i) the government of Singapore in relation to the salary support scheme; and (ii) the local government of the PRC in relation to their business development in several PRC regions. In the opinion of the Directors, the Group has fulfilled all conditions pertained to the government grants and subsidies for the years ended 31 August 2024 and 2023.

9. OTHER GAINS AND LOSSES

	2024 RMB'000	2023 RMB'000
Loss arising from fair value changes of convertible bonds	(28,174)	(55,828)
Reversal of other payables	4,464	9,057
Gain/(loss) arising from changes in fair value of financial assets measured at FVTPL	2,027	(961)
Gain on disposal of property, plant and equipment	770	7,332
Net foreign exchange gain	14,623	105,373
Others	2,300	657
	(3,990)	65,630

10. FINANCE COSTS

	2024 RMB'000	2023 RMB'000
Interest on bank and other borrowings	188,862	201,154
Interest on convertible bond	23,104	18,660
Leases interests	1,096	897
	213,062	220,711

11. TAXATION

	2024 RMB'000	2023 RMB'000
Current tax:		
Enterprise income tax ("**EIT**")		
Provision for the year	23,922	22,101
Underprovision in prior years	1,207	–
Singapore enterprise income tax		
Provision for the year	44,639	37,659
Underprovision/(overprovision) in prior years	1,770	(5,436)
Malaysia enterprise income tax		
Provision for the year	264	–
	71,802	54,324
Deferred tax *(Note 30)*	(6,703)	(6,977)
	65,099	47,347

11. TAXATION (Continued)

The income tax expense for the year can be reconciled to the profit before taxation as follows:

	2024 RMB'000	2023 RMB'000
Profit before taxation	**80,612**	52,467
Tax at PRC EIT rate of 25%	**20,153**	13,117
Tax effect of preferential tax rate granted	**(7,672)**	(15,995)
Tax effect of different tax rates of subsidiaries operating in other jurisdictions	**1,641**	(35,932)
Tax effect of tax loss not recognised	**15,472**	18,401
Utilisation of tax loss previously not recognised	**(2,100)**	(452)
Tax effect of income not taxable for tax purposes	**(41,278)**	(21,965)
Tax effect of expenses not deductible for tax purposes	**75,906**	95,609
Tax effect of underprovision/(overprovision) in prior years	**2,977**	(5,436)
Tax charge for the year	**65,099**	47,347

The Company was incorporated in the Cayman Islands and Maple Leaf Educational Systems Limited was incorporated in the BVI, both are tax exempted as no business is carried out in the Cayman Islands or the BVI under the tax laws of the Cayman Islands or the BVI, respectively.

No provision for Hong Kong Profits Tax has been made as the Group's operation in Hong Kong had no assessable profit for the years ended 31 August 2024 and 2023. Under the two-tiered profits tax rates regime, the first HKD2,000,000 of profits of the qualifying group entity will be taxed at 8.25%, and profits above HKD2,000,000 will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The Inland Revenue Board, an agency of the Ministry of Finance in Malaysia, is responsible for the administration of direct taxes enacted under the Income Tax Act. The standard corporate tax rate in Malaysia is 24%.

The standard corporate tax rate in Singapore is 17% and Singapore follows a single-tier corporate tax system.

Dalian Beipeng Software is entitled to High and New Technology Enterprise ("**HNTE**") status starting from the calendar year of 2017. Dalian Beipeng Software is eligible for a preferential enterprise income tax rate of 15% starting from the calendar year of 2017. The HNTE status is valid for three years, and was renewed on 14 December 2022.

According to the Implementation Regulations for the Law for Promoting Private Education, private schools for which the sponsors do not require reasonable returns are eligible to enjoy the same preferential tax treatment as public schools, subject to review by relevant tax bureaus each year.

Taxation arising in other jurisdictions is calculated as the rates prevailing in the relevant jurisdictions.

11. TAXATION (Continued)

During the year ended 31 August 2024, non-taxable tuition income was RMB155,264,000 (2023: RMB176,232,000), and the expense of RMB88,895,000 incurred by the relevant school (2023: RMB118,296,000) was not deductible.

Under the EIT law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated undistributed profits of the PRC subsidiaries amounting to RMB388,810,000 at 31 August 2024 (2023: RMB337,499,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

12. PROFIT FOR THE YEAR

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

	2024 **RMB'000**	2023 RMB'000
Staff costs, including directors' remuneration		
– salaries and other allowances	**487,227**	466,204
– retirement benefit scheme contributions	**13,662**	15,505
– share-based payments	**719**	1,953
Total staff costs	**501,608**	483,662
Less: Staff costs included in cost of revenue	**(378,319)**	(359,088)
Staff costs included in administrative and marketing expenses	**123,289**	124,574
Gross rental income from investment properties	**(10,440)**	(2,610)
Less: Direct operating expenses incurred for investment properties (included in administrative expenses)	**890**	36
Net rental income	**(9,550)**	(2,574)
Depreciation of property, plant and equipment	**114,552**	107,405
Amortisation of other intangible assets (included in cost of revenue)	**48,464**	75,874
Depreciation of right-of-use assets	**7,171**	14,579
Depreciation of investment properties	**4,274**	905
Auditors' remuneration	**2,658**	3,200
Amortisation of books for lease	**499**	140
Loss arising from fair value changes of convertible bonds	**28,174**	55,828

13. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

Directors and chief executives

Details of the emoluments paid to the Directors and the chief executives of the Company are as follows:

For the year ended 31 August 2024

	Notes	Directors' fee RMB'000	Salaries and other allowances RMB'000	Share-based payments RMB'000	Retirement benefit scheme contributions RMB'000	Total RMB'000
Executive directors						
Sherman Jen	(a)	–	3,386	–	–	3,386
King Pak Lau	(d)	183	1,376	241	8	1,808
Jingxia Zhang	(g)	–	1,368	402	–	1,770
James William Beeke		–	1,059	–	–	1,059
Non-executive director						
Kem Hussain	(b)	339	–	–	–	339
Independent non-executive directors						
Peter Humphrey Owen		362	–	6	–	368
Chow Ming Sang	(f)	194	–	–	–	194
Wai Fong Wong	(b)	339	–	–	–	339
Total		1,417	7,189	649	8	9,263

For the year ended 31 August 2023

	Notes	Directors' fee RMB'000	Salaries and other allowances RMB'000	Share-based payments RMB'000	Retirement benefit scheme contributions RMB'000	Total RMB'000
Executive directors						
Sherman Jen	(a)	–	3,017	–	–	3,017
Jingxia Zhang	(g)	–	2,022	84	–	2,106
James William Beeke		–	1,044	42	–	1,086
Non-executive director						
Kem Hussain	(b)	216	–	–	–	216
Independent non-executive directors						
Lap Tat Arthur Wong	(c)	180	–	–	–	180
Peter Humphrey Owen		346	–	54	–	400
Alan Shaver	(e)	323	–	–	–	323
Wai Fong Wong	(b)	216	–	–	–	216
King Pak Lau	(d)	180	–	–	–	180
Total		1,461	6,083	180	–	7,724

13. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (Continued)

Directors and chief executives (Continued)

Notes:

(a) *Mr. Sherman Jen has been Chairman of the board and the chief executive officer of the Company for both years, and his emoluments disclosed above include those for services rendered by him as the chief executive officer.*

(b) *Ms. Wai Fong Wong was appointed as an independent non-executive director and Dr. Kem Hussain was appointed as a non-executive director of the Company with effect from 1 January 2023.*

(c) *Mr. Lap Tat Arthur Wong was resigned as an independent non-executive director of the Company with effect from 28 February 2023.*

(d) *Mr. King Pak Lau was appointed as an independent non-executive director of the Company with effect from 28 February 2023. He was redesignated as an executive director and a co-chief financial officer of the Company with effect from 1 March 2024.*

(e) *Mr. Alan Shaver was resigned as an independent non-executive director of the Company with effect from 31 August 2023.*

(f) *Mr. Chow Ming Sang was appointed as an independent non-executive director of the Company with effect from 1 March 2024.*

(g) *Ms. Jingxia Zhang was resigned as an executive director of the Company with effect from 1 March 2024.*

(h) *The amounts of emoluments of the Directors disclosed above represent emoluments paid or receivable in respect of their services as a Director. During the year ended 31 August 2024, there were no retirement benefits paid to Directors in respect of the services as a director of the Company (2023: nil).*

Employees

The five highest paid individuals of the Group included two Directors for the year ended 31 August 2024 (2023: two) whose emoluments are included in the disclosures above. The emoluments of the remaining three individuals for the year ended 31 August 2024 (2023: three), are as follows:

	2024 RMB'000	2023 RMB'000
Salaries and other benefits	**6,970**	7,484
Retirement benefit scheme contribution	**91**	84
	7,061	7,568

The emoluments of the five highest paid individuals, other than directors, were within the following bands:

	2024	2023
HKD1,500,001 to HKD2,000,000	**–**	1
HKD2,000,001 to HKD2,500,000	**2**	–
HKD2,500,001 to HKD3,000,000	**–**	1
HKD3,500,001 to HKD4,000,000	**1**	–
HKD4,000,001 to HKD4,500,000	**–**	1
	3	3

13. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (Continued)

Employees (Continued)

No inducement paid or payable by the Group to the Directors to join or upon joining the Group or as compensation for loss of office and Mr. Sherman Jen has waived a total of HKD333,000 remuneration as of 31 August 2024 (2023: HKD667,000). During the year ended 31 August 2024, no payments or benefits in respect of termination of directors' services were paid or made, directly or indirectly, to the Directors (2023: nil) and no consideration provided to or receivable by third parties for making available directors' services (2023: nil).

14. DIVIDENDS

No dividend in respect of the years ended 31 August 2024 and 2023 have been proposed by the Directors.

15. EARNINGS PER SHARE

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

Earnings figures are calculated as follows:

	Year ended 31 August	
	2024	2023
	RMB'000	RMB'000
Earnings for the purpose of basic and dilutive earnings per share	**15,513**	5,120

Number of shares:

	At 31 August	
	2024	2023
	'000	'000
Weighted average number of ordinary shares for the purpose of basic and dilutive earnings per share	**2,971,011**	2,971,011

The weighted average number of ordinary shares adopted in the calculation of the basic earnings per share for the years ended 31 August 2024 and 2023 have been arrived at after eliminating the ungranted or unvested shares of the Company held under the Share Award Scheme.

The number of shares adopted in the computation of diluted earnings per share for each of the year ended 31 August 2024 and 2023 does not assume the exercise of the Company's share options because the exercise price of those options was higher than the average market price of shares for the years ended 31 August 2024 and 2023.

The computation of diluted earnings per share for each of the year ended 31 August 2024 and 2023 does not assume the conversion of the Company's outstanding convertible bonds since the assumed exercise would result in an increase in earnings per share.

16. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Leasehold improvements RMB'000	Motor vehicles RMB'000	Furniture and fixtures RMB'000	Computer equipment RMB'000	Construction in progress RMB'000	Total RMB'000
COST							
At 1 September 2022	2,867,966	25,129	6,622	33,817	56,228	316,042	3,305,804
Additions	1,571	710	93	5,977	7,336	104,175	119,862
Transfer from construction in progress	398,051	–	–	12,108	–	(410,159)	–
Disposals	(62,101)	(1,453)	(622)	(21,773)	(12,120)	–	(98,069)
Transfer to investment properties	(131,366)	–	–	–	–	–	(131,366)
Exchange adjustment	75,064	(1,396)	116	2,035	586	4,969	81,374
At 31 August 2023 and 1 September 2023	**3,149,185**	**22,990**	**6,209**	**32,164**	**52,030**	**15,027**	**3,277,605**
Additions	**611**	**1,637**	**495**	**2,295**	**4,496**	**5,057**	**14,591**
Transfer from construction in progress	**5,043**	**–**	**–**	**–**	**–**	**(5,043)**	**–**
Disposals	**(2,192)**	**(775)**	**(1,611)**	**(200)**	**(3,231)**	**–**	**(8,009)**
Transfer to investment properties *(note 19)*	**(20,830)**	**–**	**–**	**–**	**–**	**–**	**(20,830)**
Exchange adjustment	**36,738**	**639**	**20**	**571**	**228**	**45**	**38,241**
At 31 August 2024	**3,168,555**	**24,491**	**5,113**	**34,830**	**53,523**	**15,086**	**3,301,598**
DEPRECIATION AND IMPAIRMENT							
At 1 September 2022	937,915	10,710	3,830	18,578	42,465	7,110	1,020,608
Provided for the year	90,521	2,138	651	7,281	6,814	–	107,405
Transfer to investment properties	(4,992)	–	–	–	–	–	(4,992)
Eliminated on disposals	(48,978)	(2)	(2,666)	(22,128)	(12,809)	–	(86,583)
Exchange adjustment	7,849	(1,414)	74	1,187	95	(172)	7,619
At 31 August 2023 and 1 September 2023	**982,315**	**11,432**	**1,889**	**4,918**	**36,565**	**6,938**	**1,044,057**
Provided for the year	**97,920**	**3,256**	**300**	**5,686**	**7,390**	**–**	**114,552**
Transfer to investment properties *(note 19)*	**(1,187)**	**–**	**–**	**–**	**–**	**–**	**(1,187)**
Eliminated on disposals	**(2,145)**	**(725)**	**(1,530)**	**(177)**	**(2,446)**	**–**	**(7,023)**
Exchange adjustment	**3,861**	**416**	**22**	**216**	**109**	**(219)**	**4,405**
At 31 August 2024	**1,080,764**	**14,379**	**681**	**10,643**	**41,618**	**6,719**	**1,154,804**
CARRYING VALUES							
At 31 August 2024	**2,087,791**	**10,112**	**4,432**	**24,187**	**11,905**	**8,367**	**2,146,794**
At 31 August 2023	2,166,870	11,558	4,320	27,246	15,465	8,089	2,233,548

16. PROPERTY, PLANT AND EQUIPMENT (Continued)

The above items of property, plant and equipment after taking into account the residual values, are depreciated on a straight-line basis at the following rates:

Buildings	1.9% to 4.0%
Leasehold improvements	The shorter of useful life or lease term
Motor vehicles	19.0% to 20.0%
Furniture and fixtures	11.9% to 48.0%
Computer equipment	19.0% to 20.0%

The Group's buildings situated on land in the PRC are held by the Group under medium-term lease.

At 31 August 2024, the Group is in the process of obtaining the property certificates for certain buildings located in the PRC with carrying values of RMB265,151,000 (2023: RMB358,527,000).

During the year ended 31 August 2024, the Group's educational buildings and ancillary premises located in the PRC with carrying amount of RMB19,643,000 (2023: RMB126,374,000) was leased out to independent school operators. The corresponding portions of buildings were transferred from property, plant and equipment to investment properties from the date of commencement of the lease arrangements.

17. RIGHT-OF-USE ASSETS

	Leasehold lands RMB'000	Buildings RMB'000	Total RMB'000
As at 31 August 2024			
Carrying amount	68,063	23,834	91,897
As at 31 August 2023			
Carrying amount	70,260	25,762	96,022
For the year ended 31 August 2024			
Depreciation charge	2,197	4,974	7,171
For the year ended 31 August 2023			
Depreciation charge	2,063	12,516	14,579

	2024 RMB'000	2023 RMB'000
Expense relating to short-term lease	–	–
Total cash outflow for leases	6,147	12,684
Additions to right-of-use assets	5,524	23,430

17. RIGHT-OF-USE ASSETS (Continued)

The Group leases various leasehold land and buildings for its operations. Lease contracts are entered into fixed periods of 12 months to 30 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

Details of impairment of right-of-use assets are set out in Note 18.

18. IMPAIRMENT TESTING ON NON-CURRENT ASSETS

As disclosed in Note 3, the Group had deconsolidated the Affected Schools on 31 August 2021. There were certain property and equipment and right-of-use assets held by the Consolidated Affiliated Entities (other than the Affected Schools) occupied by the Affected Schools before the deconsolidation and were expected to be continuously occupied by the Affected Schools subsequent to the deconsolidation. The Group concluded that impairment indicators existed in relation to such assets due to the Implementation Regulations and deconsolidation of the Affected Schools, and performed an impairment assessment on such assets with carrying amounts (before impairment) of RMB545,230,000 and RMB46,798,000, for property and equipment and right-of-use assets, (together, the "**Occupied Assets**") respectively.

When determining the recoverable amount of the Occupied Assets, the Directors considered (1) currently, there's no rental agreement with the Affected Schools on the use of the Occupied Assets, (2) the fact that the Implementation Regulations prohibit the Affected Schools to conduct transactions with the related parties, as a result, upon the effective of the Implementation Regulations the Group could not charge fees to the Affected Schools for the use of the Occupied Assets, and (3) it was not practicable for the Group to remove such occupation which imposes significant restriction on the Occupied Assets, and such restriction was a characteristic of the Occupied Assets and not entity specific.

Based on the above assessment of the implications of the Implementation Regulations, and the related facts and circumstances of the Occupied Assets, full impairment was made for the Occupied Assets as at 31 August 2021. Impairment losses of RMB545,230,000 and RMB46,798,000 were recognised against the carrying amounts of property and equipment and right-of-use assets, respectively.

19. INVESTMENT PROPERTIES

The Group leases out various property units under operating leases with rentals payable monthly. The leases typically run for an initial period of 1 to 3 years.

The Group is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in the respective functional currencies of group entities. The lease contracts do not contain residual value guarantee and/or lessee's option to purchase the property at the end of lease term.

	RMB'000
COST	
At 1 September 2022	29,004
Transfer from property, plant and equipment *(Note 16)*	126,374
Exchange adjustments	189
At 31 August 2023 and 1 September 2023	**155,567**
Transfer from property, plant and equipment *(Note 16)*	**19,643**
Exchange adjustments	**(200)**
At 31 August 2024	**175,010**
DEPRECIATION	
At 1 September 2022	11,256
Provided for the year	905
Exchange adjustments	15
At 31 August 2023 and 1 September 2023	**12,176**
Provided for the year	**4,274**
Exchange adjustments	**(21)**
At 31 August 2024	**16,429**
CARRYING VALUES	
At 31 August 2024	**158,581**
At 31 August 2023	143,391

Notes:

(a) The above investment properties are depreciated on a straight-line basis at 2.0% to 3.2% per annum (2023: 2.0% to 3.2% per annum). The Group's investment properties are situated on land in the PRC and Canada (2023: PRC and Canada).

19. INVESTMENT PROPERTIES (Continued)

Notes: (Continued)

(b) *The fair value of the Group's investment properties as at 31 August 2024 was RMB272,465,000 (2023: RMB256,701,000). The fair value has been arrived based on a valuation carried out by Cushman & Wakefield Limited for investment property located in the PRC (2023: Cushman & Wakefield Limited) and Norton Appraisals Holdings Limited ("**Norton**") for investment property located in Canada (2023: Valpus Consulting Limited). All of them are independent firms of chartered surveyors who have appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations.*

The fair values were determined by capitalising the rental income derived from the existing tenancies or market data with due provision for the reversionary income potential of the property interests. The key inputs are term capitalisation rate and market unit rent of individual unit.

In estimating the fair value of the properties, the highest and best use of the properties is their current use. Details of the Group's investment properties and information about the fair value hierarchy are as follows:

	Carrying value RMB'000	**Fair value at Level 3 hierarchy** RMB'000
Commercial and educational property units located in the PRC		
At 31 August 2024	**150,192**	**197,000**
At 31 August 2023	133,657	178,600
Residential units located in Canada		
At 31 August 2024	**8,389**	**75,465**
At 31 August 2023	9,734	78,101

(c) *The Group's future undiscounted lease payments under operating leases are receivable as follows:*

	2024 **RMB'000**	2023 RMB'000
Within one year	**11,026**	1,278
In the second year	**10,811**	15
In the third year	**8,959**	–
	30,796	1,293

20. GOODWILL

	2024 RMB'000	2023 RMB'000
COST AND CARRYING VALUES		
At 1 September	**2,122,393**	1,949,551
Exchange adjustment	**31,247**	172,842
At 31 August	**2,153,640**	2,122,393

Particulars regarding impairment testing on goodwill are disclosed in Note 22.

21. OTHER INTANGIBLE ASSETS

	Student base RMB'000	Licence RMB'000	Trademark RMB'000	Total RMB'000
COST				
At 1 September 2022	318,719	68,347	573,745	960,811
Exchange adjustment	27,426	3,437	48,052	78,915
At 31 August 2023 and 1 September 2023	**346,145**	**71,784**	**621,797**	**1,039,726**
Exchange adjustment	**5,318**	**2,552**	**10,757**	**18,627**
At 31 August 2024	**351,463**	**74,336**	**632,554**	**1,058,353**
AMORTISATION				
At 1 September 2022	108,219	46,264	2,367	156,850
Provided for the year	56,147	19,727	–	75,874
Exchange adjustment	11,646	2,905	18	14,569
At 31 August 2023 and 1 September 2023	**176,012**	**68,896**	**2,385**	**247,293**
Provided for the year	**45,556**	**2,908**	**–**	**48,464**
Exchange adjustment	**3,389**	**2,532**	**145**	**6,066**
At 31 August 2024	**224,957**	**74,336**	**2,530**	**301,823**
CARRYING VALUES				
At 31 August 2024	**126,506**	**–**	**630,024**	**756,530**
At 31 August 2023	170,133	2,888	619,412	792,433

21. OTHER INTANGIBLE ASSETS (Continued)

The trademark of Kingsley International School and Canadian International School has a legal life of 10 years and is renewable every 10 years at minimal cost. The Directors are of the opinion that the Group would renew the trademark continuously and has the ability to do so. Various studies including product life cycle studies, market, competitive and environmental trends, and brand extension opportunities have been performed by the management of the Group, which supports that the trademark has no foreseeable limit to the period over which the trademarked products are expected to generate net cash inflows for the Group.

As a result, the trademark is considered by the Directors as having an indefinite useful life because it is expected to contribute to net cash inflows indefinitely. The trademark will not be amortised until its useful life is determined to be finite. Instead it will be tested for impairment annually and whenever there is an indication that it may be impaired. Particulars of the impairment testing are disclosed in Note 22.

All of the Group's student base, trademark and licence were acquired through business combination. Trademark has an infinite estimated useful life. Student base has a finite estimated useful life of 14-15 years and are amortised on expected usage of the intangible assets. Licence has a finite estimated useful life of 1.75-4 years and it is amortised on the straight-line basis over the estimated useful life.

22. IMPAIRMENT TESTING ON GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES

The carrying amounts of goodwill and trademark (net of accumulated impairment losses) allocated to the CGUs are as follows:

	Goodwill		Trademark	
	2024	2023	**2024**	2023
	RMB'000	RMB'000	**RMB'000**	RMB'000
CGUs:				
Kingsley Edugroup Berhad ("**Kingsley**")	**–**	–	**34,470**	32,498
Star Readers Pte. Ltd. ("**STAR**")	**2,153,640**	2,122,393	**595,554**	586,914
	2,153,640	2,122,393	**630,024**	619,412

The calculation of value in use (the recoverable amount of each CGU) uses cash flow projections based on financial budgets approved by the management covering a five-year period and applicable discount rate. Extrapolated growth rate used in cash flow projections is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry. Other key assumptions for the value in use calculations relate to the estimation of cash flows which include budgeted revenue, and such estimation is based on each CGU's past performance and the management's expectations for future market development.

22. IMPAIRMENT TESTING ON GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES (Continued)

The following table sets out the key assumptions for those CGUs that have significant goodwill allocated to them:

Year ended 31 August 2024	Kingsley	STAR
Average revenue growth rates (%)	**8.7%**	**6.7%**
EBIT margin (% of revenue) (%)	**33.8%**	**37.9%**
Long-term growth rate (%)	**3.0%**	**3.0%**
Pre-tax discount rate (%)	**16.0%**	**13.3%**

Year ended 31 August 2023	Kingsley	STAR
Average revenue growth rates (%)	20.9%	16.2%
EBIT margin (% of revenue) (%)	29.5%	38.5%
Long-term growth rate (%)	2.4%	1.5%
Pre-tax discount rate (%)	16.6%	17.0%

Management has determined the values assigned to each of the above key assumptions as follows:

Assumption	Approach used to determine values
Revenue growth rates	Revenue growth rate is for the five-year forecast period. It is based on past performance and management's expectations of market development.
EBIT margin	Based on past performance and management's expectations for the future.
Long-term growth rate	This is the weighted average growth rate used to extrapolate cash flows beyond the budget period. The rates are consistent with forecasts included in industry reports.
Pre-tax discount rates	The discount rate used reflects specific risks relating to the CGU.

22. IMPAIRMENT TESTING ON GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES (Continued)

The recoverable amounts of CGUs and the headroom are as follows:

	Recoverable amount RMB'000	Headroom RMB'000
For the year ended 31 August 2024		
Kingsley	**411,226**	**40,047**
STAR	**3,887,889**	**517,570**
For the year ended 31 August 2023		
Kingsley	340,423	62,490
STAR	3,768,334	287,050

The Group tests goodwill and trademarks annually for impairment or more frequently if there are indicators that goodwill and trademark might be impaired.

The impairment assessment were performed by the management of the Group with assistance from an independent professional valuer not connected with the Group, Norton (2023: Duff & Phelps), who possesses appropriate qualification and relevant experiences.

During the year ended 31 August 2024, there are (1) improved performance of Kingsley and STAR during the year, and (2) the gradual recovery of the Covid-19 pandemic and its reduced impact on international travelling and international students. For the growth in student enrolment number, the Group will continue to strengthen its student enrolment strategies and elevate the school's influence in the international education market by strengthening its global marketing efforts, holding more multinational education exhibitions, and launching online and offline marketing activities. The Group will also focus on promotion of the high quality aspect of its education, including the IB curriculum system, introducing more bilingual education options and specific academic programmes to attract more international families from different backgrounds. There were no material changes in the value of inputs or key assumptions adopted in the valuation except for the downward revision of average revenue growth rate in the forecast period due to projecting a moderate and stable growth of the number of international students entering the country where the CGU operates. Besides, the increase in the headroom of STAR in the year ended 31 August 2024 was due to the downward revision of the capital expenditure to be incurred and adopted beyond the 5-year period projection. Based on the above assessment, the Directors considered that no impairment of goodwill and trademark directly related to Kingsley and STAR identified for the year ended 31 August 2024.

Besides, in the opinion of the Directors of the Company, reasonably possible change in the key assumptions on which the management had based its determination of the CGU's recoverable amount would not cause an impairment loss.

22. IMPAIRMENT TESTING ON GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES (Continued)

Impact of possible changes in key assumptions

For the year ended 31 August 2024

The following changes in assumptions, while other parameters remain constant, would cause the recoverable amounts equal its respective carrying amounts:

	Kingsley		STAR	
	From	To	From	To
Average revenue growth rates (%)	**8.7%**	**7.7%**	**6.7%**	**5.2%**
EBIT margin (% of revenue) (%)	**33.8%**	**29.4%**	**37.9%**	**31.7%**
Long-term growth rate (%)	**3.0%**	**1.6%**	**3.0%**	**1.2%**
Pre-tax discount rate (%)	**16.0%**	**17.4%**	**13.3%**	**14.8%**

For the year ended 31 August 2023

The sensitivity analysis of Kingsley is as follows:

	Change of assumptions	Recoverable amount RMB'000	Further impairment RMB'000
Average revenue growth rate decrease by 1%	19.9%	303,328	–
Pre-tax discount rate increase by 0.5%	17.1%	323,402	–
Long-term growth rate decrease by 0.5%	1.9%	330,425	–

The sensitivity analysis of STAR is as follows:

	Change of assumptions	Recoverable amount RMB'000	Further impairment RMB'000
Average revenue growth rate decrease by 1%	15.2%	3,459,648	–
Pre-tax discount rate increase by 0.5%	17.5%	3,579,919	–
Long-term growth rate decrease by 0.5%	1.0%	3,661,759	–

23. DEPOSITS, PREPAYMENTS, TRADE AND OTHER RECEIVABLES

	2024 RMB'000	2023 RMB'000
Prepaid rent and other prepaid expenses	**7,936**	17,983
Trade receivables net of allowance for credit losses *(Note a)*	**11,787**	12,643
Deposits	**9,319**	10,204
Staff advances	**211**	238
Management fees receivables	**3,317**	1,865
Receivable from a third party *(Note b)*	**6,433**	14,333
Others	**8,450**	22,517
	47,453	79,783

Notes:

(a) *Loss allowance for trade receivables has been measured at an amount equal to lifetime ECL. The ECL on trade receivables are estimated by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast directions of conditions at the reporting date. The Group has recognised a loss allowance of 100% against all receivables over 365 days past due because historical experience has indicated that these receivables are generally not recoverable.*

The following table details the risk profile of trade receivables from contracts with customers based on the Group's provision matrix. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer bases. The following is an analysis of trade receivables by age, presented based on the dates the students were informed for payment.

	2024 RMB'000	2023 RMB'000
Not past due	**10,462**	11,787
0-30 days	**655**	603
31-60 days	**11**	11
61-90 days	**–**	–
Over 90 days	**659**	242
	11,787	12,643

(b) *The amount represents a short-term loan of RMB12,000,000 to an independent third party in 2018. The loan had an interest rate of 4.35% per annum, which was the base rate published by the People's Bank of China at that time, and it was due in one year. After the counterparty failed to repay at maturity, the loan was extended but remained unrecovered. The Group's management has assessed its recoverability and recognised an ECL provision of RMB7,900,000 in the profit or loss for the year ended 31 August 2024.*

24. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 RMB'000	2023 RMB'000
Listed securities:		
– Equity securities listed in the Stock Exchange	**9,131**	7,266
Wealth management products issued by banks	**40,304**	–
	49,435	7,266

Listed securities and wealth management products are classified as current as the Directors expects to realise these financial assets within twelve months after the reporting period.

25. PLEDGED BANK DEPOSITS AND BANK BALANCES AND CASH

	2024 RMB'000	2023 RMB'000
Pledged bank deposits	**32,328**	–
Cash and cash equivalents	**497,673**	528,041
Time deposits with original terms of over three months	**67,115**	–
	564,788	528,041
	597,116	528,041

The pledged bank deposits were held as security for certain banking facilities granted to the Group. Details are disclosed in Note 29.

Cash and cash equivalents include demand deposits and short term deposits with maturity of three months or less for the purpose of meeting the Group's short term cash commitments, which carry interest at market rates range from 0.01% to 4.25% (2023: 0.01% to 3.40%).

The Group's time deposits with original terms of over three months carry interest rates ranging from 1.65% to 4.88% (2023: N/A).

26. CONTRACT LIABILITIES

	2024 RMB'000	2023 RMB'000
Tuition and boarding fees	**446,454**	463,770
Others	**35,710**	49,789
	482,164	513,559

Significant changes in contract liabilities are explained as follows:

	2024 RMB'000	2023 RMB'000
Balance at 1 September	**513,559**	501,550
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	**(513,559)**	(501,550)
Increase due to cash received, excluding amounts recognised as revenue during the year	**482,164**	513,559
	482,164	513,559

27. OTHER PAYABLES AND ACCRUED EXPENSES

	2024 RMB'000	2023 RMB'000
Payables for purchase of property, plant and equipment	**64,563**	65,491
Miscellaneous expenses received from students *(Note)*	**45,200**	41,244
Accrued payroll	**24,788**	20,452
Deposits received from students upon school admission	**29,616**	25,983
Acquisition consideration payable	**9,269**	9,269
Payables for purchase of goods	**4,342**	4,275
Accrued operating expenses	**24,489**	20,653
Prepayment from lessee	**6,055**	6,549
Other tax payables	**1,376**	1,626
Others	**22,116**	48,244
	231,814	243,786

Note:

The amount represents expenses such as fees for courses, public examination received, purchase of hardware, meal fee and other miscellaneous items from students which will be paid out on behalf of students.

28. LEASE LIABILITIES

	Lease payments		Present value of lease payments	
	2024	2023	**2024**	2023
	RMB'000	RMB'000	**RMB'000**	RMB'000
Within one year	**5,088**	6,107	**4,326**	5,596
Within a period of more than one year but not exceeding two years	**4,804**	4,617	**4,200**	4,186
Within a period of more than two years but not exceeding five years	**10,544**	9,684	**9,519**	8,647
Within a period of more than five years	**7,723**	9,672	**7,279**	8,983
	28,159	30,080	**25,324**	27,412
Less: Future finance charges	**(2,835)**	(2,668)	**N/A**	N/A
Present value of lease obligations	**25,324**	27,412	**25,324**	27,412
Less: Amounts due within one year shown under current liabilities			**(4,326)**	(5,596)
Amounts shown under non-current liabilities			**20,998**	21,816

The weighted average incremental borrowing rates applied to lease liabilities range from 2.87% to 5.00% (2023: from 2.87% to 5.00%).

29. BANK AND OTHER BORROWINGS

	2024	2023
	RMB'000	RMB'000
Secured bank and other borrowings	**1,602,379**	1,144,292
The carrying amounts of the above borrowings are repayable:		
On demand or within one year	**28,624**	1,084,279
Within a period of more than one year but not exceeding two years	**214,558**	15,560
Within a period of more than two years but not exceeding five years	**1,359,197**	44,453
	1,602,379	1,144,292
Less: Amounts due within one year shown under current liabilities	**(28,624)**	(1,084,279)
Amounts shown under non-current liabilities	**1,573,755**	60,013

29. BANK AND OTHER BORROWINGS (Continued)

Notes:

(a) *As of 31 August 2023, the outstanding of the borrowing amounting to approximately USD143,000,000 (equivalent to approximately RMB1,038,995,000) (the "**Original CIS Loan**") was secured by (1) Share security over 100% shares in certain subsidiaries of the Group; (2) Fixed and floating charge and joint control and monitoring rights over cash accounts of certain subsidiaries of the Group; and (3) Fixed and floating charge over all assets of certain subsidiaries of the Group. This borrowing carried interest at a floating interest rate with a base rate of 3.60%. As of 31 August 2024, the Original CIS Loan has been fully repaid by the Bridge Facilities (as defined below).*

*Intended for the purpose of repaying the Original CIS Loan as well as the repayment of the convertible bonds as in Note 31, on 24 January 2024, Canadian International School Pte Ltd ("**CIS**"), an indirectly wholly owned subsidiary of the Company, entered into a Bridge Term Loan Facility (the "**Bridge Facilities**") amounting to SGD300,000,000 (equivalent to approximately RMB1,588,110,000) which structured into two parts: (A) An amount up to SGD191,280,000 (equivalent to approximately RMB1,012,579,000) is used to (i) fully refinance the Original CIS Loan and (ii) fund related costs and expenses under the Bridge Facilities; (B) An amount up to SGD108,720,000 (equivalent to approximately RMB575,531,000) is used to (i) make an intercompany loan up to USD77 million (the "**Intercompany Loan**") for purposes of full redemption of the convertible bonds and (ii) reimburse the fees payable in connection with the redemption of the convertible bonds.*

The Bridge Facilities are secured over (a) first priority security over all of the shares of CIS; (b) all asset debenture or first priority security over all of the assets of CIS and all its bank accounts; (c) assignment of Intercompany loans extended by CIS and/or by its parent; (d) first ranking fixed charge over the Lender's designated bank account held by CIS; and (e) first priority security over shares of Canadian School of Advanced Learning Pte. Ltd.

*The Bridge Facilities are repayable on final maturity date being the date falling six months from the Utilisation Date, i.e. 23 July 2024 and carry at variable interest rate based on the aggregate of (i) sum of compounded Singapore Overnight Rate Average ("**SORA**"); and (ii) Interest margin of 2.1% per annum for the first three months of borrowing; and 2.35% for the subsequent three months of borrowing.*

*On 22 July 2024, CIS entered into a term loan facility agreement (the "**2024 Term Loan Facilities**") which arranged by certain financial institutions, with an aggregate amount up to SGD280,000,000 (approximately RMB1,528,464,000), CIS has fully utilised the 2024 Term Loan Facilities and as at 31 August 2024 the outstanding carrying amount of the borrowing amounted to approximately SGD 282,020,000 (equivalent to approximately RMB 1,539,489,000). The 2024 Term Loan Facilities were secured by pledged bank deposits of approximately SGD4,827,000 (equivalent to approximately RMB26,351,000) held by CIS and guaranteed by two subsidiaries of the Group and are repayable after 18 months to 5 years from the utilisation date of the 2024 Term Loan Facilities on 24 July 2029. The proceeds of the 2024 Term Loan Facilities were used to fully refinance the then existing indebtedness of the Group (including the amounts outstanding under or in connection with the Bridge Facilities, payment of costs and expenses in connection with the 2024 Term Loan Facilities.*

The 2024 Term Loan Facilities carries variable interest rate based on the aggregate of (i) SORA Reference Rate for the interest period; and (ii) an interest margin of 3.30% per annum for the first twelve months of borrowing and interest margin range of 2.50% to 3.30% after twelve months of borrowing.

(b) *As of 31 August 2024, the outstanding of the borrowing amounting to approximately MYR39,240,000 (equivalent to approximately RMB64,750,000) (31 August 2023: approximately MYR47,828,000 (equivalent to approximately RMB74,403,000)) was secured by (1) pledge of debt service reserve account held by Kingsley International Sendirian Berhad (subsidiaries owned by Kingsley Edugroup Berhad ("**Kingsley**"), an indirectly wholly-owned subsidiary of the Company); (2) pledged bank deposits of approximately MYR3,622,000 (equivalent to approximately RMB5,977,000); and (3) debenture incorporating fixed and floating charge over all assets and undertakings of Kingsley.*

This borrowing carries interest at variable interest rates ranging from 5.91% to 6.19% (2023: 4.93% to 5.93%) per annum, and mature from 31 October 2024 to 31 May 2028.

(c) *As of 31 August 2024, the Group's other borrowings consist of two loans from an independent third party, totaling approximately RMB 46,780,000 (2023: RMB43,300,000). Both loans are unsecured and carry an interest rate of 3.65% (2023: 3.65%) per annum. The loans are repayable on the third anniversary from the first date of loan drawdown on 11 December 2025 and 9 April 2026, respectively.*

30. DEFERRED INCOME TAX

The following are the major deferred tax assets/(liabilities) recognised and movements thereon during the current and prior years:

	Deferred tax assets			Deferred tax liabilities			
	Investment tax allowance RMB'000	Impairment provision of trade receivables RMB'000	Lease liabilities RMB'000	Accelerated tax depreciation RMB'000	Fair value Adjustment on assets acquired through business combination RMB'000	Right-of-use assets RMB'000	Total RMB'000
At 1 September 2022	35,758	106	3,608	(15,160)	(242,738)	(3,608)	(222,034)
(Charge)/credit to profit or loss	(460)	–	1,940	(4,052)	11,489	(1,940)	6,977
Exchange adjustments	–	–	123	–	(16,418)	(123)	(16,418)
At 31 August 2023 and 1 September 2023	**35,298**	**106**	**5,671**	**(19,212)**	**(247,667)**	**(5,671)**	**(231,475)**
(Charge)/credit to profit or Loss *(Note 11)*	**(4,783)**	**56**	**(144)**	**(7,801)**	**19,231**	**144**	**6,703**
Exchange adjustments	**1,885**	**9**	**17**	**(1,589)**	**(5,846)**	**(17)**	**(5,541)**
At 31 August 2024	**32,400**	**171**	**5,544**	**(28,602)**	**(234,282)**	**(5,544)**	**(230,313)**

The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2024 RMB'000	2023 RMB'000
Deferred tax assets	**3,969**	16,192
Deferred tax liabilities	**(234,282)**	(247,667)
	(230,313)	(231,475)

No deferred tax asset has been recognised in respect of RMB387,777,000 (2023: RMB328,585,000) of unutilised tax losses due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of RMB164,136,000 (2023: RMB121,200,000) that will expire in one to five years. Other tax losses may be carried forward indefinitely.

31. CONVERTIBLE BONDS

	2024 RMB'000	2023 RMB'000
Convertible bonds	–	515,921
Analysed for reporting purposes as:		
Current liabilities	–	227,078
Non-current liabilities	–	288,843
	–	515,921

Note:

*On 12 January 2021, the Company entered into a subscription agreement with UBS AG Hong Kong Branch (the "**Manager**") under which the Manager has agreed to subscribe and pay for, or to procure subscribers to subscribe and pay for, the convertible bonds due in 2026 in an aggregate principal amount of USD125,000,000 (the "**Convertible Bonds**" or "**Bonds**").*

*On 27 January 2021 (the "**Issue Date**"), the Company completed the issuance of the Convertible Bonds. The cash proceeds related to the issuance of USD125,000,000 (equivalent to RMB808,551,000) were received by the Company on the Issue Date. The issuance cost related to the Convertible Bonds of approximately USD1,250,000 (equivalent to RMB8,138,000) was charged to the finance cost. The Convertible Bonds were recognised and measured as financial liabilities designated at FVTPL. The fair value as of the Issue Date was RMB808,551,000.*

The Convertible Bonds bear interest on their outstanding principal amount from and including the Issue Date at the rate of 2.25 per cent per annum, payable semi-annually in arrears on 27 January and 27 July in each year, commencing on 27 July 2021.

*Pursuant to the subscription agreement, each of the Convertible Bonds will, at the option of the holder, be convertible (unless previously redeemed, converted or purchased and cancelled) on or after 9 March 2021 up to the close of business (at the place where the certificate evidencing the Bonds are deposited for conversion) on the seventh day prior to 27 January 2026 (the "**Maturity Date**") (both days inclusive) (the "**Conversion Period**") into fully paid ordinary shares with a par value of USD0.0005 each of the Company at an initial conversion price of HKD2.525 per share. The conversion price is subject to adjustment in the circumstances described under certain terms and conditions of the subscription agreement.*

On giving notice in accordance with the respective terms and conditions of the subscription agreement, at any time after 11 February 2024 and prior to the Maturity Date, the Convertible Bonds may be redeemed at the option of the Company. The Convertible Bonds may be redeemed at the option of the Company in whole but not in part for taxation reasons as described in the subscription agreement. The Convertible Bonds may be redeemed at the option of the holder following the occurrence of a relevant event described in the subscription agreement or on 27 January 2024 as the optional put date for the holder to request the Company to redeem all or some of the Convertible Bonds upon giving notice in accordance with the subscription agreement.

*During the year ended 31 August 2022, pursuant to the conditions of the Convertible Bonds (the "**Bond Conditions**"), Applicable Relevant Event (being which occurred on 23 May 2022 as a result of the suspension of trading of the Shares on the Stock Exchange commencing from 3 May 2022 in connection with the Company's delay in the publication of the unaudited interim results of the Group for the six months ended 28 February 2022) occurred and the holder of each Bond will have the right, at such holder's option (the "**Bondholder Put Option**"), to require the Company to redeem all or some only of such holder's Bond on the relevant event redemption date (the "**Relevant Event Redemption Date**") at the early redemption amount together with interest accrued but unpaid to (but excluding) such date in accordance with the Bond Conditions by submitting to the specified office of the paying agent (the "**Paying Agent**") a relevant event redemption notice (the "**Relevant Event Redemption Notice**") within the applicable time period specified in Bond Conditions (the "**Exercise Period**"). Whether to exercise the Bondholder Put Option is at the discretion of the Bondholders.*

31. CONVERTIBLE BONDS (Continued)

Note: (Continued)

*In August 2022, the aggregate principal face value of the Bonds in respect of which the Paying Agent has received a Relevant Event Redemption Notice on or prior to the expiry of the Exercise Period is USD125,000,000 and the Relevant Event Redemption Date was 14 August 2022. However, the Company failed to pay the amount of principal, interest, and premium (if any) due in respect of the Bonds before the Relevant Event Redemption Date. On 15 August 2022, the Company and holders of the Bonds who collectively hold or are economically entitled to approximately 70 per cent of the principal amount of the Bonds entered into a standstill and consent solicitation support agreement (the "**Standstill Agreement**") which sets out the parties' in-principle agreement to implement. The terms and conditions, including proposed waivers (the "**Proposed Waivers**"), proposed amendments (the "**Proposed Amendments**") and new undertakings (the "**New Undertakings**"), of the Standstill Agreement were agreed upon in an extraordinary meeting (the "**Extraordinary Meeting**") which was held subsequently after 31 August 2022 (being 23 September 2022). The Proposed Waivers refers to the extraordinary resolution passed in the Extraordinary Meeting constitute a direction by the holders of the Bonds to the trustee to irrevocably and unconditionally consent to (a) a waiver of the Applicable Relevant Event; and (b) a waiver of any potential event of default or event of default that has occurred (1) in relation to Condition 8(E) (Redemption for Relevant Event) of the Bonds or otherwise directly in relation to the Applicable Relevant Event; and (2) as a result of the Company's entry into the Standstill Agreement.*

The New Undertakings are summarized as follows:

Mandatory Redemption Undertaking

The Company shall undertake, for the benefit of each holder of Bonds, that in the event that the Proposed Waivers and Amendments are approved by the requisite majority of Bondholders, it shall redeem the Bonds at the times and in the manner set out as below:

(a) 40 per cent. of the aggregate principal amount of the Bonds originally issued at their principal amount plus accrued and unpaid interest on the Implementation Date (being 27 October 2022); and

*(b) subject to the Security Undertaking, 25 per cent. of the aggregate principal amount of the Bonds originally issued at their principal amount plus accrued and unpaid interest on the date that is nine (9) months after the Implementation Date (the "**Second Mandatory Redemption**"),*

*((a) to (b) together, the "**Mandatory Redemption Undertaking**"). The Bonds selected for redemption shall be on a pro-rata basis.*

The Company announced that the Company did not have sufficient offshore funds to make the Second Mandatory Redemption on 27 June 2023 due to the prevailing controls of the State Administration of Foreign Exchange of the PRC and other related PRC policies and regulations which are currently preventing the Company and its applicable Subsidiaries from remitting sufficient funds out of the PRC, resulting in the occurrence of an event of default under the Bond Conditions. On 12 September 2023, the Company announced that on 11 September 2023, the bondholders passed resolutions, includes, among other matters (1) Waived any and all Events of Default relating to the non-payment of the 25% Second Mandatory Redemption and the Relevant Event; and (2) 25% Second Mandatory Redemption pushed out to 27 January 2024.

On 9 February 2024, all the aggregate outstanding principal amount of the Bonds and relevant interest payables had been repaid upon obtaining the Bridge Facilities and Intercompany Loan by the Company from CIS (Note 29(a)).

32. SHARE CAPITAL

	Number of shares '000	Amount USD'000	Show in the Consolidated Financial statement as RMB'000
Ordinary shares of USD0.0005 each			
Authorised			
At 1 September 2022, 31 August 2023, 1 September 2023 and 31 August 2024	8,000,000	4,000	
Issued and fully paid			
At 1 September 2022, 31 August 2023, 1 September 2023 and 31 August 2024	2,995,321	1,498	9,309

As at 31 August 2024, the Company and certain of its subsidiaries held 23,746,000 shares of the Company (2023: 24,310,000 shares) under the previous share award scheme. The total amount paid to acquire the shares was approximately RMB22,280,000 and has been deducted from the shareholders' equity.

33. RETIREMENT BENEFIT PLANS

The employees of the Group in the PRC, Malaysia and Singapore are members of a state-managed retirement benefits scheme operated by the PRC, Malaysia and Singapore Government. The Group is required to contribute a specified percentage of payroll costs as determined by respective local government authority to the retirement benefits scheme to fund the benefit scheme. The only obligation of the Group with respect to the retirement benefits scheme is to make the specified contributions under the scheme.

The total expense recognised in profit or loss in respect of contributions paid or payable to the schemes by the Group for the year ended 31 August 2024 is RMB13,662,000 (2023: RMB15,505,000).

34. SHARE-BASED PAYMENTS

Employee Share Purchase Plan

The Company's Employee Share Purchase Plan (the "**ESPP**") was approved and adopted by the Company on 12 October 2020 to take effect for the purpose of providing the selected participants with the opportunity to acquire proprietary interests in the Company and to encourage the selected participants by permitting the selected participants to purchase shares of the Company and by awarding matching restricted shares, which upon vesting are settled in shares.

During the current year, no material matching shares under the ESPP were granted (2023: nil). The ESPP was terminated in June 2024 prior to its expiry on 12 October 2025 and the vesting of the last batch of matching shares has been accelerated to June 2024.

34. SHARE-BASED PAYMENTS (Continued)

Post-IPO Share Option Scheme

The Company's post-IPO share option scheme (the "**Post-IPO Share Option Scheme**") was approved and adopted by the Company on 10 November 2014 to take effect from 28 November 2014 for the purpose of enabling the Company to grant options to the selected participants as incentives or rewards for their contributions to the Group. Accordingly, the Post-IPO Share Option Scheme expired on 10 November 2024. The options granted prior to the expiration remain valid for exercise and no further option under the Post-IPO Share Option Scheme would be granted.

The maximum number of shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Post-IPO Share Option Scheme and any other share option scheme of the Company shall not in aggregate exceed 10% of the issued share capital of the Company from time to time.

Movements of the Company's share options granted under the Post-IPO Share Option Scheme are as follows:

For the year ended 31 August 2024

	Date of grant	Option type	Outstanding at 1 September 2023	Granted during the year	Forfeited during the year	Lapsed during the year	Outstanding at 31 August 2024
Executive director:							
King Pak Lau	4 March 2024	Post-IPO-7th	–	3,000,000	–	–	3,000,000
Independent non-executive director:							
Peter Humphrey Owen	28 June 2019	Post-IPO-6th	60,000	–	–	(60,000)	–
Employees of the Group							
In aggregate	4 March 2024	Post-IPO-8th	–	3,000,000	–	–	3,000,000
In aggregate	10 May 2024	Post-IPO-9th	–	3,000,000	–	–	3,000,000
Total			60,000	9,000,000	–	(60,000)	9,000,000
Exercisable at the end of the year							–
Weighted average exercise price			HK$3.11	HK$0.47	N/A	HK$3.11	HK$0.47

34. SHARE-BASED PAYMENTS (Continued)

Post-IPO Share Option Scheme (Continued)

For the year ended 31 August 2023

	Date of grant	Option type	Outstanding at 1 September 2022	Granted during the year	Forfeited during the year	Lapsed during the year	Outstanding at 31 August 2023
Executive director:							
Jingxia Zhang	14 June 2018	Post-IPO-4th	400,000	–	–	(400,000)	–
James William Beeke	14 June 2018	Post-IPO-4th	200,000	–	–	(200,000)	–
Independent non-executive directors:							
Peter Humphrey Owen	14 June 2018	Post-IPO-4th	138,400	–	–	(138,400)	–
Wong Lap Tat Arthur (retired on 28 February 2023)	14 June 2018	Post-IPO-4th	138,400	–	–	(138,400)	–
Peter Humphrey Owen	28 June 2019	Post-IPO-6th	122,000	–	–	(62,000)	60,000
Wong Lap Tat Arthur (retired on 28 February 2023)	28 June 2019	Post-IPO-6th	122,000	–	(60,000)	(62,000)	–
Employees of the Group in aggregate:	14 June 2018	Post-IPO-5th	3,620,000	–	(500,000)	(3,120,000)	–
			4,740,800	–	(560,000)	(4,120,800)	60,000
Exercisable at the end of the year							–
Weighted average exercise price			HK$7.01	N/A	HK$6.78	HK$7.10	HK$3.11

During the year ended 31 August 2024, options were granted on 4 March 2024 and 10 May 2024 (2023: nil). The estimated fair values of the options granted on those dates are RMB1,589,000 and RMB582,000, respectively.

These fair values were calculated using binomial option pricing model. The inputs into the model were as follows:

Weighted average share price	HK$0.375 – HK$0.52
Exercise price	HK$0.381 – HK$0.52
Expected volatility	96.92% – 109.83%
Expected life	2 – 6 years
Risk-free rate	3.43% – 4.10%
Expected dividend yield	0.00%

Expected volatility was determined by using the historical volatility of the Company's share price over the previous 6 years. The expected life used in the model has been adjusted, based on the Directors' best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations.

34. SHARE-BASED PAYMENTS (Continued)

Post-IPO Share Option Scheme (Continued)

Details of specific categories of options are as follows:

	Number of options to be vested	Vesting period	Exercise period	Exercise price
Post-IPO-6th	124,000	28 June 2019 to 31 January 2023	1 January 2023 to 31 January 2023	HK$3.11
	120,000	28 June 2019 to 31 January 2024		
Post-IPO-7th	1,000,000	4 March 2024 to 3 March 2025	4 March 2025 to 3 March 2026	HK$0.52
	1,000,000	4 March 2024 to 3 March 2026	4 March 2026 to 3 March 2027	HK$0.52
	1,000,000	4 March 2024 to 3 March 2027	4 March 2027 to 3 March 2028	HK$0.52
Post-IPO-8th	3,000,000	4 March 2024 to 3 March 2025	4 March 2025 to 3 March 2030	HK$0.52
Post-IPO-9th	600,000	10 May 2024 to 9 May 2025	10 May 2025 to 9 May 2026	HK$0.381
	600,000	10 May 2024 to 9 May 2026	10 May 2026 to 9 May 2027	HK$0.381
	600,000	10 May 2024 to 9 May 2027	10 May 2027 to 9 May 2028	HK$0.381
	600,000	10 May 2024 to 9 May 2028	10 May 2028 to 9 May 2029	HK$0.381
	600,000	10 May 2024 to 9 May 2029	10 May 2029 to 9 May 2030	HK$0.381

The Group recorded share-based payment expense of RMB719,000 for the year ended 31 August 2024 (2023: RMB1,953,000), in relation to the share options granted under the Post-IPO Share Option Scheme.

35. SHARE AWARD SCHEME

The Share Award Scheme was adopted by the Company on 10 November 2014 and modified by the Board on 28 April 2015.

The grant of share awards (the "**Awards**") recognises the contribution of the Directors, executive officers, senior management, employees and consultants of the Company and of its subsidiaries and consolidated affiliated entities (collectively, "**Scheme Companies**" and each, a "**Scheme Company**") to the historical achievements of the Company. The Company has the intention to continue exploring ways to incentivise, retain and reward Scheme Companies' directors, executive officers, senior management and employees and may implement other share award schemes or other share-based remuneration schemes in the future.

Awards

Each Award is a right to receive a Share at the end of the vesting period, subject to vesting conditions provided for under the Share Award Scheme. For each Award, the Eligible Participants (as defined below) may receive, subject to vesting, one Share.

Awards cannot be sold, pledged or transferred by the Eligible Participants by any means, except by inheritance.

35. SHARE AWARD SCHEME (Continued)

Grant of Awards

The Share Award Scheme provides for the grant of Awards by the Company to beneficiaries (the "**Beneficiaries**") selected at the discretion of the Board from among the directors, executive officers, senior management, employees and consultants of the Scheme Companies (the "**Eligible Participants**"). Shares will not be released under the Awards until the applicable vesting conditions have been satisfied.

Awards cannot be sold, pledged or transferred by the Eligible Participants by any means, except by inheritance.

Shares underlying the Awards

The Company will from time to time transfer the necessary funds and instruct the scheme trustee ("**Scheme Trustee**") to acquire Shares through on-market transactions so as to satisfy Awards.

The Share Award Scheme Shares will be held on trust by the Scheme Trustee until their release to the Beneficiaries upon vesting of their Awards.

The grant of Awards by the Company to a connected person of the Company will be subject to the requirements of Chapter 14A of the Listing Rules.

Restrictions on grants and Share purchases

No instruction may be given to the Scheme Trustee to acquire Shares and no Award may be granted when the Board is in possession of unpublished inside information in relation to the Scheme Companies or when dealings by Directors are prohibited under any code or requirement of the Listing Rules and all applicable laws from time to time.

Vesting of Awards

Vesting of Awards is subject to continued employment of the Beneficiaries with a Scheme Company over the vesting period as determined by the Board. Upon vesting, the Company will instruct the Scheme Trustee to release Share Award Scheme Shares to the Beneficiary on its behalf.

In the event of termination of the employment or corporate officer's mandate of a Beneficiary with a Scheme Company, his or her Awards will be forfeited: (i) in the case of employment contracts, such forfeiture shall take effect on the date of receipt of the dismissal letter or the submission of the resignation letter (as the case may be), notwithstanding any period of notice (regardless of whether it has been given or satisfied), or on the date of the termination of the employment agreement for other circumstances, and (ii) in the case of corporate officer's mandate, such forfeiture shall take effect on the date of the expiration of the term of the mandate, or on the date of the dismissal or notification of such dismissal.

In the case of retirement or early retirement of the Beneficiary, Awards are not forfeited. However, the Shares are not released until they vest on the grantee.

If a Beneficiary's employer ceases to be a Scheme Company during the vesting period, the continued employment condition will be deemed not to have been satisfied.

No consideration is paid or payable by the grantees for the Shares to be issued under the Share Award Scheme.

35. SHARE AWARD SCHEME (Continued)

Limit for each Beneficiary

Pursuant to a resolution passed at a meeting of the Board on 29 November 2016, the maximum number of Awards which may be granted to a Beneficiary but unvested under the Share Award Scheme was revised to not exceed 1% of the Shares in issue from time to time.

The Share Award Scheme Period

The Share Award Scheme shall be valid and effective from 28 April 2015 and end on the earlier of (i) the business day immediately prior to the tenth anniversary of 28 April 2015 except in respect of any non-vested Awards granted prior to the expiration of the Share Award Scheme, for the purpose of giving effect to the vesting of such Awards or otherwise as may be required in accordance with the provisions of the Share Award Scheme; and (ii) such date of early termination as determined by the Board provided that such termination shall not affect any subsisting rights of any Beneficiary in respect of the Awards already granted.

Outstanding Shares awarded

In July 2015, the Scheme Trustee purchased a total of 62,160,000 Shares on the Stock Exchange at a total consideration of approximately HK$74.7 million (equivalent to approximately RMB59.0 million). During the years ended 31 August 2024 and 2023, the Scheme Trustee did not purchase any Share on the Stock Exchange or grant any Share to the Eligible Participants of the Group under the Share Award Scheme and there was no movement in the outstanding Shares under the Share Award Scheme. As at 31 August 2024 and 2023, there was no outstanding Share granted to the Eligible Participants of the Group under the Share Award Scheme.

As at the date of this report, there were a total of 24,309,988 Shares available under the Share Award Scheme (representing approximately 0.81% of the issued Shares as at the date of this report).

36. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of pledged bank deposits, bank balances and cash, amounts due from (to) related parties, convertible bonds, bank and other borrowings and equity attributable to equity holders of the Company, comprising capital, reserves and retained profits.

The Directors review the capital structure on a continuous basis taking into account the cost of capital and the risks associated with each class of capital. Based on recommendations of the Directors, the Group will balance its overall capital structure through repurchase of shares or issuance of new shares.

37. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2024 RMB'000	2023 RMB'000
Financial assets		
Financial assets at FVTPL		
– Listed equity securities	9,131	7,266
– Wealth management products	40,304	–
Financial assets at amortised cost	816,133	754,792
Financial liabilities		
FVTPL		
– Convertible bonds	–	515,921
Liabilities measured at amortised cost	3,718,034	3,281,122

(b) Financial risk management objectives and policies

The Group's major financial instruments include deposits, trade and other receivables, financial assets at FVTPL, pledged bank deposits, bank balances and cash, amounts due from (to) related parties, other payables, bank and other borrowings, lease liabilities and convertible bonds. Details of these financial instruments are disclosed in the respective notes. These risks include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) *Currency risk*

The Group conducts its business mainly in the PRC and other Asia Pacific countries. The majority of the Group's revenue and expenditures are denominated in RMB, SGD and MYR. The Company and several subsidiaries of the Company have cash and cash equivalents, other receivables, other payables and borrowings which are denominated in foreign currencies. The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the end of the reporting period are as follows:

	Liabilities		Assets	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
HKD	830	–	5,439	11,781
SGD	–	–	391	2,679
CAD	–	–	259	281
USD	7,137	1,146,022	19,826	35,023
	7,967	1,146,022	25,915	49,764

37. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risk (Continued)

(i) *Currency risk (Continued)*

Sensitivity analysis

The Group is mainly exposed to the currency of HKD, SGD, CAD and USD (2023: HKD, SGD, CAD and USD). The following table details the Group's sensitivity to a 5% (2023: 5%) increase and decrease in RMB against HKD, SGD, CAD and USD (2023: HKD, SGD, CAD and USD). 5% (2023: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts the translation at the year end for a 5% (2023: 5%) change in foreign currency rates. A positive number below indicates a decrease in profit before tax where RMB strengthens 5% against HKD, SGD, CAD and USD (2023: HKD, SGD, CAD and USD). For a 5% (2023: 5%) weakening of RMB against HKD, SGD, CAD and USD (2023: HKD, SGD, CAD and USD), there would be an equal and opposite impact on the profit, and the balances below would be negative.

	2024 **RMB'000**	2023 RMB'000
Profit or loss related to HKD	**230**	589
Profit or loss related to SGD	**20**	134
Profit or loss related to CAD	**13**	14
Profit or loss related to USD	**1,348**	(55,550)

In the opinion of the Directors, the sensitivity analysis is unrepresentative of the inherent foreign currency risk as the exposure at the end of the reporting year does not reflect the exposure for the full year.

(ii) *Interest rate risk*

The Group is exposed to fair value interest rate risk in relation to lease liabilities (see Note 28 for details). The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank and other borrowings (see Note 29 for details). The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank balances and SOR arising from the Group's Singapore dollar denominated borrowings. The Group manages its interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook. The management will review the proportion of borrowings in fixed and floating rates and ensure they are within reasonable range.

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some SOR with alternative nearly risk-free rates. The Group is closely monitoring the transition to new benchmark interest rates.

37. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risk (Continued)

(ii) Interest rate risk (Continued)

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for variable interest rate bank balances and borrowings. If interest rates had been 50 basis points higher/lower and all other variables were held consistent, the Group's post-tax profit for the year ended 31 August 2024 would decrease/increase by RMB4,196,000 (2023: decrease/increase by RMB2,565,000).

(iii) Other price risk

The Group is exposed to equity price risk through its investments in listed equity securities measured at FVTPL. The management manages the exposure to equity price risk of investments in listed equity securities by closely monitoring fluctuation of these investments.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity price risks relating to held-for-trading equity instruments investments at the reporting date.

If the price of the respective equity instruments had been 5% (2023: 5%) higher/lower, post-tax profit for the year would increase/decrease by RMB457,000 (2023: RMB357,000) as a result of the changes in fair value.

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to wealth management products, deposits, trade and other receivables, pledged bank deposits, bank balances and amounts due from related parties. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

Except for investment in wealth management products which is subsequently measure at FVTPL, the Group performed impairment assessment for financial assets under ECL model. Information about the Group's credit risk management, maximum credit risk exposures and the related impairment assessment, if applicable, are summarised as below:

Pledged bank deposits and bank balances

Credit risk on pledged bank deposits and bank balances is limited because the counterparties are reputable banks with high credit ratings assigned by credit agencies. The Group assessed 12m ECL for pledged bank deposits and bank balances by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies. Based on the average loss rates, the 12m ECL on pledged bank deposits and bank balances is considered to be insignificant.

37. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Other receivables and deposits

For other receivables and deposits, the Directors make periodic individual assessment on the recoverability of other receivables and deposits based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The Directors believe that there are no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12m ECL. For the years ended 31 August 2024 and 2023, the Group assessed the ECL for other receivables and deposits were insignificant except loan to Weifang as disclosed in Note 23.

Amounts due from related parties

The Group regularly monitors the business performance of these related parties. The Group's credit risk on these balances is mitigated through the value of the assets held by these entities and their actual operating results. The Directors believe that there is no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12m ECL. For the years ended 31 August 2024 and 2023, the Group assessed the ECL for amounts due from related parties were insignificant.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Directors monitors the utilisation of borrowings and ensures compliance with loan covenants.

The amount of net current liabilities of the Group is approximately RMB571,663,000 (2023: RMB1,468,828,000) as at 31 August 2024.

The Group's bank balances and cash as at 31 August 2024 amounted to approximately RMB564,788,000 as compared to the Group's amounts due to related parties of RMB1,988,665,000 (with current portion of RMB625,289,000) ("**Relevant Balances**"). These conditions may indicate the existence of uncertainties on the Group's ability to continue as a going concern.

In view of the above, the Directors have undertaken a number of plans and measures to improve the Group's liquidity and financial position, including: (i) communicating with the Affected School for repayment of borrowings; (ii) discussing with local government departments to comply with implementation regulations of the PRC for the law for promoting of private education (the "**Implementation Regulations**") and (iii) adjusting the strategy to focus on development of high schools and overseas schools which are not affected by the Implementation Regulations.

37. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

The Directors consider that the Group can continue as a going concern based on the fact that they have successfully carried out their previous financial plans which resulted replacement of the Original CIS Loan to the 2024 Term Loan Facilities and the assumptions that no further rules and interpretation from the government will adversely affect the continuing operations. When preparing the Group's consolidated financial statements on the going concern basis, they have also taken into account the cash flow forecast of the Group prepared by the management of the Company, and the nature of current liabilities. The Directors expect that operating activities of the Group can contribute substantial cash inflow to repay all liabilities when fall due and meeting the Group's short term cash commitments. At the date of this report, the Affected Schools with Relevant Balances to the Group have agreed not to demand for repayment until 1 September 2025.

The following tables detail the Group's remaining contractual maturity for its financial liabilities based on the agreed repayment terms. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. The interest rates as at the end of the reporting period are used for the cash flow calculation in relation to variable rate interest bearing financial liabilities.

	Weighted Average interest rate	On demand or less than 1 year	1-2 years	2-3 years	3-5 years	Over 5 years	Undiscounted cash flows	Total carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Non derivative financial liabilities:								
Other payables	–	101,666	–	–	–	–	101,666	101,666
Amounts due to related parties	4.75	753,309	1,390,831	–	–	–	2,144,140	1,988,665
Lease liabilities	2.30	5,088	4,804	5,088	5,456	7,723	28,159	25,324
Fixed and variable interest rates borrowings	6.81	137,862	317,733	287,900	1,383,560	–	2,127,055	1,602,379
At 31 August 2024		997,925	1,713,368	292,988	1,389,016	7,723	4,401,020	3,718,034
Non derivative financial liabilities:								
Other payables	–	153,371	–	–	–	–	153,371	153,371
Amounts due to related parties	4.75	223,685	540,238	1,390,831	–	–	2,154,754	1,956,047
Lease liabilities	3.02	6,107	4,617	3,605	6,079	9,672	30,080	27,412
Fixed and variable interest rates borrowings	3.24	1,084,279	19,425	65,776	–	–	1,169,480	1,144,292
Convertible bonds	2.25	226,803	329,752	–	–	–	556,555	515,921
At 31 August 2023		1,694,245	894,032	1,460,212	6,079	9,672	4,064,240	3,797,043

38. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Management has assessed that the fair values of bank balances and cash, financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and accruals, amounts due from related parties, and the current portion of amounts due to related parties and interest-bearing bank and other borrowings approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The fair values of the non-current portion of amounts due to related parties and interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

In estimating the fair values of financial assets at FVTPL and Convertible Bond, the Group uses market-observable data to the extent it is available. For instruments with significant unobservable inputs under Level 3, the Group engages third party qualified valuers to perform the valuation. The management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

38. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy

The following table illustrate the fair value measurement hierarchy of the Group's financial instruments measured at fair value:

Financial assets and financial liabilities	Fair value as at 31 August		Fair value Hierarchy	Valuation techniques	Significant unobservable inputs	Sensitivity of fair value to the input
	2024	2023				
	RMB'000	RMB'000				
Financial assets at FVTPL – listed equity securities *(Note 24)*	**9,131**	7,266	Level 1	Quoted bid prices in an active market	N/A	N/A
Financial assets at FVTPL – wealth management products *(Note 24)*	**40,304**	–	Level 2	Discounted cash flow, future cash flows are estimated based on contractual terms of the wealth management products and discounted at a rate that reflects that credit risk of the counterparties	N/A	N/A
Convertible Bond as at FVTPL *(Note 31)*	**–**	515,921	Level 3	Binomial option pricing model and discounted cash flow method	Discount rate (8.0%) expected volatility (20.0%)	(a) (b)

Notes:

(a) *A slight increase in the discount rate used in isolation would result in a significant decrease in the fair value measurement of the Convertible Bonds, and vice versa.*

(b) *A slight increase in the expected volatility used in isolation would result in a significant increase/decrease in the fair value measurement of the Convertible Bonds, and vice versa.*

38. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

Reconciliation of Level 3 fair value measurements of financial liabilities

	Convertible bonds RMB'000
At 1 September 2022	778,663
Repayment during the year	(351,080)
Total losses:	
in profit or loss	55,828
Exchange adjustments	32,510
At 31 August 2023, 1 September 2023	**515,921**
Repayment during the year	**(532,770)**
Total losses:	
in profit or loss	**28,174**
Exchange adjustments	**(11,325)**
At 31 August 2024	**–**
(#) Include gains or losses for liabilities held at end of reporting period	**28,174**

The total gains or losses recognised in profit or loss including those for liabilities held at the end of reporting period are presented in loss arising from fair value changes of convertible bonds.

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

There were no transfers between Level 1, Level 2 and Level 3 for the years ended 31 August 2024 and 2023.

39. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details change in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows from financing activities.

	Consideration payable RMB'000	Convertible bonds RMB'000	Bank and other borrowings RMB'000	Lease liabilities RMB'000	Amounts due to related parties RMB'000	Total RMB'000
At 1 September 2022	219,591	778,663	763,136	18,053	1,881,206	3,660,649
Financing cash flows	–	(351,080)	280,673	(12,684)	–	(83,091)
Lease termination	–	–	–	(2,565)	–	(2,565)
Operating cash flows	(219,591)	–	–	–	6,454	(213,137)
Interest paid	–	(18,660)	(48,811)	–	–	(67,471)
Inception of lease	–	–	–	23,430	–	23,430
Interest expenses	–	18,660	48,811	876	88,511	156,858
Loss arising from changes in fair value	–	55,828	–	–	–	55,828
Foreign exchange translation	–	32,510	100,483	302	(20,124)	113,171
At 31 August 2023 and 1 September 2023	–	515,921	1,144,292	27,412	1,956,047	3,643,672
Financing cash flows	–	(532,770)	417,560	(5,051)	(12,311)	(132,572)
Lease termination	–	–	–	(2,654)	–	(2,654)
Interest paid	–	(23,104)	(128,553)	(1,096)	–	(152,753)
Inception of lease	–	–	–	5,524	–	5,524
Interest expenses	–	23,104	143,933	1,096	44,929	213,062
Loss arising from changes in fair value	–	28,174	–	–	–	28,174
Foreign exchange translation	–	(11,325)	25,147	93	–	13,915
At 31 August 2024	–	–	1,602,379	25,324	1,988,665	3,616,368

40. RELATED PARTY TRANSACTIONS AND BALANCES

Other than as disclosed elsewhere in these consolidated financial statements, the Group has following transactions and balances with related parties:

(i) During the year, the Group entered into the following balances with related parties:

Relationships	Nature of balances	2024 RMB'000	2023 RMB'000
The Affected Schools	Amounts due from (current)	**179,712**	182,305
The Affected Schools	Amounts due to (non-current)	**1,363,376**	1,820,859
The Affected Schools	Amounts due to (current)	**625,289**	135,188

The above amounts due from/to the Affected Schools represent balances between the Group and the Affected Schools. Prior to 31 August 2021, these balances were eliminated upon consolidation of the Affected Schools by the Group. The Group deconsolidates the Affected Schools on 31 August 2021, and these balances were no longer eliminated and shown as amounts due to or amounts due from the Affected Schools. As of 31 August 2021, the Affected Schools are legally owned by the affiliated entities of the Group, consequently the Affected Schools are related parties of the Group.

The current portion of the amounts due from/to the Affected Schools represent balances which are due within one year or on demand. The non-current portion of the amounts due to Affected Schools represent long-term borrowing from Affected Schools. The original term of these borrowing were five years and interest free, the remaining term of these borrowing range from one to two years (2023: one to three years).

(ii) Compensation of key management personnel

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

	2024 RMB'000	2023 RMB'000
Short-term benefits	**15,387**	14,686

41. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2024 RMB'000	2023 RMB'000
Non-Current Assets		
Investments in subsidiaries	17,870	17,870
Amounts due from subsidiaries	1,947,795	1,183,975
Amounts due from related parties	–	51,633
Property and equipment	4	9
Right-of-use assets	–	161
	1,965,669	1,253,648
Current Assets		
Deposits, prepayments and other receivables	772	–
Financial assets at fair value through profit or loss	49,435	7,266
Time deposits with original terms of over three months	7,115	–
Bank balances and cash	5,946	12,122
Amounts due from related parties	55,829	–
	119,097	19,388
Current Liabilities		
Other payables and accrued expenses	12,052	21,497
Contract liabilities	6,376	–
Amounts due to related parties	6,007	–
Amount due to subsidiaries	855,361	–
Lease liabilities	–	161
Convertible bonds	–	227,078
	879,796	248,736
Net Current Liabilities	(760,699)	(229,348)
Total Assets Less Current Liabilities	1,204,970	1,024,300
Capital and Reserves		
Share capital *(Note 32)*	9,309	9,309
Reserves	1,195,661	726,148
	1,204,970	735,457
Non-Current Liability		
Convertible bonds	–	288,843
	–	288,843
	1,204,970	1,024,300

41. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (Continued)

Movement in reserves is as follows:

	Share premium RMB'000	Share held for restricted share award scheme RMB'000	Share-based payment reserve RMB'000	Retained profits/ (accumulated losses) RMB'000	Total RMB'000
At 1 September 2022	1,013,030	(22,280)	61,446	(234,596)	817,600
Loss for the year	–	–	–	(93,405)	(93,405)
Total comprehensive expense for the year	–	–	–	(93,405)	(93,405)
Share-based payments	–	–	1,953	–	1,953
At 31 August 2023 and 1 September 2023	1,013,030	(22,280)	63,399	(328,001)	726,148
Profit for the year	–	–	–	468,074	468,074
Total comprehensive income for the year	–	–	–	468,074	468,074
Transfer to a subsidiary for the purpose of holding on behalf of the Company	–	720	–	–	720
Share-based payments	–	–	719	–	719
At 31 August 2024	1,013,030	(21,560)	64,118	140,073	1,195,661

42. EVENTS AFTER THE REPORTING PERIOD

Save as disclosed elsewhere in the notes to the consolidated financial statements, there were no material events after the reporting period to be disclosed.

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Name of subsidiary	Date of incorporation/ Establishment and place of operation and incorporation	Issued and fully paid share capital/Registered Capital	Proportion of ownership interests and voting power held by the Group as at 31 August 2024	2023	Principal activities
Maple Leaf International School – Dalian 大連楓葉國際學校	15 April 1996 The PRC	RMB43,309,000	100%	100%	High school education
Dalian Beipeng Educational Software Development Inc. 大連北鵬教育軟件開發有限公司 *(Note ii)*	10 March 2008 The PRC	USD20,000,000	100%	100%	Technical support
Shenzhen Beipeng Educational Software Development Inc. 深圳北鵬教育軟件開發有限公司 *(Note ii)*	31 May 2021 The PRC	RMB100,000,000	100%	100%	Technical support
Dalian Youwen Educational Technology Company Limited (former name: Dalian Maple Leaf Science and Education Co., Ltd) 大連優文教育科技有限公司 (前稱：大連楓葉科教有限公司)	9 January 2003 The PRC	RMB8,500,000	100%	100%	Investment holding
Dalian Educational Group 大連楓葉教育集團有限公司	23 May 2003 The PRC	RMB140,020,000	100%	100%	Investment holding
Shenzhen Educational Group 深圳楓葉教育集團有限公司	1 June 2021 The PRC	RMB100,000,000	100%	100%	Investment holding
Maple Leaf International School – Wuhan 武漢楓葉國際學校	26 June 2007 The PRC	RMB21,303,454	100%	100%	High school education
Dalian Maple Leaf Supermarket Co., Ltd. 大連楓葉紅超市有限公司 *(Note ii)*	29 April 2015 The PRC	RMB2,000,000	100%	100%	Retail business
Dalian Maple Leaf Clothing Co., Ltd. 大連楓葉紅服裝有限公司 *(Note ii)*	26 August 2015 The PRC	RMB3,000,000	100%	100%	Clothing related services
Maple Leaf Education North America Limited *(Note iii)*	4 February 2016 Canada	Nil	100%	100%	Education related services
Kingsley Edugroup Berhad	14 December 2016 Malaysia	MYR1	100%	100%	Investment holding
Kingsley International Sdn Bhd	2 December 2010 Malaysia	MYR17,500,000	100%	100%	High, middle and elementary school education
Star Readers Pte. Ltd.	25 February 2010 Republic of Singapore	USD78,649,493	100%	100%	Investment holding
Canadian International School Pte Ltd.	12 May 1990 Republic of Singapore	SGD300,000	100%	100%	High, middle and elementary school education

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

The above table lists the subsidiaries of the Company which, in the opinion of the Directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

Notes:

(i) The English names of the subsidiaries established in the PRC are for identification purposes only. The official names of these subsidiaries are in Chinese.

(ii) The legal forms of Beipeng Software, Dalian Maple Leaf Supermarket Co., Ltd. and Dalian Maple Leaf Clothing Co., Ltd. were limited liability companies incorporated in the PRC. All other entities established in the PRC are schools, including high schools and preschools.

(iii) The registered capital of these subsidiaries are nil as there is no capital requirement under the local laws and regulations.

(iv) None of the subsidiaries have issued any debt securities as at 31 August 2024 and 2023.

44. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 28 November 2024.