China General Education Group Limited
中国通才教育集团有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 2175

2024

Annual Report

CONTENTS

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Zhang Zhiwei *(Chairman, appointed on 20 June 2024)*
Mr. Niu Sanping *(resigned on 27 May 2024)*
Mr. Niu Jian *(resigned on 27 May 2024)*
Mr. Niu Xiaojun
Ms. Zhang Zhonghua

Independent Non-executive Directors

Mr. Zan Zhihong
Mr. Hu Yuting
Mr. Wong Chi Wah
Mr. Hu Binhong *(appointed on 16 November 2024)*

AUDIT COMMITTEE

Mr. Wong Chi Wah *(Chairman)*
Mr. Zan Zhihong
Mr. Hu Yuting

REMUNERATION COMMITTEE

Mr. Hu Yuting *(Chairman)*
Mr. Wong Chi Wah
Mr. Niu Jian *(resigned on 27 May 2024)*
Mr. Hu Binhong *(appointed on 28 November 2024)*

NOMINATION COMMITTEE

Mr. Zhang Zhiwei *(Chairman, appointed on 20 June 2024)*
Mr. Niu Sanping *(Chairman, resigned on 27 May 2024)*
Mr. Zan Zhihong
Mr. Hu Yuting

COMPANY SECRETARY

Mr. Zhang Senquan

HONG KONG LEGAL ADVISOR

Commerce & Finance Law Offices
in Association with Eric Chow & Co.

AUTHORISED REPRESENTATIVES

Mr. Niu Xiaojun *(appointed on 27 May 2024)*
Mr. Niu Jian *(resigned on 27 May 2024)*
Mr. Zhang Senquan

PLACE OF LISTING AND STOCK CODE

The Stock Exchange of Hong Kong Limited
Stock Code: 2175

HEAD OFFICE IN THE PEOPLE'S REPUBLIC OF CHINA

No. 99 Wucheng South Road
Xiaodian District
Taiyuan City
Shanxi Province
the PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 02, 8/F.,
Tung Che Commercial Centre,
246 Des Voeux Road West,
Hong Kong

REGISTERED OFFICE

P.O. Box 31119
Grand Pavilion
Hibiscus Way
802 West Bay Road
Grand Cayman KY1-1205
Cayman Islands

COMPANY'S WEBSITE

http://chinageg.cn

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

P.O. Box 31119
Grand Pavilion
Hibiscus Way
802 West Bay Road
Grand Cayman KY1-1205
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

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

PRINCIPAL BANKER

Shanghai Pudong Development Bank
Taiyuan City, High-tech Industrial
Development Zone Branch

Financial Highlights and Summary

FINANCIAL RESULTS

	Year ended 31 August				
	2024	2023	2022	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	**331,138**	323,205	305,883	289,262	271,083
Gross Profit	**157,528**	174,901	164,174	171,927	163,936
Profit for the year attributable to the owners of the Company	**108,416**	137,256	103,187	129,759	142,761

ASSETS AND LIABILITIES

	As at 31 August				
	2024	2023	2022	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Current assets	**777,549**	876,276	969,675	1,090,196	420,532
Current liabilities	**222,088**	234,271	282,282	311,260	103,056
Net current assets	**555,461**	642,005	687,393	778,936	317,476
Total non-current assets	**1,277,371**	1,084,395	876,222	795,185	751,725
Total non-current liabilities	**17,085**	18,500	–	–	–
Total equity	**1,815,747**	1,707,900	1,563,615	1,574,121	1,069,201

FINANCIAL RATIOS

		Year ended/As at 31 August				
	Note	**2024**	2023	2022	2021	2020
Gross profit margin		**47.6%**	54.1%	53.7%	59.4%	60.5%
Net profit margin		**32.7%**	42.5%	33.7%	44.9%	52.7%
Return on assets	(1)	**5.3%**	7.0%	5.6%	6.9%	12.2%
Return on equity	(2)	**6.0%**	8.0%	6.6%	8.2%	13.3%
Current ratio	(3)	**350.1%**	374.0%	343.5%	350.3%	408.1%

Notes:

(1) Return on assets equals net profit for the year divided by total assets as at the end of the year.

(2) Return on equity equals net profit for the year divided by total equity amounts as at the end of the year.

(3) Current ratio equals current assets divided by current liabilities as at the end of the year.

Chairman Statement

To our Shareholders,

On behalf of the board the ("**Board**") of directors (the "**Directors**") of China General Education Group Limited (the "**Company**"), I would like to present the annual report for the year ended 31 August 2024 (the "**Year**") to all shareholders of the Company (the "**Shareholders**").

As a leading higher education service provider in Shanxi Province, China, the Company and its subsidiaries (the "**Group**") are committed to nurturing high-calibre applied talents in various industries for the future economic development and industrial upgrading of Shanxi Province and across China. During the Year, the Group has continued to increase investing in teachers, upgrading our laboratories, building smart campuses, further optimising our professional layout, reinforcing our corporate cooperation, building industrial colleges and providing a diversified range of courses and a wide range of practical training platforms covering diverse fields such as business administration and arts, with the aim of enhancing the cultural literacy and professional skills of our students.

The Group successfully resumed trading on 15 October after fulfilling all the requirements of the resumption guidelines of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The resumption signifies the consolidation of the Group's position and influence in the capital markets, and at the same time, establishes a solid foundation for our future development, while achieving encouraging results in several aspects. Specifically, the Group's revenue amounted to approximately RMB331.1 million, representing an increase of approximately RMB7.9 million over the previous financial year. This increase reflects our efforts in adhering to our principle of "work conscientiously to cultivate qualified talent for society（兢兢業業為社會培養合格人才）", closely integrating with regional economic and social development, optimising our own business, exploring resources from various parties, and strengthening the integration of industry and education, thereby continuing to enhance our services to the local and regional development, and raising the quality and standard of our talent cultivation.

In other areas, we continued to promote the construction of high-level teaching team by introducing a number of teachers with international vision and professional backgrounds, endeavoring to promote the effective operation of the industrial college. We realised the integration of industrial demand and teaching content, and are dedicated to train students' problem solving abilities in the real world, thereby practically cultivating talent and serving the local economic development.

To improve our student's core competitiveness in terms of employment, we will take into full consideration the market demand in our majors, curriculum development and talent cultivation programmes and continuously adjust and optimise to improve the comprehensive quality and professional adaptability of our students. We will actively promote school-enterprise cooperation and industry-education integration, as well as placing equal emphasis on both academic education and vocational education. These efforts have yielded significant results in the 2023/2024 school year, with 96.54% of the Group's graduates securing their first job.

Looking ahead, we will continue to adhere to our principle of "work conscientiously to cultivate qualified talent for society（兢兢業業為社會培養合格人才）", and continuously optimise our professional curriculum development and teaching methods. At the same time, we will further enhance school-enterprise cooperation and provide students with more practical opportunities and employment channels, with the aim of building the College into a high-level application-oriented private university.

On behalf of the Board, I would like to express my sincere gratitude to the Shareholders for their continuous support and trust. We will continue to strive to create greater value for the Shareholders and nurture more outstanding talents for the society.

ZHANG Zhiwei
Chairman

28 November 2024

Management Discussion and Analysis

BUSINESS REVIEW

Business Overview

The Group is a leading provider of private higher education in Shanxi Province, China, and the Group operates a college in Taiyuan City, Shanxi Province, the PRC (the "**College**"). According to the research by Frost & Sullivan, the Group ranked second among all private higher education institutions in Shanxi Province in terms of student enrolment in private undergraduate colleges in the 2023/2024 school year, with a market share of 15.7%. In 2011, the College was approved and upgraded by the Ministry of Education of the PRC to become the first private undergraduate college in Shanxi Province. The Group's solid reputation and extensive expertise in the private higher education sector have allowed the College to continue to grow since then. The total number of students enrolled at the College has grown from approximately 8,000 students in the 2011/2012 school year to 19,416 students in the 2023/2024 school year. All students enrolled in the College were full-time students and most of the students enrolled were boarding students, except for very few students who were approved by us to live off campus for personal reasons. As at 31 August 2024, the Group employed 765 full-time teachers and 519 part-time teachers. During the reporting period, the total number of undergraduate majors and concentrations in the College reached 47. As at 31 August 2024, the College has been operating two campuses, namely, Longcheng campus and Beige campus, with a total area of approximately 621,147 sq. m.[1] and building space of approximately 410,263 sq. m.

As a higher education service provider, the Group is dedicated (i) to build the College into a modern institution of higher education with superior quality, and (ii) to equip the Group's students with readily applicable skills that meet the ever-changing demands of the job market.

The Group focuses on providing application-oriented education to equip its students with practical skills relevant to careers. The Group continues to optimise its course offerings and practical training programmes to provide its students with readily applicable skills. The Group offers mandatory and elective courses in entrepreneurship and innovation-related subjects, and provide a variety of opportunities for students to hone their business skills. The Group reinforces its application-oriented course offerings with meaningful collaborations with companies in the private sector, ranging from joint development, delivery of entire courses, constructing simulated work-environment training bases on its campuses, inviting industry experts and guest lecturers to conduct professional seminars, and assisting in arranging internships and practical training opportunities for its students. The Group believes its emphasis on developing advanced, career-focused skill sets makes the Group's students more appealing to potential employers. The implementation rate of graduation destinations for graduates of the College for 2023/2024 school year reached approximately 96.54%.

Enrolment

In the 2023/2024 school year, the overall number of full-time enrolled students of the College reached 19,416, representing an increase of 2.3% as compared to that of the 2022/2023 school year. Such increase in the number of enrolled students was mainly due to the addition of professional courses with better employment prospects established and the increase of admission quota in the 2023/2024 school year. In the 2023/2024 school year, the College had 5,639 newly-enrolled students, representing an increase of 3.7% in the 2022/2023 school year.

Note:

[1] The land area here is the actual area after deducting the road area.

The following table sets forth information relating to the total student enrolment, newly-enrolled students and admission quota of the College for the school years indicated:

	School Year		Change	
	2023/2024	2022/2023	Change	Percentage change
Total student enrolment(1)(2)	19,416	18,978	438	2.3%
Newly-enrolled students(1)(2)	5,639	5,440	199	3.7%
Admission quota	5,852	5,667	185	3.3%

Notes:

(1) The information in relation to student enrolment and newly-enrolled students for the school years indicated was based on the internal records of the College. Total student enrolment includes newly-enrolled students and returning students.

(2) The Group's school year generally ends in July and prior to that, the current year's graduate data of the student cadastral system will be gradually removed. Therefore, the Group uses 30 June as the benchmark time to determine and present the number of students enrolled in its annual report, and the number of students enrolled for the 2023/2024 school year is the number of students as at 30 June of the relevant school year.

(3) The number of new students the College may admit for each school year is generally limited by an admission quota specified by the relevant education authorities, and is subject to subsequent adjustment by such authorities after admitting prospective students based on students' listed preferences and the scores they obtained. The original admission quota and any subsequent adjustments made by the relevant education authorities are beyond the Group's control.

Tuition Fees Standards

The following table sets forth the average tuition fee for the College for the school years indicated:

School Year

	School Year			
	2023/2024	2022/2023	**Change**	**Change**
	RMB	RMB	**RMB**	**%**
Average Tuition Fee	**15,560.9**	15,561.5	0.6	–

The following table sets forth the number of the Group's students who participated in the undergraduate programmes offered by the College for the 2023/2024 school year and the 2022/2023 school year:

	School Year	
	2023/2024	2022/2023
Undergraduate programmes	**19,416**	18,978

Notes:

(1) The number of students enrolled for the school years 2023/2024 and 2022/2023 listed here have the same meaning as the above table.

(2) The number of students includes the number of (i) students who were admitted to four-year undergraduate programmes by taking the National Higher Education Entrance Examination, (ii) students who were admitted after graduating from junior colleges and continue their studies at the College as third-year undergraduate students, and (iii) students who were admitted after graduating from secondary vocational schools.

(3) The undergraduate enrolment plan in the 2023/2024 school year was 5,852 students, representing an increase of 185 students as compared to the 2022/2023 school year, and the actual number of students enrolled is 5,639.

(4) The average tuition fee for the 2023/2024 school year is calculated after deducting the correspondence course fee revenue RMB234,000.

Future Outlook and Business Strategies

In terms of total full-time student enrolment, according to the Frost & Sullivan research, the Group ranks the second among all private higher education institutions in Shanxi Province with a market share of approximately 15.7% for the 2023/2024 school year.

Shanxi Province is one of the economically underdeveloped provinces in China where higher education resources in the province are relatively scarce. The province is however growing at a rapid rate. The private higher education industry in Shanxi Province is also growing rapidly. In 2021, one independent college in Shanxi Province was transformed to become a public higher education institution in accordance with the "Report of Department of Education of Shanxi Province on the Transfer of Independent Colleges" (《山西省教育廳關於全省獨立學院轉設的報告》) and "Jiaofahan (2021) No. 10" document. After an adjustment period to such transformation of independent colleges, the total revenue of private higher education providers in Shanxi Province is expected to maintain a steady growth. The Group believes that it can benefit from the increasing demand for private higher education.

The Group intends to continue to expand its business and school network. To achieve such goals, the Group plans to pursue the following business strategies: (i) increase the College's capacity and the number of students and improve the teaching and living environment by building new facilities; (ii) expand the Group's operations through acquisition; (iii) further improve and diversify the College's curriculum offerings and course design and continue to provide practical training to the Group's students; (iv) expand the scope of the Group's educational service offerings to capture additional growth opportunities; and (v) continue to build and improve the College's highly qualified teaching team.

With a view to create synergies with the College in China and complying with the Qualification Requirement as further described in the section headed "Contractual Arrangements" in the prospectus of the Company dated 30 June 2021 (the "**Prospectus**"), the Group also plans to expand its network abroad by establishing a degree-granting higher education institution in the State of California in the United States (the "**US School**") offering bachelor of science in business administration programmes and bachelor of science in marketing programmes. The Group engaged an agent, who is principally engaged in education consultancy and California Bureau for Private Postsecondary Education licensing services, to assist us in establishing General Business University of California Incorporated, the operating entity for the US School, and filing applications with the Bureau for Private Postsecondary Education regarding the establishment of the US School in June 2021.

On 30 January 2024, the Company was notified by the California (Bureau) for Private Postsecondary Education that, in accordance with the California Private Postsecondary Education Act, the California Education Code (CEC) and California Code of Regulations, Title 5 (5CCR), the Company's application to operate a degree-awarding higher education institution in the State of California in the United States, was being rejected. The Company is actively looking for new agents to solve this problem. The Company believes that this will not pose a significant impact on its operations.

Latest Regulatory Developments

Pursuant to the Decision on Amending the Law for Promoting Private Education of the PRC (《關於修改〈中華人民共和國民辦教育促進法〉的決定》) (the "**2016 Decision**"), which became effective on 1 September 2017, private schools will no longer be classified as schools for which the school sponsor(s) require reasonable returns, or schools for which the school sponsor(s) do not require reasonable returns. Instead, the school sponsor(s) of a private school may choose for the school to be a for-profit private school or a non-profit private school, with the exception that the schools providing compulsory education must be non-profitable. The school sponsors of for-profit private schools are allowed to receive income from the operation of the schools and the balance of running such schools. By contrast, the school sponsors of non-profit private schools are prohibited from receiving income from the operation of the schools, and the balance of running such schools shall be only used for the operation of the schools. In addition, for-profit private schools are entitled to have discretion in determining the fees collected from the students in accordance with the market conditions while the fee collection of non-profit private schools shall be subject to provincial government regulation. For details of the 2016 Decision, including the key differences between a for-profit private school and a non-profit private school under the 2016 Decision, please see "Regulatory Overview – Regulations on Private Education in the PRC – The Law for Promoting Private Education and the Implementation Rules for the Law for Promoting Private Education" of the Prospectus.

On 11 July 2018, the General Office of the People's Government of Shanxi Province promulgated Several Opinions of the General Office of People's Government of Shanxi Province on Supporting and Regulating the Development of Education by Social Forces and Promoting the Healthy and Orderly Development of Private Education (《山西省人民政府辦公廳關於支援和規範社會力量興辦教育促進民辦教育健康有序發展的若干意見》), according to which, school sponsors can freely elect to establish for-profit schools or non-profit schools with the exception that private schools providing compulsory education must be non-profitable. Sponsors of non-profit private schools do not obtain school operating income, and operating balances are all used for running schools; for-profit private schools sponsors can obtain school operating income, and distribution of the school balances are based on relevant state regulations. Private schools which provided education services other than compulsory education, and were approved for establishment before 7 November 2016, can freely elect to establish for-profit schools or non-profit schools.

On 30 December 2019, the Department of Education of Shanxi Province, the Department of Human Resources and Social Security of Shanxi Province, the Department of Civil Affairs of Shanxi Province, the Office of the Organisation Committee of Shanxi Province and the Administration for Market Regulation of Shanxi Province jointly issued the Implementation Measures of Classified Registration of Private Schools in Shanxi Province (《山西省民辦學校分類登記實施辦法》) (the "**Shanxi Measures**"), which includes the requirements and procedures of approval for establishment, classified registration, change of registered events, termination and cancelation of registration, classified registration of existing private schools. For an existing private school, if it chooses to register as a non-profit private school, it shall amend its articles of association in accordance with the relevant laws, continue its school operation, and complete the new registration formalities; if it chooses to register as for-profit private school, it shall make financial settlement, clarify the ownership of the schools' land, buildings and accumulations and pay the relevant taxes and fees, the capital contribution of the sponsor before the liquidation shall be the paid-in capital, the asset appreciation, school accumulation, creditor or debtor's rights and obligations shall be borne by the private school after the re-registration unless otherwise specified, the private school shall also apply for registering as a for-profit private school and obtain the permit for operating a private school, and then register with the local branch of the State Administration for Market Regulation.

On 30 December 2019, the Department of Education of Shanxi Province, the Department of Human Resources and Social Security of Shanxi Province and the Administration for Market Regulation of Shanxi Province jointly issued the Implementation Measures on the Supervision and Administration of For-Profit Private Schools of Shanxi Province (《山西省營利性民辦學校監督管理實施辦法》), which resembles the rules at the national level to a large extent.

According to the Notice on Further Standardising the Collection of Education Fees of Non-Profit Private Schools (《關於進一步規範非營利性民辦學校學歷教育收費的通知》), which was jointly promulgated by the Development and Reform Commission of Shanxi Province, the Department of Human Resources and Social Security of Shanxi Province and the Administration for Market Regulation of Shanxi Province on 29 October 2019, the education fees collected by non-profit private schools include tuition fees and boarding fees, and non-profit private schools can refer to the relevant regulations of public schools at the same level to provide students with optional service charge items and substitute charge items on the premise of students' willingness. For tuition fees and boarding fees, if such fees are included in the Shanxi Provincial Price Catalogue, the fees are decided by the government; otherwise, the non-profit private schools can decide independently. Pursuant to the Implementation Measures on the Supervision and Administration of For-Profit Private Schools of Shanxi Province, the items and standards charged by for-profit private schools are determined independently by the school based on factors such as school cost and market demand and shall disclose to the public.

In the event that the College successfully registers as a for-profit private school, the potential impact of the 2016 Decision includes the following:

- the rights and interests of the sponsors of the College will be protected in more definitive and favourable ways: the 2016 Decision provides that the school sponsors of for-profit private schools can obtain the schools' operating profits, and the remaining assets upon liquidation after the settlement of the school's indebtedness in accordance with the PRC Company Law and other relevant laws and administrative regulations, and the standards and types of the fees should be published to the public and subject to supervision by relevant competent authorities;

- the College shall have the discretion to determine the amount of fees to be charged in accordance with the 2016 Decision. If the College is registered as a for-profit private school, the College would be entitled to make its own decisions about the standards and types of the fees to be charged by the College based on the College's operating costs and market demand;

- the College may enjoy support from certain PRC government policies: the 2016 Decision stipulates that the governments at or above the county level in the PRC can provide various policy support to for-profit schools, such as preferential tax policies and student loans;

- there may be increased uncertainty about the extent of the benefits to be provided by the government supporting measures: according to the 2016 Decision, while land will be supplied to non-profit private schools by the government through allocation or other means, for-profit private schools are not expected to enjoy the same treatment as public schools and non-profit private schools; and

- the College will be subject to the requirements of applying for re-registration: the 2016 Decision also requires that private schools choosing to register as for-profit schools shall carry out financial settlement procedures, clarify property ownership, pay the relevant taxes and fees, and re-apply for registration.

According to the Group's consultation with the Department of Education of Shanxi Province which is the competent authority to confirm such matters as advised by the Group's PRC legal advisors, (i) before the Group elects for the College to be a for-profit private school, the current articles of association of the College will continue to be legal, effective and enforceable, and the College can operate in accordance with it; and (ii) non-profit schools are expected to enjoy more favourable policies. As advised by the Group's PRC legal advisors, despite the aforesaid implementation rules relating to the 2016 Decision, there remain uncertainties in the interpretation and implementation of the 2016 Decision with respect to various aspects of the operations of a for-profit school and whether such implementation regulations would have any material adverse impact on the Group's business. In particular, (i) specific procedures regarding the conversion of an existing private school into a for-profit school have not yet been promulgated by local authorities in Shanxi Province; and (ii) specific conditions or requirements in respect of any preferential tax treatment and the treatment of the land use rights which for-profit schools may enjoy have not been promulgated by relevant authorities. In addition, there are uncertainties regarding the interpretation and enforcement of the 2016 Decision and relevant regulations by government authorities.

The Group's Directors understand that the specific provisions have not yet been promulgated and there is currently no timeline for implementation. However, taking into account that (i) the College was legally established in 2004 and is validly existing under the current PRC laws; and (ii) according to the Frost & Sullivan research, the Group was the second largest private high education institution in terms of full-time student enrolment in Shanxi Province with a market share of 15.7% in the 2023/2024 school year, the Directors consider that the College's situation will be a factor to be taken into account when the local government formalises such specific provisions and it would be unlikely that they would impose any special provisions which the College would not be able to achieve.

Change of Director and Changes in Composition of the Board Committees for the year ended 31 August 2024

With effect from 27 May 2024, Mr. Niu Sanping has resigned as an executive Director, the chairman of the Board, and a member and the chairman of the Nomination Committee; and Mr. Niu Jian has resigned as an executive Director, the chief executive officer of the Company, a member of the Remuneration Committee and an authorised representative of the Company for the purpose of Rule 3.05 of the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). Following the resignation of Mr. Niu Jian, the Company has appointed Mr. Niu Xiaojun, an executive Director, as an authorised representative of the Company for the purpose of Rule 3.05 of the Listing Rules.

On 20 June 2024, Mr. Zhang Zhiwei has been appointed as an executive director, the chairman of the Board, and the chairman of the Nomination Committee of the Company.

FINANCIAL REVIEW

Revenue

Revenue represents the value of services provided during the reporting period. The Group's revenue arises from tuition fees and boarding fees collected by the College from students.

For the Year, the Group's revenue was approximately RMB331.1 million (2023: RMB323.2 million), representing an increase of approximately RMB7.9 million or approximately 2.5%. The increase was mainly due to: (i) the increase in the revenue from tuition fees by approximately RMB7.1 million or approximately 2.4% to approximately RMB302.4 million for the Year (2023: approximately RMB295.3 million) as a result of the increase in student enrolment in the current school year; and (ii) the increase in the revenue from boarding fees by approximately RMB0.9 million or approximately 3.2% to approximately RMB28.8 million (2023: RMB27.9 million) as a result of the expansion of enrolment scale in the current school year.

Cost of Sales

The Group's cost of sales primarily consists of salary costs (including basic salaries, social security contributions, bonuses and benefits for the Group's teaching staff), depreciation and amortisation, utilities expenses, maintenance costs, teaching expenses (including educational supplies, training expenses, research and development costs), student activity costs, office allowances, and others (including traveling and accommodation expenses for teaching staff).

The Group's cost of sales for the Year amounted to approximately RMB173.6 million (2023: RMB148.3 million), representing an increase of approximately RMB25.3 million or approximately 17.1%. The increase in cost of sales was primarily due to (i) the increase in staff costs; (ii) the increase in utilities charges and repair expenses; and (iii) the increase in depreciation and amortisation expenses resulting from the addition of new teaching equipment and new land.

Gross Profit and Gross Profit Margin

The Group's gross profit represents its revenue less cost of sales. The Group's gross profit margin represents the Group's gross profit as a percentage of its revenue.

The Group's gross profit for the Year amounted to RMB157.5 million (2023: RMB174.9 million), representing a decrease of approximately RMB17.4 million or approximately 9.9%. The Group's gross profit margin for the Year was approximately 47.6%, representing a decrease of approximately 6.5% as compared with last year. Such decrease was mainly due to the increase in the cost of sales was more than the increase in revenue for the Year.

Other Income and Gains

The Group's other income and gains consist of bank interest income, interest income from financial products, examination and training income, government grant, bad debt losses reversed and others.

The Group's other income and gains for the Year amounted to approximately RMB19.4 million (2023: approximately RMB28.1 million), and the decrease was mainly due to (i) the decrease in interest income from bank deposits; and (ii) the decrease of incentives from government authorities.

Selling and Distribution Expenses

The Group's selling expenses primarily consist of expenses incurred for relevant publicity of the College, including the cost of promotional brochures and advertising fees, etc.

There were no significant changes in selling and distribution expenses during the Year.

Administrative Expenses

The Group's administrative expenses primarily consist of salary expenses for administrative staff, logistic expenses (including the property management fees charged by an independent third party for providing property management, cleaning, greenery maintenance and garbage disposal services), depreciation of land for administrative purposes and amortisation of equipment and software for school administration and management use, office expenses (including travel and transportation expenses incurred by the Group's administrative staff for business trips), maintenance costs, tax and utilities expenses.

The Group's administrative expenses for the Year were approximately RMB67.4 million (2023: RMB61.5 million), representing an increase of approximately RMB5.9 million. This was mainly due to (i) the increase in staff costs; (ii) the increase in consultancy fees; and (iii) the increase in logistics expenses.

Other Expenses

The Group's other expenses primarily consist of the Group's bad debt losses, impairment losses, and others.

The Group's other expenses for the Year were approximately RMB0.7 million (2023: RMB3.8 million), representing a decrease of approximately RMB3.1 million. This was mainly due to the exchange differences generated in the previous year being greater than those in the current period.

Finance Costs

The Group's finance costs primarily consist of interest expenses on bank loans.

The finance costs for the year have not changed significantly.

Income Tax Expenses

The Group did not incur any income tax expense for its operations for the Year.

Profit for the Year

As a result of the combined effects of the above income, costs and expenses for the Year, the Group recorded a profit of approximately RMB108.4 million (2023: RMB137.3 million), representing a decrease of approximately RMB28.9 million or approximately 21.0%.

Current Assets and Current Liabilities

As at 31 August 2024, the Group's net current assets amounted to approximately RMB555.5 million (2023: RMB642.0 million), representing a decrease of approximately RMB86.5 million. The decrease was primarily due to (i) as at 31 August 2024, the Group's cash and cash equivalents were approximately RMB695.9 million (2023: RMB813.8 million), representing a decrease of RMB117.9 million; and (ii) as at 31 August 2024, the Group's financial assets at fair value through profit or loss were approximately RMB70.1 million (2023: RMB10.0 million), representing an increase of approximately RMB60.1 million, mainly due to the Group's use of idle funds to purchase wealth management products to improve the yield on funds; and (iii) as at 31 August 2024, prepayments, the Group's other receivables and other assets were approximately RMB11.5 million (2023: RMB52.4 million), representing a decrease of RMB40.9 million; (iv) as at 31 August 2024, the Group's bank borrowings were approximately RMB1.6 million (2023: RMB1.0 million), representing an increase of RMB0.6 million; and (v) as at 31 August 2024, the Group's contract liabilities were approximately RMB149.6 million (2023: RMB157.1 million), representing a decrease of RMB7.5 million. This was mainly due to the decrease in the advance collection of tuition and boarding fees for the next academic year compared to the previous year; and (vi) as at 31 August 2024, the Group's other payables and accruals were approximately RMB63.7 million (2023: RMB69.8 million), representing a decrease of RMB6.1 million.

Liquidity, Capital Resources and Gearing Ratio

During the Year, the Group funded its capital expenditures and working capital requirements primarily through boarding fees received in advance from students in its school operations. In the future, the Group believes that its liquidity requirements will be satisfied using a combination of cash flows generated from the Group's operating activities, net proceeds from the issuance of new shares of the Company, bank borrowings and other funds raised from the capital markets from time to time, if necessary.

As at 31 August 2024, the balance of the Group's bank borrowings was RMB18.5 million (31 August 2023: RMB19.5 million). As at 31 August 2024, the Group's gearing ratio, representing bank borrowings as a percentage of total equity, was 1.0% (31 August 2023: 1.1%).

Property, Plant and Equipment

As at 31 August 2024, the Group's property, plant and equipment amounted to approximately RMB1,026.7 million, representing an increase of RMB164.4 million from approximately RMB862.3 million as at 31 August 2023. Such increase was mainly due to the addition of teaching equipment for better provision of teaching services, and the increase of the construction of the new Beige campus in progress.

Cash and Cash Equivalents

As at 31 August 2024, the Group's cash and cash equivalents was approximately RMB695.9 million, representing a decrease of RMB117.9 million from approximately RMB813.8 million as at 31 August 2023. The decrease was mainly due to the addition of teaching equipment for better provision of teaching services.

As at 31 August 2024, cash and cash equivalents denominated in RMB, HKD and USD amounted to RMB645.8 million, RMB2.7 million and RMB47.4 million, respectively (2023: cash and cash equivalents denominated in RMB, HKD and USD amounted to RMB788.3 million, RMB8.8 million and RMB16.8 million, respectively).

Bank Borrowings

On 15 December 2022, the Group borrowed a loan of RMB20,000,000 denominated in RMB from a banking institution for the College's purchase of teaching equipment for a term of 10 years. The bank borrowings bear interest at an effective interest rate of 3.2% per annum for the first three years, and the loan interest rate will be adjusted according to the LPR minus 110 BPS starting from the fourth year. At the same time, for the loan interest rate, the Group has benefited from 2.5% of financial interest discount approved by the financial department, and the interest discount will be transferred after each interest payment. As at 31 August 2024, the total bank borrowings amounted to approximately RMB18.5 million (31 August 2023: RMB19.5 million). The following table sets forth the maturity profile of the Group's interest-bearing bank borrowings as at the dates indicated:

	31 August 2024 RMB'000	31 August 2023 RMB'000
Analysed as:		
Repayment within one year	1,625	1,000
Repayment in the second year	2,250	1,625
Repayment in the third to fifth year (inclusive)	6,750	6,750
Repayment after five years	7,875	10,125
	18,500	19,500

The Group's gearing ratio, expressed as a percentage of bank borrowings over total equity, was 1.0% as at 31 August 2024 (2023: 1.1%).

Capital Expenditures

Capital expenditures of the Group primarily related to the construction of the Beige campus, educational equipment and other intangible assets. For the Year, the Group's capital expenditures amounted to RMB272.1 million (2023: RMB165.4 million).

Commitments

The Group's capital commitments are primarily related to the acquisition of buildings and teaching facilities. The following table sets forth a summary of the Group's capital commitments as at 31 August 2024:

	At 31 August	
	2024	2023
	RMB'000	*RMB'000*
Contracted, but not provided for:		
Property	**1,023,437**	180,063
Teaching facilities	**19,625**	15,634
	1,043,062	195,697

Foreign Exchange Risk Management

For the Group's operation in the PRC, the major revenue and expenses are denominated in RMB, while there are certain monetary assets and monetary liabilities that are denominated in Hong Kong dollars, which would expose the Group to foreign exchange risk. The Group currently does not have a foreign currency hedging policy. However, the management of the Company monitors foreign exchange exposure and will consider hedging significant foreign currency exposure when the need arises.

For the Group's operation outside the PRC, the major revenue and expenses are denominated in local currencies.

Employees and Remuneration Policy

The Group had 1,712 employees (2023: 1,663 employees), increased by 49 employees during the Year. The remuneration policy and package of the Group's employees, including bonuses and a share option scheme, are periodically reviewed in accordance with industry practice and result performance of the Group. The Group provides external and internal training programmes to its employees. The Group participates in various employee social security plans for its employees that are administered by local governments, including housing, pension, medical insurance, occupational injury insurance, maternity insurance and unemployment insurance. The total remuneration cost incurred by the Group for the Year was approximately RMB121.3 million (2023: RMB105.2 million), representing an increase of approximately RMB16.1 million.

As at 31 December 2024, it was approved by the Board and the remuneration committee of the Company that the remuneration of two executive Directors, namely Mr. Niu Xiaojun and Ms. Zhang Zhonghua, will be adjusted to RMB300,000 per annum (the "**Remuneration Adjustment**").

The purpose of the Remuneration Adjustment is to recognise and reward to contribution and effort made by the two executive Directors through their directorial role in the Group and managerial role at the College, and to provide incentive for them to strive for the continual development of the Group. The remunerations of Mr. Niu Xiaojun and Ms. Zhang Zhonghua are determined by reference to their duties and responsibilities with the Group and at the College, and the Group's remuneration policy. The Board considers that the Remuneration Adjustment is in the interests of the Group and its shareholders as a whole.

Contingent Liabilities

As at 31 August 2024, the Group did not have material contingent liabilities.

Pledge of Assets

As at 31 August 2024, the Group did not pledge any assets.

Significant Investments

The Group did not hold any significant investments for the Year.

Future Plans for Material Investments or Capital Assets

To further improve the teaching and living environment for students, during the Year, the Group has commenced construction works for the new Beige Campus on newly acquired land with land use rights, including multiple buildings such as a training building, apartments, and an academic building of the School of Arts, as well as new campus road construction, pipeline networks, and renovation works.

Pension Scheme

The Group participates in the central pension schemes as defined by the laws of the countries in which it has operations. The subsidiaries established and operating in Mainland China are required to provide certain staff pension benefits to their employees under existing regulations of the PRC. Pension scheme contributions are provided at rates stipulated by PRC regulations and are made to a pension fund managed by government agencies, which are responsible for administering the contributions for the subsidiaries' employees. During the Year, there is no forfeited contribution (by the Group on behalf of its employees who leave the Group prior to vesting fully in such contributions) available to be utilised by the Group to reduce the contributions payable in the future years or to reduce the Group's existing level of contributions to the defined contribution retirement plan.

Directors and Senior Management

BOARD OF DIRECTORS

Executive Directors

Mr. Zhang Zhiwei (張志偉) , aged 44, was appointed as the executive Director and the Chairman of the Board on 20 June 2024. Mr. Zhang has over 20 years of experience in education industry.

He was the risk management controller of the Group responsible for the risk management control of the Group from October 2020 to June 2024. He joined the Group in May 2003 and has held positions such as director of the School's Party office（黨辦）and school office（校辦）, deputy secretary（副書記）and secretary（書記）of the Communist Youth League.

Mr. Zhang has been serving as the deputy secretary of Shanxi Province Association for Private Education (山西省民辦教育協會) (the "**Association**") since May 2010, assisting the secretary-general in the routine management of the Association which is a social organisation voluntarily formed by various private institutions and individuals in the private education industry in Shanxi Province with the approval of the Department of Education and the Department of Civil Affairs of Shanxi Province. It is established primarily to (i) publicise the role and significance of private education so as to promote concern and support of the society in the development of private education industry; (ii) carry out scientific research on private education so as to improve the education quality and management of private schools; (iii) organise and carry out exchange and cooperation activities; (iv) provide consulting services to governmental agencies on their decision-making on private education related policies and rules; and (v) formulate industrial norms and engage in industrial self-discipline as well as industrial rights protection activities.

Mr. Zhang graduated from Shanxi University (山西大學) in Taiyuan, Shanxi Province, the PRC with a bachelor's degree in economics in June 2006 and obtained a master degree in education from Shanxi University in December 2016.

Mr. Niu Xiaojun (牛小軍), aged 45, was appointed as an executive Director on 19 October 2020. Mr. Niu is responsible for the informatisation of the Group. Mr. Niu is the nephew of Mr. Niu Sanping, a former executive Director who resigned on 27 May 2024, and cousin of Mr. Niu Jian, a former executive Director who resigned on 27 May 2024,.

Mr. Niu joined the Group in May 2004 and since then, he has been the director (處長) of equipment and informatisation construction center of the College where he is responsible for the informatisation construction of the College. Mr. Niu graduated from Shanxi Normal University with a bachelor degree in education technology in January 2009.

Ms. Zhang Zhonghua (張中華), aged 46, joined the Group in December 2006 and was appointed as an executive Director on 19 October 2020. Ms. Zhang is also a deputy principal of the College where she is responsible for human resources management, quality control and external affairs of the College.

Ms. Zhang has more than 18 years of experience in education industry. She is currently the deputy principal of the College assisting the principal in human resources management, quality control and external affairs of the College.

Ms. Zhang has served as a member of the 8th Shanxi Provincial Committee of the Chinese Peasants and Workers Democratic Party since July 2022.

She obtained a master degree in business administration from University of Shanghai for Science and Technology (上海理工大學) in Shanghai, the PRC in June 2015.

Independent Non-executive Directors

Mr. Zan Zhihong (昝志宏), aged 62, was appointed as an independent non-executive Director on 23 June 2021. Mr. Zan is responsible for providing independent opinion and judgment to the Board.

Mr. Zan has over 40 years of experience in accounting education. He is currently a professor of Shanxi University of Finance and Economics and an independent director of Shenzhen Huakong Seg Co., Ltd. (深圳華控賽格股份有限公司), whose shares are listed on the Shenzhen Stock Exchange (stock code: 000068), and an independent director of Shanxi Tongde Chemical Co., Ltd. (山西同德化工股份有限公司), whose shares are listed on the Shenzhen Stock Exchange (stock code: 002360).

Mr. Zan graduated from Shanxi College of Finance and Economics (山西財經學院) (currently known as Shanxi University of Finance and Economics (山西財經大學)), majoring in finance in July 1984 and obtained a master degree in economics from Shanxi University of Finance and Economics in June 2009. Mr. Zan obtained the qualification of professor in November 2001.

Mr. Hu Yuting (胡玉亭), aged 39, was appointed as an independent non-executive Director on 23 June 2021. Mr. Hu is responsible for providing independent opinion and judgment to the Board.

Mr. Hu has over 15 years of experience in the legal industry. He has been the partner of Shanxi Guojin Law Firm (山西國晉律師事務所) since February 2018. From March 2009 to February 2018, he was the partner of Shanxi Qiancheng Law Firm (山西謙誠律師事務所).

Mr. Hu obtained a bachelor degree in law from Bohai University (渤海大學) in Jinzhou, Liaoning Province, the PRC in June 2008. He was awarded the national legal professional qualification by the Ministry of Justice of the PRC in February 2009.

Mr. Wong Chi Wah (王志華), aged 50, was appointed as an independent non-executive Director on 20 July 2022. Mr. Wong is responsible for providing independent opinion and judgement to the Board.

Mr. Wong has over 20 years of experience in auditing and accounting fields. He has been the chief financial officer and company secretary of Wanguo Gold Group Limited (formerly known as "Wanguo International Mining Group Limited"), (a company listed on the Stock Exchange with stock code: 3939) since July 2011. From February 2010 to June 2011, Mr. Wong served as the chief financial controller and company secretary of China Automotive Interior Decoration Holdings Limited (a company listed on the Stock Exchange with stock code: 0048, previously stock code: 8321). Mr. Wong served as the financial controller of Kingsun-Aima Biotech Co. Ltd. from 2003 to 2010. Mr. Wong worked at Ernst & Young from February 2000 to September 2003, with his last position as senior accountant, and worked at RSM Nelson Wheeler from June 1996 to January 2000, with his last position as audit senior.

Mr. Wong obtained a bachelor's degree in accountancy from The Hong Kong Polytechnic University in November 1996. He is a fellow member of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants.

Mr. Hu Binhong (胡斌紅), aged 38, was appointed as an independent non-executive Director on 16 November 2024. Mr. Hu is responsible for providing independent opinion and judgment to the Board.

Mr. Hu has been serving at the Shanxi University of Finance and Economics ("**SUFE**") as the deputy director of the Digital Economy Department of the School of Economics since September 2024 and the associate professor and the coach of master's degree students since January 2023. He was a lecturer at SUFE from July 2020 to December 2022.

Mr. Hu majored in business administration and graduated from SUFE with a bachelor's degree in management in June 2008. He majored in business administration and obtained a master's degree in management from SUFE in June 2011. He specialised in labour economics and obtained a doctorate degree in economics from SUFE in June 2020. Mr. Hu has also taken on leadership roles in various research projects on digital economy since 2020, and has published several journals in the said area.

SENIOR MANAGEMENT

Ms. Xu Yanjie (許燕傑), aged 48, joined the Group in July 2020 as the financial manager and was appointed as the chief financial officer of the Company on 19 October 2020. Ms. Xu is responsible for financial management of the Group.

From January 2020 to June 2020, Ms. Xu was the financial manager of Shanxi Tongcai Education Investment Co., Ltd. (山西通才教育投資有限公司) , a company jointly owned by Mr. Niu Sanping and Mr. Niu Jian before 12 July 2021. From January 2017 to July 2019, she was the financial manager of Shanxi Jinchi Sporting Goods Co., Ltd. (山西勁馳體育用品有限公司) .

Ms. Xu graduated from Shanxi University of Finance and Economics with a bachelor's degree in accounting in July 1999. She obtained the qualification of senior accountant in August 2013 and the qualification of the Chinese Certified Tax Agent in February 2016, respectively. She obtained the U.S. Certified Management Accountant qualification in July 2022.

Mr. Zhang Senquan（張森泉）**,** aged 47, was appointed as the company secretary of the Company on 17 September 2021. Mr. Zhang currently serves as the audit principal of Nortex (HK) CPA Limited.

Mr. Zhang is currently an independent non-executive director of Natural Food International Holding Limited (stock code: 1837), Strawbear Entertainment Group (stock code: 2125), Chenqi Technology Limited (stock code: 9680) and TYK Medicines, Inc (stock code: 2410), and a company secretary of Guanze Medical Information Industry (Holding) Co., Ltd. (stock code: 2427), whose shares are listed on the Stock Exchange.

Mr. Zhang had also served as an independent director of Jiangsu Aidea Pharmaceutical Co., Ltd.（江蘇艾迪藥業股份有限公司）(a company listed on Sci-Tech innovation board of Shanghai Stock Exchange with a stock code of 688488) from May 2019 to March 2022. He also once served in other companies listed on the Stock Exchange, including: (i) Jiande International Holdings Limited (stock code: 865) as independent non-executive director from October 2016 to December 2024; (ii) Sang Hing Holdings (International) Limited (stock code: 1472) as an independent non-executive director from January 2020 to April 2023; (iii) Southwest Securities International Securities Limited (stock code: 812) as the managing director from February 2016 to March 2020; (iv) Huazhong in-Vehicle Holdings Company Limited (stock code: 6830) as the chief financial officer and joint company secretary from May 2014 to July 2015; and (v) Goodbaby International Holdings Limited (stock code: 1086) as the head of the strategic development department from March 2013 to April 2014. Mr. Zhang has over ten years of experience in accounting and auditing, and worked at Ernst & Young Hua Ming, KPMG Huazhen and Deloitte Touche Tohmatsu CPA Ltd., serving several positions from audit staff to audit partner from October 1999 to October 2012.

Mr. Zhang obtained his bachelor's degree in economics from Fudan University in Shanghai, the PRC in July 1999. Mr. Zhang has been a member of Hong Kong Institute of Certified Public Accountants since September 2011, China Institute of Certified Public Accountants since December 2001 and American Institute of Certified Public Accountants since September 2015.

Directors' Report

The Directors are pleased to present their report and the audited consolidated financial statements of the Group for the year ended 31 August 2024.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The Group is principally engaged in the provision of higher education services in the PRC. Details of the activities of the principal subsidiaries and consolidated affiliated entities are set out in note 1 to the consolidated financial statements.

BUSINESS REVIEW

A review of the Group's business for the year ended 31 August 2024 and a discussion on the Group's future business development are set out in the sections headed "Chairman Statement" and "Management Discussion and Analysis" on pages 4 to 16 of this annual report. Discussion and information therein forms part of this Directors' Report.

PRINCIPAL RISKS AND UNCERTAINTIES

Save as disclosed in the section headed "Risks relating to the Contractual Arrangements" in this Directors' Report, certain principal risks and uncertainties involved in the Group's operations are as follows:

(i) new legislation or changes in the PRC regulatory requirements regarding private higher education may affect the Group's business, financial condition, results of operations and prospects;

(ii) the Group is subject to extensive governmental approvals and compliance requirements for establishing its campuses and school premises where several of the properties it uses for its operations are not in full compliance with applicable laws and regulations;

(iii) the Group faces intense competition in the PRC education industry;

(iv) the Group's business is heavily dependent on its reputation;

(v) the Group's business, financial condition, and results of operations depend largely on the number of students that its College may admit, which is subject to the admission quota approved by the relevant education authorities and limited by the capacity of the College's facilities; and

(vi) the Group's business and results of operations depend on the level of tuition fees and boarding fees it is able to charge and its ability to maintain and raise tuition fees and boarding fees.

FINANCIAL KEY PERFORMANCE INDICATORS

An analysis of the Group's performance for the year ended 31 August 2024 using financial key performance indicators (the "**KPI**") is set out in the section headed "Financial Highlights and Summary" on page 3 of this annual report. Such KPIs are selected on basis of their effectiveness in measuring the performance of the Group's business with nature in the private education industry.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Company is not aware of any environmental-related or social-related risks or climate-related issues that would actually or potentially impact its business, strategy or financial performance. Save as disclosed in the section headed "Compliance with Laws and Regulations" below, the Company has not noted any material non-compliance with relevant laws and regulations in relation to its business including health and safety, workplace conditions, employment and the environment.

The Group has adopted and implemented student health and safety measures and procedures to protect its students from bodily harm and other health and safety risks. The Group provides routine medical services for its students by qualified medical personnel. In the event of serious medical situations or medical emergencies, the Group will promptly send its students to local hospitals for treatment. With respect to school safety, the Group promotes the security of the College by engaging third-party security companies to provide security services.

Details of the Group's environmental policies and performance are disclosed in the Environmental, Social and Governance Report of the Company for the year ended 31 August 2024 which is published at the same time as the publication of this annual report.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group's operations are mainly carried out in the PRC by the Company's subsidiaries and consolidated affiliated entities. The Group's operations accordingly shall comply with relevant laws and regulations in the PRC.

Save as disclosed below, the Group has complied, to the best knowledge of the Directors, in material aspects with all relevant PRC laws and regulations that have significant impacts on the operations of the Group for the year ended 31 August 2024.

Matters not in full compliance with PRC laws and regulations for the year ended 31 August 2024 and relevant internal control measures for on-going compliance are summarised below. Details of non-compliances were disclosed in the section headed "Business – Legal Proceedings and Non-compliance" in the Prospectus for the public listing of the Company's shares (the "**Shares**") on the Main Board of the Stock Exchange on 16 July 2021 (the "**Listing**"). Unless otherwise defined herein, capitalised terms used below shall have the same meanings as those defined in the Prospectus.

Land for which the Group has not obtained land use right certificates or real estate title certificates

As at 31 August 2024, the land certificate for the Longcheng campus of the College had been fully processed, and the land use right certificates or real estate title certificates with respect to two parcels of land located in Beige campus had not been obtained. The aforementioned two parcels of land have a gross site area of approximately 35,988 sq. m..

For the two parcels of land on Beige campus, the relevant government authority is still in the process of completing its initial internal procedures. The expected timeline for obtaining the outstanding land use right certificates or real estate title certificates is not certain up to the date of this annual report. To the best knowledge of the Directors, such internal procedures are particularly lengthy due to the fact that in the past decade, the local government has made several revisions to urban development plans of the area where the two parcels of land are located. Such revisions made the relevant governmental departments difficult to determine the usage of the two parcels of land. These two parcels of land, on which the Group have not built any buildings, are not planned for future use and do not have material adverse effect on its business development.

Buildings in which the Group has interests in and its construction work on Longcheng campus and Beige campus have certain defects

Some buildings in which the Group has interests in and its construction work on Longcheng campus and Beige campus have certain defects, including the following: not obtaining real estate title certificates, buildings ownership certificates or construction commencement permit, not completing fire control design and inspection and construction project completion acceptance check, not performing the required construction project approval procedures, and not completing environmental protection inspection and acceptance checks.

As advised by the Group's PRC legal advisors, it may be subject to certain fines and/or penalties in connection with the non-compliances. However, the Group is not aware of any actual or contemplated actions, claims or investigations by any government authorities or third parties against it in relation to these buildings and construction work up to the date of this annual report.

The Group has engaged two third-party engineering companies to carry out fire control related maintenance and renovation works to ensure that the buildings meet the relevant fire control standards. As at 31 August 2024, some of the fire control related works have been conducted, including inspection and acceptance checks. The Group is in the process of conducting the assessment procedures for the relevant inspections for some buildings and applying to the relevant government authorities for the outstanding certificates and permits for those qualified buildings, and are closely following up with the government authorities with respect to the Group's applications.

The Directors understand that such non-compliance issues concerning the Group's buildings will not have any material adverse impacts on its operations as a whole for the following reasons: (i) there have not been any material safety incidents directly attributable to the safety of the school buildings and facilities and no regulatory interventions or concerns relating to the school buildings and facilities have been raised by competent authorities; and (ii) the Group regularly maintain the buildings and is of the view that the safety conditions of such buildings are sound.

The College does not comply with the ratio of school site area to number of students enrolled

Pursuant to the Indicators for the Basic Conditions for Operating Higher Education Institutions (Trial)《普通高等學校基本辦學條件指標（試行）》) promulgated by the Ministry of Education of the PRC（中華人民共和國教育部）(the "**MOE**") in 2004 (the "**Conditions**"), the ratio of the College's site area to the number of students enrolled should be not less than 54 sq. m. per student enrolled. The ratio of the College's site area to the number of students enrolled was 31.99 sq. m. per student for the 2023/2024 school year.

Land allocation is subject to land allocation plans and approvals by the local government which is beyond the Group's control. As advised by the Group's PRC legal advisor, there is no provision under the Conditions stipulating that a breach of the required ratio of site area to the number of students enrolled is subject to any legal consequences. The Group's PRC legal advisors are of the view that the risk that the College will be penalised by the Department of Education of Shanxi Province for failing to comply with the prescribed ratio between the school site area of the College and its number of full-time students enrolled is relatively low.

Up to the date of this annual report, the Group is not aware of any actual or contemplated actions, claims or investigations by any government authorities or third parties against us in relation to the non-compliance. The Group will continue to monitor the situation and will purchase additional land to the extent this becomes required by the relevant government authorities.

Internal control measures for on-going compliance with the relevant PRC laws and regulations have been established

References are made to the announcements of the Company dated 5 February 2024 and 23 February 2024 in relation to key findings of independent investigation and internal control review and 14 October 2024 in relation to fulfilment of Resumption Guidance and resumption of trading. The Group has implemented recommended remedial measures to rectify the deficiencies identified. The internal control consultant is of the view that the key internal control weaknesses of the Group have been remediated.

The Company confirmed that they have performed their duties to maintain effective risk management (including ESG risks) 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 reporting functions.

The Group has established internal control measures and the College has designated the relevant personnel who will be responsible for monitoring its on-going compliance with the relevant PRC laws and regulations that govern its business operations and overseeing the implementation of any necessary measures. In addition, Directors, senior management and employees involved will be provided with continuing training programmes and/or updates regarding the relevant PRC laws and regulations on a regular basis with a view to proactively identify any concerns and issues relating to potential non-compliance.

RESULTS AND APPROPRIATIONS

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 68 of this annual report.

The Directors do not recommend the payment of a dividend for the year ended 31 August 2024 (2023: nil). There is no arrangement that a Shareholder has waived or agreed to waive any dividend.

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company may pay dividends out of share premium and retained earnings provided that, immediately following the payment of such dividends, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business. The Company's reserves available for distribution to Shareholders as at 31 August 2024 calculated in accordance with the Companies Act of the Cayman Islands, amounted to RMB216,273,000.

FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on page 3 of this annual report.

DIRECTORS

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

Executive Directors

Mr. Zhang Zhiwei *(Chairman, appointed on 20 June 2024)*
Mr. Niu Sanping *(Chairman, resigned on 27 May 2024)*
Mr. Niu Jian *(Chief Executive Officer, resigned on 27 May 2024)*
Mr. Niu Xiaojun
Ms. Zhang Zhonghua

Independent Non-executive Directors

Mr. Zan Zhihong
Mr. Hu Yuting
Mr. Wong Chi Wah
Mr. Hu Binhong *(appointed on 16 November 2024)*

Mr. Zhang Zhiwei, before his appointment as the executive Director, obtained the legal advice from the legal adviser of the Company in Hong Kong on 19 June 2024 as regards the requirements under the Listing Rules that were applicable to him as a director of a listed issuer and the possible consequences of making a false declaration or giving false information to the Exchange and confirmed to understand his obligations as a Director of the Company.

Mr. Hu Binhong, before his appointment as the independent non-executive Director, obtained the legal advice from the legal adviser of the Company in Hong Kong on 16 November 2024 as regards the requirements under the Listing Rules that were applicable to him as a director of a listed issuer and the possible consequences of making a false declaration or giving false information to the Exchange and confirmed to understand his obligations as a Director of the Company.

In accordance with Article 84 of the articles of association of the Company (the "**Articles of Association**"), Mr. Niu Xiaojun, Ms. Zhang Zhonghua, Mr. Zan Zhihong and Mr. Hu Yuting will retire from office by rotation at the forthcoming annual general meeting (the "**AGM**") and shall then be eligible for re-election.

In accordance with Article 83(3) of the Articles of Association, Mr. Zhang Zhiwei, Mr. Wong Chi Wah and Mr. Hu Binhong will hold office only until the AGM and shall then be eligible for re-election.

DIRECTORS' SERVICE CONTRACTS

No Director proposed for re-election at the AGM has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received an annual confirmation from each independent non-executive Director of his independence as to each of the factors referred to in Rule 3.13 of the Listing Rules. The Company considers all independent non-executive Directors to be independent in accordance with the independence guidelines as set out in the Listing Rules.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year ended 31 August 2024 are set out in note 25 to the consolidated financial statements.

USE OF NET PROCEEDS FROM THE LISTING

The Company received net proceeds from the Listing of approximately RMB385.1 million. Such net proceeds are intended to be or have been applied in accordance with the proposed applications as set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus. Save as disclosed, there has been no change in the intended use of net proceeds as previously disclosed in the Prospectus. A summary of the use of net proceeds until 31 August 2024 is set out below:

Purpose	Approx.% of total net proceeds allocated	Net proceeds allocated RMB'million	Unutilised amount at 1 September 2023 RMB'million	Utilised amount during the year ended 31 August 2024 RMB'million	Unutilised amount at 31 August 2024 RMB'million	Expected timeline for intended use of unutilised amount at 31 August 2024
Construction of Phase IV of Beige campus						
– a teaching building	10.2%	39.3	16.0	1.6	14.4	(Note)
– a library	34.8%	134.0	67.1	67.1	–	N/A
Acquisition of or investment in private education institutions or acquisition of a parcel of land	25.0%	96.3	–	–	–	N/A
Renovation and upgrade of teaching buildings and dormitories on Longcheng campus	11.4%	43.9	29.4	5.2	24.2	(Note)
Purchases of teaching equipment and furniture	8.6%	33.1	–	–	–	N/A
Working capital for general purposes	10.0%	38.5	–	–	–	N/A
Total	100.0%	385.1	112.5	73.9	38.6	

Note: Please refer to the heading " Change in Use of Proceeds from the Listing" in this report.

CHANGE IN USE OF PROCEEDS FROM THE LISTING

As at 31 August 2024, the unutilised proceeds from the Listing amounted to approximately RMB38.6 million (the "**Unutilised Net Proceeds**"), which comprises (i) approximately RMB14.4 million which was originally designated for the purpose of construction of a teaching building for Phase IV of Beige campus (the "**Construction Project**"); and (ii) approximately RMB24.2 million was designated for the purpose of renovation and upgrade of teaching buildings and dormitories on Longcheng campus (the "**Renovation Project**"). As at 31 August 2024, both the Construction Project and the Renovation Project had been completed, and the actual cost for both projects was lower than the expected cost.

As disclosed in the 2024 interim report of the Company, the Group has purchased a piece of land around the Beige campus to expand its campus area to meet the needs of running schools. As disclosed in the paragraph headed "Future Plans for Material Investments or Capital Assets" above in this announcement, the Group has commenced construction works for the new Beige Campus, which includes teaching buildings and dormitory facilities. After careful consideration and evaluation of the Group's operation, the Directors have resolved to change the use of the Unutilised Net Proceeds for the construction projects of the new Beige campus to meet the needs for the continuous optimisation of various school performance indicators, with an expected timeline for full utilisation to be August 2025.

The Board is of the view that the aforementioned change in use of proceeds from the Listing will enable the Group to utilise the Unutilised Net Proceeds for the operation and expansion of the Group's business, which will facilitate the Group to deploy its financial resources in a more flexible and efficient manner, which is in line with the business strategies of the Group and is in the best interest of the Company and its Shareholders as a whole.

SHARE SCHEMES

Restricted Share Unit Scheme

The Board has adopted the restricted share unit scheme of the Company ("**RSU Scheme**") on 13 January 2022 (i) to recognise the contributions by certain participants and to provide them with incentives in order to retain them for the continuous operation and development of the Group; and (ii) to attract suitable personnel for further development of the Group. For further details of the RSU Scheme, please refer to the announcement of the Company dated 27 January 2022.

The Company entered into a trust deed on 8 February 2022 to appoint Futu Trustee Limited as the trustee for the administration of the RSU Scheme pursuant to the rules of the RSU Scheme. As at 31 August 2024, the trustee of the RSU Scheme held a total of 37,481,000 Shares (representing approximately 7.41% of the total issued Shares as at 31 August 2024), which were purchased on the Stock Exchange at an aggregate consideration of approximately RMB123.1 million pursuant to the terms of the trust deed of the RSU Scheme. No shares of the Company under the RSU Scheme have been granted or agreed to be granted since its adoption.

Share Option Scheme

The share option scheme of the Company (the "**Share Option Scheme**") was adopted pursuant to a resolution of the then shareholder of the Company passed on 23 June 2021 for the primary purpose of providing incentives or rewards to Directors, employees or any other persons, motivating the eligible participants to optimise their contributions to the Group and attracting and retaining the eligible participants.

The principal terms of the Share Option Scheme are as follows:

1. Purpose

The purpose of the Share Option Scheme is to give the Eligible Persons (as defined below) an opportunity to have a personal stake in the Company and help motivate them to optimise their future contributions to the Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain on-going relationships with such Eligible Persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group, and additionally in the case of Executives (as defined below), to enable the Group to attract and retain individuals with experience and ability and/or to reward them for their past contributions.

2. Who may join

The Board may, at its absolute discretion, offer options to subscribe for such number of Shares in accordance with the terms set out in the Share Option Scheme to: (a) any executive director of, manager of, or other employee holding an executive, managerial, supervisory or similar position in any member of the Group ("**Executive**"), any full time or part time employee, or a person for the time being seconded to work full time or part time for any member of the Group; (b) a director or proposed director (including an independent non-executive director) of any member of the Group; and (c) any other person involved in the development, promotion or growth of business of the Company (excluding, for the avoidance of doubt, any suppliers or customers of the Company) who the Board determines to be appropriate to participate in the Share Option Scheme (the person referred above are the "**Eligible Persons**").

3. Maximum number of Shares

The maximum number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes of the Group shall not in aggregate exceed 10% of the Shares in issue as at the date of the Listing, i.e. 16 July 2021, (such 10% limit representing 50,000,000 Shares) (the "**Scheme Mandate Limit**").

The total number of Shares available for grant under the Share Option Scheme was 50,000,000 Shares at 1 September 2023 and 31 August 2024. There is no service provider sublimit under the Share Option Scheme. The total number of Shares available for issue under the Share Option Scheme was 50,000,000 Shares, representing approximately 9.89% of the issued Shares as at the date of this annual report.

4. Maximum entitlement of each participant

No option may be granted to any person such that the total number of Shares issued and to be issued upon exercise of options granted and to be granted to that person in any 12-month period exceeds 1% of the Company's issued share capital from time to time. Where any further grant of options to such an Eligible Person would result in the Shares issued and to be issued upon exercise of all options granted and to be granted to such Eligible Person (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the Shares in issue, such further grant shall be separately approved by the Shareholders in general meeting with such Eligible Person and his close associates (or his associates if such Eligible Person is a connected person) abstaining from voting.

5. Offer and grant of options

Subject to the terms of the Share Option Scheme, the Board shall be entitled at any time within 10 years from 23 June 2021 to offer the grant of an option to any Eligible Person as the Board may in its absolute discretion select to subscribe at the subscription price for such number of Shares as the Board may (subject to the terms of the Share Option Scheme) determine (provided the same shall be a board lot for dealing in the Shares on the Stock Exchange or an integral multiple thereof).

6. Granting options to connected persons

Subject to the terms in the Share Option Scheme, only insofar as and for so long as the Listing Rules require, where any offer of an option is proposed to be made to a director, chief executive or a substantial shareholder (as defined in the Listing Rules) of the Company or any of their respective associates, such offer must first be approved by the independent non-executive Directors of the Company (excluding the independent non-executive Director who or whose associates is the grantee of an option).

7. Minimum holding period, vesting and performance target

Subject to the provisions of the Listing Rules, the Board may in its absolute discretion when offering the grant of an option impose any conditions, restrictions or limitations in relation thereto in addition to those set forth in the Share Option Scheme as the Board may think fit (to be stated in the letter containing the offer of the grant of the option) including (without prejudice to the generality of the foregoing) qualifying and/or continuing eligibility criteria, conditions, restrictions or limitations relating to the achievement of performance, operating or financial targets by the Company and/or the grantee, the satisfactory performance or maintenance by the grantee of certain conditions or obligations or the time or period before the right to exercise the option in respect of any of the Shares shall vest provided that such terms or conditions shall not be inconsistent with any other terms or conditions of the Share Option Scheme. For the avoidance of doubt, subject to such terms and conditions as the Board may determine as aforesaid (including such terms and conditions in relation to their vesting, exercise or otherwise) there is no minimum period for which an option must be held before it can be exercised and no performance target which need to be achieved by the grantee before the option can be exercised.

8. Amount payable for options and offer period

An option shall be deemed to have been granted and accepted by the Eligible Person and to have taken effect when the duplicate offer letter comprising acceptance of the offer of the option duly signed by the grantee together with a remittance in favor of the Company of HKD1.00 by way of consideration for the grant thereof is received by the Company on or before the date upon which an offer of an option must be accepted by the relevant Eligible Person, being a date no later than 28 days after the offer date.

9. Subscription price

The subscription price in respect of any particular option shall be such price as the Board may in its absolute discretion determine at the time of grant of the relevant option (and shall be stated in the letter containing the offer of the grant of the option) but the subscription price shall not be less than whichever is the highest of:

(a) the nominal value of a Share;

(b) the closing price of a Share as stated in the Stock Exchange's daily quotations sheet on the offer date; and

(c) the average closing price of a Share as stated in the Stock Exchange's daily quotations sheets for the 5 Business Days (as defined in the Listing Rules) immediately preceding the offer date.

10. Life of Share Option Scheme

Subject to the terms of the Share Option Scheme, the Share Option Scheme shall be valid and effective for a period of 10 years from the date on which it becomes unconditional, after which no further options will be granted or offered but the provisions of the Share Option Scheme shall remain in force and effect in all other respects. All options granted prior to such expiry and not then exercised shall continue to be valid and exercisable subject to and in accordance with the Share Option Scheme. The remaining life of the Share Option Scheme is approximately seven years and two months.

For further details of the Share Option Scheme, please refer to the section headed "Statutory and General Information –F. Share Option Scheme" in Appendix V to the Prospectus.

The Group has not granted any share options to Directors, employees or any other persons since its adoption and up to the date of this annual report.

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 weighted average number of Shares in issue for the year ended 31 August 2024 is nil.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 August 2024, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")), as notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix C3 of the Listing Rules (the "**Model Code**"), were as follows:

Long position in the Company

Name of Director	Capacity	Number of Shares interested	Approximate percentage of issued share capital of the Company (Note 3)
Mr. Niu Sanping *(resigned on 27 May 2024)*	Interested in a controlled corporation (Note 1)	266,250,000	52.67%
Mr. Niu Jian *(resigned on 27 May 2024)*	Interested in a controlled corporation (Note 2)	108,750,000	21.51%

Notes:

(1) Mr. Niu Sanping beneficially owns the entire issued share capital of Niusanping Limited which in turn owns 266,250,000 Shares, representing 52.67% of the Company's issued share capital. Therefore, Mr. Niu Sanping is deemed to be interested in the same as Niusanping Limited.

(2) Mr. Niu Jian beneficially owns the entire issued share capital of Niujian Limited which in turn owns 108,750,000 Shares, representing 21.51% of the Company's issued share capital. Therefore, Mr. Niu Jian is deemed to be interested in the same as Niujian Limited.

(3) The percentage is calculated on the basis of 505,517,000 Shares in issue at the date of this annual report.

Long position in the associated corporations

Name of Director	Capacity	Associated corporation	Percentage of shareholding
Mr. Niu Sanping *(resigned on 27 May 2024)*	Beneficial owner	Shanxi Tongcai [Note 1]	71%
	Interested in a controlled corporation [Note 2]	The College [Note 1]	100%
Mr. Niu Jian *(resigned on 27 May 2024)*	Beneficial owner	Shanxi Tongcai	29%

Notes:

(1) Shanxi Tongcai is as defined in the section headed "Continuing Connected Transactions" in this Directors' Report.

(2) Mr. Niu Sanping is interested in 71% of Shanxi Tongcai, which is the sole school sponsor of the College. Therefore, Mr. Niu Sanping is deemed to be interested in 100% of the College.

Save as disclosed above, none of the Directors, chief executive and their associates had any interests or short positions in any Shares, underlying Shares or debentures of the Company or any of its associated corporations as at 31 August 2024.

SUBSTANTIAL SHAREHOLDERS

As at 31 August 2024, the register of substantial Shareholders maintained by the Company pursuant to Section 336 of the SFO showed that other than the interests disclosed above in respect of certain Directors and chief executive, the following Shareholders had notified the Company of relevant interests in the shares and underlying Shares of the Company.

Name of Shareholders	Capacity	Nature of interest	Number of Shares interested	Approximate percentage of issued share capital of the Company [Note 4]
Niusanping Limited [Note 1]	Beneficial owner	Long	266,250,000	52.67%
Niujian Limited [Note 2]	Beneficial owner	Long	108,750,000	21.51%
Futu Trustee Limited [Note 3]	Trustee	Long	37,481,000	7.41%

Notes:

(1) Niusanping Limited is a company incorporated in the British Virgin Islands and wholly-owned by Mr. Niu Sanping.

(2) Niujian Limited is a company incorporated in the British Virgin Islands and wholly-owned by Mr. Niu Jian.

(3) Futu Trustee Limited is the appointed trustee for the administration of the RSU Scheme. To the best knowledge, information and belief of the Directors after making all reasonable enquiries, Futu Trustee Limited and its ultimate beneficial owners are third parties independent of the Company and are not connect persons (as defined under the Listing Rules) of the Company.

(4) The percentage is calculated on the basis of 505,517,000 Shares in issue as at 31 August 2024.

Save as disclosed above, the Directors are not aware of any other person or corporation having an interest or short position in the Shares or the underlying Shares of the Company or its associated corporation(s) which would require to be recorded in the register maintained by the Company pursuant to Section 336 of the SFO.

ARRANGEMENTS TO PURCHASE SHARES AND DEBENTURES

Save as disclosed under section headed "Share Schemes" above, at no time during the year ended 31 August 2024 was the Company, its holding company, or any of its subsidiaries, a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 August 2024.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES OR SIGNIFICANT INVESTMENTS

Save as those disclosed in this annual report, there were no material acquisitions and disposals of subsidiaries, associates and joint ventures or significant investments held by the Group during the year ended 31 August 2024.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group during the year ended 31 August 2024 are set out in note 13 to the consolidated financial statements.

BORROWINGS

Details of the Group's bank borrowings as at 31 August 2024 are set out in the section headed "Bank Borrowings" under the Management Discussion and Analysis and note 24 to the consolidated financial statements.

EQUITY-LINKED AGREEMENTS

Save for the Share Schemes as set out above, no equity-linked agreements were entered into by the Company during the year ended 31 August 2024 or subsisted as at 31 August 2024.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Other than those transactions disclosed under the section headed "Continuing Connected Transactions" in this Directors' Report, no transaction, arrangement or contract of significance, to which a Director or an entity connected with a Director is or was materially interested, whether directly or indirectly, subsisted during the year ended 31 August 2024 or as at 31 August 2024 nor was there any other transaction, arrangement or contract of significance in relation to the Company's business between the Company or any of its subsidiaries and any of controlling Shareholders or any companies under his control.

MANAGEMENT CONTRACT

Other than those Contractual Arrangements disclosed under the section headed "Continuing Connected Transactions" in this Directors' Report, no contracts concerning the management and administration of the whole or any substantial part of the Group's business subsisted during the year ended 31 August 2024.

CONTINUING CONNECTED TRANSACTIONS

Reasons for entering into the Contractual Arrangements

As disclosed in the section headed "Contractual Arrangements – Background of the Contractual Arrangements" in the Prospectus, the PRC laws and regulations generally restrict foreign ownership in the private higher education industry in the PRC. The Group currently conducts private higher education business through Shanxi Tongcai Educational Technology Company Limited（山西通才教育科技有限公司）("**Shanxi Tongcai**" or the "**School Sponsor**") and Shanxi Technology and Business College（山西工商學院）(the "**College**") (collectively the "**PRC Affiliated Entities**") in the PRC, whereas Mr. Niu Sanping and Mr. Niu Jian are the shareholders of Shanxi Tongcai (the "**Registered Shareholders**").

Shanxi Tongshi Tiancai Educational Technology Co., Ltd. (山西通實天才教育科技有限公司, the "**Shanxi WFOE**"), which is a limited liability company established as a wholly foreign owned enterprise under the laws of the PRC and an indirect wholly-owned subsidiary of the Company, does not hold any equity interest in the PRC Affiliated Entities, but has entered into various agreements and arrangements with, among others, the PRC Affiliated Entities, Mr. Niu Sanping and Mr. Niu Jian (collectively the "**Contractual Arrangements**") through which the Group obtains control over and derives the economic benefits from the PRC Affiliated Entities.

The Contractual Arrangements, as a whole, are designed to provide the Group with effective control over the financial and operational policies of the PRC Affiliated Entities, to the extent permitted by PRC laws and regulations, the right to acquire the equity interest in and/or the assets of the PRC Affiliated Entities after the Listing through Shanxi WFOE. The Group operates the education business through the PRC Affiliated Entities, which are ultimately beneficially owned as to 71% by Mr. Niu Sanping, an executive Director (resigned on 27 May 2024) and a controlling Shareholder, and 29% by Mr. Niu Jian, an executive Director, the Chief Executive Officer (resigned on 27 May 2024) and a substantial Shareholder. The Group does not hold any direct equity interest in the PRC Affiliated Entities. The Contractual Arrangements were entered into on 12 November 2020 pursuant to which all material business activities of the PRC Affiliated Entities are instructed and supervised by the Group, through Shanxi WFOE, and all economic benefits arising from such business of the PRC Affiliated Entities are transferred to the Group.

The Contractual Arrangements consist of a series of agreements, including the Business Cooperation Agreement, the Exclusive Technical Service and Management Consultancy Agreement, the Exclusive Call Option Agreement, the Equity Pledge Agreement, the School Sponsor's and Directors' Rights Entrustment Agreement, the Shareholders' Rights Entrustment Agreement, the School Sponsor's Powers of Attorney, the Directors' Power of Attorney, the Shareholders' Power of Attorney and the Spouse Undertaking, each of which is an integral part of the Contractual Arrangements. Details of the Contractual Arrangements and the agreements are set out in the section headed "Contractual Arrangements" in the Prospectus.

The Directors (including the independent non-executive Directors) are of the view that the transactions contemplated under the Contractual Arrangements have been and will be entered into in the ordinary and usual course of business of the Group, are fundamental to the Group's legal structure and business operations, are on normal commercial terms or better, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Listing Rules Implications

For the year ended 31 August 2024, Mr. Niu Sanping and Mr. Niu Jian were the executive Directors (both resigned on 27 May 2024) and substantial Shareholders of the Company, and therefore each of them was a connected person of the Company under Rule 14A.07(1) of the Listing Rules. The transactions contemplated under the Contractual Arrangements, as a whole, constitute continuing connected transactions of the Company under the Listing Rules.

Waiver from the Stock Exchange and Annual Review

The Stock Exchange has granted waivers to the Company from strict compliance with (i) the announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the transactions contemplated under the Contractual Arrangements pursuant to Rule 14A.105 of the Listing Rules; (ii) the requirement of setting an annual cap for the transactions under the Contractual Arrangements under Rule 14A.53 of the Listing Rules; and (iii) the requirement of limiting the term of the Contractual Arrangements to three years or less under Rule 14A.52 of the Listing Rules.

The waivers granted by the Stock Exchange are however subject to various conditions as disclosed in the section headed "Connected Transactions" in the Prospectus and which include, among others, annual review as follows:

(i) the Contractual Arrangements in place during each financial period will be disclosed in the Company's annual report in accordance with relevant provisions of the Listing Rules;

(ii) the independent non-executive Directors will review the Contractual Arrangements annually and confirm in the Company's annual report for the relevant year; and

(iii) the Company's auditors will carry out procedures annually on the transactions carried out pursuant to the Contractual Arrangements and will provide a confirmation letter to the Directors with a copy to the Stock Exchange.

The Directors confirmed that the Company complied with the disclosure requirements of Chapter 14A of the Listing Rules in respect of all of its continuing connected transactions under the Contractual Arrangements for the year ended 31 August 2024.

Contractual Arrangements in Place

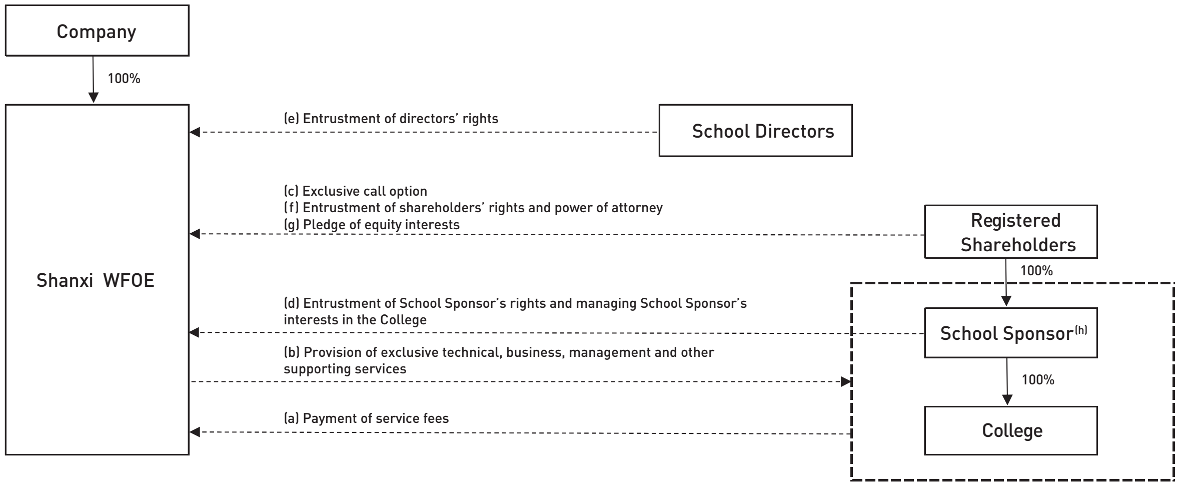
Shanxi WFOE entered into various agreements that constitute the Contractual Arrangements with, among others, the College and the School Sponsor, under which all economic benefits arising from the business of the College and the School Sponsor are transferred to Shanxi WFOE to the extent permitted under the PRC laws and regulations by means of service fees payable by the College and the School Sponsor to Shanxi WFOE. Although the Registered Shareholders are not consolidated as part of the Group, they are parties to certain agreements which constitute the Contractual Arrangements to ensure that the shareholders' rights of the School Sponsor are effectively controlled by Shanxi WFOE.

Although the Company does not directly or indirectly own the PRC Affiliated Entities, the Contractual Arrangements as mentioned above enable the Company to exercise control over the PRC Affiliated Entities and consolidate the results of the PRC Affiliated Entities to the financial statements of the Group.

The Board has reviewed the overall performance of the Contractual Arrangements for the year ended 31 August 2024 and has confirmed that during the year ended 31 August 2024 the transactions contemplated under the Contractual Arrangements have been entered into in accordance with the relevant Contractual Arrangements. Up to the date of this annual report, there is no material change in the circumstances on which the Contractual Arrangements and/or the adoption of the Contractual Arrangements are based.

Details of the rights granted and material terms of the Contractual Arrangements are disclosed in the section headed "Contractual Arrangements" in the Prospectus. A summary of the Contractual Arrangements in place is set out below with terms used and meant same as those defined in the Prospectus unless defined otherwise.

The following simplified diagram illustrates the flow of economic benefits from the College and/or the School Sponsor to the Group stipulated under the Contractual Arrangements:



"________" denotes direct legal and beneficial ownership in the equity interest

"--------" denotes Contractual Arrangements

Notes:

(a) Payment of service fees. Please see "(1) Business Cooperation Agreement" and "(2) Exclusive Technical Service and Management Consultancy Agreement" below for details.

(b) Provision of exclusive technical and management consultancy services. Please see "(1) Business Cooperation Agreement" and "(2) Exclusive Technical Service and Management Consultancy Agreement" below for details.

(c) Exclusive call option to acquire all or part of the School Sponsor's interest in the College and equity interest in the School Sponsor. Please see "(3) Exclusive Call Option Agreement" below for details.

(d) Entrustment of School Sponsor's rights in the College by the School Sponsor. Please see "(4) School Sponsor's and Directors' Rights Entrustment Agreement and Shareholders' Rights Entrustment Agreement" and "(5) Powers of Attorney" below for details.

(e) Entrustment of directors' rights in the College by directors of the College including directors' powers of attorney. Please see "(4) School Sponsor's and Directors' Rights Entrustment Agreement and Shareholders' Rights Entrustment Agreement" and "(5) Powers of Attorney" below for details.

(f) Entrustment of shareholders' right of the Registered Shareholders and the School Sponsor including shareholders' powers of attorney. Please see "(4) School Sponsor's and Directors' Rights Entrustment Agreement and Shareholders' Rights Entrustment Agreement" and "(5) Powers of Attorney" below for details.

(g) Pledge of equity interest by the Registered Shareholders of their equity interest in the School Sponsor. Please see "(7) Equity Pledge Agreement" below for details.

(h) According to PRC laws and regulations, entities and individuals who establish private schools are commonly referred to as "school sponsors" instead of "owners" or "shareholders".

(1) Business Cooperation Agreement

Pursuant to the Business Cooperation Agreement, Shanxi WFOE shall provide technical services, management support and consulting services necessary for the private education business, and in return, the PRC Affiliated Entities shall make payments accordingly.

(2) Exclusive Technical Service and Management Consultancy Agreement

Pursuant to the Exclusive Technical Service and Management Consultancy Agreement, Shanxi WFOE agrees to provide exclusive technical services to the PRC Affiliated Entities, including but not limited to, (a) design, development, update and maintenance of educational software for computer and mobile devices; (b) design, development, update and maintenance of webpages and websites necessary for the education activities of the PRC Affiliated Entities; (c) design, development, update and maintenance of management information systems necessary for the education activities of the PRC Affiliated Entities; (d) provision of other technical support necessary for the education activities of the PRC Affiliated Entities; (e) provision of technical consulting services; (f) provision of technical training; (g) engaging technical staff to provide on-site technical support; and (h) providing other technical services reasonably requested by the PRC Affiliated Entities.

Furthermore, Shanxi WFOE agrees to provide exclusive management consultancy services to the Group's PRC Affiliated Entities, including but not limited to, (a) design of major and curriculum; (b) preparation, selection and/or recommendation of course materials; (c) provision of teacher and staff recruitment and training support and services; (d) provision of student recruitment support and services; (e) provision of public relation services; (f) preparation of long term strategic development plans and annual working plans; (g) development of financial management systems and recommendation and optimisation on annual budget; (h) advising on design of internal structures and internal management system; (i) provision of administrative staff management and consultancy training; (j) conduct of market research; (k) preparation of market development plan; (l) building of online and offline marketing network; and (m) providing other management technical services reasonably requested by the Group's PRC Affiliated Entities.

(3) Exclusive Call Option Agreement

Under the Exclusive Call Option Agreement, the Registered Shareholders have irrevocably and unconditionally granted Shanxi WFOE or its designated purchaser the right to purchase all or part of the school sponsor's direct or indirect interest of the School Sponsor in the College and direct or indirect equity interest in the School Sponsor (the "**Equity Call Option**"). The purchase price payable by Shanxi WFOE in respect of the transfer of such school sponsor's interest or equity interest upon exercise of the Equity Call Option shall be the lowest price permitted under the PRC laws and regulations. Shanxi WFOE or its designated purchaser shall have the right to purchase such proportion of the school sponsor's interest in the College and/or equity interest in the School Sponsor as it decides at any time.

(4) School Sponsor's and Directors' Rights Entrustment Agreement And Shareholders' Rights Entrustment Agreement

Pursuant to the School Sponsor's and Directors' Rights Entrustment Agreement, the School Sponsor has irrevocably authorised and entrusted Shanxi WFOE to exercise all its rights as school sponsor of the College to the extent permitted by the PRC laws.

Pursuant to the School Sponsor's and Directors' Rights Entrustment Agreement, each director of the College (the "**Appointees**") has irrevocably authorised and entrusted Shanxi WFOE to exercise all their rights as directors of the College to the extent permitted by the PRC laws.

Pursuant to the Shareholders' Rights Entrustment Agreement, each of the Registered Shareholders has irrevocably authorised and entrusted Shanxi WFOE to exercise all of his respective rights as shareholders of the School Sponsor to the extent permitted by the PRC laws.

(5) Powers of Attorney

Pursuant to the School Sponsor's Powers of Attorney executed by the School Sponsor in favor of Shanxi WFOE, the School Sponsor authorised and appointed Shanxi WFOE as its agent to act on its behalf to exercise or delegate the exercise of all its rights as school sponsor of the College.

Pursuant to the Directors' Powers of Attorney executed by each of the Appointees in favor of Shanxi WFOE, each of the Appointees authorised and appointed Shanxi WFOE as his/her agent to act on his/her behalf to exercise or delegate the exercise of all of his/her rights as directors of the College.

Pursuant to the Shareholders' Powers of Attorney executed by each of the Registered Shareholders in favor of Shanxi WFOE, each of the Registered Shareholders authorised and appointed Shanxi WFOE, as his agent to act on his behalf to exercise or delegate the exercise of all his rights as shareholders of the School Sponsor.

(6) Spouse Undertaking

Pursuant to the Spouse Undertaking, Ms. Geng Jie, the spouse of Mr. Niu Sanping, as one of the Registered Shareholders, has irrevocably undertaken that (i) she has full knowledge of and has consented to the entering into of the Contractual Arrangements by Mr. Niu Sanping, Shanxi WFOE and the PRC Affiliated Entities; (ii) she has not participated, is not participating and shall not in the future participate in the operation, management, liquidation, dissolution and other matters in relation to the Group's PRC Affiliated Entities; (iii) she authorises Mr. Niu Sanping or his authorised person to execute all necessary documents and perform all necessary procedures from time to time for and on behalf of the spouse in relation to the spouse's direct or indirect equity interest and fully cooperates with the implementation of the relevant documents and procedures at any time; and (iv) any undertaking, confirmation, consent and authorisation under the Spouse Undertaking shall not be revoked, prejudiced, invalidated or otherwise adversely affected.

(7) Equity Pledge Agreement

Pursuant to the Equity Pledge Agreement, each of the Registered Shareholders unconditionally and irrevocably pledged and granted first priority security interests over all of his equity interest in the School Sponsor, together with all related rights thereto to Shanxi WFOE as security for performance of the Contractual Arrangements and all direct, indirect or consequential damages and foreseeable loss of interest incurred by Shanxi WFOE as a result of any event of default on the part of the Registered Shareholders and the PRC Affiliated Entities and all expenses incurred by Shanxi WFOE as a result of enforcement of the obligations of the Registered Shareholders and the PRC Affiliated Entities under the Contractual Arrangements.

Pursuant to the Equity Pledge Agreement, without the prior written consent of Shanxi WFOE, the Registered Shareholders shall not transfer the equity interest or create further pledge or encumbrance over the pledged equity interest. The Registered Shareholders also waived any pre-emptive rights upon enforcement and agreed to any transfer of the pledged equity interest pursuant to the Equity Pledge Agreement.

Pursuant to the Equity Pledge Agreement, each party has undertaken that, if the registration authorities require to define the amount of the principal claim upon the pledge range in the equity pledge registration, the amount of claims under the Contractual Arrangements shall be registered as the principal, RMB50,000,000 and any other amount in the event of default and compensation under the Contractual Arrangements.

Confirmation from Independent Non-executive Directors

The independent non-executive Directors have reviewed the Contractual Arrangements and confirmed that during the year ended 31 August 2024 (i) the transactions carried out have been entered into in accordance with the relevant provisions of the Contractual Arrangements and operated so that the profit generated by the PRC Affiliated Entities has been substantially retained by the Group; (ii) no dividends or other distributions have been made by the PRC Affiliated Entities to the respective holders of equity interests or the school sponsor's interest which are not otherwise subsequently assigned or transferred to the Group; (iii) no contracts were entered into, renewed or reproduced between the Group and the PRC Affiliated Entities; and (iv) the transactions contemplated under the Contractual Arrangements were entered into in the ordinary and usual course of business of the Group, on normal commercial terms or better and according to the agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

Confirmation from the Company's Auditor

Moore CPA Limited, Certified Public Accountants, was engaged as the Company's auditor to review the Group's continuing connected transactions. For the purpose of Rule 14A.56 of the Listing Rules, Moore CPA Limited, Certified Public Accountants, has provided a letter to the Board, confirming that during the year ended 31 August 2024 the transactions contemplated under the Contractual Arrangements have been approved by the Board and have been entered into in accordance with the relevant Contractual Arrangements as well as the Group's pricing policies for provision of similar services by the Group; and no dividends or other distributions have been made by the PRC Affiliated Entities to the respective holders of equity or the school sponsor's interest which are not otherwise subsequently assigned or transferred to the Group.

Risks relating to the Contractual Arrangements

Foreign investment in the education industry in the PRC is extensively regulated and subject to numerous restrictions. The Group has only entered into a series of agreements in which the wholly-owned subsidiary, Shanxi WFOE, receives economic benefits from the PRC Affiliated Entities pursuant to relevant clauses under the agreements. The Company expects to be continuously dependent on the Contractual Arrangements for operating the education business in the PRC.

On 15 March 2019, the National People's Congress of the PRC（中華人民共和國全國人民代表大會）approved the Foreign Investment Law of the PRC（《中華人民共和國外商投資法》）(the "**Foreign Investment Law**") which came into effect on 1 January 2020. The Foreign Investment Law does not explicitly stipulate that arrangements such as the Contractual Arrangements are a form of foreign investment. In the extreme case scenario, the Group may be required to unwind the Contractual Arrangements and/or dispose of the PRC Affiliated Entities, which could have a material and adverse effect on the Group's business, financial condition and result of operations.

If the Contractual Arrangements that establish the structure for operating the education business in the PRC are found to be in violation of any PRC laws or regulations in the future or fail to obtain or maintain any of the required permits or approvals, the relevant PRC regulatory authorities, including the MOE, which regulates the education industry, would have broad discretion in dealing with such violations, including:

- revoking the business and operating licenses of the Group's PRC Affiliated Entities;

- discontinuing or restricting the operations of any related-party transactions among the Group's PRC Affiliated Entities;

- imposing fines or other requirements with which the Group or the PRC Affiliated Entities may not be able to comply;

- requiring the Group to restructure its operations in such a way as to compel it to establish new entities, re-apply for the necessary licenses or relocate its business staff and assets;

- imposing additional conditions or requirements with which the Group may not be able to comply; or

- restricting the use of proceeds from the Group's additional public offering or financing to finance its business and operations in China.

If any of the above penalties are imposed on the Group, its business, financial condition and results of operations may be materially and adversely affected.

Actions taken by the Group to mitigate the risks associated with Contracted Arrangements

The Group has adopted the following measures to ensure the effective operation with the implementation and compliance of the Contractual Arrangements:

- the Board has been closely monitoring the latest development of the existing or future applicable PRC laws or regulations (such as the Foreign Investment Law), and will take measures to ensure that the Group, including the PRC Affiliated Entities, are under control so as to comply with the relevant rules and regulations in the PRC;

- the Group will disclose the overall performance and compliance with the Contractual Arrangements in our annual reports to update our Shareholders and potential investors; and

- the Group will engage external legal advisers or other professional advisers, if necessary, to assist the Board to review the implementation of the Contractual Arrangements and the legal compliance of the Company and the PRC Affiliated Entities to deal with specific issues or matters arising from the Contractual arrangements.

UPDATES IN RELATION TO FOREIGN INVESTMENT LAW AND QUALIFICATION REQUIREMENT

Foreign Investment Law

As advised by the Group's PRC legal advisors, since contractual arrangements are not specified as foreign investment under the Foreign Investment Law, and if the future laws, regulations and rules do not incorporate or recognise such contractual arrangements as a form of foreign investment, the Group's Contractual Arrangements as a whole and each of the agreements comprising the Contractual Arrangements will not be affected and will continue to be legal, valid and binding on the parties.

For the year ended 31 August 2024, the Foreign Investment Law has not been amended. For details about the impact and potential consequences of the Foreign Investment Law on the Group's Contractual Arrangements, please refer to the section headed "Contractual Arrangements" in the Prospectus.

Nevertheless, considering that a number of existing conglomerates are operating under contractual arrangements and some of which have obtained listing status abroad and contractual arrangements are not specified as foreign investment under the Foreign Investment Law, the Group's Directors are of the view that it is unlikely that the relevant regulations will take retrospective effect to require the relevant enterprises to remove the contractual arrangements.

Qualification Requirement

In relation to the interpretation of Sino-foreign cooperation, pursuant to the Regulation on Sino-Foreign Cooperation in Operating Schools, if the Group were to apply for the College to be reorganised as a sino-foreign joint venture private school for PRC students at a higher education institution (a "**Sino-Foreign Joint Venture Private School**"), the foreign investor in the Sino-Foreign Joint Venture Private School must be a foreign educational institution with relevant qualification and that provides high quality education (the "**Qualification Requirement**").

The Company's PRC legal advisors have advised that there are no implementing measures or specific guidance on the Qualification Requirement in accordance with existing PRC laws and regulations and therefore it is currently uncertain as to what specific criteria must be met by a foreign investor (such as length of experience and form and extent of ownership in the foreign jurisdiction) in order to demonstrate to the relevant educational authority that it meets the Qualification Requirement.

As advised by the PRC legal advisors, the failure to meet the Qualification Requirement and the adoption of the Contractual Arrangements to operate the Group's higher education business do not render its higher education business as illegal operations in the PRC. The Group does not meet the Qualification Requirement as it has no experience in operating a school outside of the PRC. However, the Department of Education of Shanxi Province has confirmed that it is possible that approval may be granted to an investor that is an education institution legally established and qualified to award diploma certificates in a foreign country to qualify for approval as a foreign investor of a Sino-Foreign Joint Venture Private School.

Notwithstanding the foregoing, the Company is committed to working towards meeting the Qualification Requirement and have implemented a business plan to ensure the Group's compliance with Qualification Requirement and with a view to expanding its education network abroad. The Group had engaged an agent, who is principally engaged in education consulting and licensing services, to assist it in establishing General Business University of California Incorporated and filing applications with the California Bureau for Private Postsecondary Education, a unit of the California Department of Consumer Affairs in charge of regulation of private postsecondary educational institutions operating in the State of California, the United States, (the "**BPPE**") regarding the establishment of a degree-granting higher education institution in California, the United States (the "**US School**").

On 22 October 2020, Generalist Business University of California Incorporated was established in California, the United States by the Group's agent, which was renamed as General Business University of California Incorporated on 4 November 2020, and its sole member is China General Education Group (HK) Limited, a direct wholly-owned subsidiary of the Company. General Business University of California Incorporated will operate and manage the US School to be established. The Group filed an application for a provisional license for a school of the same name with the BPPE in June 2021.

On 30 January 2024, the Company was notified by the California (Bureau) for Private Postsecondary Education that, in accordance with the California Private Postsecondary Education Act, the California Education Code (CEC) and California Code of Regulations, Title 5 (5CCR), the Company's application to operate a degree-awarding higher education institution in California, USA, was rejected. The Group is actively looking for new agents to solve this problem. The Company believes that these problems will not have a significant impact on its operations.

In the opinion of the Group's PRC legal advisors, based on the consultation with the Department of Education of Shanxi Province, if the specific guidance and implementing rules with regards to the Qualification Requirement are promulgated and assuming the new school to be operated by General Business University of California Incorporated or another foreign educational institution established by us gains a level of foreign experience sufficient to demonstrate compliance with the Qualification Requirement in the future provided that the then PRC laws and regulations do not impose new requirements, restrictions, or prohibitions in relation to the establishment of the Sino-Foreign Joint Venture Private School, the Group may be able to get the approval to establish a Sino-Foreign Joint Venture Private School by relevant educational authority or such other educational institution subject to the approval from the competent educational authorities.

The Group will continue to keep itself updated with regard to all relevant regulatory developments and guidance relating to the Qualification Requirement and provide periodic updates in its annual and interim reports to inform Shareholders of its efforts and actions undertaken with the Qualification Requirement.

RELATED PARTY TRANSACTIONS

Details of related party transactions for the year ended 31 August 2024 were disclosed in note 29 to the consolidated financial statements. None of the related party transactions is a connected transaction under Chapter 14A of the Listing Rules and the Company has complied with the requirements in Chapter 14A of the Listing Rules during the Year.

INTERESTS OF DIRECTORS IN COMPETING BUSINESS

During the year ended 31 August 2024, no Directors have interests in any business which directly or indirectly competes, or is likely to compete, with the business of the Group or have any other conflict of interests with the Group.

NON-COMPETITION UNDERTAKINGS

The PRC laws and regulations generally restrict foreign ownership in the private higher education industry in the PRC. The Group currently conducts private higher education business through the PRC Affiliated Entities in the PRC. The Shanxi WFOE does not hold any equity interest in the PRC Affiliated Entities, but has entered into the Contractual Arrangements with, among others, the PRC Affiliated Entities, Mr. Niu Sanping and Mr. Niu Jian through which the Group obtains control over and derive the economic benefits from the PRC Affiliated Entities.

In order to address the potential conflicts of interest between Mr. Niu Sanping and Mr. Niu Jian, who are the Registered Shareholders, and the Company, each of the Registered Shareholders has undertaken to Shanxi WFOE that, unless with the prior written consent of Shanxi WFOE, the Registered Shareholders (severally or jointly) shall not directly or indirectly engage, participate in, conduct, acquire or hold any business or activities which compete or may potentially compete with any of the PRC Affiliated Entities and their subsidiaries (the "**Competing Business**") and Shanxi WFOE is granted an option to (i) require the entity engaging in the Competing Business to enter into an arrangement similar to that of the Contractual Arrangements; or (ii) require the entity engaging in the Competing Business to cease operation (collectively the "**Non-Competition Undertakings**").

Details of the Contractual Arrangements and the Non-Competition Undertakings are set out in the section headed "Contractual Arrangements" in the Prospectus.

In order to ensure the Registered Shareholders' compliance with the terms of the Non-Competition Undertakings for the year ended 31 August 2024, (i) each of the Registered Shareholders has given a written confirmation to the Company that he has complied with the terms of the Non-Competition Undertakings for the year ended 31 August 2024, (ii) the Company has enquired each of the Registered Shareholders from time to time, about whether he has been interested, involved or engaged in any Competing Business, and enquiries about the same have been made with each of them before publication of this annual report, and (iii) the independent non-executive Directors of the Company have reviewed the available information and understood that, as far as they can ascertain, the Registered Shareholders have complied with the terms of the Non-Competition Undertakings for the year ended 31 August 2024.

EMOLUMENT POLICY

The Group offers competitive remuneration packages commensurate with industry practice and provides various fringe benefits to all employees of the Group including social insurance coverage, housing provident funds, bonus, restricted share unit scheme and share option scheme. The Group mainly determines staff remuneration on basis of the competence, qualifications and performance of individual employee and the salary trends in the PRC. The staff remuneration will be reviewed regularly.

REMUNERATION OF DIRECTORS AND THE FIVE HIGHEST PAID EMPLOYEES

The Remuneration Committee is responsible for making recommendations to the Board on the Company's policy and structure for all Directors and senior management remuneration, having regard to relevant Director's experience, duties and responsibilities, performance and achievement, and market rate. None of the Directors will determine their own remuneration.

Details of the Directors' remuneration and the five highest paid employees in the Group are set out in notes 8 and 9 to the consolidated financial statements in this annual report.

MAJOR CUSTOMERS AND SUPPLIERS

The Group's customers primarily consist of its students. For the year ended 31 August 2024, it did not have any single customer who accounted for more than 5% of its annual revenue and the aggregate goods and services provided by the Group to its five largest customers were less than 30% of its annual revenue.

The Group's suppliers primarily consist of logistics service providers, construction project contractors, maintenance and renovation contractors, heating service providers, electricity service provider. For the year ended 31 August 2024, the aggregate purchases from its five largest suppliers amounted to approximately RMB166.1 million accounting for about 41.7% of its total annual purchases. The purchases from its largest supplier for the year ended 31 August 2024 amounted to approximately RMB80.3 million accounting for about 20.2% of its total annual purchases.

None of the Group's Directors, their respective close associates, or any Shareholder who, to the knowledge of its Directors, owns more than 5% of its issued capital, has any interest in any of the Group's five largest customers or the Group's five largest suppliers during the year ended 31 August 2024.

ANNUAL GENERAL MEETING

The AGM will be held on 18 February 2025. A notice convening the AGM and all other relevant documents will be published and dispatched to the Shareholders in due course.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Thursday, 13 February 2025 to Tuesday, 18 February 2025, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM, all duly completed and signed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 12 February 2025.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions set out in the Corporate Governance Code contained in Appendix C1 to the Listing Rules (the "**CG Code**") as its own code of corporate governance. Save as disclosed in this annual report, the Company has complied with the code provisions as set out in the CG Code for the year ended 31 August 2024.

CHANGES ON MEMORANDUM AND ARTICLES OF ASSOCIATION

The Company's current memorandum and articles of association (the "**Memorandum and Articles**") were adopted from the Listing on 16 July 2021. There have been no changes in the Company's Memorandum and Articles up to the date of this annual report.

In order to update the Memorandum and Articles so as to, among other things, reflect the current requirements of the Listing Rules and make other housekeeping improvements to the Memorandum and Articles, the Directors propose to make certain amendments to the Memorandum and Articles (the "**Proposed Amendments**").

The Directors further propose to restate the Memorandum and Articles incorporating and consolidating the Proposed Amendments to replace the Memorandum and Articles (the "**Proposed Restatement**").

The Proposed Amendments and Proposed Restatement are subject to the approval of Shareholders by way of special resolutions at the AGM.

Details of the Proposed Amendments and Proposed Restatement will be set out in the AGM circular.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association, or the applicable laws of the Cayman Islands where the Company is incorporated, which would oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders.

PUBLIC FLOAT

The Company has maintained the public float not less than 25% of Shares as required by the Listing Rules during the year ended 31 August 2024.

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association, the Directors or the officers of the Company acting in relation to any of the affairs of the Company shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them may incur or sustain in or about the execution of their duty in their respective offices. The Company had not made appropriate insurance cover for the year ended 31 August 2024 as it was unable to get an appropriate offer by any insurance company during the period of trading of the Company's shares being suspended.

CHARITABLE DONATIONS

Charitable donations made by the Group during the year ended 31 August 2024 amounted to RMB635,000.

TAX RELIEF AND EXEMPTION

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

AUDIT COMMITTEE

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters. The Audit Committee, together with the Board, has reviewed the Group's audited consolidated financial statements for the year ended 31 August 2024.

VIEWS OF THE BOARD AND THE AUDIT COMMITTEE ON THE QUALIFIED OPINION

The Board and the audit committee of the Company (the "**Audit Committee**") noted that the consolidated financial statements of the Company for the year ended 31 August 2024 were subject to the qualified opinion (the "**Qualified Opinion**") of the auditors, on the basis as set out in the section headed "Basis for Qualified Opinion" in the independent auditor's report.

The Board and the Audit Committee did not express different views from that of the auditors. The Board and the Audit Committee are of the view that the Qualified Opinion for the year ended 31 August 2024 is a consequential effect of the disclaimer of opinion on the Group's consolidated financial statements for the year ended 31 August 2023 due to the limitation of scope on opening balances and comparative information to the auditors. The Audit Committee also critically reviewed the matters after discussion with the auditors and the Board, and confirmed that it agreed with the Board's position and basis of the Qualified Opinion.

After discussing with the auditor, it is expected that there will no longer be any impact on the Group's opening balances and the consolidated financial statements for the year ending 31 August 2025.

AUDITOR

Reference is made the announcements of the Company dated 7 and 25 September 2023 in relation to change of auditor. Ernst & Young, Certified Public Accountants, resigned as the auditor of the Company with effect from 1 September 2023. Moore CPA Limited, Certified Public Accountants was appointed as the new auditor of the Company with effect from 15 September 2023 to fill the casual vacancy following the resignation of Ernst & Young and to hold office until the conclusion of the next annual general meeting of the Company. The Audit Committee did not disagree with the Company on the appointment of Moore CPA Limited as the auditor of the Company following the resignation of Ernst & Young. A resolution for the appointment of Moore CPA Limited, Certified Public Accountants, as the auditor of the Company will be proposed at the AGM of the Company.

SUBSEQUENT EVENTS

Since the Company received allegations with respect to the Listing and the use of proceeds from the Listing, which might affect the consolidated financial results of the Group, the Group was unable to publish its annual results and ESG reports for the two years ended 31 August 2022 and 31 August 2023 and the interim results for the two periods of six months ended 28 February 2023 and 29 February 2024 on time. At the request of the Company, the trading in Shares was suspended since 29 November 2022. On 10 January 2023, the Company received the Initial Resumption Guidance from the Stock Exchange, and on 3 November 2023, received additional resumption guidance (collectively referred to as the "**Resumption Guidance**"). The details of the requirements set out in the Resumption Guidance are as follows:

(a) conduct an appropriate independent investigation into the allegations, announce the findings and take appropriate remedial actions;

(b) publish all outstanding financial results required under the Listing Rules and address any audit modifications;

(c) demonstrate the Company's compliance with Rule 13.24 of the Listing Rules;

(d) announce all material information for the Company's Shareholders and investors to appraise its position; and

(e) conduct an independent internal control review and demonstrate that the Company has in place adequate internal controls and procedures to meeting the obligations under the Listing Rules. The annual results and the ESG report for the year ended 31 August 2022 and the interim results for the six months ended 28 February 2023 were subsequently published on 10 June 2024, and the annual results and the ESG report for the year ended 31 August 2023 and the interim results for the six months ended 29 February 2024 were subsequently published on 19 June 2024.

After years of unremitting efforts of the Company, all conditions under the Resumption Guidance were fulfilled and the trading in the Shares on the Stock Exchange resumed with effect from 9:00 a.m. on 15 October 2024. Details of the above matters are disclosed in the Company's announcements dated 29 November 2022, 16 December 2022, 10 January 2023, 28 February 2023, 25 May 2023, 7 July 2023, 25 August 2023, 7 September 2023, 25 September 2023, 7 November 2023, 27 November 2023, 5 January 2024, 5 February 2024, 23 February 2024, 27 February 2024, 30 April 2024, 27 May 2024, 7 June 2024, 18 June 2024 and 14 October 2024.

On behalf of the Board
Zhang Zhiwei
Chairman

Hong Kong, 28 November 2024

Corporate Governance Report

The Board is pleased to present this corporate governance report in the annual report of the Company for the year ended 31 August 2024.

CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standards of corporate governance practices and procedures to safeguard the interests of Shareholders and to enhance corporate value and accountability. The Company has adopted the code provisions stated in the CG Code as set out in Appendix C1 to the Listing Rules as its own code of corporate governance.

The Board is of the view that during the year ended 31 August 2024, save as disclosed in this annual report, the Company has complied with applicable code provisions as set out in the CG Code.

THE BOARD

Responsibilities and Delegation

The Board is responsible for the overall leadership of the Group, oversees the Group's strategic decisions and monitors business and performance. The senior management team of the Group has a wide range of skills, knowledge and experience necessary to govern the Group's operations. The Board has delegated the authorities and responsibilities for day-to-day management and operations of the Group to the senior management team of the Group. This will allow the Group to allocate resources more efficiently for its decision-making and facilitate its daily operations. The delegated functions and responsibilities are periodically reviewed by the Board to ensure that they remain appropriate to the Company's needs. Approval has to be obtained from the Board prior to any significant transactions entered into by the senior management on the Company's behalf.

To oversee particular aspects of the Company's affairs, the Board has established three Board committees including the Audit Committee, the Remuneration Committee and the Nomination Committee. Matters of which the Board considers suitable for delegation to its committees are contained in the specific terms of reference of its committees. The terms of reference clearly define the powers and responsibilities of the Board committees. In addition, the Board will receive reports and/or recommendations from time to time from the Board committees on any matter significant to the Group. All Board committees are provided with sufficient resources to perform their duties.

The Board reserves for its decision on all major matters of the Company, including approval and monitoring of overall strategies, budgets, material transactions, conflict of interests, financial information, appointment of Directors and other significant financial and operational matters.

Corporate Governance Functions

The Board is responsible for the overall corporate governance functions. The primary corporate governance duties are (i) to develop and review the Company's policies and practices on corporate governance and make recommendations on changes and updating; (ii) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; (iii) to review the training and continuous professional development of Directors and senior management; (iv) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; (v) and to review the Company's compliance with the CG Code and the disclosure in the corporate governance report.

Chairman and Chief Executive Officer

Code provision C.2.1 of the CG Code stipulates that the roles of Chairman and Chief Executive Officer should be separate and not be performed by the same individual. The Chairman is responsible for the leadership and effective running of the Board and ensuring that all material issues are discussed by the Board in a timely and constructive manner. The Chief Executive Officer is responsible for the management of the day-to-day operations and the implementation of the approved strategies of the Group.

To ensure a balance of power and authority, Mr. Niu Sanping (resigned on 27 May 2024) and Mr. Zhang Zhiwei (appointed on 20 June 2024) acted as the Chairman and Mr. Niu Jian (resigned on 27 May 2024) acted as the Chief Executive Officer of the Company during the year ended 31 August 2024. Mr. Niu Sanping and Mr. Niu Jian were also executive Directors during the year ended 31 August 2024. Mr. Niu Sanping is the father of Mr. Niu Jian.

Board Composition

The Board comprised three executive Directors and four independent non-executive Directors as at the date of this annual report. The Board has at least one-third of its membership comprising independent non-executive Directors in accordance with Rule 3.10A of the Listing Rules. The following are the members of the Board during the year ended 31 August 2024 and as at the date of this annual report:

Executive Directors

Mr. Zhang Zhiwei *(Chairman, appointed on 20 June 2024)*
Mr. Niu Sanping *(Chairman, resigned on 27 May 2024)*
Mr. Niu Jian *(Chief Executive Officer, resigned on 27 May 2024)*
Mr. Niu Xiaojun
Ms. Zhang Zhonghua

Independent non-executive Directors

Mr. Zan Zhihong
Mr. Hu Yuting
Mr. Wong Chi Wah
Mr. Hu Binhong *(appointed on 16 November 2024)*

The biographical details and responsibilities of the Directors as well as the senior management are set out in the section headed "Directors and Senior Management" on pages 17 to 20 of this annual report.

Save as disclosed in the section headed "Directors and Senior Management" to this annual report, the Directors have no other financial, business, family or other material/relevant relationships with one another.

During the year ended 31 August 2024 and up to the date of this annual report, the Board at all times met the requirements of Rules 3.10(1), 3.10(2) and 3.10(A) of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications or accounting or related financial management expertise and the number of independent non-executive Directors represents at least one-third of the Board. Among the four independent non-executive Directors, Mr. Wong Chi Wah has appropriate professional qualifications or accounting or related financial management expertise as required by Rule 3.10(2) of the Listing Rules.

Mr. Zhang Zhiwei and Mr. Hu Binhong, who were appointed to the Board as an executive Director with effect from 20 June 2024 and an independent non-executive Director with effect from 16 November 2024 respectively, had obtained the legal advice from a firm of solicitors qualified to advise on Hong Kong law referred to in Rule 3.09D of the listing Rules and had confirmed that they understood their obligations as the Directors, the requirements under the Listing Rules that are applicable to them as the Directors and the possible consequences of making a false declaration or giving false information to the Stock Exchange.

Nomination Policy

The appointment of a Director is made on the recommendations of the Nomination Committee and by approval of the Board or by the Shareholders at a general meeting either to fill a casual vacancy or as an addition to the Board.

The Nomination Committee invites nominations of candidates from members of the Board and may also put forward other candidates when vacancies on the Board exist. Before making recommendations to the Board, the Nomination Committee reviews and assesses the suitability of candidates for directorship, according to certain assessment criteria, including but not limited to reputation for integrity, experience in the relevant industry, contributions to the Board and time commitments, and by making reference to the board diversity policy, the Company's needs and the current composition of the Board. The Board will also consider the independence of independent non-executive Directors before making appointments or recommendations. The Board may consider engaging an external recruitment agency to carry out the recruitment and selection process when necessary.

A Shareholder can serve a notice, at least 7 days prior to the date of the general meeting with candidates standing for election as Directors, to the Company of intention to propose a person as a Director without nomination by the Nomination Committee or recommendation by the Board.

Board Diversity Policy

The Company has adopted a board diversity policy to ensure that the Board members have the appropriate balance of skills, experience and diversity of perspectives that are required to support the execution of its business strategy. Pursuant to the board diversity policy, the Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to professional experience, gender, age, cultural, education background and length of service. The ultimate decision of the appointment will be based on merit and the contribution which the selected candidates will bring to the Board. The Board believes that such merit-based appointments will best enable the Company to serve the Shareholders and other stakeholders going forward. The implementation and effectiveness of board diversity policy have been reviewed by the Board during the Year and will be reviewed annually. The Company has authorised the nomination committee to search for suitable potential candidates of a Director from time to time in order to develop a pipeline of potential successors to the Board to achieve gender diversity.

As at the date of this annual report, the Board comprised seven Directors. Directors have a balanced mix of knowledge and skills, including knowledge and experiences in the areas of law, finance and management in addition to education business. They obtained degrees in various majors including law, finance and management. Furthermore, the Board has a wide range of age, ranging from 38 years old to 62 years old. The Company has also taken, and will continue to take steps to promote gender diversity at all levels, including but without limitation at the Board and the management levels. In particular, one of Directors is female. After due consideration, the Board believes that based on existing business model and meritocracy of Directors, its composition satisfies the principles under the board diversity policy.

Independent Views and Input

In order to ensure independent views and input are available to the Board, the Board has developed the following mechanisms, including but not limited to:

(i) at least one-third of Board members are independent non-executive directors;

(ii) every independent non-executive director is appointed for a specific term and subject to retirement by rotation at least once every three years;

(iii) independent non-executive directors possess professional knowledge and broad experience;

(iv) no independent non-executive director has served the Company for more than nine years;

(v) no independent non-executive director holds more than six listed company directorships to make sure that each of independent non-executive directors has sufficient time to make contributions to the Board;

(vi) every independent non-executive director has made an annual confirmation of his independence to the Company; and

(vii) the Board, each of its Committees or every Director is able to seek professional advice in appropriate circumstances at the Company's expenses.

The implementation and effectiveness of relevant mechanisms have been reviewed by the Board during the Year and will be reviewed annually.

Measurable Objectives

The Company aims to maintain an appropriate balance of Directors with diverse perspectives that are relevant to the development of the Company's business. The Company is committed to ensuring that recruitment and selection of Directors are structured at all levels so as to have a diverse range of candidates for consideration. Meanwhile, the Board has not set any measurable objectives for achieving the diversity on the Board. However, the Nomination Committee will discuss periodically and, when necessary, agree on the measurable objectives and recommend them to the Board for adoption.

As at 31 August 2024, the total number of employees of the Group was 1,712 with 1,218 male staffs and 494 female staffs. The male to female ratio in the workforce was about 3.5:1, The Company deemed this gender ratio as adequate and appropriate for a company in the education industry.

Board Meetings

During the year ended 31 August 2024, the Board held 5 meetings.

The table below sets out the details of Board meetings and general meeting attendance of each Director during the year ended 31 August 2024:

Name of Directors	Attendance/ Number of board meetings	Attendance/ Number of general meeting
Executive Directors		
Mr. Zhang Zhiwei *(Chairman, appointed on 20 June 2024)*	0/0	0/0
Mr. Niu Sanping *(Chairman, resigned on 27 May 2024)*	3/3	0/0
Mr. Niu Jian *(Chief Executive Officer, resigned on 27 May 2024)*	3/3	0/0
Mr. Niu Xiaojun	5/5	0/0
Ms. Zhang Zhonghua	5/5	0/0
Independent non-executive Directors		
Mr. Zan Zhihong	5/5	0/0
Mr. Hu Yuting	5/5	0/0
Mr. Wong Chi Wah	4/5	0/0
Mr. Hu Binhong *(appointed on 16 November 2024)*	N/A	N/A

Mr. Zhang Zhiwei was appointed as the Company's executive Director on 20 June 2024 and there was no Board meeting during the period after his appointment to 31 August 2024. Mr. Niu Sanping and Mr. Niu Jian resigned as the Company's executive Directors on 27 May 2024 and attended all Board meetings prior their resignation.

Notices shall be given for all regular Board meetings not less than fourteen days to provide all Directors with an opportunity to attend and include matters in the agenda for a regular meeting. The agenda and accompanying Board papers are dispatched to the Directors at least three days before the meeting to ensure that they have sufficient time to review the papers and be adequately prepared for the meeting. When Directors are unable to attend a Board meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the chairman of the Board prior to the meeting. Minutes of Board meetings are kept by the Company Secretary with copies circulated to the Board members for records.

Minutes of the Board meetings shall be recorded in sufficient details of matters discussed and considered by the Board and the decisions reached, including any concerns raised by the Board members and dissenting views expressed. Draft minutes of each Board meeting are sent to the Board members for comments within a reasonable time after the meeting is held. Minutes of the Board meetings are open for inspection by Directors.

Appointment and Re-election of Directors

Pursuant to Article 84 of the Articles of Association, Mr. Niu Xiaojun, and Ms. Zhang Zhonghua, the Company's executive Directors, and Mr. Zan Zhihong and Mr. Hu Yuting, the Company's independent non-executive Directors, will retire from office by rotation at the AGM and, being eligible, will offer themselves for re-election at the AGM.

Pursuant to Article 83(3) of the Articles of Association, Mr. Zhang Zhiwel, the Company's executive Director, and Mr. Wong Chi Wah and Mr. Hu Binhong, the Company's independent non-executive Directors appointed to fill casual vacancies should be subject to election by Shareholders at the first general meeting of the Company after appointment.

The Company has entered into a letter of appointment with Mr. Hu Binhong, commencing on November 16, 2024, for an initial fixed term of one year.

Appointments and re-appointments of Directors by the Board are subject to recommendations from the Nomination Committee of the Company, after having reviewed and assessed their suitability by reference to the board diversity policy and the nomination policy adopted by the Company.

Independence of the Independent Non-executive Directors

In compliance with Rule 3.10(1) of the Listing Rules, the Company has appointed four independent non-executive Directors as at the date of this annual report. The Board considers that all independent non-executive Directors have appropriate and sufficient experiences and qualifications to carry out their duties so as to protect the interests of the Shareholders.

The Company has received a written annual confirmation from each independent non-executive Director of his independence as regards each of the factors referred to in Rule 3.13 of the Listing Rules. The Board considers all independent non-executive Directors to be independent in accordance with the independence guidelines as set out in the Listing Rules.

Induction and Continuous Professional Development

Pursuant to the code provision C.1.4 of the CG Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. Pursuant to the code provision C.1.1 of the CG Code, each newly appointed Director should be provided with necessary induction and information to ensure that he/she has a proper understanding of the Company's operations and businesses as well as his/her responsibilities under relevant statues, laws, rules and regulations.

The Directors are continually updated on the latest development regarding the Listing Rules and relevant statutory requirements from time to time, to ensure compliance and enhance their awareness of good corporate governance practices. All Directors are encouraged to participate in continuous professional development courses and seminars to develop and refresh their knowledge and skills.

Model Code for Securities Transactions

The Company has adopted the Model Code as its own code of conduct for the Directors in their dealing in the Company's securities. Having made specific enquiry to all the Directors, each of the Directors confirmed that he/she had complied with the Model Code throughout the year ended 31 August 2024.

Directors' and Officers' Liability Insurance and Indemnity

Code provision C.1.8 of the CG Code requires that there should be appropriate insurance cover in respect of legal action against its directors. The Company had not made appropriate insurance cover for the year ended 31 August 2024 as it was unable to get an appropriate offer by any insurance company during the period of trading of the Company's shares being suspended.

Procedure for Seeking Independent Professional Advice

The Directors are able, upon reasonable request, to seek professional advice in appropriate circumstances, at the Company's expenses. The Board shall resolve to provide separate appropriate independent professional advice to the Directors to assist the relevant Directors to discharge their duties.

BOARD COMMITTEES

Audit Committee

The Company has established the Audit Committee with specific written terms of reference in compliance with the CG Code during the year ended 31 August 2024 and up to the date of this annual report, the Audit Committee comprises three members, namely Mr. Wong Chi Wah, Mr. Zan Zhihong and Mr. Hu Yuting. The chairman of the Audit Committee is Mr. Wong Chi Wah and all members are independent non-executive Directors.

The main duties of the Audit Committee include the following:

i. to be primarily responsible for making recommendations to the Board on the remuneration, appointment, re–appointment and removal of the external auditor;

ii. to approve the remuneration and terms of engagement of the auditor, and any questions of its resignation or dismissal;

iii. to discuss with the external auditor the nature and scope of the audit and reporting obligations;

iv. to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;

v. to develop and implement policy on engaging an external auditor to supply non-audit services;

vi. to review the Company and its subsidiaries' financial and accounting policies and practices;

vii. to monitor the integrity of the Company's financial statements, annual reports and interim reports and to review significant financial reporting judgments contained in them;

viii. to review the Company's financial controls, risk management and internal control systems;

ix. to discuss the risk management and internal control systems with management to ensure management has performed its duty to have effective systems;

x. to consider major investigation findings on risk management and internal control matters as delegated by the Board or on is own initiative and management's response to these findings;

xi. to review the external auditor's management letter, any material queries raised by the auditor to management about accounting records, financial accounts or system of control and management's response;

xii. to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;

xiii. to review arrangements employees can use in confidence to raise concerns about possible improprieties in financial reporting, internal control, or other matters, and to ensure those arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up actions;

xiv. to act as the key representative body for overseeing the Company's relations with the external auditor;

xv. to review the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function;

xvi. where an internal audit function exists, to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness; and

xii. to review continuing connected transactions of the Company and ensure compliance with the Listing Rules.

The Audit Committee shall meet at least twice a year. During the year ended 31 August 2024, the Audit Committee held two meetings, at which the Audit Committee mainly considered and discussed review the internal audit report and recommend Board approval, review the continuing connected transactions of the Company and its subsidiaries for the year ended 31 August 2022, review the continuing connected transactions of the Company and its subsidiaries for the year ended 31 August 2023, review the audited financial statements, client service statements, and recommend Board approval for the year ended 31 August 2022, prepared by Moore CPA Limited, review the audited financial statements, client service statements, and recommend Board approval for the year ended 31 August 2023, prepared by Moore CPA Limited, review the results announcement for the year ended 31 August 2022, and recommend Board approval, review the results announcement for the year ended 31 August 2023, and recommend Board approval, review the unaudited interim financial statements for the period ended 28 February 2023, and recommend Board approval, review the unaudited interim financial statements for the period ended 29 February 2024, and recommend Board approval, review the interim results announcement for the period ended 28 February 2023, and recommend Board approval, review the interim results announcement for the period ended 29 February 2024, and recommend Board approval, recommend the reappointment of Moore CPA Limited as the auditor of the Company for the year ended 31 August 2023, and recommend Board approval, recommend the reappointment of Moore CPA Limited as the auditor of the Company for the year ended 31 August 2024, and recommend Board approval, review whether the Company's resources, staff qualifications and experience, training received by employees, and budget for accounting and financial reporting functions are adequate.

The table below sets out the details of meetings attendance of each member of the Audit Committee during the year ended 31 August 2024:

Name of Directors	Attendance/ Number of Meetings
Mr. Wong Chi Wah	2/2
Mr. Zan Zhihong	2/2
Mr. Hu Yuting	2/2

Auditor's Remuneration

Moore CPA Limited, Certified Public Accountants, acting as the Company's external auditor provided the annual audit services for the year ended 31 August 2024. For the year ended 31 August 2024, the remuneration paid or payable to Moore CPA Limited in respect of audit and non-audit services provided is set out below:

Services Rendered	Remuneration Paid/Payable RMB'000
Annual audit services	1,880
Non-audit services	–
Total	1,880

The Audit Committee has expressed its views to the Board that the level of fees paid/payable to the Company's external auditor for annual audit services is reasonable. There has been no major disagreement between the external auditor and the management of the Company for the year ended 31 August 2024.

Remuneration Committee

The Company has established the Remuneration Committee with specific written terms of reference in compliance with the CG Code. During the year ended 31 August 2024, the Remuneration Committee comprised two members, namely Mr. Hu Yuting, Mr. Wong Chi Wah. The chairman of the Remuneration Committee is Mr. Hu Yuting and majority of members are independent non-executive Directors. Mr. Hu Yuting and Mr. Wong Chi Wah are independent non-executive Directors.

The principal duties of the Remuneration Committee include the followings:

i. to make recommendations to the Board on the Company's policy and structure for the remuneration of all the Directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policy;

ii. to review and approve the management's remuneration proposals with reference to the corporate goals and objectives resolved by the Board from time to time;

iii. to make recommendations to the Board on the remuneration packages (including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment) of individual executive Director and senior management;

iv. to make recommendations to the Board on the remuneration of independent non-executive Directors;

v. to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;

vi. to review and approve compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;

vii. to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;

viii. to ensure that no Director or any of their associates is involved in deciding that Director's own remuneration;

ix. to review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules; and

x. to advise Shareholders, if necessary, on how to vote in respect of any service contracts of Directors that requires Shareholders' approval in accordance with the Listing Rules.

The Remuneration Committee shall meet at least once every year. During the year ended 31 August 2024, the Remuneration Committee held one meeting, at which the Remuneration Committee mainly discussed the determination of Mr. Zhang Zhiwei's remuneration.

The Remuneration Committee has reviewed all remuneration proposals for the directors and senior management during the Year.

The Remuneration Committee confirms that there were no disagreements with the Board regarding remuneration or compensation arrangements.

All recommendations made by the Remuneration Committee were approved by the Board and implemented without deviation.

Determination of directors' remuneration and the remuneration of the senior management of the Company: The Remuneration Committee of the Company makes recommendations to the Board with reference to the prevailing market remuneration levels, based on the qualifications and experience of each director, responsibilities undertaken and contribution to the Group. The Board is authorised by the shareholders of the Company at the annual general meeting to determine the directors' remuneration and the remuneration of the senior management, having regard to the Group's operating results, individual performance and comparable market statistics.

Emolument policies of the Group's employees are formulated by management with the authorization by the Board with reference to the qualification and experience of each employee, responsibilities undertaken, contribution to the Group, and the prevailing market level of remuneration for senior management of similar position.

Emolument policies include cash and equity incentives. The Group has also adopted a share option scheme and restricted share unit scheme for the purpose of providing incentives to directors, eligible employees and third party service providers. Further details in relation to these schemes will be set out in the "Report of Board of Directors" section of the annual report of the Company for the year ended 31 August 2024.

The table below sets out the details of meeting attendance of each member of the Remuneration Committee during the year ended 31 August 2024:

Name of Directors	Attendance/ Number of Meetings
Mr. Hu Yuting	1/1
Mr. Wong Chi Wah	1/1

Details of the remuneration by band of the members of the senior management (excluding four executive Directors) of the Company for the year ended 31 August 2024 are set out below:

Remuneration band	Number of employee
Nil to RMB1,000,000	2

Details of the Directors' remuneration for the year ended 31 August 2024 are set out in the note 8 to the consolidated financial statements.

Nomination Committee

The Company has established the Nomination Committee with specific written terms of reference in compliance with the CG Code. During the year ended 31 August 2024, the Nomination Committee comprised three members, namely Mr. Zhang Zhiwei, Mr. Zan Zhihong and Mr. Hu Yuting. The chairman of the Nomination Committee was Mr. Zhang Zhiwei and majority of members were Independent Non-executive Directors. Mr. Zan Zhihong and Mr. Hu Yuting are independent non-executive Directors.

The principal duties of the Nomination Committee include the followings:

i. to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and to make recommendations on any proposed changes to the Board;

ii. to develop the criteria for identifying and assessing the qualification of and evaluating candidates for directorship;

iii. to identify individuals who are suitable to become a member of the Board and to make recommendations to the Board on the selection of individuals nominated for directorships;

iv. to assess the independence of independent non-executive Directors;

v. to make recommendations to the Board on the appointment or re-appointment of Directors and the succession planning for Directors in particular the chairman and the chief executive; and

vi. to review the board diversity policy and the nomination policy.

The Nomination Committee shall meet at least once every year. During the year ended 31 August 2024, the Nomination Committee held one meeting, at which the Nomination Committee mainly reviewed the proposals of the Board structure, the diversity policy of the Board members, etc.

The table below sets out the details of meetings attendance of each member of the Nomination Committee during the year ended 31 August 2024:

Name of Directors	Attendance/ Number of Meetings
Mr. Niu Sanping (resigned on 27 May 2024)	0/0
Mr. Zan Zhihong	1/1
Mr. Hu Yuting	1/1
Mr. Zhang Zhiwei (appointed on 20 June 2024)	0/0

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF FINANCIAL STATEMENTS

The Company provides monthly updates on the business performance with explanatory information to the Directors for them to understand the position, development and prospects of the Group.

The Directors acknowledge their responsibilities for preparing the consolidated financial statements of the Group in accordance with the statutory requirements and accounting standards and other financial disclosure requirements under the Listing Rules. The Directors also acknowledge their responsibilities to ensure that the consolidated financial statements of the Group are published in a timely manner as required by the Listing Rules.

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

RISK MANAGEMENT AND INTERNAL CONTROL

During the Year, the Group has complied with the Principle D.2 of the CG Code by establishing appropriate and effective risk management and internal control systems. The management is responsible for the design, implementation and monitoring of such systems, while the Board oversees the management in performing its duties on an ongoing basis. Main features of the risk management and internal control systems are described in the sections below.

RISK MANAGEMENT SYSTEM

The Group adopts a risk management system which manages the risk associated with its business and operations. The system comprises the following phases:

- *Identification*: Identify ownership of risks (including, amongst others, material risks relating to environment, social and governance ("**ESG**")), business objectives and risks that could affect the achievement of objectives.

- *Evaluation*: Analyse the likelihood and impact of risks and evaluate the risk portfolio accordingly.

- *Management*: Consider the risk responses, ensure effective communication to the Board and on-going monitor the residual risks.

INTERNAL CONTROL SYSTEM

The Company has in place an internal control system which is compatible with the Committee of Sponsoring Organizations of the Treadway Commission ("**COSO**") 2013 framework. The framework enables the Group to achieve objectives regarding effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations. The components of the framework are shown as follows:

- *Control Environment*: A set of standards, processes and structures that provide the basis for carrying out internal control across the Group.

- *Risk Assessment*: A dynamic and iterative process for identifying and analysing risks to achieve the Group's objectives, forming a basis for determining how risks should be managed.

- *Control Activities*: Action established by policies and procedures to help ensure that management directives to mitigate risks to the achievement of objectives are carried out.

- *Information and Communication*: Internal and external communication to provide the Group with the information needed to carry out day-to-day controls.

- *Monitoring*: Ongoing and separate evaluations to ascertain whether each components of internal control is present and functioning.

EFFECTIVENESS OF THE RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

The Board is responsible for maintaining and reviewing the effectiveness of the Group's risk management (including ESG risks) and internal control systems and ensuring review of the effectiveness of these systems is conducted annually (which has been done by the Board for the Year). While the Company does not have an internal audit function, it has appointed external internal control (the "**IC**") consultant to carry out the internal audit function such as the analysis and independent appraisal of the adequacy and effectiveness of the Group's risk management and internal control systems covering financial, operational and legal compliance controls.

During the Year, the Audit Committee had a meeting with IC consultant to review findings on the Group's risk management and internal control systems and respective corrective actions done on an on-going basis. The Board, through its review and the reviews by Audit Committee, concluded that the Group's risk management (including ESG risks) and internal control systems were adequate and effective and the Company had complied with the code provisions on risk management and internal control of the CG Code during the Year. The Board also considered that the resources, staff qualifications and experience of the Group for accounting, internal audit, financial reporting functions as well as those relating to ESG performance and reporting were adequate and the training programmes and budget provided were sufficient.

Please refer to the announcements dated 5 February 2024 in relation to key findings of independent investigation and internal control review and further announcement in relation to key findings of independent investigation dated 23 February 2024 regarding the Resumption Guidance, the independent investigation, the Investigation Report and the resumption of trading for further details.

WHISTLE-BLOWING POLICY AND ANTI-CORRUPTION MEASURES

The Company has established a whistle-blowing policy for employees and those who deal with the Company, including customers and suppliers, to raise concerns, in confidence and anonymity, (1) first to the management and then to the Audit Committee, if dissatisfied with the process handled by the management; or (2) direct to the Audit Committee, if deemed appropriate, about possible improprieties in any matter related to the Company. The management are required to refer serious cases to the Audit Committee for handling in order to ensure that proper arrangements are in place for fair and independent investigations of the matters.

With integrity and innovation as the core element of the Company's corporate culture, all employees of the Company are required to abide by the code of conduct of the Company, which strictly prohibits any form of corruptions, crimes or other immoral events that are detrimental to the Group or illegal and requires employees to declare any conflict of interests on business and work-related situations if arisen. Incidents and allegations or suspicions of fraud will be assessed and investigated by the management and would be escalated to the Audit Committee, where appropriate.

DISSEMINATION OF INSIDE INFORMATION

The Group has in place a framework for the disclosure of inside information by reference to the Guidelines on Disclosure of Inside Information issued by the Securities and Future Commission. The framework sets out the procedures and internal controls for the handling and dissemination of inside information in an appropriate and timely manner, such as steps to ascertain sufficient details, conduct internal assessment of the matter and its likely impact on the Company, seek professional advice where required and verification of the facts. Before the information is fully disclosed to the public, any persons who possess the knowledge of such information must ensure strict confidentiality and must not deal in any of the Company's securities.

DIVIDEND POLICY

The determination to pay dividends will be made at the discretion of the Board, depending on the Company's results of operations, capital requirements and surplus, general financial condition, contractual restrictions, future prospects, and, as well as any other factors of which the Board may consider relevant. Dividends may be paid only out of distributable profits as permitted under the relevant laws. Any final dividend distribution shall also be subject to the approval of the Shareholders in a Shareholders' meeting.

COMPANY SECRETARY

The Company has appointed Mr. Zhang Senquan as the company secretary of the Company (the "**Company Secretary**"). Mr. Zhang Senquan is a member of each of Hong Kong Institute of Certified Public Accountants, China Institute of Certified Public Accountants and American Institute of Certified Public Accountants. His biography is set out in the "Directors and Senior Management" section of this annual report.

Although Mr. Zhang Senquan is not an employee of the Company, his primary contact with the Company was Mr. Niu Jian, the former Chief Executive Officer and a former executive Director, during the period from 1 Sep 2024 to 27 May 2024, the resignation date of Mr. Niu Jian.

Subsequently, from 20 June 2024 onwards, Mr. Zhang Senquan's primary contact has been Mr. Zhang Zhiwei, the Chairman and executive Director, who was appointed on 20 June 2024.

CHANGE IN CONSTITUTIONAL DOCUMENTS

The Company's current Memorandum and Articles were adopted from the Listing on 16 July 2021. There have been no changes in the Company's Memorandum and Articles up to the date of this annual report.

In order to update the Memorandum and Articles so as to, among other things, reflect the current requirements of the Listing Rules and make other housekeeping improvements to the Memorandum and Articles, the Directors propose to make the Proposed Amendments.

The Directors further propose to make the Proposed Restatement.

The Proposed Amendments and Proposed Restatement are subject to the approval of Shareholders by way of special resolutions at the AGM.

Further announcement/circular will be made by the Company to keep the Shareholders and potential investors of the Company informed of the Proposed Amendments and Proposed Restatement.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company had established a shareholders communication policy, the implementation and effectiveness of which had been reviewed by the Board during the Reporting Period and will be reviewed annually.

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and understanding of the Shareholders and potential investors on the Group's business, performance and strategies. The Company also recognises the importance of timely and non-selective disclosure of information, which will enable Shareholders and investors to make the informed investment decisions. The general meetings provide opportunities for Shareholders to communicate directly with the Directors. The chairman of the Board, and the chairmen of the Board committees will attend the annual general meeting of the Company to answer Shareholders' questions. The Company recognises the importance of maintaining on-going communications with the Shareholders and encourages them to attend the general meetings to stay informed of the Group's businesses and convey any concerns they may have to the Directors and senior management.

As there are various means of communication between Shareholders and the Company as prescribed above, the Board considered the existing communication with Shareholders is effective during the year ended 31 August 2024.

The Company maintains a website at http://chinageg.cn where extensive information and updates on the Company's financial information, corporate governance practices and other useful information are posted and available for access by public investors.

SHAREHOLDERS' RIGHTS

To safeguard Shareholders' interests and rights, a separate resolution will be proposed for each substantially different issue at Shareholder meetings, including nomination and election or re-election of individual Directors.

All resolutions put forward at Shareholder meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and the Stock Exchange in a timely manner after each Shareholder meeting in accordance with the Listing Rules.

Procedures for Shareholders to convene an extraordinary general meeting

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

Procedures for putting forward proposals at general meetings

There are no provisions allowing Shareholders to propose new resolutions at the general meetings under the Companies Law of the Cayman Islands. However, Shareholders who wish to propose resolutions may follow Article 58 of the Articles of Association for requisitioning an extraordinary general meeting and including a resolution at such meeting. The requirements and procedures of Article 58 are set out above.

In respect of proposing a person for election as a Director at general meetings, the period during which a written notice of intention to propose a person for election as a Director and a written notice by that person of his willingness to be elected together with the candidate's information as required to be disclosed under the Listing Rules are to be given to the Company's headquarters or its Hong Kong branch share registrar and transfer office shall be at least 7 days, such period shall commence on the day after the date when the notice of the general meeting convened for such election is dispatched and end no later than 7 days prior to the date of such meeting.

Procedures for putting enquiries to the Board

Shareholders may send their enquiries and concerns to the Board by addressing them to the Company Secretary by mail to the principal office of the Company in Hong Kong. The Company Secretary shall forward communications relating to matters within the Board's purview to the Board and communications relating to ordinary business matters, such as suggestions, inquiries and complaints, to the Chief Executive Office

Independent Auditor's Report

MOORE

Moore CPA Limited

801-806 Silvercord, Tower 1,
30 Canton Road, Tsimshatsui,
Kowloon, Hong Kong

T +852 2375 3180
F +852 2375 3828

www.moore.hk

大華馬施雲
會計師事務所有限公司

Independent Auditor's Report to the Shareholders of China General Education Group Limited
(Incorporated in the Cayman Islands with limited liability)

QUALIFIED OPINION

We have audited the consolidated financial statements of China General Education Group Limited (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 68 to 120, which comprise the consolidated statement of financial position as at 31 August 2024, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the 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, except for the possible effects on the matters described in the section of "Basis for Qualified Opinion" of our report, 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 (the "**IASB**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR QUALIFIED OPINION

As detailed in our auditor's report on the Group's consolidated financial statements for the year ended 31 August 2023, dated 18 June 2024, we expressed a disclaimer of opinion on the consolidated financial statements for the year ended 31 August 2023 due to various limitations on evidence available to us in relation to the matters described below.

Limitation of scope on opening balances and comparative information

(i) Opening balance – Redemption receivable from a private fund

As disclosed in note 18(a), the Company invested in a private fund (the "**Fund**") of USD7,770,000 (equivalent to RMB49,800,000) through entering into an investment agreement in July 2021. On 28 February 2022, the Group requested for full redemption of this investment of USD7,197,000 (equivalent to RMB49,696,000). Notwithstanding the fact that there are disputes on the redemption amount and the relevant fees, the Fund agreed to repay the redemption proceeds of RMB48,102,000 to the Company by instalments. As at 31 August 2023, the amount of RMB30,708,000 redemption receivable was included in prepayment, other receivable and other assets respectively. During the year ended 31 August 2024, the carrying amount was repaid by the Fund.

BASIS FOR QUALIFIED OPINION *(Continued)*

(i) Opening balance – Redemption receivable from a private fund *(Continued)*

As detailed in our auditor's report dated 18 June 2024, we issued a disclaimed of opinion due to, amongst other matters, that we were unable to obtain sufficient appropriate evidence relating to the business rationale and commercial substance for the Group to invest in the Fund and the accuracy of assessment on the expected credit loss on the redemption amount for the year ended 31 August 2023 and the completeness, accuracy, valuation, validity and classifications of the carrying amounts of the redemption receivable as at 31 August 2023.

(ii) Opening balance – Loans to former related company

As detailed in note 18(b), on 9 March 2022, the Company provided an interest-free loan of RMB10,000,000 to a former related company, Beijing Tongcai Education Consultant Limited ("**Beijing Tongcai**"). The loan was originally repayable within one year. The amount of RMB10,000,000 has been classified and included in prepayments, other receivables and other assets as at 31 August 2023. As there were disputes with the cooperation parties, and the parties could not reach consensus after continuous negotiation, the project was formally terminated in January 2023. As Beijing Tongcai did not have sufficient capital to repay the loan after suspension of the project, the Company agreed to extend the loan until March 2024 and then further extended until March 2025. During the year ended 31 August 2024, Beijing Tongcai fully settled the loan balance of RMB10,000,000 to the Group.

As detailed in our auditor's report dated 18 June 2024, we issued a disclaimed of opinion due to, amongst other matters, that we were unable to obtain sufficient appropriate audit evidence about whether the Group had proper credit assessment regarding the granting, execution and extension of the abovementioned loan and whether the credit loss assessment on the carrying amount of RMB10,000,000 as at 31 August 2023 were free from material misstatement.

(iii) Opening balance and comparative information – Payments for consultancy fee

During the years ended 31 August 2022 and 2021, the Group entered into two agreements with two parties:

(a) provision of consultancy services for a period of starting from July 2021 to April 2023 in respect of investor relationship management and potential acquisition consultant matters of HKD13,300,000 (equivalent to RMB11,676,000). The Group recognised RMB4,702,000 consultancy fee expenses in consolidated profit or loss for the year ended 31 August 2023 in relation to this contract; and

(b) provision of consultant services in relation to tendering of land-use-right in the PRC of RMB20,000,000. The amount was paid during the year ended 31 August 2022 and has been classified and included in other non-current assets as at 31 August 2022. During the year ended 31 August 2023, the Group acquired the related land-use-right with a consideration of RMB104,280,000, and capitalised the related consultancy fee of RMB4,700,000. The remaining of RMB15,300,000 was included other non-current assets as at 31 August 2023. During the year ended 31 August 2024, the service provider refunded the prepaid consultancy fee of RMB15,300,000 to the Group.

BASIS FOR QUALIFIED OPINION *(Continued)*

(iii) Opening balance and comparative information – Payments for consultancy fee *(Continued)*

As detailed in our auditor's report dated 18 June 2024, we disclaimed an opinion due to, amongst other matters, that we were unable to obtain sufficient appropriate audit evidence regarding the validity, commercial substance and classification of the payment transactions that led to the recognition of the consultancy fee expense of RMB4,702,000 in consolidated profit or loss for the year ended 31 August 2023 and the amount of RMB15,300,000 included in other non-current assets in consolidated statement of financial position as at 31 August 2023, were free from material misstatement.

Any adjustments found to be necessary in respect of the matters described in paragraphs (i) to (iii) might have significant effects on the figures as at and for the year ended 31 August 2023 presented as comparative figures in these consolidated financial statements and hence affect the comparability of the current year's figures and the corresponding figures.

In respect of the consolidated financial statements of the Group for the current year ended 31 August 2024, the matters which were the subject matter of the scope limitations referred to above no longer have possible effects on the figures presented in the consolidated statement of financial position of the Group as at 31 August 2024. However, the closing balances as at 31 August 2023 of the assets of the Group as described in paragraph (i) (ii) and (iii)(b) were brought forward as the opening balances as at 1 September 2023 and hence entered into the determination of the financial performance and cash flows of the Group for the current financial year ended 31 August 2024. Hence, any adjustments found to be necessary to the closing balances of the prepayment, other receivable and other assets and other non-current assets as at 31 August 2023 might have significant effects on the Group's results and cash flows for the year ended 31 August 2024 and related disclosures in the notes to the consolidated financial statements of the Group for the year ended 31 August 2024. Accordingly, we were also unable to determine whether adjustments might have been necessary in respect of the performance and cash flows of the Group for the year ended 31 August 2024 reported in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows.

BASIS FOR QUALIFIED OPINION *(Continued)*

Key Audit Matters

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

Key audit matters	How our audit addressed the key audit matters
Income tax	
As disclosed in note 10 to the financial statements, according to the Implementation Rules for the Law for Promoting Private Education (the "**Implementation Rules**"), private schools, whether requiring reasonable returns or not, may enjoy preferential tax treatments. The Implementation Rules provide that the relevant authorities under the State Council may introduce preferential tax treatments and related policies applicable to private schools requiring reasonable returns. Up to 31 August 2024, no separate policies, regulations or rules have been introduced by the authorities in this regard. No corporate income tax was provided on the income from the provision of formal educational services by the Group's college in the People's Republic of China. In accordance with the historical tax returns filed to the relevant tax authorities and the tax compliance verbal confirmations obtained therefrom, the Group's college did not pay corporate income tax for the income from formal educational services and had enjoyed the preferential tax treatment since its establishment. As a result, no income tax expense was recognised for the income from the provision of formal educational services during the year. There were significant judgements involved in management's analysis and assessment, such as the assessment on the possible outcome of the tax provision based on historical experiences and interpretation of the relevant tax laws and regulations in respect of the preferential tax treatment enjoyed by the Group's college. Relevant disclosures are included in notes 3 and 10 to the consolidated financial statements.	Our procedures included the following: • Discussed with management to evaluate their interpretation of the tax laws and their assessment of the tax obligations and the application of preferential tax or applicable tax rate to college operated by the Group for the current year; • Examined the historical tax filing returns filed to the relevant tax authorities; • Assessed if any new policies, regulations or rules that have been introduced by the authorities, which might have an impact on the tax position taken by the Group up to the date of this report; and • Involved our internal tax specialists to assist us in understanding of the relevant tax policies and assessing the uncertainties arising from the preferential tax treatment enjoyed by the Group's college.

BASIS FOR QUALIFIED OPINION *(Continued)*

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. As described in the Basis for Qualified Opinion section above, we were unable to obtain sufficient appropriate evidence about certain opening balances and their corresponding figures included in the consolidated financial statements. Accordingly, we are unable to conclude whether or not the other information in the annual report is materially misstated with respect to these matters.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

In preparing the 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.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS 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. Our report is made 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.

- 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.

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

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.

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

Pak Chi Yan
Practising Certificate Number: P06923

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	5	331,138	323,205
Cost of sales		(173,610)	(148,304)
Gross profit		157,528	174,901
Other income and gains	5	19,392	28,083
Selling expenses		(288)	(268)
Administrative expenses		(67,374)	(61,495)
Finance cost	6	(143)	(117)
Other expenses		(699)	(3,848)
Profit before taxation	7	108,416	137,256
Income tax expense	10	–	–
Profit for the year attributable to equity shareholders of the Company		108,416	137,256
Earnings per share attributable to ordinary equity holders of the parent	12		
Basic and diluted			
– For profit for the year		RMB0.23	RMB0.29
Other comprehensive income			
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of financial statements		(569)	7,029
Net other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods		(569)	7,029
Other comprehensive (loss)/income for the year, net of tax		(569)	7,029
Total comprehensive income for the year attributable to equity shareholders of the Company		107,847	144,285

Consolidated Statement of Financial Position

As at 31 August 2024

	Notes	2024 RMB'000	2023 RMB'000
Non-current assets			
Property, plant and equipment	13	1,026,697	862,262
Right-of-use assets	14	187,987	191,932
Other intangible assets	15	4,828	6,950
Other non-current assets	16	57,859	23,251
		1,277,371	1,084,395
Current assets			
Trade receivables	17	35	13
Prepayments, other receivables and other assets	18	11,489	52,408
Financial assets at fair value through profit or loss	19	70,128	10,011
Cash and cash equivalents	20	695,897	813,844
		777,549	876,276
Current liabilities			
Other payables and accruals	21	63,655	69,778
Contract liabilities	22	149,644	157,135
Lease liability	14	349	–
Bank borrowing	24	1,625	1,000
Deferred income	23	6,815	6,358
		222,088	234,271
Net current assets		555,461	642,005
Total assets less current liabilities		1,832,832	1,726,400
Non-current liabilities			
Bank borrowing	24	16,875	18,500
Lease liability	14	210	–
		17,085	18,500
Net assets		1,815,747	1,707,900
Equity			
Equity attributable to owners of the Company			
Share capital	25	33	33
Reserves	26	1,815,714	1,707,867
Total equity		1,815,747	1,707,900

The financial statements were approved and authorised for issue by the board of directors on 28 November 2024

Niu Xiaojun
Director

Zhang Zhonghua
Director

Consolidated Statement of Changes in Equity

For the year ended 31 August 2024

	Share capital RMB'000	Share premium* RMB'000	Capital reserve* RMB'000	Statutory surplus reserves* RMB'000	Reserve for RSU Scheme RMB'000	Other reserve* RMB'000	Exchange fluctuation reserve* RMB'000	Retained profits* RMB'000	Total equity RMB'000
As at 1 September 2022	33	376,911	90,500	317,309	(123,131)	(42)	7,655	894,380	1,563,615
Profit for the year	–	–	–	–	–	–	–	137,256	137,256
Other comprehensive loss for the year									
Exchange differences on translation of financial statements	–	–	–	–	–	–	7,029	–	7,029
Total comprehensive income for the year	–	–	–	–	–	–	7,029	137,256	144,285
Appropriations to statutory surplus reserves	–	–	–	38,549	–	–	–	(38,549)	–
As at 31 August 2023	33	376,911	90,500	355,858	(123,131)	(42)	14,684	993,087	1,707,900

* These reserve accounts comprise the consolidated reserves of RMB1,815,714,000 in the consolidated statement of financial position as at 31 August 2024 (2023: RMB1,707,867,000).

	Share capital RMB'000	Share premium* RMB'000	Capital reserve* RMB'000	Statutory surplus reserves* RMB'000	Reserve for RSU Scheme RMB'000	Other reserve* RMB'000	Exchange fluctuation reserve* RMB'000	Retained profits* RMB'000	Total equity RMB'000
As at 1 September 2023	33	376,911	90,500	355,858	(123,131)	(42)	14,684	993,087	1,707,900
Profit for the year	–	–	–	–	–	–	–	108,416	108,416
Other comprehensive loss for the year									
Exchange differences on translation of financial statements	–	–	–	–	–	–	(569)	–	(569)
Total comprehensive income for the year	–	–	–	–	–	–	(569)	108,416	107,847
Appropriations to statutory surplus reserves	–	–	–	31,445	–	–	–	(31,445)	–
As at 31 August 2024	**33**	**376,911**	**90,500**	**387,303**	**(123,131)**	**(42)**	**14,115**	**1,070,058**	**1,815,747**

Consolidated Statement of Cash Flows

For the year ended 31 August 2024

	Notes	2024 RMB'000	2023 RMB'000
Operating activities			
Profit before tax		108,416	137,256
Adjustments for:			
Bank interest income	5	(13,267)	(18,182)
Interest income from financial products	5	(717)	(743)
Loss on disposal of items of property, plant and equipment, net	7	18	1
Loss on early termination of lease		–	202
Fair value gains on financial assets at fair value through profit or loss		(117)	(11)
Finance cost	6	143	117
Depreciation of property, plant and equipment	7	39,622	37,710
Depreciation of right-of-use assets	7	4,620	2,751
Amortisation of other intangible assets	7	2,192	2,687
Increase in trade receivables		(22)	(13)
Decrease/(increase) in prepayments, other receivables, and other assets		64,311	(33,776)
Decrease in contract liabilities		(7,491)	(55,571)
Increase in other payables and accruals		691	6,079
Increase in deferred income		457	1,306
Net cash flows from operating activities		198,856	79,813
Cash flows from investing activities			
Interest received		13,984	18,815
Additions to other intangible assets		(70)	(2,380)
Purchases of items of property, plant and equipment		(214,035)	(148,270)
Receipt of government grants for equipment and other intangible assets		3,120	4,196
Prepayments for purchase and construction of property, plant and equipment		(58,000)	(14,776)
Purchases of financial assets at fair value through profit or loss		(140,000)	(121,000)
Proceeds from redemption of financial assets at fair value through profit or loss upon maturity		80,000	111,000
Net cash flows used in investing activities		(315,001)	(152,415)

Consolidated Statement of Cash Flows (Continued)

For the year ended 31 August 2024

	Notes	2024 RMB'000	2023 RMB'000
Cash flows from financing activities			
Proceeds from bank borrowings		–	20,000
Repayment of bank borrowings		(1,000)	(500)
Interest expense of bank borrowing		(591)	(334)
Receipt of government grants for bank loan interest		482	261
Interest elements of lease payments		(8)	(17)
Payments of lease liabilities		(116)	(410)
Net cash flows (used in)/from financing activities		(1,233)	19,000
Net decrease in cash and cash equivalents		(117,378)	(53,602)
Cash and cash equivalents at beginning of year		813,844	860,417
Effect of foreign exchange rate changes, net		(569)	7,029
Cash and cash equivalents at end of year	20	695,897	813,844
Cash and cash equivalents as stated in the consolidated statement of financial position and as stated in the consolidated statement of cash flows	20	695,897	813,844

1. GENERAL INFORMATION

China General Education Group Limited (the "**Company**") was incorporated in the Cayman Islands on 14 September 2018 as an exempted company with limited liability under the Companies Act of the Cayman Islands. The registered office address of the Company is P.O. Box 31119, Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands.

The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 16 July 2021. The trading in the shares of the Company on the Stock Exchange have been suspended for trading since 29 November 2022 and resumed for trading on 15 October 2024.

The Company is an investment holding company. During the year, the Company is an investment holding company and its subsidiaries (collectively referred to as the "**Group**") were principally engaged in the provision of higher education services in the People's Republic of China (the "**PRC**"). There has been no significant change in the Group's principal activities during the year.

In the opinion of the directors, the holding company and the ultimate holding company of the Company is Niusanping Limited, which is incorporated in British Virgin Islands and owned as to 52.67% equity interest held by Mr. Niu Sanping.

Information about subsidiaries

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

Name	Place and date of incorporation/ registration and place of operations	Issued ordinary/ registered share capital	Percentage of equity interests attributable to the Company				Principal activities
			2024		2023		
			Direct	Indirect	Direct	Indirect	
China General Education Group (Hong Kong) Limited	Hong Kong 7 November 2018	HKD1	100%	-	100%	-	Investment holding
General Investment Holding Limited (BVI) (note i)	British Virgin Islands 31 October 2023	USD50,000	100%	-	-	-	Investment holding
General Business University of California Incorporated	California 22 October 2020	USD10,000	-	100%	-	100%	Provision of higher education services
Shanxi Tongshi Tiancai Educational Technology Co., Ltd ("**Shanxi WFOE**")*^山西通實天才教育科技有限公司 (note ii)	The PRC 24 June 2019	RMB200,000,000	-	100%	-	100%	Provision of education management and services
Shanxi Tongcai Educational Technology Company Limited*^ 山西通才教育科技有限公司 (note iii)	The PRC 17 May 2018	RMB50,000,000	-	100%	-	100%	Investment holding
Shanxi Technology and Business College*^ 山西工商學院(note iv)	The PRC 22 August 2006	RMB80,000,000	-	100%	-	100%	Provision of higher education services
Hong Kong General Investment Holding Limited (Hong Kong) (note i)	Hong Kong 20 November 2023	HKD1	-	100%	-	-	Investment Holding
Shenzhen Tongshi Investment Holdings Co., Ltd.^ 深圳通識投資控股有限公司(note i)	The PRC 29 March 2024	RMB50,000,000	-	100%	-	-	Provision of education management and services

* These entities are owned through contractual arrangements.

^ The English names of the companies or the school established in the PRC represent the best efforts made by the management of the Company to directly translate the Chinese names as they do not register any official English names.

1. GENERAL INFORMATION *(continued)*

Information about subsidiaries *(continued)*

Notes:

i. This entity incorporated during the year.

ii. This entity is a wholly foreign owned enterprise.

iii. This entity is a limited liability company.

iv. This entity is a private non-enterprise organisation.

Contractual arrangement

The prevailing PRC rules and regulations restrict foreign ownership of companies that provide higher education industry business in PRC, which represent the core activities of and services provided by the Group. As a result of such restrictions, the Company and its subsidiaries cannot have equity interests in entities that are engaged in business as described above. On 12 November 2020, Shanxi WFOE, Shanxi Tongcai Educational Technology Company Limited and the Registered Shareholders entered into a series of contractual arrangements, which include "Business Cooperation Agreement", "Exclusive Option Agreement", "Equity Pledge Agreement" and "Shareholders' Rights Proxy Agreement" and (collectively, the "**Contractual Arrangements**"), under which, in the opinion of directors of the Company, WFOE is entitled to all economic benefits arising from the business and operations of Shanxi Tongcai Educational Technology Company Limited and its subsidiaries and has power to direct the relevant activities of Shanxi Tongcai Educational Technology Company Limited and its subsidiaries. In addition, the spouse of each of the Registered Shareholders, if applicable, has provided irrevocable undertakings ("**Spouse Undertakings**") which stipulate certain matters to succession of the rights and obligations under the Contractual Arrangements.

Key provisions of the Contractual Arrangements and the Spousal Undertakings are as follows:

Business Cooperation Agreement

Pursuant to the Business Cooperation Agreement, Shanxi WFOE shall provide technical services, management support and consulting services necessary for the private education business, and in return, the PRC Affiliated Entities shall make payments accordingly.

1. GENERAL INFORMATION *(continued)*

Exclusive Technical Service and Management Consultancy Agreement

Pursuant to the Exclusive Technical Service and Management Consultancy Agreement, Shanxi WFOE agrees to provide exclusive technical services to the PRC Affiliated Entities, including but not limited to, (a) design, development, update and maintenance of educational software for computer and mobile devices; (b) design, development, update and maintenance of webpages and websites necessary for the education activities of the PRC Affiliated Entities; (c) design, development, update and maintenance of management information systems necessary for the education activities of the PRC Affiliated Entities; (d) provision of other technical support necessary for the education activities of the PRC Affiliated Entities; (e) provision of technical consulting services; (f) provision of technical training; (g) engaging technical staff to provide on-site technical support; and (h) providing other technical services reasonably requested by the PRC Affiliated Entities. Furthermore, Shanxi WFOE agrees to provide exclusive management consultancy services to PRC Affiliated Entities, including but not limited to, (a) design of major and curriculum; (b) preparation, selection and/or recommendation of course materials; (c) provision of teacher and staff recruitment and training support and services; (d) provision of student recruitment support and services; (e) provision of public relation services; (f) preparation of long term strategic development plans and annual working plans; (g) development of financial management systems and recommendation and optimisation on annual budget; (h) advising on design of internal structures and internal management system; (i) provision of administrative staff management and consultancy training; (j) conduct of market research; (k) preparation of market development plan; (l) building of online and offline marketing network; and (m) providing other management technical services reasonably requested by PRC Affiliated Entities.

Exclusive Call Option Agreement

Under the Exclusive Call Option Agreement, the Registered Shareholders have irrevocably and unconditionally granted Shanxi WFOE or its designated purchaser the right to purchase all or part of the school sponsor's direct or indirect interest of School Sponsor in Shanxi Technology & Business and direct or indirect equity interest in School Sponsor (the "**Equity Call Option**"). The purchase price payable by Shanxi WFOE in respect of the transfer of such school sponsor's interest or equity interest upon exercise of the Equity Call Option shall be the lowest price permitted under the PRC laws and regulations. Shanxi WFOE or its designated purchaser shall have the right to purchase such proportion of the school sponsor's interest in Shanxi Technology & Business and/or equity interest in School Sponsor as it decides at any time.

School Sponsor's and Directors' Rights Entrustment Agreement And Shareholders' Rights Entrustment Agreement

Pursuant to the School Sponsor's and Directors' Rights Entrustment Agreement, the School Sponsor has irrevocably authorised and entrusted Shanxi WFOE to exercise all its rights as school sponsor of Shanxi Technology & Business to the extent permitted by the PRC laws.

Pursuant to the School Sponsor's and Directors' Rights Entrustment Agreement, each director of Shanxi Technology & Business (the "**Appointees**") has irrevocably authorised and entrusted Shanxi WFOE to exercise all their rights as directors of Shanxi Technology & Business to the extent permitted by the PRC laws.

Pursuant to the Shareholders' Rights Entrustment Agreement, each of the Registered Shareholders has irrevocably authorised and entrusted Shanxi WFOE to exercise all of his respective rights as shareholders of School Sponsor to the extent permitted by the PRC laws.

1. GENERAL INFORMATION *(continued)*

Powers of Attorney

Pursuant to the School Sponsor's Powers of Attorney executed by the School Sponsor in favor of Shanxi WFOE, School Sponsor authorised and appointed Shanxi WFOE as its agent to act on its behalf to exercise or delegate the exercise of all its rights as school sponsor of Shanxi Technology & Business.

Pursuant to the Directors' Powers of Attorney executed by each of the Appointees in favor of Shanxi WFOE, each of the Appointees authorised and appointed Shanxi WFOE as his/her agent to act on his/her behalf to exercise or delegate the exercise of all of his/her rights as directors of Shanxi Technology & Business.

Pursuant to the Shareholders' Powers of Attorney executed by each of the Registered Shareholders in favor of Shanxi WFOE, each of the Registered Shareholders authorised and appointed Shanxi WFOE, as his agent to act on his behalf to exercise or delegate the exercise of all his rights as shareholders of the School Sponsor.

Spouse Undertaking

Pursuant to the Spouse Undertaking, Ms. Geng Jie, the spouse of Mr. Niu Sanping, as one of the Registered Shareholders, has irrevocably undertaken that (i) she has full knowledge of and has consented to the entering into of the Contractual Arrangements by Mr. Niu Sanping, Shanxi WFOE and PRC Affiliated Entities; (ii) she has not participated, is not participating and shall not in the future participate in the operation, management, liquidation, dissolution and other matters in relation to PRC Affiliated Entities; (iii) she authorises Mr. Niu Sanping or his authorised person to execute all necessary documents and perform all necessary procedures from time to time for and on behalf of the spouse in relation to the spouse's direct or indirect equity interest and fully cooperates with the implementation of the relevant documents and procedures at any time; and (iv) any undertaking, confirmation, consent and authorisation under the Spouse Undertaking shall not be revoked, prejudiced, invalidated or otherwise adversely affected.

Equity Pledge Agreement

Pursuant to the Equity Pledge Agreement, each of the Registered Shareholders unconditionally and irrevocably pledged and granted first priority security interests over all of his equity interest in the School Sponsor, together with all related rights thereto to Shanxi WFOE as security for performance of the Contractual Arrangements and all direct, indirect or consequential damages and foreseeable loss of interest incurred by Shanxi WFOE as a result of any event of default on the part of the Registered Shareholders and the PRC Affiliated Entities and all expenses incurred by Shanxi WFOE as a result of enforcement of the obligations of the Registered Shareholders and the PRC Affiliated Entities under the Contractual Arrangements.

Pursuant to the Equity Pledge Agreement, without the prior written consent of Shanxi WFOE, the Registered Shareholders shall not transfer the equity interest or create further pledge or encumbrance over the pledged equity interest. The Registered Shareholders also waived any pre-emptive rights upon enforcement and agreed to any transfer of the pledged equity interest pursuant to the Equity Pledge Agreement.

Pursuant to the Equity Pledge Agreement, each party has undertaken that, if the registration authorities require to define the amount of the principal claim upon the pledge range in the equity pledge registration, the amount of claims under the Contractual Arrangements shall be registered as the principal, RMB50,000,000 and any other amount in the event of default and compensation under the Contractual Arrangements.

1. GENERAL INFORMATION *(continued)*

Equity Pledge Agreement *(continued)*

The directors of the Company considered that Shanxi WFOE has the practical ability to direct the relevant activities of Shanxi Tongcai Educational Technology Company Limited and its subsidiaries and is the ultimate beneficial owner. Accordingly, in the opinion of the directors of the Company, the Contractual Arrangements are legally enforceable taking into account legal advice from Global Law Office and the Company is able to control Shanxi Tongcai Educational Technology Company Limited and its subsidiaries.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**") (which include all International Financial Reporting Standards, International Accounting Standards ("**IASs**") and interpretations) issued by the International Accounting Standards Board ("**IASB**") and the applicable disclosures required by the Listing Rules and by the Hong Kong Companies Ordinance.

They have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss which have been measured at fair value.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 August 2024. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

2.1 BASIS OF PREPARATION *(continued)*

Basis of consolidation *(continued)*

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

In the current year, the Group has applied the following new and amendments to IFRSs issued by the IASB for the first time, which are mandatorily effective for the Group's annual period beginning on or after 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 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*
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*

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.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(continued)*

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 Judgements (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.

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.

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 this Note 2.4 to the consolidated financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSS

New and amendments to IFRSs in issue but not yet effective

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements:

Amendments to IAS 1	*Non-current Liabilities with Covenants*[1]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*[1]
Amendments to IAS 7 and IFRS 7	*Supplier Finance Arrangements*[1]
Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*[1]
Amendments to IAS 21	*The effects of changes in foreign exchange rates: Lack of exchangeability*[2]
IFRS 18	*Presentation and Disclosures in Financial Statements4*[3]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]

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

The Group is in the process of making an assessment of the impact of these new and revised IFRSs upon initial application. So far, the Group considers that these new and revised IFRSs may result in changes in accounting policies and are unlikely to have a significant impact on the Group's results of operations and financial position.

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

Fair value measurement

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Fair value measurement *(continued)*

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1	–	based on quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2	–	based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
Level 3	–	based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. 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. An impairment loss is charged to the statement of profit or loss and other comprehensive income in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss and other comprehensive income in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Property and buildings	2%
Electronic devices	10%-17%
Furniture and fixtures	10%-20%
Motor vehicles	10%
Others	33%-50%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss and other comprehensive income in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents buildings under construction, including students' residential hall, playground and academic buildings, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Intangible assets (other than goodwill)

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

Software

Purchased software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of 5 years.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land	50 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Leases *(continued)*

(b) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flows characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("**SPPI**") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Investments and other financial assets *(continued)*

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

(a) Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss and other comprehensive income when the asset is derecognised, modified or impaired.

(b) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss and other comprehensive income.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("**ECLs**") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Impairment of financial assets *(continued)*

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, 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 and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are one year past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include other payables and accruals, an amount due to a director and amounts due to related parties.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost

After initial recognition, financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss and other comprehensive income when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss and other comprehensive income.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss and other comprehensive income.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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 profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

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

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Income tax *(continued)*

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is deducted from the carrying amount of the asset and released to the statement of profit or loss and other comprehensive income by way of a reduced depreciation charge.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised to depict the transfer of promised services to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services.

Specifically, the Group uses a 5-step approach to revenue recognition:

* Step 1: Identify the contract(s) with a customer

* Step 2: Identify the performance obligations in the contract

* Step 3: Determine the transaction price

* Step 4: Allocate the transaction price to the performance obligations in the contract

* Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the services underlying the particular performance obligation is transferred to customers. If control of the services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at the point in time when the customer obtains control of the services. The Group recognises revenue when the specific criteria have been met for the following activities:

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Revenue recognition *(continued)*

Revenue from contracts with customers *(continued)*

Tuition and boarding fees received from students are generally paid in advance prior to the beginning of each academic year, and are initially recorded as contract liabilities. Tuition and boarding fees are recognised proportionately over the periods of the applicable programmes. The portion of tuition and boarding payments received from students but not earned is recorded as a contract liability and is reflected as a current liability as such amounts represent revenue that the Group expects to earn within one year. The academic year of the Group's schools is generally from September to August of the following year.

The Group does not expect to have any contracts where the period between the transfer of the services promised to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

Other income

Interest income from a financial asset is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Examination and training income is recognised proportionately over the periods of the applicable programme.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Share-based payments

The Group operates a RSU Scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including Directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("**equity-settled transactions**").

The cost of equity-settled transactions with employees for grants is measured by reference to the fair value at the date at which they are granted. Further details of which are given in note 27 to these financial statements.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Share-based payments *(continued)*

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Foreign currencies

These financial statements are presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of certain overseas subsidiaries are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss and other comprehensive income are translated into RMB at the weighted average exchange rates for the year.

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Foreign currencies *(continued)*

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss and other comprehensive income.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Contractual arrangements

The Group conducts the private higher education business through Shanxi General Education Technology Limited (the "**PRC Operating Entity**") in the PRC as PRC laws and regulations generally restrict foreign ownership in the private education industry in the PRC.

The Group exercises control over the PRC Operating Entity and enjoys all economic benefits of the PRC Operating Entity through the contractual arrangements.

The Group considers that it controls the PRC Operating Entity, notwithstanding the fact that it does not hold any direct equity interest in the PRC Operating Entity, as it has power over the financial and operating policies of the PRC Operating Entity and receives substantially all of the economic benefits from the business activities of the PRC Operating Entity through the contractual arrangements. Accordingly, the PRC Operating Entity has been accounted for as a subsidiary during the year.

Current and deferred tax

Significant judgement is required in interpreting the relevant tax rules and regulation so as to determine whether the Group is subject to corporate income tax. This assessment relies on estimates and assumptions based on past experiences and communication with relevant authorities and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of the tax liabilities. Such changes to tax liabilities will impact tax expense in the period that such determination is made.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

Estimation uncertainty

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, are described below.

Provision for expected credit losses on other receivables

The provision for receivables is made based on assessment of their recoverability and ageing analysis of receivables as well as other quantitative and qualitative information and on management's judgement and assessment of the forward-looking information.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of debtors' actual default in the future. Further details of the carrying amounts of other receivables are disclosed in note 18 to the financial statements.

4. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the provision of higher education services in Mainland China.

IFRS 8 Operating Segments requires operating segments to be identified on the basis of internal reporting about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to segments and to assess their performance. The information reported to the directors of the Company, who are the chief operating decision makers, for the purpose of resource allocation and assessment of performance does not contain discrete operating segment financial information and the directors reviewed the financial results of the Group as a whole. Therefore, no further information about the operating segment is presented.

Geographical information

During the year, the Group operated within one geographical segment because all of its revenue was generated in Mainland China and all of its long-term assets/capital expenditure were located/incurred in Mainland China. Accordingly, no geographical segment information is presented.

Information about major customers

No services provided to a single customer amounted to 10% or more of the total revenue of the Group during the year.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue, other income and gains is as follows:

	Note	2024 RMB'000	2023 RMB'000
Revenue			
Tuition fees		302,364	295,326
Boarding fees		28,774	27,879
Total revenue from contracts with customers		331,138	323,205
Other income and gains			
Bank interest income		13,267	18,182
Interest income from financial products		717	743
Examination and training income		2,393	747
Fair value gains on financial assets at fair value through profit or loss		128	11
Government grant	(i)	7	5,548
Others		2,880	2,852
		19,392	28,083

(i) The government grant represents the one-off government grants that were received from local government authorities of which were not capital in nature and not related to major business operation.

Revenue from contracts with customers

(a) Disaggregated revenue information

	2024 RMB'000	2023 RMB'000
Timing of revenue recognition		
Tuition fees recognised over time	302,364	295,326
Boarding fees recognised over time	28,774	27,879
	331,138	323,205

The Group's contracts with students for college education programmes and boarding services can be terminated anytime without compensation. Tuition and boarding fees are determined and paid by the students before the start of each academic year.

(b) Performance obligations

The performance obligation is satisfied over time as services are rendered in each academic year. Tuition fees and boarding fees are required in advance prior to the beginning of each academic year.

6. FINANCE COST

	2024 RMB'000	2023 RMB'000
Interest expense on bank borrowing	**135**	100
Interest expense on lease liabilities	**8**	17
	143	117

7. PROFIT BEFORE TAXATION

The Group's profit before tax is arrived at after charging/(crediting):

	Notes	2024 RMB'000	2023 RMB'000
Employee benefit expense (excluding directors' and chief executive's remuneration (Note 8)):			
Wages and salaries		**93,595**	79,508
Pension scheme contributions (defined contribution scheme)		**22,752**	20,241
Consultancy fee		**2,410**	5,973
Utilities		**15,225**	8,259
Property management fee		**8,623**	7,293
Repairs and maintenance		**15,453**	13,952
Depreciation of property, plant and equipment	13	**39,622**	37,710
Depreciation of right-of-use assets	14	**4,620**	2,751
Amortisation of other intangible assets	15	**2,192**	2,687
Auditor's remuneration		**1,880**	2,250
Loss on disposal of items of property, plant and equipment, net	(a)	**18**	1
Government grants	(b)	**(486)**	(1,318)

Notes:

(a) Loss on disposal of items of property, plant and equipment and donation expenses are included in other expenses in the consolidated statement of profit or loss and other comprehensive income.

(b) Various government grants have been received for certain teaching and research activities. The government grants received have been deducted from cost of sales in the consolidated statement of profit or loss and other comprehensive income when they relate to income. Government grants received for which related expenditure has not yet been undertaken are included in deferred income in the statement of financial position. There are no unfulfilled conditions or contingencies relating to these grants.

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1) (a),(b),(c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, are as follows:

	2024 RMB'000	2023 RMB'000
Fees	439	437
Other emoluments:		
Salaries, allowances and benefits in kind	4,342	4,817
Pension scheme contributions	191	191
	4,972	5,445

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2024 RMB'000	2023 RMB'000
Independent non-executive directors		
Mr. Hu Yuting	109	110
Mr. Zan Zhihong	111	108
Mr. Wong Chi Wah	219	219
	439	437

The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION *(continued)*

(b) Executive directors

Year ended 31 August 2024

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
Executive directors:					
– Mr. Niu Sanping[1]	–	1,396	–	–	1,396
– Mr. Niu Jian[1]	–	2,265	–	61	2,326
– Mr. Zhang Zhiwei[2]	–	88	–	12	100
– Ms. Zhang Zhonghua	–	300	–	67	367
– Mr. Niu Xiaojun	–	293	–	51	344
	–	4,342	–	191	4,533

Year ended 31 August 2023

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
Executive directors:					
– Mr. Niu Sanping[1]	–	1,995	–	–	1,995
– Mr. Niu Jian[1]	–	2,258	–	81	2,339
– Ms. Zhang Zhonghua	–	280	–	62	342
– Mr. Niu Xiaojun	–	284	–	48	332
	–	4,817	–	191	5,008

1 Mr. Niu Sanping and Mr. Niu Jian have resigned as executive director on 27 May 2024.

2 Mr. Zhang Zhiwei has been appointed as executive director on 20 June 2024.

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

For both 2024 and 2023, no emoluments were paid by the Group to any of the directors as an inducement to join or upon joining the Group or as compensation for loss of office.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year ended 31 August 2024 included 3 directors (2023: 3), details of whose remuneration are set out in note 8 above. Details of the remuneration for the years of the remaining 2 (2023: 2) highest paid employees who are neither a director nor chief executive of the Company, are as follows:

	2024 RMB'000	2023 RMB'000
Salaries, allowances and benefits in kind	1,752	1,234
Pension scheme contributions	63	132
	1,815	1,366

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following band is as follows:

	Number of employees	
	2024	2023
Nil to HKD1,000,000	2	2

10. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Act of the Cayman Islands and accordingly is not subject to income tax from business carried out in the Cayman Islands.

China General Education Group (Hong Kong) Limited was subject to profits tax at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the year.

According to the Implementation Rules for the Law for Promoting Private Education, private schools for which the school sponsors do not require reasonable returns are eligible to enjoy the same preferential tax treatment as public schools. The preferential tax treatment policies applicable to private schools requiring reasonable returns are to be separately formulated by the financing authority, taxation authority and other authorities under the State Council. During the year and up to the date of this report, Shanxi Technology and Business College has historically enjoyed the preferential tax treatment since their establishment. As a result, no income tax expense was recognised by Shanxi Technology and Business College for the income from the provision of formal educational services during the year.

The Group's non-school subsidiaries established in Mainland China were subject to PRC corporate income tax at the rate of 25% during the year.

10. INCOME TAX *(continued)*

Corporate income tax of the Group has been provided at the applicable tax rates on the estimated taxable profits arising in Mainland China during the year.

The major components of income tax expense of the Group are as follows:

	2024 RMB'000	2023 RMB'000
Current tax	–	–
Charge for the year	–	–
Total tax charge for the year	–	–

A reconciliation of the tax expense applicable to profit before tax at the statutory rate in Mainland China to the tax expense at the effective tax rate is as follows:

	2024 RMB'000	2023 RMB'000
Profit before tax	108,416	137,256
Tax at the statutory tax rate, 25%	27,104	34,314
Expense not deductible for tax	6,584	8,830
Income not subject to tax	(34,889)	(43,540)
Tax losses not recognised	1,201	396
Tax charge at the Group's effective rate	–	–

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

As at 31 August 2024 and 2023, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the directors, the Group's earnings will be retained in Mainland China for the expansion of the Group's operation, so it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. As at 31 August 2024 and 2023, the aggregate amounts of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled approximately RMB1,158,725,000 and RMB1,064,390,000, respectively.

10. INCOME TAX *(continued)*

As at 31 August 2024, the Group had tax losses arising in Mainland China of RMB6,548,000 (2023: RMB1,744,000), which will expire in three to five years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses as it is not considered probable that the taxable profits will be available against which the tax losses can be utilised.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

11. DIVIDENDS

No dividend has been paid or declared by the Company in the current year (2023: nil).

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 August 2024 and 2023. The calculations of basic and diluted earnings per share are based on:

	2024 RMB'000	2023 RMB'000
Earnings		
Profit attributable to ordinary equity holders of the Company, used in the basic and diluted earnings per share calculation:		
Profit attributable to ordinary equity holders of the parent	**108,416**	137,256

	Number of shares 2024	2023
Shares		
Number of issued shares on 1 September	**505,517,000**	505,517,000
Weighted average number of shares held for the RSU Scheme	**(37,481,000)**	(37,481,000)
Adjusted weighted average number of ordinary shares in issue		
Used in the basic earnings per share calculation	**468,036,000**	468,036,000

13. PROPERTY, PLANT AND EQUIPMENT

	Property and buildings RMB'000	Electronic devices RMB'000	Furniture and fixtures RMB'000	Motor vehicles RMB'000	Others RMB'000	Construction in progress RMB'000	Total RMB'000
31 August 2024							
At 1 September 2023:							
Cost	795,298	132,053	65,426	11,554	48,256	166,649	1,219,236
Accumulated depreciation	(165,184)	(101,737)	(51,017)	(6,725)	(32,311)	–	(356,974)
Net carrying amount	630,114	30,316	14,409	4,829	15,945	166,649	862,262
At 1 September 2023, net of accumulated depreciation	630,114	30,316	14,409	4,829	15,945	166,649	862,262
Additions	1,386	2,978	7,074	10	3,421	192,326	207,195
Government grants (note 23)	–	–	(3,120)	–	–	–	(3,120)
Transfers	19,620	–	–	–	–	(19,620)	–
Disposal	–	(10)	–	–	(8)	–	(18)
Depreciation (note 7)	(23,241)	(8,795)	(1,315)	(1,109)	(5,162)	–	(39,622)
At 31 August 2024, net of accumulated depreciation	627,879	24,489	17,048	3,730	14,196	339,355	1,026,697
At 31 August 2024:							
Cost	816,301	131,749	67,995	11,167	51,188	339,355	1,417,755
Accumulated depreciation	(188,422)	(107,257)	(50,951)	(7,437)	(36,991)	–	(391,058)
Net carrying amount	627,879	24,492	17,044	3,730	14,197	339,355	1,026,697

13. PROPERTY, PLANT AND EQUIPMENT *(continued)*

	Property and buildings RMB'000	Electronic devices RMB'000	Furniture and fixtures RMB'000	Motor vehicles RMB'000	Others RMB'000	Construction in progress RMB'000	Total RMB'000
31 August 2023							
At 1 September 2022:							
Cost	744,696	119,565	63,287	8,167	31,942	107,236	1,074,893
Accumulated depreciation	(144,323)	(91,849)	(49,803)	(6,023)	(27,266)	–	(319,264)
Net carrying amount	600,373	27,716	13,484	2,144	4,676	107,236	755,629
At 1 September 2022, net of accumulated depreciation	600,373	27,716	13,484	2,144	4,676	107,236	755,629
Additions	11,470	12,488	2,139	3,387	16,315	102,471	148,270
Government grants (note 23)	(3,926)	–	–	–	–	–	(3,926)
Transfers	43,058	–	–	–	–	(43,058)	–
Disposal	–	–	–	–	(1)	–	(1)
Depreciation (note 7)	(20,861)	(9,888)	(1,214)	(702)	(5,045)	–	(37,710)
At 31 August 2023, net of accumulated depreciation	630,114	30,316	14,409	4,829	15,945	166,649	862,262
At 31 August 2023:							
Cost	795,298	132,053	65,426	11,554	48,256	166,649	1,219,236
Accumulated depreciation	(165,184)	(101,737)	(51,017)	(6,725)	(32,311)	–	(356,974)
Net carrying amount	630,114	30,316	14,409	4,829	15,945	166,649	862,262

The Group's buildings are situated in Mainland China.

As at 31 August 2024, certificates of ownership in respect of certain buildings of the Group located in Taiyuan city, the PRC, with a total net carrying amount of approximately RMB460,766,000 (2023: RMB452,371,000), have not yet been issued by the relevant PRC authorities. Up to date when the consolidated financial statements are authorised for issue, the Group was still in the process of obtaining these certificates.

14. LEASES

The Group as a lessee

The Group has lease contracts for land use rights used in its operation. Lump sum payments were made upfront to acquire the land use rights with the lease periods of 50 years from the owners, and no ongoing payments will be made under the terms of the land lease.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	2024 RMB'000	2023 RMB'000
Carrying amount at beginning of year	191,932	86,158
Additions	675	108,908
Early termination of lease	–	(383)
Depreciation provided during the year	(4,620)	(2,751)
Carrying amount at end of year, net of accumulated depreciation	187,987	191,932
At end of year:		
Cost	215,124	214,449
Accumulated depreciation	(27,137)	(22,517)
Net carrying amount	187,987	191,932

(b) Leasing liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	2024 RMB'000	2023 RMB'000
Carrying amount at beginning of year	–	795
New lease	675	–
Interest	(8)	(17)
Payments	(108)	(778)
Carrying amount at end of year	559	–
Analysed into:		
Current	349	–
Non-current	210	–
Net carrying amount	559	–

14. LEASES *(Continued)*

The Group as a lessor

The Group leases certain of its items of property, plant and equipment with terms ranging from one to five years which are cancellable with three months' notice.

As at 31 August 2024 and 2023, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	2024 RMB'000	2023 RMB'000
Within one year	418	1,285

15. OTHER INTANGIBLE ASSETS

	2024 RMB'000	2023 RMB'000
Software		
Carrying amount at beginning of year	6,950	7,527
Additions	70	2,380
Government grants (note 23)	–	(270)
Amortisation provided during the year	(2,192)	(2,687)
Carrying amount at end of year, net of accumulated amortisation	4,828	6,950
At end of year:		
Cost	19,368	19,297
Accumulated amortisation	(14,540)	(12,347)
Net carrying amount	4,828	6,950

16. OTHER NON-CURRENT ASSETS

	2024 RMB'000	2023 RMB'000
Prepayments for acquisition of land use rights	7,248	22,548
Prepayments for construction fee	50,000	–
Others	611	703
	57,859	23,251

17. TRADE RECEIVABLES

	2024 RMB'000	2023 RMB'000
Tuition fees receivable	32	13
Boarding fees receivable	3	–
	35	13

The Group's students are required to pay tuition fees and boarding fees in advance for the upcoming academic year, which normally commences in September. The outstanding receivables represent amounts due from students who have applied for deferred payments of tuition fees and boarding fees. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables were immaterial, there is no significant concentration of credit risk to the Group. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing and aged within one year.

The Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. The Group considers the historical default rate and days past due of the trade receivables in measuring the expected credit losses during the year.

Trade receivables as at the end of each reporting period were not past due and had no recent history of default. The expected credit losses were assessed to be minimal at the end of each reporting period.

18. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2024 RMB'000	2023 RMB'000
Prepaid service expense	7,469	6,396
Redemption receivable (note a)	–	30,708
Loan receivable from a former related company (note b)	–	10,000
Loan receivables (note c)	4,000	4,000
Interest receivables	221	2,487
Other receivables	3,799	2,817
	15,489	56,408
Less: Provision for impairment	(4,000)	(4,000)
	11,489	52,408

18. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS *(Continued)*

(a) On 28 February 2022, The Group requested the full redemption of the Investment of RMB48,102,000. As at 31 August 2023, the redemption receivable have been fully past due and the directors of the Company consider that the redemption receivable is credit-impaired and the loss allowance is measured at an amount equal to lifetime ECLs. During the year ended 31 August 2024, the redemption receivable was fully settled.

(b) The amount related to loan receivable of RMB10,000,000 from a former related company, Beijing Tongcai Education Consultant Limited ("**Beijing Tongcai**"). Beijing Tongcai ceased to be related company of the Group on 31 August 2022 as a result of disposal of equity interest by the former director, Mr. Niu Jian. On 9 March 2022, the Company provided an interest-free loan of RMB10,000,000 to Beijing Tongcai for the working capital purpose of the Chinese language examinations project. The loan was originally repayable within one year. As there were disputes with the cooperation parties, and the parties could not reach consensus after continuous negotiation, the project was formally terminated in January 2023. Beijing Tongcai was lack of sufficient capital to repay the loan after suspension of the project, the Company agreed to extend the loan until March 2024 and further extended until March 2025. During the year ended 31 August 2024, the loan receivable was fully settled.

(c) The loan receivable related to the Group entered into the Loan Agreement with a PRC private company on 7 July 2021, pursuant to which the Group transferred RMB21,000,000 to the Payee without interest and repayable upon the Group subscribe of the designated investment product. The Payee repaid RMB17,000,000 to the Group in August and September 2021. As the Payee had not repaid the remaining amount of RMB4,000,000 by July 2022, the Group filed a civil litigation against the Payee and obtained court judgments against the Payee for the outstanding amount and the corresponding interest in July 2023, the management considered that this balance to be doubtful and have recognised ECLs for the full outstanding amount of RMB4,000,000 at 31 August 2024 and 2023.

The remaining receivables are interest-free and are not secured with collateral. None of the financial assets included in the above balances related to receivables is past due except the receivables from a third party mentioned in notes (a) to (c) above.

Except receivables mentioned in notes (a) to (c), the above financial assets related to receivables have no recent history of default.

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 RMB'000	2023 RMB'000
Unlisted investments, at fair value	**70,128**	10,011

The above unlisted investments were wealth management and fund products. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

20. CASH AND CASH EQUIVALENTS

	2024 RMB'000	2023 RMB'000
Cash and bank balances	**695,897**	813,844
Cash and cash equivalents	**695,897**	813,844
Cash and cash equivalents denominated in:		
–RMB	**645,839**	788,295
–HKD	**2,709**	8,777
–USD	**47,349**	16,772

At the end of the reporting period, the cash and cash equivalents of the Group denominated in RMB amounted to RMB645,839,000 (2023: RMB788,295,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates.

21. OTHER PAYABLES AND ACCRUALS

	Notes	2024 RMB'000	2023 RMB'000
Payables for purchase and construction of property, plant and equipment		**9,961**	16,801
Payables for listing expenses		**100**	100
Miscellaneous fees received from students	(a)	**2,704**	2,695
Subsidies received on students' behalf		**17,300**	15,502
Payables for logistics services and other services		**7,772**	7,427
Payables for salaries, social insurance, and housing fund		**9,615**	11,358
Other tax payables		**4,747**	4,452
Accruals		**6,880**	5,727
Other payables		**4,576**	5,716
		63,655	69,778

Note:

(a) The amount represents the miscellaneous fees received from students which will be paid out on behalf of students.

The above balances are unsecured and non-interest-bearing. The carrying amounts of other payables and accruals at the end of the years approximated to their fair values due to their short-term maturities.

22. CONTRACT LIABILITIES

The Group recognised the following revenue-related contract liabilities, which represented the unsatisfied performance obligation as at the end of the reporting period, and are expected to be recognised within one year:

	2024 RMB'000	2023 RMB'000
Tuition fees	130,379	137,331
Boarding fees	19,265	19,804
Contract liabilities	149,644	157,135

The Group receives tuition and boarding fees from students in advance prior to the beginning of each academic year. Tuition and boarding fees are recognised proportionately over the period of the applicable programmes. The students are entitled to the refund of payments in relation to the proportionate services not rendered.

Significant changes in the contract liability balances during the year are as follows:

	2024 RMB'000	2023 RMB'000
At the beginning of the year	157,135	212,706
Revenue recognised that was included in the balance of contract liabilities at the beginning of the year	(157,135)	(212,706)
Increase due to cash received, net of the amounts recognised as revenue during the year	149,644	157,135
At the end of the year	149,644	157,135

23. DEFERRED INCOME

Deferred income represents the government grants received for subsidies in connection with the construction of certain fixed assets, other intangible assets and compensation for future cost or expense. The grants related to assets are released to profit or loss over the expected useful lives of the relevant assets.

24. BANK BORROWING

	2024			2023		
	Effective contractual interest rate (note) (%)	Maturity	RMB'000	Effective contractual interest rate (%)	Maturity	RMB'000
Bank loan						
– unsecured	0.7%-3.2%	2032	18,500	0.7%-3.2%	2032	19,500

Note: The bank borrowing is a subsidised loan that bears interest at fixed interest rate of 3.2% per annum while 2.5% per annum subsidised by the government upon payment made by the Group.

	2024 RMB'000	2023 RMB'000
Analysed into:		
Bank loan repayable		
Within one year	1,625	1,000
In the second year	2,250	1,625
In the third to fifth years, inclusive	6,750	6,750
Beyond five years	7,875	10,125
	18,500	19,500

25. SHARE CAPITAL

	2024 RMB'000	2023 RMB'000
Authorised:		
5,000,000,000 ordinary shares of USD0.00001 each as at 31 August 2024 (2023: 5,000,000,000 ordinary shares)	342	342
Issued and fully paid:		
505,517,000 ordinary shares as at 31 August 2024 (2023: 505,517,000 ordinary shares)	33	33

26. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity of financial statements.

(a) Share premium

The application of the share premium account is governed by the Companies Law of the Cayman Islands. Under the constitutional documents and the Companies Law of the Cayman Islands, the share premium is distributable as dividend on the condition that the Company is able to pay its debts when they fall due in the ordinary course of business at the time the proposed dividend is to be paid.

(b) Capital reserve

The capital reserve of the Group represents the capital contribution from the then equity holders of the Group's subsidiaries in prior years and the additions during the year represent the amounts transfers from part of the retained profits to the share capital of Shanxi Technology and Business College.

(c) Statutory surplus reserves

Pursuant to the relevant PRC laws, the Company's subsidiaries in Mainland China shall make appropriations from after-tax profit to non-distributable reserve funds as determined by the boards of directors of the relevant PRC subsidiaries. These reserves include (i) the statutory surplus reserves of the limited liability companies and (ii) the development fund of schools.

(i) In accordance with the Company Law of the PRC, certain subsidiaries of the Group which are domestic enterprises are required to allocate 10% of their profit after tax, as determined in accordance with the relevant PRC accounting standards, to their respective statutory surplus reserves until the reserves reach 50% of their respective registered capital. Subject to certain restrictions set out in the Company Law of the PRC, part of the statutory surplus reserves may be converted to registered capital, provided that the remaining balance after the capitalisation is not less than 25% of the registered capital.

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

(d) Reserve for RSU Scheme

The RSU Scheme is operated through an independent third party trustee. The RSU Trustee administers the RSU Scheme in accordance with the rules of the RSU Scheme and the trust deed.

The Company has the power to direct the relevant activities of the RSU Scheme and it has the ability to use its power over the RSU Scheme to affect its exposure to returns. Therefore, the assets and liabilities of the RSU Scheme are included in Group's consolidated statement of financial position and the ordinary shares held for the Company's RSU Scheme were presented as "Reserve for RSU Scheme".

(e) Other reserve

Other reserve represents the proportionate share of subsidiaries now comprising the Group attributable to a party other than the controlling shareholder prior to the Reorganisation and was deemed to be acquired by the Company at nil consideration upon the Reorganisation.

27. RESTRICTED SHARE UNIT SCHEME

The Company's RSU Scheme was adopted pursuant to a resolution passed on 13 January 2022 for the primary purpose of providing incentives to directors and eligible employees. The RSU Scheme will be valid and effective for a period of ten years, commencing from 13 January 2022.

The maximum number of restricted share units ("**RSUs**") that may be granted under the RSU Scheme in aggregate (excluding RSUs that have lapsed or been cancelled in accordance with the rules of the RSU Scheme) shall be such number of shares held or to be held by the RSU Trustee for the purpose of the RSU Scheme from time to time.

The movements of the Company's shares held for RSU Scheme account during the years ended 31 August 2024 and 2023 are as follows:

	Number of shares	Amount RMB'000
As at 31 August 2024 and 2023	37,481,000	123,131

No RSUs have been granted to employee during the both years and no share award expense was recognised in the statement of profit or loss.

28. COMMITMENTS

The Group had the following capital commitments at the end of each reporting period:

	2024 RMB'000	2023 RMB'000
Contracted, but not provided for:		
Property	**1,023,437**	180,063
Teaching facilities	**19,625**	15,634
	1,043,062	195,697

29. RELATED PARTY TRANSACTIONS

Compensation of key management personnel of the Group

	2024 RMB'000	2023 RMB'000
Short term employee benefits	**5,307**	4,817
Pension scheme contributions	**212**	191
	5,519	5,008

Further details of directors' and the chief executive's emoluments are included in note 8 to these consolidated financial statements.

30. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments of the Group as at the end of each reporting period are as follows:

	2024 RMB'000	2023 RMB'000
Financial assets at fair value through profit or loss		
Financial assets at fair value through profit or loss	**70,128**	10,011

	2024 RMB'000	2023 RMB'000
Financial assets at amortised costs		
Trade receivables	**35**	13
Financial assets included in prepayments, other receivables, and other assets	**8,020**	50,012
Cash and cash equivalents	**695,897**	813,844
	703,952	863,869

30. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

	2024 RMB'000	2023 RMB'000
Financial liabilities at amortised cost		
Financial liabilities included in other payables and accruals	60,951	67,083
Bank borrowing	18,500	19,500
Financial liabilities included in other payables and accruals	79,451	86,583

31. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

Financial assets at fair value

	Carrying amounts		Fair values	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
Financial assets at fair value through profit or loss	70,128	10,011	70,128	10,011

Management has assessed that the fair values of cash and cash equivalents, time deposits, financial assets included in prepayments, other receivables and other assets, trade receivables, financial liabilities included in other payables and accruals, an amount due to a director and amounts due to related parties approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The Group's finance department headed by the chief financial officer is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At each reporting period, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

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.

The following methods and assumptions were used to estimate the fair values:

The Group invests in unlisted investments, which represent financial products issued by banks in PRC. The Group has estimated the fair value of these unlisted investments based on fair values provided by financial institutions.

31. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 31 August 2024

	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Financial assets at fair value through profit or loss	–	70,128	–	70,128

The movements in fair value measurements within Level 3 during the year were as follows:

	2024 RMB'000	2023 RMB'000
As at 1 September	10,011	–
Total gains recognised in the statement of profit or loss and other comprehensive income included in other income	117	11
Purchase	140,000	121,000
Redemption upon maturity	(80,000)	(111,000)
As at 31 August	70,128	10,011

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2023: Nil).

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operation. The Group has various other financial assets and liabilities such as trade receivables, financial assets at fair value through profit or loss and other payables and accruals, which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Foreign currency risk

The Group has transactional currency exposures. The Group currently does not have a foreign currency hedging policy.

Assuming sensitivity to a 5% increase where the HKD weakens against the RMB, with all other variables held constant, there would be an increase in profit before tax of approximately RMB4,708,000 for the year (2023: RMB4,928,000). For a 5% strengthening of the currency there would be an equal and opposite impact on profit or loss. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the reporting date for a 5% change in foreign currency rates.

Credit risk

Maximum exposure and year-end staging

Credit risk is the risk of loss due to the inability or unwillingness of a counterparty to meet its contractual obligation. The Group has no concentration of credit risk from third party debtors. The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 August 2024. The amounts presented are gross carrying amounts for financial assets and the exposure to credit risk.

As at 31 August 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Trade receivables*	–	–	–	35	35
Financial assets included in prepayments, other receivables and other assets					
– Normal**	4,020	–	–	–	4,020
– Doubtful**	–	–	4,000	–	4,000
Cash and cash equivalents					
– not yet past due	695,897	–	–	–	695,897
	699,917	–	4,000	35	703,952

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Credit risk *(Continued)*

Maximum exposure and year-end staging *(Continued)*

As at 31 August 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Trade receivables*	–	–	–	13	13
Financial assets included in prepayments, other receivables and other assets					
– Normal**	15,304	–	–	–	15,304
– Doubtful**	–	30,708	4,000	–	34,708
Cash and cash equivalents					
– not yet past due	813,844	–	–	–	813,844
	829,148	30,708	4,000	13	863,869

* The Group's trade receivables are due from a number of individual students. Credit quality of each student is assessed and outstanding receivables are regularly monitored. For trade receivables to which the Group applies the simplified approach for impairment, information about the expected credit losses is disclosed in note 17 to the financial statements.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful" (note 18(a) to (e)).

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 17 to the financial statements.

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., other receivables and other assets) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of internally generated cash flows from operation.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Liquidity risk *(Continued)*

The maturity profile of the Group's financial liabilities as at the end of each reporting period, based on the contractual undiscounted payments, is as follows:

As at 31 August 2024

	Within 1 year RMB'000	2 to 5 years RMB'000	Over 5 years RMB'000	Total contractual cash flows RMB'000	Carrying amount RMB'000
Financial liabilities included in other payables and accruals	60,951	–	–	60,951	60,951
Bank borrowing	1,636	9,223	8,286	19,145	18,500
	62,587	9,223	8,286	80,096	79,451

As at 31 August 2023

	Within 1 year RMB'000	2 to 5 years RMB'000	Over 5 years RMB'000	Total contractual cash flows RMB'000	Total RMB'000
Financial liabilities included in other payables and accruals	67,083	–	–	67,083	67,083
Bank borrowing	1,007	8,589	10,690	20,286	19,500
	68,090	8,589	10,690	87,369	86,583

Capital risk management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the year.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Capital risk management *(Continued)*

Capital of the Group includes equity attributable to owners of the Company. The Group monitors capital using a debt-to-asset ratio, which is total liabilities divided by total assets. The debt-to-asset ratios as at the end of each reporting period were as follows:

	2024 RMB'000	2023 RMB'000
Total liabilities	239,173	252,771
Total assets	2,054,920	1,960,671
Debt-to-asset ratios	12%	13%

33. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Bank borrowing RMB'000	Lease liabilities RMB'000
At 1 September 2022	–	795
Financing cash flow	19,400	(795)
Interest expense	100	–
At 31 August 2023 and 1 September 2023	19,500	–
Financing cash flow	(1,135)	(124)
Interest expense, net	135	8
Non-cash transactions:		
New lease entered	–	675
At 31 August 2024	18,500	559

34. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2024 RMB'000	2023 RMB'000
NON-CURRENT ASSETS		
Investments in subsidiaries	**66,581**	66,581
	66,581	66,581
CURRENT ASSETS		
Prepayments, deposits and other receivables	**79,193**	107,582
Cash and cash equivalents	**71,053**	50,786
	150,246	158,368
CURRENT LIABILITIES		
Other payables and accruals	**521**	352
	521	352
NET CURRENT ASSETS	**149,725**	158,016
TOTAL ASSETS LESS CURRENT LIABILITIES	**216,306**	224,597
Net assets	**216,306**	224,597
EQUITY		
Share capital	**33**	33
Reserves (note)	**216,273**	224,564
Total equity	**216,306**	224,597

34. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

Note:

A summary of the Company's reserves is as follows:

	Share premium RMB'000	Reserve for RSU scheme RMB'000	Exchange fluctuation reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 September 2023	388,570	(123,131)	14,545	(55,420)	224,564
Loss for the year	–	–	–	(7,710)	(7,710)
Other comprehensive income for the year:					
Exchange differences on translation of financial statements	–	–	(581)	–	(581)
Total comprehensive income for the year	–	–	(581)	(7,710)	(8,291)
At 31 August 2024	388,570	(123,131)	13,964	(63,130)	216,273

35. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 28 November 2024.