2020 Annual Report

博學致遠 駿馳天下

A knowledgeable Man Wins The Whole World

BOJUN

BOJUN EDUCATION COMPANY LIMITED

博駿教育有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock code: 1758

CONTENTS

COMPANY PROFILE

We are one of the leading private education service groups in Chengdu, Sichuan Province, the PRC with a track record of more than 19 years in the provision of private education services. Through our schools, we provide education services to students of different age groups from kindergarten to high school. As at 1 September 2020, we operated a total 13 schools, comprising 6 kindergartens, 1 primary and middle school, 2 middle schools and 1 middle and high school in Chengdu, as well as 1 primary and middle school in Nanjiang County of Bazhong City, Sichuan Province, 1 primary and middle school in Wangcang County of Guangyuan City, Sichuan Province and 1 primary, middle and high school in Lezhi County of Ziyang City, Sichuan Province. As at 1 September 2020, we had an enrolment of 12,126 students supported by 1,732 employees, including 996 teachers.

Since 2001, we have built the foundation of our business upon private preschool education and expanded our footprints to the private primary and middle school education industry. In June 2001, we established Youshi Kindergarten, our first kindergarten formed in joint venture with Chengdu Preschool Normal School. This was followed by Lidu Kindergarten, Riverside Kindergarten, Longquan Kindergarten, Qingyang Kindergarten and Peninsula Kindergarten. We established Jinjiang School in April 2012, followed by Longquan School and Tianfu School in successful replications of our business model for school management of Jinjiang School. After years of planning and preparations, in September 2018, we launched our new education brand name of "Bojun School" and established three Bojun schools of the same model in Chengdu, Bazhong City and Guangyuan City in Sichuan Province, to provide education from primary to middle-school levels. In September 2019, we established a Bojun school of the same model in Ziyang City in Sichuan Province, to provide education from primary to high-school levels.

We aim to provide quality education services with a strong emphasis on the all-round development of students. With increasing demand for quality private education from parents in the PRC, we have undergone significant development since launching our first school in 2001. On the back of the dedication of our management team and the teaching management experience gained over the years, we have built a strong reputation for quality in the industry, which will allow us to attract outstanding students and teachers as we further expand our school network and geographic coverage to enhance and cement our market position in the private fundamental education sector in Sichuan Province.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Director

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

Non-executive Director

Mr. Wu Jiwei

Independent Non-executive Directors

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

AUDIT COMMITTEE

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

NOMINATION COMMITTEE

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

REMUNERATION COMMITTEE

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

COMPANY SECRETARY

Mr. Lam Wai Kei

AUTHORISED REPRESENTATIVES

Mr. Wu Jiwei
Mr. Lam Wai Kei

AUDITOR

PKF Hong Kong Limited

LEGAL ADVISORS

As to Hong Kong law:

Loeb & Loeb LLP

As to PRC law:

Jingtian & Gongcheng
Sichuan Mingju Law Firm (四川明炬律師事務所)

PRINCIPAL BANKERS

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

REGISTERED OFFICE

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

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

21st Floor, CCB Tower
3 Connaught Road Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East, Hong Kong

STOCK CODE

1758

COMPANY'S WEBSITE

http://bojuneducation.com

INVESTOR RELATIONS

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FINANCIAL HIGHLIGHTS

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

FIVE-YEAR COMPARISON OF KEY FINANCIAL FIGURES

	For the year ended 31 August				
Result of operation	2016	2017	2018	2019	**2020**
	RMB'000	RMB'000	RMB'000	RMB'000	**RMB'000**
Revenue	135,371	181,240	231,259	338,019	**375,740**
Gross profit	49,387	59,134	61,814	89,755	**104,411**
Profit for the year	31,909	35,050	15,308	28,941	**15,242**
Adjusted net profit (Note)	30,035	37,858	26,294	28,998	**15,760**
Profit and total comprehensive income for the year attributable to owners of the Company	29,453	35,377	17,133	26,597	**9,100**
Basic earnings per share (RMB)	0.07	0.06	0.03	0.03	**0.01**

	For the year ended 31 August				
Financial ratio	2016	2017	2018	2019	**2020**
Gross profit margin (%)	36.5%	32.6%	26.7%	26.6%	**27.79**
Net profit margin (%)	23.6%	19.3%	6.6%	8.6%	**4.06**
Adjusted net profit margin (%)	22.2%	20.9%	11.4%	8.6%	**4.19**

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

Assets and liabilities	As at 31 August 2016 RMB'000	2017 RMB'000	2018 RMB'000	2019 RMB'000	**2020 RMB'000**
Non-current assets	326,001	274,041	848,658	1,370,899	**1,742,966**
Current assets	386,225	427,327	631,127	437,467	**463,435**
Current liabilities	376,280	333,295	621,778	899,076	**854,485**
Net current assets/(liabilities)	9,945	94,032	9,349	(461,609)	**(391,050)**
Total assets less current liabilities	335,946	368,073	858,007	909,290	**1,351,916**
Non-current liabilities	6,196	2,946	45,634	69,720	**496,586**
Capital and reserves	329,750	365,127	812,373	839,570	**855,330**
Property, plant and equipment	213,089	224,341	671,226	1,106,119	**1,311,630**
Bank balances and cash	373,579	332,531	607,062	336,647	**426,772**
Contract liabilities (Deferred revenue)	144,389	201,325	280,481	350,837	**369,348**
Borrowings	–	–	60,000	140,000	**416,500**

Financial ratio	As at 31 August 2016	2017	2018	2019	**2020**
Current ratio	1.03	1.28	1.02	0.49	**0.54**
Gearing ratio (Note)	2.2%	1.0%	7.4%	16.7%	**48.7%**

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

Cash flows	For the year ended 31 August 2016 RMB'000	2017 RMB'000	2018 RMB'000	2019 RMB'000	**2020 RMB'000**
Net cash from operating activities	69,668	127,812	126,931	103,870	**125,515**

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board, I am pleased to present the annual report of the Company, covering the consolidated results of the Group for the year ended 31 August 2020.

RESULTS OVERVIEW

Compared with the corresponding period in the previous year, the Group's total revenue for the year ended 31 August 2020 grew by approximately 11.2% to approximately RMB375.7 million. Profit for the year decreased by approximately 47.3% to approximately RMB15.2 million, while adjusted net profit for the year decreased by approximately 45.7% to approximately RMB15.8 million.

SUMMARY OF BUSINESS

We have been running private schools in Chengdu, Sichuan Province, China for more than 19 years and have built a strong reputation in the region for this sector. The overwhelming number of applications for enrolment received, outstanding examination results of our graduates and the positive response to and support for our school network expansion on the part of local governments bear testimony to the Group's sufficient influence in the field of private education in Sichuan Province. As at 1 September 2020, we had a student enrolment of 12,126, representing a year-on-year growth of approximately 0.4%. Since the group did not commence a new school in September 2020, the number of students has remained stable and has not increased temporarily.

We adhere to the concepts of "Combination of Chinese and Western, Arts and Science" (融貫中西，文理並蓄) and "Learn Intently in Pursuit of Knowledge and Caring for the World" (靜學問道，天下關懷). We strengthen the study of basic subjects according to the education rules and the law of growth of people. Meanwhile, we provide high-quality and all-round education services to our students through customised course design. We follow the future development trend of education and create education that adapts to the development of students. We believe the success of our education services facilitates the development of our students' skills in communication, creativity and collaboration, and thereby helping them achieve academic excellence and other achievements. For the results of the Zhongkao of 2020, approximately 89.5% (2019: 92.8%) of our graduating middle school students scored well enough for admission by first-tier high schools in Chengdu. For the results of the Gaokao of 2020, approximately 98.1% (2019: 99.3%) of our high school graduates were admitted to universities, with approximately 90.8% of them were admitted to key universities (2019: 94.8%).

DEVELOPMENT PLANS

Looking to the future, we believe we will continue to benefit from the PRC Government's strong efforts to promote the regulated development of private education. To further enhance and expand our market position as a provider of premium private education in Southwest China, the Group will continue to focus on the growth of its K12 education services in Sichuan Province by actively increasing our capacity of existing schools, with a view to the ongoing growth of our education services.

The Group has constructed a new school premise next to the existing Tianfu School campus and Jinjiang School campus to expand the schools' capacity, and at the same time establishing a new school system. It is expected to increase a capacity of 3,200 students. The Group believes that expanding the existing school capacity will increase the number of students and control the costs, thereby increase the profit margin of assets effectively. The Group will strive to establish or increase the Group's schools of the same model for grades 1 to 12, which will be conducive to the continuity of educational concepts and teaching methods accepted by students. The Group believes it will cement our position as a major provider of K-12 private education services in Southwest China.

APPRECIATION

On behalf of the Board, I would like to extend heartfelt gratitude to all shareholders and stakeholders of the Company for their ongoing trust and confidence in us. Sincere appreciation is also due to the management and staff for the professionalism, loyalty and dedication they demonstrated in the execution of the Group's development strategy. The Group will continue to step up with its business development with dedicated efforts and focus on increasing shareholders' return.

Bojun Education Company Limited
Wang Jinglei
Chairman and chief executive officer

Chengdu, the PRC, 26 November 2020

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

The PRC fundamental education includes preschool, compulsory school (including primary and middle school), high school education. According to the public information disclosure, the demand and supply of fundamental education was perennially tight in the recent decade. Quality education resources are scarce. In the reform of new Gaokao, demand of parents towards quality featured education increased. Looking forward, followed by the increasing comprehensive national power of the PRC and enhancing standard of living, private education will be quality and feature-oriented and become an important force for establishing education that satisfies people. The population in Sichuan Province is large and has been one of the largest fundamental private education markets in the PRC in terms of total number of students. As being a well-known private education group in Chengdu, the Group will strive to provide quality private fundamental education service to Sichuan Province.

BUSINESS REVIEW

Our Schools

We are a leading private education service group in Chengdu, Sichuan Province, the PRC, operating 13 schools in Sichuan Province. In the 2019/2020 school year, we operated (i) one middle and high school, two middle schools, one primary and middle school and six kindergartens in Chengdu, Sichuan Province, (ii) one primary and middle school in Nanjiang County (南江縣) of Bazhong City (巴中市), Sichuan Province, (iii) one primary and middle school in Wangcang County (旺蒼縣) of Guangyuan City (廣元市), Sichuan Province and (iv) one primary, middle and high school in Lezhi County (樂至縣) of Ziyang City (資陽市), Sichuan Province.

The following table lists out the types of education section provided by each of our schools:

	Kindergartens	Primary school section	Middle school section	High school section
Jinjiang School			✓	
Longquan School			✓	✓
Tianfu School			✓	
Wangcang Bojun School		✓	✓	
Nanjiang Bojun School		✓	✓	
Pengzhou Bojun School		✓	✓	
Lezhi Bojun School		✓	✓	✓
Youshi Kindergarten	✓			
Lidu Kindergarten	✓			
Longquan Kindergarten	✓			
Peninsula Kindergarten	✓			
Riverside Kindergarten	✓			
Qingyang Kindergarten	✓			

Our Students

As at 1 September 2020, the Group had an enrolment of 12,126 students, including 1,160 preschool students and 10,966 intake of students from grades 1 to 12.

Our Objectives in Education

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

Education Services and Academic Performance

The core educational curriculum of our primary schools, middle schools and high schools is designed based on the standards set by the PRC national and provincial educational authorities. The curriculum is primarily formulated towards Zhongkao for middle school students and Gaokao for high school students. For the results of the Zhongkao in 2020, approximately 89.5% (2019: 92.8%) of our middle school graduates who participated in such examinations scored well enough for intake by first-tier high schools in Chengdu. For the results of the Gaokao in 2020, approximately 98.1% (2019: 99.3%) of our high school graduates were admitted to universities, with 90.8% (2019: 94.8%) of them were admitted to the key universities.

In addition to standard educational curriculum, we also provide a variety of extra-curricular activities for our primary school, middle school and high school students, ranging from music, arts, foreign languages to sports and robotics, to benefit their personal development. We also encourage our students to participate in inter-school competitions to cultivate their talents and enrich their school life.

School Facilities

In line with our schools' focus on offering comprehensive educational programmes for our students, our campuses have been equipped with a variety of facilities, such as classroom, lecture hall, multi-media room, piano room, music room, dancing room, computer room, gymnasium, general science laboratory, library, outdoor fields, sports courts (such as basketball, badminton and volleyball courts), Chinese culture studies room, technology room, calligraphy room, art room, tea art room and psychological consultation room, canteens, dormitories, administrative offices and staff apartments, etc.

Students and Admission

For student enrolment at our kindergartens, we generally conduct interviews with parents and children and parents to enroll children who agree with and are able to adapt to the development philosophy of our kindergartens. For enrolment for primary and middle school sections, we complete the enrolment in accordance with the procedures stipulated by the competent education authorities. As for enrolment at our high school section, we participate in the unified admission procedure administered by the local education bureau and generally admit middle school graduates who have applied to our schools through the unified admission system and have reached or exceeded the standardised test scores required by us.

As of 1 September 2019, we had an aggregate of 12,082 students, including 1,283 kindergarten students, 1,950 primary school students, 8,164 middle school students and 685 high school students. The following table sets forth information relating to the student enrolment of our schools as of the dates indicated:

Number of students by school	**Student enrolment**			
	As at 1 September			Change
	2019	2018	Change	Percentage
Jinjiang School				
Middle school	3,198	3,055	+143	+4.7%
Longquan School				
High school	611	570	+41	+7.2%
Middle school	2,204	1,917	+287	+15.0%
Tianfu School				
Middle school	1,655	1,635	+20	+1.2%
Wangcang Bojun School				
Primary school	404	288	+116	+40.3%
Middle school	242	124	+118	+95.2%
Nanjiang Bojun School				
Primary school	445	235	+210	+89.4%
Middle school	183	83	+100	+120.5%
Pengzhou Bojun School				
Primary school	928	667	+261	+39.1%
Middle school	477	312	+165	+52.9%
Lezhi Bojun School				
Primary school	173	–	+173	–
Middle school	205	–	+205	–
High school	74	–	+74	–
Sub-total (Primary schools, middle schools and high schools)	10,799	8,886	+1,913	+21.5%
Youshi Kindergarten	202	219	–17	–7.8%
Lidu Kindergarten	262	285	–23	–8.1%
Longquan Kindergarten	208	165	+43	+26.1%
Peninsula Kindergarten	249	269	–20	–7.4%
Riverside Kindergarten	117	102	+15	+14.7%
Qingyang Kindergarten	245	247	–2	–0.8%
Sub-total (Kindergartens)	1,283	1,287	–4	–0.3%
Total	12,082	10,173	+1,909	+18.8%

Number of students by school sections	**Student enrolment**			
	As at 1 September			Change
	2019	2018	Change	Percentage
Kindergartens	1,283	1,287	–4	–0.3%
Primary schools	1,950	1,190	+760	+63.9%
Middle schools	8,164	7,126	+1,038	+14.6%
High schools	685	570	+115	+20.2%
Total	12,082	10,173	+1,909	+18.8%

The increase in the aggregate number of students enrolled in all of our schools by approximately 18.8% from 1 September 2018 to 1 September 2019 was mainly due to additional enrolment from the Lezhi Bojun School which was newly opened in September 2019 and the increase in the number of students of Pengzhou Bojun School, Nanjiang Bojun School, Wangcang Bojun School and Longquan School.

The decrease in the number of kindergarten students from 1 September 2018 to 1 September 2019 was mainly due to the increase in the number of public kindergartens established by the PRC government, resulting in the loss of students of private kindergartens.

Teachers and Teacher Recruitment

We believe teachers are the key to maintaining our high-quality educational programmes and services as well as maintaining the reputation of our schools. We consider that teachers should act as role models for our students and, therefore, they should be competent in teaching and dedicated to their profession as well as the well-being of students. It is crucial to both the development of our students and the success of our schools that we recruit teachers who are passionate in their education career with outstanding teaching capability.

As of 1 September 2019, we had 996 teachers. Approximately 97.5% of our primary school, middle school and high school teachers held a bachelor's degree or above, among which approximately 19.6% of them held a master's degree or above. The following table sets forth the number of teachers of each school section for the years indicated:

School sections	**Number of teachers[(1)]**	
	As at 1 September	
	2019	2018
Kindergartens	119	118
Primary schools	153	87
Middle schools	659	586
High schools	65	50
Total	996	841

Note:

(1) Excluding teachers engaged in administrative duties.

We manage our teacher-to-student ratio based on the number of our student enrolled, our education plans and activities and the needs of our students. We review the teacher-to-student ratio of each of our schools from time to time to ensure that we can maintain high-quality educational programmes and services.

The following table sets forth the teacher-to-student ratio of each school section as at the dates indicated:

School sections	**Teacher-to-student ratio[1]**	
	As at 1 September	
	2019	2018
Kindergartens	1:11	1:11
Primary schools	1:13	1:14
Middle schools	1:12	1:12
High schools	1:11	1:11

Note:

(1) The teacher-to-student ratio is arrived at by dividing the student enrolment of the school by the number of teachers employed by the school as at the dates indicated above.

Teacher Retention Rate

In order to retain high-caliber teachers, we offer competitive remuneration package and our teachers are also entitled to performance bonuses, which are based on their quality of teaching as assessed by our Group. Our middle and high school teachers may stay at our staff quarters. Further, as one of the major benefits for being our middle and high school teachers, their children could enroll in our schools free of charge. We believe we have maintained a good working relationship with our teachers and enjoyed a high retention rate.

For the years ended 31 August 2019 and 2020, (i) the teacher retention rates at our high school were approximately 90.2% and 86.2%, respectively, (ii) the teacher retention rates at our middle schools were approximately 94.8% and 84.6%, respectively, (iii) the teacher retention rates at our primary schools were approximately 92.7% and 83.5%, respectively, and (iv) the teacher retention rates at our kindergartens were approximately 79.9% and 81.7%, respectively. The retention rate is calculated based on the total number of teachers at our schools at the beginning of a school year minus the total number of teachers who voluntarily resign from our schools during the corresponding school year, divided by the total number of teachers at our schools at the beginning of a school year.

As our schools consider optimising the teacher ratio structure and retaining an excellent team of teachers to maintain the improvement of the grades; meanwhile, to maintain a certain level of teacher turnover to engage teachers with better teaching capability and innovation. The retention rates of the schools' teachers decreased for the year ended 31 August 2020, but the teacher-to-student ratio was maintained at an appropriate level through the recruitment of new teachers, only that the retention rate of school teachers for the year ended 31 August 2020 was duly affected.

Tuition and Boarding Fees

For our primary schools, middle schools and high schools, our tuition fees for the 2019/2020 school year ranged from RMB22,000 to RMB42,000 per student per year while boarding fees of RMB1,200 to RMB1,400 per school year was charged for each boarding student. The fees charged remained unchanged when compared to the 2018/2019 school year. The tuition fees of our kindergartens for the 2019/2020 school year ranged from RMB26,160 to RMB56,160 per student per school year. The fees charged remained unchanged when compared to the 2018/2019 school year. The following table sets forth the tuition fees and boarding fees of our schools for the school years indicated:

School	Tuition fees and boarding fees	
	2019/2020 school year	2018/2019 school year
Jinjiang School [(1)]		
Middle school	**RMB32,000–RMB34,800**	RMB32,000–RMB34,800
Longquan School		
High school	**RMB34,800**	RMB34,800
Middle school	**RMB34,800**	RMB34,800
Tianfu School		
Middle school	**RMB34,800**	RMB34,800
Wangcang Bojun School		
Middle school	**RMB27,200**	RMB27,200
Primary school	**RMB23,200**	RMB23,200
Nanjiang Bojun School		
Middle school	**RMB27,200**	RMB27,200
Primary school	**RMB23,200**	RMB23,200
Pengzhou Bojun School		
Middle school	**RMB43,400**	RMB43,400
Primary school	**RMB37,400**	RMB37,400
Lezhi Bojun School		
High school	**RMB34,800**	—
Middle school	**RMB34,800**	—
Primary school	**RMB23,200**	—
Youshi Kindergarten	**RMB45,360–RMB46,560**	RMB45,360–RMB46,560
Lidu Kindergarten	**RMB44,160–RMB45,360**	RMB44,160–RMB45,360
Longquan Kindergarten	**RMB26,160–RMB27,360**	RMB26,160–RMB27,360
Peninsula Kindergarten	**RMB54,960–RMB56,160**	RMB54,960–RMB56,160
Riverside Kindergarten	**RMB45,360–RMB46,560**	RMB45,360–RMB46,560
Qingyang Kindergarten	**RMB47,760–RMB48,960**	RMB47,760–RMB48,960

Note:

(1) Other than Jinjiang School which provides boarding and day services, all other schools are boarding schools.

In general, our middle and high schools have an increase in tuition fees every three years to reflect our operating costs. Our middle and high schools have already increased their tuition fees in September 2018, and the Company will decide whether to adjust tuition fee in the 2021/2022 school year after considering factors such as operating costs and market environment. Therefore, there was no change in the tuition fees of middle and high schools in the current school year. Our primary schools were opened in September 2018, and their tuition fees will be adjusted in the future in accordance with relevant regulations when operating costs rise in the future. There has been no significant increase in the operating costs of our kindergartens and we do not have a plan to adjust the tuition fees at the moment so that we can maintain our competitiveness in the preschool market.

School Capacity and Utilisation

Enrolment and Capacity

With increasing demand for quality private education from parents in the PRC, and the continuous investment in infrastructure by our schools, each school experienced significant growth in capacity and enrolment in recent years.

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

	As at 1 September					
Type of school	**Enrolment[(1)]**		**Student capacity[(2)]**		**School utilisation rate[(3)]**	
	2019	2018	2019	2018	2019	2018
High school	685	570	850	630	80.6%	90.5%
Middle school	8,164	7,126	8,450	7,155	96.6%	99.6%
Primary school	1,950	1,190	2,950	1,520	66.1%	78.3%
Kindergarten	1,283	1,287	1,865	1,865	68.8%	69.0%
Total	12,082	10,173	14,115	11,170	85.6%	91.1%

Notes:

(1) The student enrolment information was based on the internal records of our schools.

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

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

OUTLOOK

Development Trends in the Private Fundamental Education Industry in Sichuan and Chengdu

With the increase in household income of the PRC residents and the improvement of the educational level of the parents of the younger generation, parents have a greater demand for quality education resources, and the proportion of education expenditure in the overall household expenditure has steadily increased. As the One-Child Policy has been relaxed and the Two-Child Policy was fully implemented in 2016 by the PRC government, there will be an ongoing increase in demand for fundamental education in the future. These factors will help our schools recruit more students and raise service price in due course. In recent years, private schools in Sichuan and Chengdu have continued to improve their teaching quality, which will attract more students to enroll in private schools. With the good reputation of our schools, the Group is optimistic about the opportunities brought by the strong demand for quality private education in Southwest China.

OUR BUSINESS DEVELOPMENT STRATEGIES AND PLANS

Our aim is to maintain and consolidate our leading position in the private education market in Chengdu. We will expand our school network and increase our student capacity through the following development strategies.

1. Establish new schools or new school premises to expand our school network

(i) Establishment of light-asset schools: We establish new schools through cooperation with third-party business partners.

— In June 2020, we entered into an educational project investment agreement with the People's Government of Jianyang* (簡陽市人民政府) through Jianyang Jinbojun to invest in the establishment of a high-end private school in Jianyang City which integrates preschool education and fundamental education, the Jianyang School. It is expected to commence in 2022, with a capacity of 3,500 students.

Jianyang Jinbojun is owned as to 51% by Chengdu Mingxian and 49% by Kirin Capital Holdings Company Limited* (騏靈資本控股有限公司) ("Kirin Capital"). Chengdu Mingxian and Kirin Capital agreed that Kirin Capital shall be responsible for the infrastructure of the Jianyang School, and Chengdu Mingxian shall be responsible for providing the usage of the school brand, teachers, teaching management and daily operations.

— In January 2018, US Bojun entered into a memorandum of understanding with the US Partner, to expand our school network abroad. The US Partner is engaged in the provision of private high school education services in California for grades 9 to 12 students and is an accredited school of the Western Association of Schools and Colleges. Pursuant to the memorandum of understanding, our Group and the US Partner will set up a joint venture to establish the US School, being a for-profit private international school in the Los Angeles area offering education for grades 7 to 12. The joint venture will be owned by our Group as to 70% and the US Partner as to 30%. We will provide funding for the operations and purchase of facilities and will be involved in the planning of teaching programmes to be offered by the US School. The US Partner will provide management services to the US School, assist our Group in identifying school premises and recruit teachers for the US School. Due to impact of the COVID-19, our commencement plan of schools in the USA may be suspended, and we will make further announcement as and when appropriate.

(ii) Expand the capacity of existing school premises: We construct new school premises near or inside our existing campus.

— Chengdu Mingxian entered into the Agreement of Intent on 14 November 2019 and an Acquisition Agreement on 13 April 2020 in relation to the acquisition of equity transfer of the Taoyuan Company, pursuant to which, the Group would acquire 100% equity interest in the Taoyuan Company upon completion of the equity transfer at a total consideration of RMB21.8 million. For details please refer to the announcements of the Company dated 19 November 2019 and 28 April 2020. Pursuant to which, we have acquired 100% equity interest in the Taoyuan Company upon completion of the equity transfer at a total consideration of RMB21.8 million in August 2020. After completion of the acquisition, we have obtained the 4th Division, Shuangquan Village, Wan'an Town, Chengdu City (成都市萬安鎮雙泉村四組) of an area of 4,645.9 square metres for the expansion of the campus of Tianfu School and operation of primary school and high school. It is expected that the new schools will commence in September 2021 and can increase the Tianfu School's capacity by 2,000 students.

— After obtaining the approval from the relevant authorities, we will construct new buildings to operate a primary school in the existing campus of Jinjiang School. It is expected that the school will commence schooling in September 2021 and can increase the Jinjiang School's capacity by 1,200 students.

The following table provides a summary of the capacities of the new schools expected to commence schooling in September 2021 and September 2022.

School premises	Expected date of commencement[1]	Estimated capacity
Tianfu School (Primary school and high school)	September 2021	2,000
Jinjiang School (Primary school)	September 2021	1,200
Jianyang School	September 2022	3,500
Total		6,700

Note:

(1) The commencement of schooling is subject to, among others, successful acquisition of land (where applicable), approval by and registration with relevant authorities and the progress of construction work. Therefore, the aforesaid new schools may or may not commence in accordance with our plans.

2. Increase the student enrolment of our existing schools

We intend to increase the student enrolment of our existing schools, in particular the schools newly established in recent years. Since certain of our construction investments and operation costs are fixed, we believe that our financial results would be significantly improved if we are able to enroll more students at such schools.

The following table provides a summary of our schools in operation as at 1 September 2020 and their estimated capacity:

School premises	Number of student enrolled as at 1 September 2020	Estimated capacity
Jinjiang School	**3,041**	3,050
Longquan School	**2,841**	2,850
Tianfu School	**1,703**	1,750
Wangcang Bojun School[1]	**735**	4,000
Nanjiang Bojun School[1]	**777**	3,200
Pengzhou Bojun School[1]	**1,129**	4,000
Leizhi Bojun School[2]	**740**	3,200
Kindergartens[3]	**1,160**	1,865
Total	**12,126**	23,915

(1) New schools opened in September 2018.

(2) New school opened in September 2019.

(3) Including six kindergartens, namely Youshi Kindergarten, Lidu Kindergarten, Riverside Kindergarten, Longquan Kindergarten, Qingyang Kindergarten and Peninsula Kindergarten.

3. Consistently provide high-quality education and maintain a strong, experienced and qualified teaching team

We are of the view that the high-level of teaching quality is an important factor in attracting students. We aim to recruit more experienced, outstanding and innovative teachers to improve the teaching level. We attach importance to the improvement of teachers' teaching skills, and organise regular training and competitions for improving their teaching skills; meanwhile, we also adopt the collective lesson preparation model to ensure the excellent and consistent teaching quality of the teaching team.

4. Enhance the brand influence of our schools to recruit more students

We are of the view that increasing the brand influence of the First Middle School of Sichuan Normal University (師大一中) and Bojun School (博駿學校) in Sichuan Province will help us attract more students. The brand of First Middle School of Sichuan Normal University continued to maintain a good reputation in Chengdu. Bojun School, as a new brand founded by the Group, will share resources with schools under the First Middle School of Sichuan Normal University brand, so they can complement the advantages with one another, and build a good collaborative school model. It will help raise the brand awareness of Bojun School and attract more students.

ENVIRONMENT, HEALTH AND SAFETY

The Group's business has not violated applicable environmental laws and regulations of the PRC in any material aspect.

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

As far as the Board and the Company's management are aware of, the Group is in compliance with the relevant laws and regulations that have a significant impact on the Group's businesses and operations in all material aspects. There was no material violation of or non-compliance with applicable laws and regulations by the Group during the year ended 31 August 2020.

IMPACT OF THE COVID-19 PANDEMIC

After the outbreak of the COVID-19 pandemic in early 2020, the PRC government has implemented various epidemic prevention and control measures and achieved remarkable results. Due to the impact of the pandemic, school students of the Group returned to school in early April 2020, and students of kindergarten returned to school in early June 2020. After resumption of school, each kindergarten has implemented strict epidemic prevention and control measures in accordance with the instructions of the relevant government authorities. As at the date of this report, none of the school students and teachers of the Group has been infected with COVID-19.

During the suspension of schools in early 2020 due to the outbreak of the pandemic, the schools of the Group provided online teaching services to students, and later postponed the summer vacation to compensate for the loss of classroom teaching time during the suspension and complete the teaching tasks scheduled for the relevant school year. The kindergartens of the Group have formulated the "Online Teaching Plan for Suspension of Classes", which provides online teaching to parents and children through the Youshi Kindergarten's official WeChat page and kindergarten class WeChat groups to enrich the learning life of the students.

In accordance with the regulations of the relevant government authorities, the kindergartens of the Group charged the tuition fees of the second semester of the 2019/2020 school year, based on the actual teaching time (June to August) and refunded tuition fees in proportion to teaching time lost due to the impact of the pandemic. Therefore, the income of the kindergartens decreased by approximately RMB19.6 million, and their gross profit decreased by approximately RMB17.8 million for the year ended 31 August 2020 when compared to that of the corresponding period in 2019.

LATEST REGULATORY DEVELOPMENTS

(i) The Implementation Rules for the Law for Promoting Private Education of the PRC (Draft for Review)* (《中華人民共和國民辦教育促進法實施條例(修訂草案)(送審稿)》)

On 10 August 2018, the Ministry of Justice of the PRC published the Implementation Rules for the Law for Promoting Private Education of the PRC (Draft for Review) (the "Draft") for consultation. Article 12 of the Draft provides that "prohibits those centrally operates their schools to control not-for-profit private schools by means of merger and acquisition, franchise chain, agreement control and other means, and control by entering an agreement". "Control by agreement" referred to in such article brings uncertainties to the control of not-for-profit schools by contractual arrangements adopted by us. As at the date of this report, the Draft has not been implemented. The Company will closely monitor the developments of the Draft.

(ii) Implementation Opinions of Sichuan Provincial Government on Encouraging the Operation of Education by Social Forces and Promoting the Healthy Development of Private Education* (《四川省政府關於鼓勵社會力量興辦教育促進民辦教育健康發展的實施意見》)

According to the Implementation Opinions on Encouraging the Operation of Education by Social Forces and Promoting the Healthy Development of Private Education (Chuan Fu Fa 2018 No. 37)* (《關於鼓勵社會力量興辦教育促進民辦教育健康發展的實施意見》(川府發2018 37 號)) issued by Sichuan People's Government on 17 September 2018, "The school sponsors of existing private schools shall submit an election of the nature of schools operated in writing to the competent authorities by 1 September 2020, and schools that fail to submit such information by the stipulated timeline shall not be eligible for election as for-profit private schools. Schools that have been elected to be not-for-profit private schools shall complete relevant procedures by 1 September 2021." As at the date of this report, all the schools operated by us have been registered as not-for-profit private schools, and the schools have amended their articles of association, improved their corporate governance structure and internal management system in accordance with relevant regulations.

(iii) Certain Opinions on Deepening the Reform and Regulating the Development of Pre-school Education (關於學前教育深化改革規範發展的若干意見)

On 15 November 2018, the Central Committee of the Communist Party of China and the State Council of the PRC jointly issued "Certain Opinions on Deepening the Reform and Regulating the Development of Pre-school Education" (關於學前教育深化改革規範發展的若干意見) (the "Reform Opinions"). Pursuant to the Reform Opinions, among other things, private companies should not control not-for-profit kindergartens through contractual arrangements. As at the date of this report, the Group operates six not-for-profit kindergartens through contractual arrangements, which account for approximately 9.0% of the Group's revenue for the year ended 31 August 2020 and approximately 9.6% of the Group's total number of students enrolled as at 31 August 2020. The impact of the Reform Opinions and regulatory policies on the Group's operations and financial position is limited. The Company will closely monitor and seek legal advice on the Reform Opinions in due course, and will take all reasonable measures to comply with the Reform Opinions as it may be advised.

(iv) Foreign Investment Law of the PRC

On 15 March 2019, the National People's Congress passed and announced the "Foreign Investment Law of the PRC" (the "Foreign Investment Law"), which became effective on 1 January 2020. The Foreign Investment Law defined the investment activities carried out in the PRC directly or indirectly by foreign investors and listed four scenarios which should be identified as foreign investments. There are no specific inclusion of clauses related to "de facto control" or "contractual arrangement" in Foreign Investment Law. The Foreign Investment Law does not explicitly stipulate the contractual arrangements as a form of foreign investment. Nevertheless, we would not rule out the possibility of any further laws and regulations on this matter. Therefore, there are still uncertainties on whether the structure under the structured contracts will be included under the regulatory area of foreign investment, and if it is included under regulation and how it should be regulated. As of the date of this report, the operation of the Company was not affected by the Foreign Investment Law. The Company will closely monitor the Foreign Investment Law and the development of relevant laws and regulations.

The Company will continue to monitor developments of above and other related laws and regulations, and will make further announcements in respect thereof in accordance with the Listing Rules as and when appropriate.

Compliance with the Qualification Requirement

According to the Regulations on Operating Sino-foreign Schools (《中外合作辦學條例》), foreign investor in a Sino-Foreign Joint Venture Private School must be a foreign educational institution which has acquired relevant qualifications and experience in a foreign country (the "Qualification Requirement"). As part of our effort to fulfill the Qualification Requirement, we have adopted specific plans and taken concrete steps reasonably considered by us to be significant to indicate our compliance with the Qualification Requirement. On 19 August 2016, we established US Bojun as an operating entity in the USA. On 29 January 2018, we, through US Bojun, entered into a memorandum of understanding with the US Partner, an institution which had extensive experience in provision of private education services in the United States, to expand our school network abroad. Pursuant to the memorandum of understanding, our Group and the US Partner will set up a joint venture for the establishment of the US School in the Los Angeles area. The joint venture will be owned by our Group as to 70% and the US Partner as to 30%. We will provide funding to finance operations and the purchase of facilities, and will be involved in the design of the education programs to be offered by the US School. The US Partner will provide management services to the US School, assist our Group in identifying school premises and recruit teachers for the US School. We intend to allocate approximately US$3.2 million for the purpose of establishing the US School. We intended to meet part of such capital expenditure by utilising approximately RMB12.9 million (equivalent to approximately US$1.9 million) from the Global Offering and the remainder through equity and/or debt financing and/or with our internal funds, as and when we see fit. Due to impact of the COVID-19, our commencement plan of school in the USA may be suspended. Further announcement will be made by the Company as and when appropriate.

The Group's PRC legal advisor indicated to the Group that the relevant regulatory developments and guidance related to the qualification requirements have not changed.

FINANCIAL REVIEW

Revenue

We derive revenue from tuition fees and boarding fees our schools collected from our students. The following table sets forth the breakdown of major components of the revenue for the years indicated:

	For the year ended 31 August			
	2020	**Percentage of total**	2019	Percentage of total
	RMB'000	**%**	RMB'000	%
Tuition fees				
— Kindergartens	**33,877**	**9.0**	53,514	15.8
— Primary schools, middle schools and high schools	**331,130**	**88.1**	275,190	81.4
Sub-total	**365,007**	**97.1**	328,704	97.2
Boarding fees	**10,733**	**2.9**	9,315	2.8
Total	**375,740**	**100.0**	338,019	100.0

Our revenue increased by approximately RMB37.7 million or 11.2% from approximately RMB338.0 million for the year ended 31 August 2019 to approximately RMB375.7 million for the year ended 31 August 2020. The increase was mainly attributable to the increased total student enrolment, which resulted the increase in tuition and boarding fees.

Student enrolment in our schools increased by approximately 18.8% from 10,173 as of 1 September 2018 to 12,082 as of 1 September 2019, mainly due to an increase in the number of students enrolled in our middle schools and high schools including Longquan School, Nanjiang Bojun School, Wangcang Bojun School, Pengzhou Bojun School and newly commenced Lezhi Bojun School.

Costs of services

Our costs of services primarily consist of staff costs, depreciation, cost of cooperative education, rental expenses and other costs. For the years ended 31 August 2019 and 2020, our costs of services represented approximately 73.4% and 72.2% of our total revenue, respectively. The table below sets forth the breakdown of the major components of our costs of services for the years indicated:

	For the year ended 31 August	
	2020	2019
	RMB'000	RMB'000
Staff costs	**171,183**	157,855
Depreciation	**60,965**	28,002
Royalty fees	**15,803**	14,511
Rental and property management fees	**–**	19,578
Office expenses	**11,097**	13,958
Repair and maintenance	**5,439**	2,405
Utilities expenses	**3,233**	3,560
Training expenses	**1,376**	2,286
Others	**2,233**	6,109
Total	**271,329**	248,264

Our costs of services increased by approximately RMB23.0 million or 9.3% from approximately RMB248.3 million for the year ended 31 August 2019 to approximately RMB271.3 million for the year ended 31 August 2020. The increase was primarily attributable to the increase in number of students in the newly commenced Lezhi Bojun School which resulted in an increase in the number of teachers we employed and the depreciation for school buildings, the repair and management fees of the school premises and related operating costs, among which,

(i) staff costs increased by approximately RMB13.3 million or 8.4% from approximately RMB157.9 million for the year ended 31 August 2019 to approximately RMB171.2 million for the year ended 31 August 2020, primarily because the number of teachers increased from 841 as of 1 September 2018 to 996 as of 1 September 2019, in particular, the new Lezhi Bojun School commenced operation in September 2019, which resulted in an increase in the number of teachers engaged; and (ii) the number of classes opened in Wangcang Bojun School, Nanjiang Bojun School and Pengzhou Bojun School increased, which resulted in an increase in the number of teachers engaged.

(ii) Depreciation expenses increased by approximately RMB32.9 million or 117.7% from approximately RMB28.0 million for the year ended 31 August 2019 to approximately RMB61.0 million for the year ended 31 August 2020, primarily due to (1) the application of property and equipment from the commencement of Lezhi Bojun School, which resulted in an increase in depreciation; (2) the completion and launch of buildings of Nanjiang Bojun School and Wangcang Bojun School in the year ended 31 August 2020 which were not yet completed in the year ended 31 August 2019, which resulted in an increase in depreciation; and (3) the depreciation of right-of-use assets, which resulted in an increase in depreciation.

(iii) Royalty fees increased by approximately RMB1.3 million or 8.9% from approximately RMB14.5 million for the year ended 31 August 2019 to approximately RMB15.8 million for the year ended 31 August 2020, due to the increase in tuition fees income from our middle schools and high schools as a result of increased number of students enrolled and the increase in applicable royalty rate.

(iv) Repair and maintenance fee increased by approximately RMB3.0 million or 126.2% from approximately RMB2.4 million for the year ended 31 August 2019 to approximately RMB5.4 million for the year ended 31 August 2020, due to renovation of Jinjiang School campus in the current year as a result of its obsolescence.

In addition, our costs of services such as society activities, book purchase expenses increased in line with the expansion in scale of the schools we operated.

Employee benefits

As at 31 August 2020, the Group had 1,732 employees (as at 31 August 2019: 1,709). The Group participates in various employee benefit plans, including provident fund, pension, medical insurance and unemployment insurance. The Company has also adopted a share option scheme for its employees and other eligible persons. Salaries and other benefits of the Group's employees are generally reviewed on a regular basis in accordance with individual qualifications and performance, result performance of the Group and other relevant market conditions. The Group also provides internal and external training programmes to its employees. For the year ended 31 August 2020, the annual staff costs (including directors' fees) amounted to approximately RMB208.6 million (2019: RMB191.6 million).

Gross profit and gross profit margin

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

	For the year ended 31 August					
	2020			2019		
	Segment revenue RMB'000	**Gross profit (loss) RMB'000**	**Gross profit margin %**	Segment revenue RMB'000	Gross profit RMB'000	Gross profit margin %
Primary schools, middle schools and high schools	**341,863**	**106,505**	**31.2**	284,505	74,045	26.0
Kindergartens	**33,877**	**(2,094)**	**(6.2)**	53,514	15,710	29.4
Total	**375,740**	**104,411**	**27.8**	338,019	89,755	26.6

Gross profit margin of our primary schools, middle schools and high schools increased from approximately 26.0% for the year ended 31 August 2019 to approximately 31.2% for the year ended 31 August 2020. The increase in gross profit margin was mainly because of increase in the number of students enrolled in middle schools and high schools. Gross profit margin of our kindergartens decreased from approximately 29.4% for the year ended 31 August 2019 to approximately -6.2% for the year ended 31 August 2020. The decrease was mainly attributable to the kindergartens of the Group charging the tuition fees for the second semester of the 2019/2020 school year based on the actual teaching time (June to August) and refunding the corresponding tuition fees in proportion to the decrease in teaching time due to the impact of the COVID-19 pandemic, which resulted in a decrease in the revenue for the year ended 31 August 2020 of RMB19.6 million.

Other (expenses) income

Our other (expenses) income consists of (i) interest income from banks (approximately RMB0.3 million for the year ended 31 August 2020, approximately RMB2.9 million for the year ended 31 August 2019), (ii) release of asset-related government grants, amounting to approximately RMB1.3 million for the year ended 31 August 2020, and approximately RMB1.1 million for the year ended 31 August 2019; and (iii) other government subsidies, amounting to approximately RMB1.0 million for the year ended 31 August 2020, and approximately RMB0.2 million for the year ended 31 August 2019.

Our other income decreased by approximately RMB10.8 million or 148.4% from approximately RMB7.3 million for the year ended 31 August 2019 to other expenses of approximately RMB3.5 million for the year ended 31 August 2020. Such decrease was mainly attributable to (i) settlement of long-aged creditors waived in previous years of approximately RMB6.2 million; and (ii) decrease of interest income from banks of approximately RMB2.6 million.

Other gains (losses)

	For the year ended 31 August	
	2020	2019
	RMB'000	RMB'000
Net exchange (loss) gain	**(3,564)**	8,322
Gain arising on disposal of property, plant and equipment, net	**15**	36
Gain on disposal of financial asset	**5,536**	–
Fair value changes for financial assets at FVTPL	**3,672**	–
Others	**(854)**	115
Total	**4,805**	8,473

Other gains (losses) incurred from non-operational activities decreased by approximately RMB3.7 million or 43.3% from approximately RMB8.5 million for the year ended 31 August 2019 to approximately RMB4.8 million for the year ended 31 August 2020, primarily due to decrease in net exchange gain of approximately RMB11.9 million, accounting for 140.0% of the total income incurred from non-operational activities in prior year.

Administrative expenses

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

Our administrative expenses increased by approximately RMB2.5 million or 4.7% from approximately RMB53.6 million for the year ended 31 August 2019 to approximately RMB56.2 million for the year ended 31 August 2020, mainly attributable to the increase in certain administrative expenses due to the enhanced measures for disease prevention and control under the impact of COVID-19 for the year ended 31 August 2020.

Finance costs

Our finance costs primarily consist of bank borrowings, other borrowing and leases liabilities.

Our finance costs increased by approximately RMB14.0 million or 213.9% from approximately RMB6.6 million for the year ended 31 August 2019 to approximately RMB20.6 million for the year ended 31 August 2020, primarily attributable to the increase in bank borrowings, other borrowing and recognition of lease liabilities upon initial application of HKFRS 16 for the year ended 31 August 2020.

Taxation

Our income tax expenses for the year ended 31 August 2019 and 2020 amounted to approximately RMB16.4 million and RMB13.7 million, respectively. The main reason of decrease in income tax expenses for the year ended 31 August 2020 was due to the decrease in the assessable profits and some profit-making entities utilising the tax losses of prior years in accordance with the taxation system of China in 2020.

Profit for the year

Our profit for the year decreased by approximately RMB13.7 million or 47.3% from approximately RMB28.9 million for the year ended 31 August 2019 to approximately RMB15.2 million for the year ended 31 August 2020, which primarily attributable to: (1) the kindergartens of the Group charging the tuition fees for the second semester of the 2019/2020 school year based on the actual teaching time (June to August) due to the impact of the COVID-19 pandemic, which resulted in a decrease in the revenue of the Group's kindergartens for the year ended 31 August 2020 of RMB19.63 million; (2) the application of property, plant and equipment due to the commencement of Lezhi Bojun School, which resulted in an increase in depreciation for the year ended 31 August 2020 of RMB33.0 million; (3) the increase in finance costs of approximately RMB14.0 million due to the increase in bank borrowings, other borrowing and recognition of lease liabilities upon initial application of HKFRS 16; (4) the loss on foreign exchange of RMB3.6 million as compared to the gain of foreign exchange of approximately RMB8.3 million for the year ended 31 August 2019, representing a decrease in earnings of approximately RMB11.9 million; and (5) the increase in revenue of approximately RMB37.7 million due to the commencement of operation of Lezhi Bojun School, which resulted in the net decrease in the profit for the year ended 31 August 2020 of approximately RMB13.7 million as compared to the year ended 31 August 2019 after offset.

Contract liabilities

We record tuition fees and boarding fees collected initially as a liability under contract liabilities and recognise such amounts as revenue proportionately over the relevant period of the applicable program. Our contract liabilities increased by approximately RMB18.5 million or 5.3% from approximately RMB350.8 million as of 31 August 2019 to approximately RMB369.3 million as of 31 August 2020. The increase was primarily due to the increase in our student enrolment as a result of our school network expansion.

Adjusted net profit

The adjusted net profit eliminates the effect of certain non-cash or one-off items, including imputed interest income from advances to related companies, imputed interest income from advances due to directors and the listing expenses and redefined benefit obligations. The term adjusted net profit is not defined under HKFRS. As a non-HKFRS measure, adjusted net profit is presented because our management believes such information will be helpful for investors in assessing the effect of imputed interest income and listing expenses on our net profit.

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

	For the year ended 31 August	
	2020	2019
	RMB'000	RMB'000
Profit for the year	**15,242**	28,941
Add:		
Remeasurement of defined benefit obligations	**518**	57
Adjusted net profit	**15,760**	28,998

For the year ended 31 August 2020, our adjusted net profit amounted to approximately RMB15.8 million, representing a decrease of approximately RMB13.2 million or 45.7% from approximately RMB29.0 million as recorded for the year ended 31 August 2019, mainly attributable to the decrease in profit for the year of approximately RMB13.7 million and increase in remeasurement of defined benefit obligations of approximately RMB0.5 million.

Liquidity and Capital Resources

During the year ended 31 August 2020, we have principally financed our operations through a combination of internally generated cash flows from our operations, proceeds from the pre-IPO investment, proceeds from the Global Offering and short-term bank borrowings. The borrowings of the Group are denominated in RMB. The Group regularly reviews and monitors the borrowings level. As at 31 August 2020, the Group's total borrowings amounted to approximately RMB416.5 million, representing an increase of approximately 197.5% as compared with that of approximately RMB140.0 million as at 31 August 2019. Out of the total borrowings, borrowings repayable (i) on demand or within a period not exceeding one year amounted to approximately RMB115.0 million, (ii) within a period of more than one year but not exceeding two years amounted to approximately RMB44.0 million, (iii) within a period of more than two years but not exceeding five years amounted to approximately RMB208.5 million, and (iv) within a period of more than five years amounted to approximately RMB49.0 million. Approximately RMB50.0 million of these are at fixed interest rate of 5.5% and the remaining RMB366.5 million are at variable interest rate. The short-term bank borrowings amounted to approximately RMB115.0 million as at 31 August 2020, are all denominated in RMB. As at 31 August 2020, our short-term bank borrowings have a variable interest at approximately 0.7% to 70% plus the lending benchmark interest rate of the People's Bank of China and fixed interest at 5.5%. Bank borrowings of the Group were primarily used in financing the working capital requirement of its operations and school constructions. There is no seasonality in the borrowing needs of the Group. The Group's cash and bank balances are mostly denominated in RMB. Our cash and cash equivalents amounted to approximately RMB336.6 million and RMB426.8 million as at 31 August 2019 and 2020, respectively. We generally deposit our excess cash in interest bearing bank accounts.

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

We regularly monitor our liquidity requirements to ensure that we maintain sufficient cash resources for working capital and capital expenditure needs. For the year ended 31 August 2020, we did not experience any difficulties in settling our obligations in the normal course of business, which would have had a material impact to our business, financial condition or results of operations.

The following table sets forth a summary of our cash flows for the financial years ended 31 August 2019 and 2020:

	For the year ended 31 August	
	2020	2019
	RMB'000	RMB'000
Net cash from operating activities	**125,515**	103,870
Net cash used in investing activities	**(278,804)**	(435,974)
Net cash from financing activities	**246,978**	51,650
Net increase (decrease) in cash and cash equivalents	**93,689**	(280,454)
Cash and cash equivalents at beginning of the year	**336,647**	607,062
Effect on exchange rate changes	**(3,564)**	10,039
Cash and cash equivalents at end of the year, represented by bank balances and cash	**426,772**	336,647

Capital Expenditures

Our capital expenditures were primarily related to (i) development and construction of new schools; (ii) purchase of leasehold land and buildings for our schools; (iii) maintenance, renovation, expansion and upgrade of our existing schools; and (iv) purchase of education facilities and equipment.

The following table sets forth our additions of property, plant and equipment and leasehold land, for the years indicated:

	For the year ended 31 August	
	2020	2019
	RMB'000	RMB'000
Payment for property, plant and equipment	**(245,345)**	(369,782)
Payment for leasehold land	**(275)**	(76,804)
Prepayment made for property, plant and equipment	**(4,574)**	(13,680)

We plan to satisfy such capital expenditures with a combination of our existing cash, cash generated from our operations, proceeds from the pre-IPO investment, proceeds from the Global Offering and/or bank borrowing and other funds raised from the capital markets from time to time.

Capital Commitments

	As at 31 August	
	2020	2019
	RMB'000	RMB'000
Capital expenditure in respect of:		
— the acquisition of property, plant and equipment and land use rights contracted for but not provided in the consolidated financial statement	**–**	82,682

Gearing Ratio

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

Our gearing ratio increased from approximately 16.7% as of 31 August 2019 to approximately 48.7% as at 31 August 2020, as the Group increased its bank borrowings to meet the requirement of capital expenditures during the year ended 31 August 2020.

Interest Rate Risk

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

If interest rate of variable-rate bank balances had been 10 basis points higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 August 2020 would have decreased/increased by approximately RMB320,000 (2019: RMB267,000). The analysis is prepared assuming the financial instruments outstanding as at 31 August 2020 were outstanding for the whole year.

If interest rate of variable-rate borrowings had been 10 basis points higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 August 2020 would have decreased/increased by approximately RMB275,000 (2019: RMB120,000).

Foreign Exchange Exposure

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

On 31 August 2019 and 2020, the book value of the monetary asset of the Group denominated in foreign currency were as follows:

	For the year ended 31 August	
	2020	2019
	RMB'000	RMB'000
Bank balances and cash — US$	**–**	51
Bank balances and cash — HK$	**167,932**	182,695
	167,932	182,746

The following shows the Group's sensitivity to 5% appreciation of US$ and HK$ against RMB which represents the management's assessment of the reasonable possible change in US$—RMB and HK$—RMB exchange rate. The sensitivity analysis of the Group includes the outstanding US$ and HK$ denominated balances as adjusted for 5% appreciation of US$ and HK$ as at 31 August 2019 and 2020. The analysis is prepared assuming the financial instruments outstanding as at 31 August 2019 and 2020 were outstanding for the whole year ended 31 August 2019 and 2020, respectively.

	For the year ended 31 August	
	2020	2019
	RMB'000	RMB'000
Increase in post-tax profit	**6,297**	9,115

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

In the Directors' opinion, the sensitivity analysis above is unrepresentative for the currency risk as the exposure as at 31 August 2019 and 2020 does not reflect the exposure during the year. The Group has not used any financial instrument to hedge the foreign exchange risk that it is exposed to currently. However, the management of the Group monitors our foreign exchange exposure and will consider hedging significant foreign exchange risk should the need arise.

Charges on the Group's Assets

Except for the furniture, fixtures and equipment pledged for the other borrowing under sale and leaseback arrangement, there were no other material charges on the Group's assets as at 31 August 2020.

Contingent Liabilities

As at 31 August 2019 and 2020, the Group did not have any material contingent liabilities.

Continuing Disclosure Pursuant to Listing Rules

The Company does not have any disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

Save for the acquisition contemplated under the Agreement of Intent and the Acquisition Agreement as disclosed in the announcements of the Company dated 19 November 2019 and 28 April 2020, respectively, for the year ended 31 August 2020, the Group did not have any material acquisitions and disposals of subsidiaries, associates or joint ventures.

Significant Investment Held

As at 31 August 2020, the Group held approximately 33.3% equity interests in Chengdu Tongxing Wanbang Enterprise Management Centre LLP* (成都同興萬邦企業管理中心(有限合夥)) with investment amounting to RMB17.5 million. Such entity is primarily engaged in the business of providing cultural activities services including display services in conferences and exhibitions, organising large-scale events and corporate image planning services. As at 31 August 2020, the proposed investment project of the entity is still in the initial phase, and the entity has no income. As daily operational expenditure is incurred, the entity recorded a loss of approximately RMB16,000 in the year ended 31 August 2020. In the future, with the gradual progress of business operated by the company such entity has invested in, and the contracted service projects gradually be implemented, the income of such entity will grow steadily, and the Group will receive investment income pro rata to its shareholding in such entity.

Future Plans for Material Investments and Capital Assets

On 11 September 2020 and 16 October 2020, Chengdu Bojun (a wholly-owned subsidiary of the Company), Shenzhen Hongyuan Company and the Initial Shareholder entered into a capital injection agreement and a supplemental agreement, respectively, pursuant to which Chengdu Bojun agreed to subscribe for new capital of Shenzhen Hongyuan Company in the aggregate amount of RMB245.0 million (equivalent to approximately HK$278.0 million) in cash. Upon completion, Chengdu Bojun will hold 49.0% of the enlarged (as enlarged by such capital injection) registered capital of Shenzhen Hongyuan Company. The financial results of Shenzhen Hongyuan Company will not be consolidated into the accounts of the Group. The Group intends to use internal resources and (if available) bank financing to pay the consideration. For details, please refer to the announcements of the Company published on 11 September 2020 and 16 October 2020. As of the date of this report, apart from this investment plan, the Group has no immediate future plans for material investments and capital assets.

Source and Use of Funds and Future Financial Policies

As of 31 August 2020, the Group recorded net current liabilities of approximately RMB391,050,000. In view of these circumstances, the Directors have given consideration of the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern. The Directors are satisfied that the Group will have sufficient financial resources to meet its financial obligations as they fall due in the next twelve months, by taking into account the Group's cash flow projection. The Directors are of the opinion that the Group will have sufficient working capital to meet its financial obligations, including those committed capital expenditures relating to investment in the target company and construction.

USE OF PROCEEDS FROM THE LISTING

Net proceeds from the Listing (including the partial exercise of over-allotment option) of approximately HK$494.0 million (equivalent to approximately RMB428.9 million), after deducting the underwriting fees, commissions and expenses payable by us in connection with the Listing, will be applied in the manner as set out in the section headed "Future plans and use of proceeds" of the Prospectus of the Company dated 19 July 2018. As at 31 August 2020, the Company applied the net proceeds in the following manner:

Use of proceeds	% of the net proceeds	Proceeds allocated (RMB million)	Amount utilised (RMB million)	Unutilised balance (RMB million)	Expected timeline for utilising the unutilised balance
Establishing Nanjiang Bojun School	28%	120.1	120.1	–	N/A
Establishing Wangcang Bojun School	28%	120.1	120.1	–	N/A
Establishing the high school [(1)] section of Tianfu School	22%	94.4	94.4	–	N/A
Establishing Pengzhou Bojun School	9%	38.6	38.6	–	N/A
Establishing Lezhi Bojun School	5%	21.4	21.4	–	N/A
Establishing US School [(2)]	3%	12.9	–	12.9	Expected to be fully utilised by December 2022
As working capital and for general corporate purpose	5%	21.4	21.4	–	N/A
Total	100%	428.9	416.0	12.9	

Notes:

(1) The construction of the school premise of the high school section of Tianfu School was completed in 2019 with the proceeds and such buildings will be used as dormitories of the high school section of Tianfu School. The high school section of Tianfu School will be opened in 2021.

(2) Due to impact of the COVID-19, there has been a delay in establishing the US School. The Company will make further announcement(s) relating to any material development of the matter as and when appropriate.

The unutilised net proceeds are generally placed in licenced financial institutions as short-term interest-bearing deposits.

SIGNIFICANT LEGAL PROCEEDINGS

For the year ended 31 August 2020, the Group had not been involved in any significant legal proceedings or arbitration. To the best of the knowledge and belief of the Directors, there are no significant legal proceedings or claims pending or threatened against the Group.

SHARE OPTION SCHEME

On 21 July 2018, the Share Option Scheme was conditionally approved and adopted pursuant to a written resolution passed by the shareholders. The Share Option Scheme will remain in force for a period of 10 years from the date of its adoption. For the year ended 31 August 2020, no share options were granted under the Share Option Scheme by the Company. In addition, as at 31 August 2020, no share options under the Share Option Scheme were outstanding.

FINAL DIVIDENDS

The Board does not recommend the payment of final dividend for the year ended 31 August 2020.

DIVIDEND POLICY

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

EVENTS AFTER THE REPORTING PERIOD

As at the date of this report, there is no significant events of the Group other than the capital injection as detailed in the paragraph headed "Future Plans for Material Investments and Capital Assets" in this section.

With effect from 26 November 2020, Mr. Ran Tao resigned as an executive Director and the chief executive officer of the Company while Mr. Wang Jinglei, an executive Director and chairman of the Board, was appointed as the chief executive officer of the Company. For details, please refer to the announcement of the Company dated 26 November 2020.

REPORT OF DIRECTORS

The Board presents their report together with the audited financial statements of the Group for the year ended 31 August 2020.

GLOBAL OFFERING

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

PRINCIPAL ACTIVITIES AND CONSOLIDATED AFFILIATED ENTITIES

The Company is one of the leading providers of K-12 private education services in Chengdu, Sichuan Province, China. Analysis of the principal activities of the Group and particulars of its major subsidiaries and the Consolidated Affiliated Entities during the year ended 31 August 2020 are set out in Notes 1 and 36 to the consolidated financial statements.

FINANCIAL RESULTS

The results of the Group for the year ended 31 August 2020 are set out in the Consolidated Statement of Profit or Loss and Other Comprehensive Income of this annual report.

BUSINESS REVIEW

A review of the business of the Group during the year ended 31 August 2020, analysis by using financial key performance indicators and a discussion on the Group's future business development are set out in the section headed "Management Discussion and Analysis" in this annual report.

MAJOR RISKS AND UNCERTAINTIES

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

(i) we may be subject to severe penalties if the PRC government finds that the Structured Contracts do not comply with applicable PRC laws and regulations;

(ii) we have limited experience in high school education and primary school education;

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

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

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

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

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

ENVIRONMENT, HEALTH AND SAFETY

The Group's business has not violated applicable environmental laws and regulations of the PRC in any material aspect.

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

So far as the Board and the Company's management are aware of, the Group is in compliance with the relevant laws and regulations that have a significant impact on the Group's businesses and operations in all material aspects. There had been no material violation of or non-compliance with applicable laws and regulations by the Group during the year ended 31 August 2020.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

During the year ended 31 August 2020, the Group was not aware of material non-compliance with the relevant laws and regulations that have a significant impact on the business and operations of the Group.

FINAL DIVIDENDS

The Board did not recommend the payment of final dividend for the year ended 31 August 2020.

ANNUAL GENERAL MEETING

The Company will hold an annual general meeting (the "AGM") on 20 January 2021 (Wednesday). Notice of the AGM will be published and dispatched to the Shareholders in accordance with the Articles of Association and the Listing Rules as soon as practicable.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the AGM to be held on 20 January 2021 (Wednesday), the register of members of the Company will be closed from 15 January 2021 (Friday) to 20 January 2021 (Wednesday), both days inclusive, during which period no transfer of shares will be registered. In order to be qualified for attending and voting at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 14 January 2021 (Thursday).

FINANCIAL SUMMARY

A summary of the Group's results, assets and liabilities for the most recent four financial years are set out in the section headed "Financial Highlights" in this annual report. This summary does not form part of the audited consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

Major customers

For the year ended 31 August 2020, the Group's customers primarily consist of the Group's students and their parents. The Group did not have any single customer who accounted for more than 10% of the Group's revenue.

Major suppliers

For the year ended 31 August 2020, the Group's five largest suppliers accounted for approximately 31.27% of the Group's total purchases and the Group's single largest supplier accounted for approximately 18.23% of the Group's total purchases.

For the year ended 31 August 2020, none of the Directors or any of their close associates or any Shareholders (which, to the best knowledge of the Directors, own more than 5% of the number of issued Shares) had any interest in the Group's five largest suppliers.

RELATIONSHIP WITH EMPLOYEES, SUPPLIERS AND CUSTOMERS

The Group understands the importance of maintaining a good relationship with its employees, suppliers and customers to meet its immediate and long-term goals. The Group maintains a good relationship with its employees, suppliers and customers. During the year ended 31 August 2020, the Group strived to satisfy both the students and their parents by continuing to provide better education services. The Group also maintained ongoing communication with its suppliers to shorten the delivering cycle and to obtain better payment terms. There was no material and significant dispute between the Group and its employees, suppliers and/or customers during the year ended 31 August 2020.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year ended 31 August 2020 are set out in Note 15 to the Consolidated Financial Statements in this annual report.

SHARE CAPITAL

The Company issued 223,510,000 new Shares at the issue price of HK$2.36 per Share in connection with the Listing. The net proceeds, after deducting the underwriting fees, commissions and expenses payable by the Company in connection with the Listing, amounted to approximately HK$494.0 million (equivalent to approximately RMB428.9 million). The net proceeds has been applied in the manner as set out in the section headed "Future plans and use of proceeds" in the Prospectus. As at 31 August 2020, the Company has utilised approximately RMB416.0 million of the net proceeds. The unutilised net proceeds of approximately RMB12.9 million are generally placed in licenced financial institutions as short-term interest-bearing deposits.

Further, details of movements in the share capital of the Company during the year ended 31 August 2020 are set out in Note 29 to the Consolidated Financial Statements in this annual report.

RESERVES

Details of movements in the reserves of the Group and the Company during the year ended 31 August 2020 are set out in the Consolidated Statement of Changes in Equity of this annual report.

DISTRIBUTABLE RESERVES

As at 31 August 2020, the Company's reserve available for distribution was approximately RMB658.8 million. Details of movements in the reserves of the Company are set out in the Note 38 to the Consolidated Financial Statements in this report.

BANK BORROWINGS

Particulars of bank borrowings of the Group as at 31 August 2020 are set out in Note 26 to the Consolidated Financial Statements in this report.

DIRECTORS

The Directors during the year ended 31 August 2020 and up to the date of this report are:

Executive directors

Mr. Wang Jinglei (Appointed as an executive Director and Chairman of the Board on 25 March 2020, and appointed as the chief executive officer of the Company on 26 November 2020)
Mr. Xiong Tao (passed away on 18 August 2020)
Mr. Ran Tao (resigned as an executive Director and the chief executive officer of the Company on 26 November 2020)
Ms. Liao Rong (resigned on 25 March 2020)

Non-executive director

Mr. Wu Jiwei (appointed on 1 September 2019)

Independent Non-executive Directors

Mr. Cheng Tai Kwan Sunny
Mr. Mao Daowei
Ms. Luo Yunping
Mr. Yang Yuan (appointed on 1 September 2019)

In accordance with article 83(3) of the Articles of Association, Mr. Wang Jinglei will hold office until the AGM and, being eligible, will offer himself for re-election at the AGM.

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

Details of the Directors to be re-elected at the AGM are set out in the circular to the Shareholders dated 18 December 2020.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and senior management of the Company are set out in the section headed "Directors and Senior Management" in this annual report.

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules from each of the independent non-executive Directors and the Company considers such Directors to be independent throughout the year ended 31 August 2020 and remain so as of the date of this annual report.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors and non-executive Directors has entered into a service agreement or a letter of appointment with the Company pursuant to which each of them agreed to act as an executive Director or a non-executive Director (as the case may be) for an initial term of three years commencing from the appointment date.

Each of the independent non-executive Directors has been appointed for an initial term of two years commencing from the appointment date. Save for directors' fees, none of the independent non-executive Directors is expected to receive any other remuneration for holding their office as an independent non-executive Director.

Save as aforesaid, none of the Directors has or is proposed to have a service contract with the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

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

Save as disclosed in the section headed "Report of Directors — Connected Transactions" and otherwise disclosed in this annual report, no Directors or their connected entity (within the meaning in section 486 of the Companies Ordinance) had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company, or any of its subsidiaries or fellow subsidiaries was a party during the year ended 31 August 2020.

Save as disclosed in the section headed "Report of Directors — Connected Transactions" and otherwise disclosed in this annual report, none of the Controlling Shareholders had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company, or any of its subsidiaries or fellow subsidiaries was a party during the year ended 31 August 2020.

No contract of significance for the provision of services to the Company or any of its subsidiaries or fellow subsidiaries by the Controlling Shareholders or any of their subsidiaries was entered into during the year ended 31 August 2020.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 August 2020.

EMOLUMENT POLICY

A remuneration committee was set up for reviewing the Group's emolument policy and structure for all remuneration of the Directors and senior management of the Group, having regard to the Group's operating results, individual performance of the Directors and senior management and comparable market practises.

The Directors and senior management may also receive options to be granted under the Share Option Scheme. For further details of the Share Option Scheme, please refer to the section headed "Report of Directors — Share Option Scheme" of this annual report.

Details of the emoluments of the Directors, and five highest paid individuals during the year ended 31 August 2020 are set out in Note 12 to the Consolidated Financial Statements in this annual report.

RETIREMENT AND EMPLOYEE BENEFITS SCHEME

Details of the retirement and employee benefits scheme of the Company are set out in Notes 27 and 32 to the Consolidated Financial Statements of this annual report.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITION IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As at 31 August 2020, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or which were recorded in the register required to be kept pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix 10 to the Listing Rules were as follows:

Director/ Chief executive	Capacity/Nature of interest held	Number of shares	Long position/ Short position	Approximate percentage of shareholding held in the Company
Mr. Wang Jinglei (Note 1)	Interest in a controlled corporation	233,920,000	Long position	28.46%
Mr. Ran Tao (Note 2)	Interest in a controlled corporation	46,510,000	Long position	5.66%
Mr. Wu Jiwei	Beneficial interest	46,000	Long position	0.01%

Notes:

1. On 25 March 2020, Mr. Wang Jinglei was appointed as an executive Director. Mr.Wang Jinglei is the sole shareholder and sole director of Act Best and Act Glory is wholly-owned by Act Best. Thus, Mr. Wang Jinglei and Act Best are deemed to be interested in the 233,920,000 Shares held by Act Glory by virtue of the SFO.

2. Mr. Ran Tao is the sole shareholder and sole director of Zheng Yong, and is therefore deemed to be interested in the 46,510,000 Shares held by Zheng Yong by virtue of the SFO. Mr. Ran Tao resigned as an executive Director and the chief executive officer of the Company with effect from 26 November 2020.

Save as disclosed above, as at 31 August 2020, none of the Directors or the chief executive of the Company had or was deemed to have any interest or short position in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or required to be recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section headed "Report of the Directors — Share Option Scheme" of this annual report, at no time during the year ended 31 August 2020 was the Company or any of its subsidiaries a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 August 2020, to the best knowledge of the Directors, the following persons (other than being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name	Capacity/Nature of interest held	Number of shares	Long position/ Short position	Approximate percentage of shareholding held in the Company
Act Glory (Note 1)	Beneficial owner	233,920,000	Long position	28.46%
Act Best (Note 1)	Interest in a controlled corporation	233,920,000	Long position	28.46%
Ms. Duan Ling (Note 2)	Interest of spouse	233,920,000	Long position	28.46%
Mr. Xiong Tao (Note 3)	Interest in a controlled corporation	82,853,550	Long position	10.08%
	Interest of spouse	40,750,000	Long position	4.96%
Ms. Liao Rong (Note 4)	Interest in a controlled corporation	40,750,000	Long position	4.96%
	Interest of spouse	82,853,550	Long position	10.08%
Cosmic City Holdings Limited (Note 5)	Beneficial owner	82,853,550,	Long position	10.08%
Zheng Yong Global Limited (Note 6)	Beneficial owner	46,510,000	Long position	5.66%
Surpass Luck Global Limited (Note 7)	Beneficial owner	40,750,000	Long position	4.96%
Wuxi Guolian Shoukong Capital Investment LLP* 無錫國聯首控股權投資基金中心（有限合夥）(Note 8)	Beneficial owner	150,000,000	Long position	18.25%
Wuxi Shoukong Lianxin Investment Management LLP* 無錫首控聯信投資管理中心（有限合夥）(Note 8)	Interest in a controlled corporation	150,000,000	Long position	18.25%

Name	Capacity/Nature of interest held	Number of shares	Long position/ Short position	Approximate percentage of shareholding held in the Company
First Capital Fund Management Company Limited* (首控基金管理有限公司) (Note 8)	Interest in a controlled corporation	150,000,000	Long position	18.25%
Shanghai Shenlian Investment Management Company Limited* (上海申聯投資管理有限公司) (Note 8)	Interest in a controlled corporation	150,000,000	Long position	18.25%
Shanghai Jintang Investment Consultancy Company Limited* (上海錦塘投資諮詢有限公司) (Note 8)	Interest in a controlled corporation	150,000,000	Long position	18.25%
Brilliant Rich International Holdings Limited (錦地國際控股有限公司) (Note 8)	Interest in a controlled corporation	150,000,000	Long position	18.25%
Brilliant Rich Holdings Limited (錦豐控股有限公司) (Note 8)	Interest in a controlled corporation	150,000,000	Long position	18.25%
China First Capital Group Limited (Note 8)	Interest in a controlled corporation	150,000,000	Long position	18.25%
Zhongyuan Bank Co., Ltd.* (中原銀行有限公司) (Note 9)	Interest in a controlled corporation	150,000,000	Long position	18.25%

Notes:

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

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

(3) Mr. Xiong Tao was the sole shareholder and sole director of Cosmic City Holdings Limited, and was therefore deemed to be interested in the 82,853,550 Shares held by Cosmic City by virtue of the SFO. Mr. Xiong Tao was also the husband of Ms. Liao Rong, and was therefore deemed to be interested in the 40,750,000 Shares held by Ms. Liao Rong through Surpass Luck by virtue of the SFO. Mr. Xiong Tao passed away on 18 August 2020.

(4) Ms. Liao Rong is the sole shareholder and sole director of Surpass Luck Global Limited, and is therefore deemed to be interested in the 40,750,000 Shares held by Surpass Luck. Ms. Liao Rong is also the wife of Mr. Xiong Tao, and is therefore deemed to be interested in the 82,853,550 Shares held by Mr. Xiong Tao through Cosmic City by virtue of the SFO.

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

(6) Zheng Yong is an investment holding company incorporated in the BVI, and is solely and beneficially owned by Mr. Ran Tao. Therefore, Mr. Ran Tao is deemed to be interested in shares held by Zheng Yong by virtue of SFO.

(7) Surpass Luck is an investment holding company incorporated in the BVI, and is solely and beneficially owned by Ms. Liao Rong. Therefore, Ms. Liao Rong is deemed to be interested in shares held by Surpass Luck by virtue of SFO.

(8) Wuxi Guolian Shoukong Capital Investment LLP ("Wuxi Guolian") is a limited partnership established in the PRC and its general partner is Wuxi Shoukong Lianxin Investment Management LLP ("Wuxi Shoukong Lianxin"), a limited partnership established in the PRC. The general partner of Wuxi Shoukong Lianxin is First Capital Fund Management Company Limited ("First Capital Fund"), a limited liability company established in the PRC. First Capital Fund is wholly-owned by Shanghai Shenlian Investment Management Company Limited ("Shanghai Investment Management"), a limited liability company established in the PRC. Shanghai Investment Management is wholly-owned by Shanghai Jintang Investment Consultancy Company Limited ("Shanghai Jintang"), a limited company established in the PRC. Shanghai Jintang is wholly-owned by Brilliant Rich International Holdings Limited ("Brilliant Rich International"), a limited liability company incorporated in Hong Kong. Brilliant Rich International is wholly-owned by Brilliant Rich Holdings Limited ("Brilliant Rich"), a limited liability company incorporated in BVI. Brilliant Rich is wholly-owned by China First Capital Group Limited ("CFC"), a limited liability company incorporated in the Cayman Islands and the issued shares of which are listed on the Stock Exchange (stock code: 1269). Thus, Wuxi Shoukong Lianxin, First Capital Fund, Shanghai Investment Management, Shanghai Jintang, Brilliant Rich International, Brilliant Rich and CFC are deemed to be interested in the Shares held by Wuxi Guolian under the SFO.

(9) On 24 September 2020, Wuxi Guolian, as mortgagor, executed a deed of share mortgage in favour of Zhongyuan Bank Co., Ltd., as mortgagee, pursuant to which Wuxi Guolian agreed to mortgage the 150,000,000 Shares it holds in favour of Zhongyuan Bank Co., Ltd.

Save as disclosed above, as at 31 August 2020, the Directors were not aware of any persons (who were not Directors or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

SHARE OPTION SCHEME

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

(i) Purpose of the Scheme

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

(ii) Who may join

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

(bb) any non-executive director (including independent non-executive director) of the Company, any Subsidiary or any Invested Entity;

(cc) any supplier of goods or services to any member of the Group or any Invested Entity;

(dd) any customer of any member of the Group or any Invested Entity;

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

(ff) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity;

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

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

(iii) Maximum number of shares

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

(bb) The total number of Shares which may be allotted and issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option scheme of the Group) to be granted under the Share Option Scheme and any other share option scheme of the Group must not in aggregate exceed 10% of the Shares in issue on the day on which dealings in the Shares first commence on the Stock Exchange (i.e. not exceeding 80,000,000 Shares).

(iv) Maximum entitlement of each participant

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

(v) Grant of options to connected persons

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

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

(vi) Time of acceptance and exercise of option

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

(vii) Performance targets

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

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

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

(xi) Period of the Share Option Scheme

The Share Option Scheme will remain in force for a period of 10 years commencing on the date on which the Share Option Scheme is adopted. The remaining life of the Share Option Scheme is approximately 7 years and 7 months as at the date of this report.

Between the Listing Date and 31 August 2020, no share options had been granted, exercised or cancelled by the Company under the Share Option Scheme.

EQUITY-LINKED AGREEMENTS

Save as disclosed in the section headed "Report of the Directors — Share Option Scheme" of this annual report, during the year ended 31 August 2020, neither the Company nor any of its subsidiaries had entered into (i) any agreement that will or may result in the Company issuing Shares; or (ii) any agreement requiring the Company to enter into any agreement specified in (i).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 August 2020, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

PRE-EMPTIVE RIGHTS

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

NON-COMPETITION UNDERTAKING

During the period from 1 September 2019 to 25 March 2020, the Controlling Shareholders did not have any other interest in any business that may, directly or indirectly, compete with the business of the Group.

During the year ended 31 August 2020, the Board had not received any written notice from any of the Directors or Controlling Shareholders in respect of interest in any business (other than the Group) which is or is likely to be directly or indirectly in competition with our business.

The Company has received confirmations from the Controlling Shareholders confirming their compliance with the Non-Competition Undertaking during the period from 1 September 2019 to 25 March 2020 for disclosure in this annual report.

The independent non-executive Directors have reviewed the compliance with the Non-Competition Undertaking during the period from 1 September 2019 to 25 March 2020 based on the information and confirmation provided by or obtained from the Controlling Shareholders, and were satisfied that the Controlling Shareholders have duly complied with the Non-Competition Undertaking.

Cosmic City, Surpass Luck and Zheng Yong completed the disposal of an aggregate of 233,920,000 Shares to Act Glory, which is ultimately owned by Mr. Wang Jinglei on 25 March 2020. As a result, Mr. Xiong, Mr. Ran Tao, Ms. Liao Rong, Cosmic City, Surpass Luck and Zheng Yong ceased to be Controlling Shareholders after which. For details, please refer to the announcement of the Company dated 23 January 2020.

DIRECTORS' INTEREST IN COMPETING BUSINESS

During the year ended 31 August 2020, none of the Directors or their respective associates had engaged in or had any interest in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

CONNECTED TRANSACTIONS

Exempt Continuing Connected Transactions

Office lease

On 1 September 2016, Chengdu Bojun entered into a lease agreement ("Office Lease Agreement") with Chengdu Hengyu Industrial Company Limited* (成都恒宇實業有限公司) ("Chengdu Hengyu"), pursuant to which Chengdu Bojun leased from Chengdu Hengyu an office located in Chengdu, Sichuan Province with an aggregate construction area of 408.85 sq.m. The term of the lease shall be three years and the monthly rent payable shall be approximately RMB16,354 (equivalent to RMB40.0 per sq.m.).

On 1 September 2019, Chengdu Bojun renewed the Office Lease Agreement (the "Renewed Agreement") with Chengdu Hengyu. The office has an aggregate construction area of 360 sq.m. with a term of three years and a monthly rent payable of RMB14,400 (RMB40 per sq.m).

The fixed rent payable by us for the year ended 31 August 2019 and 2020 were approximately RMB0.2 million and RMB0.2 million, respectively, under the Office Lease Agreement and the Renewed Agreement.

LISTING RULES IMPLICATIONS

Chengdu Hengyu, which is held as to 95% by Mr. Xiong Tao and 5% by the sister of Ms. Liao Rong, is an associate of Mr. Xiong Tao and a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Renewed Agreement constitute continuing connected transactions for the Company under the Listing Rules.

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

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

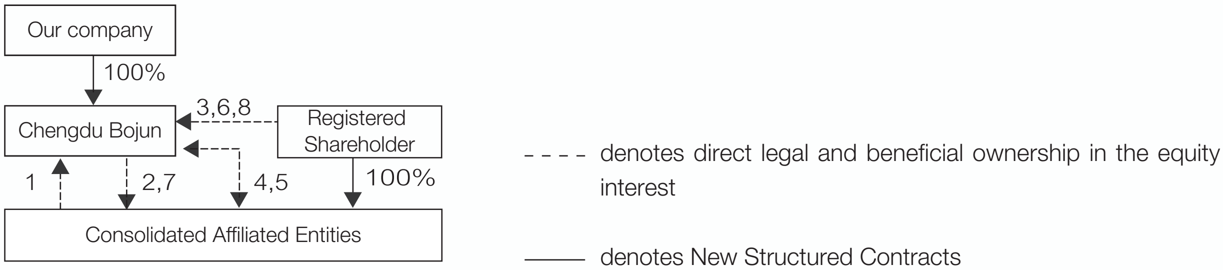
NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Structured contracts

A. OVERVIEW

The Group conducted its private education business through the Consolidated Affiliated Entities in the PRC which has laws and regulations in place prohibiting foreign ownership of middle schools in the PRC and restricting operation of preschools and high schools by sino-foreign ownership with qualification requirements imposed on the foreign owners. Although the Company and its subsidiaries do not hold any equity interest in the Consolidated Affiliated Entities, Chengdu Bojun has control over and derive economic benefits from the Consolidated Affiliated Entities through the provision of services by Chengdu Bojun and receipt of service fees in return in accordance with the Existing Structured Contracts and the New Structured Contracts. According to the Group's PRC legal advisors, no current PRC laws or regulations restrict or prohibit Chengdu Bojun's contractual rights to receive service fees from the Consolidated Affiliated Entities for the services provided under the Existing Structured Contracts and the New Structured Contracts. On 19 June 2020, Chengdu Bojun, the Registered Shareholder, the Consolidated Affiliated Entities and the directors and council members of the PRC Operating Schools entered into the New Structured Contracts, which are on the same terms and conditions as the Existing Structured Contracts, mainly due to the change of nominal shareholders of Chengdu Mingxian from the original registered shareholders, who are individuals, to the Registered Shareholder, which is a corporate entity. The Existing Structured Contracts were replaced by the New Structured Contracts with effect from 16 June 2020. For details, please refer to the announcement of the Company dated 19 June 2020.

The New Structured Contracts were entered for the purpose of reducing the likelihood of reproducing a new series of contractual arrangements when there is any change in the nominal individual shareholders of Chengdu Mingxian in the future by having the Registered Shareholder, which is a corporate entity, as the sole nominal shareholder of Chengdu Mingxian. The following simplified diagram illustrates the flow of economic benefits from the Consolidated Affiliated Entities to the Group under the New Structured Contracts:



Notes:

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

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

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

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

5. Entrustment of directors and council members' rights in the PRC Operating Schools by directors and council members of the PRC Operating Schools appointed by the School Sponsors in the announcement of the Company dated 19 June 2020 for further details.

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

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

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

B. SUMMARY OF THE MATERIAL TERMS OF THE NEW STRUCTURED CONTRACTS

(1) Exclusive Business Cooperation Agreement

Pursuant to the Exclusive Business Cooperation Agreements entered into by and among Chengdu Bojun, the Registered Shareholder and the Consolidated Affiliated Entities, Chengdu Bojun agreed to provide exclusive technical service, management support and consulting service necessary for the education business to the Consolidated Affiliated Entities which, shall in return make payments to Chengdu Bojun in accordance with the New Structured Contracts.

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

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

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

(2) Exclusive Call Option Agreement

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

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

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

According to the School Sponsors' and Directors' (Council Members') Rights Entrustment Agreement entered into by and among Chengdu Bojun, the School Sponsors, the PRC Operating Schools and their respective directors or council members (the "Appointees"), each of the School Sponsors has irrevocably authorised and entrusted Chengdu Bojun or its designated party to exercise all its rights as school sponsor of the relevant PRC Operating School to the extent permitted by the PRC laws.

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

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

(4) School Sponsors' Powers of Attorney

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

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

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

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

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

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

(6) Equity Pledge Agreement

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

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

(7) Loan Agreement

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

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

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

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

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

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

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

Pursuant to the Shareholder's Rights Entrustment Agreement entered into by and among Chengdu Bojun, the Registered Shareholder and Chengdu Mingxian with effect from 16 June 2020 and the Shareholder's Powers of Attorney dated 19 June 2020 executed by the Registered Shareholder, the Registered Shareholder authorised and entrusted Chengdu Bojun, as its sole agent and authorised person to exercise Shareholder's rights to which the Registered Shareholder is entitled to in its capacity as the shareholder of the School Sponsors pursuant to the articles of association of the School Sponsors and the PRC Company Law. The Registered Shareholder and Chengdu Mingxian also agreed that Chengdu Bojun is authorised, as the sole agent and authorised person of Chengdu Mingxian, to exercise all of its shareholder's rights (which shall include the shareholders' rights as mentioned above) in Chengdu Youshi Preschool Investment, Chengdu Jinbojun, Sichuan Boai, Renshou Bojun, Wangcang Bojun, Nanjiang Bojun and Lezhi Bojun.

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

C. BUSINESS ACTIVITIES OF THE CONSOLIDATED AFFILIATED ENTITIES

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

D. SIGNIFICANCE AND FINANCIAL CONTRIBUTIONS OF CONSOLIDATED AFFILIATED ENTITIES

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

	Revenue For the year ended 31 August		**Net profit For the year ended 31 August**		**Total assets As of 31 August**	
	2020 RMB'000	2019 RMB'000	**2020 RMB'000**	2019 RMB'000	**2020 RMB'000**	2019 RMB'000
Consolidated Affiliated Entities	**375,740**	338,019	**32,837**	66,773	**4,195,264**	1,585,386

E. REVENUE AND ASSETS INVOLVED IN STRUCTURED CONTRACTS

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

	Revenue For the year ended 31 August 2020 RMB'000	**Total Assets As of 31 August 2020 RMB'000**
Consolidated Affiliated Entities	**375,740**	**4,195,264**

F. REGULATORY FRAMEWORK

1. Primary and Middle School Education

On 15 March 2019, the National People's Congress of the PRC has passed and promulgated the Foreign Investment Law, which was effective on 1 January 2020. The Foreign Investment Law defines "foreign investment" as investment activities directly or indirectly carried out by foreign investors in the PRC, and has listed the examples of such foreign investments. Meanwhile, the Foreign Investment Law stipulates that the state implements the management scheme of pre-establishment national treatment along with a negative list with respect to foreign investment. For any field with investment restricted by the Negative List for foreign investment, foreign investors shall meet the management scheme of the Negative List; any field that does not fall within the Negative List shall be administered under the principle of consistency between domestic and foreign investment. The Foreign Investment Law did not explicitly mention "actual control" and "contractual arrangement". According to the effective Special Administrative Measures (Negative List) for the Access of Foreign Investment (2020), primary and middle schools offering compulsory education for students from grade one to nine in the PRC fall within the Negative List for foreign investment as prohibited foreign investment.

Due to the prohibitions on foreign ownership, foreign investors (including individuals, companies, partnerships, educational institutions and any other entities) are prohibited from owning primary and middle schools in the PRC, whether through direct investments or through wholly-owned subsidiaries in the PRC. Therefore, we do not hold any direct equity interest in any of Jinjiang School, Longquan School, Tianfu School (each of which offers middle school education), Pengzhou Bojun School, Nanjiang Bojun School, Wangcang Bojun School and Lezhi Bojun School (each of which offers primary and middle school education) and control each of them through the Structured Contracts.

2. Preschool and High School Education

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

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

3. Compliance with the Qualification Requirement

According to the Regulations on Operating Sino-foreign Schools (《中外合作辦學條例》), the foreign investor in a Sino-Foreign Joint Venture Private School must be a foreign educational institution which has acquired relevant qualifications and experience in a foreign country (i.e. the Qualification Requirement). As part of our effort to fulfil the Qualification Requirement, we have adopted specific plans and taken concrete steps reasonably considered by us to be significant to indicate our compliance with the Qualification Requirement. On 19 August 2016, we established US Bojun as an operating entity in the United States. On 29 January 2018, we entered through US Bojun into a memorandum of understanding with the US Partner, an institution which had extensive experience in provision of private education services in the United States, to expand our school network abroad. Pursuant to the memorandum of understanding, the Group and the US Partner will set up a joint venture for the establishment of the US School in the Los Angeles area. The joint venture will be owned by the Group as to 70% and the US Partner as to 30%. We will provide funding to finance operations and the purchase of facilities, and will be involved in the design of the education programmes to be offered by the US School. The US Partner will provide management services to the US School, assist the Group in identifying school premises and recruiting teachers for the US School. We intend to allocate approximately US$3.2 million for the purpose of establishing the US School. We intend to meet part of such capital expenditure by utilising approximately RMB12.9 million (equivalent to approximately US$1.9 million) from the Global Offering and the remainder through equity and/or debt financing and/or with our internal funds, as and when we see fit. As of the date of this report, due to the impact of the new coronavirus epidemic, our plan to open schools in the United States may be postponed, and we will arrange further plans when appropriate.

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

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

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

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

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

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

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

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

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

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

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

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

For the year ended 31 August 2020, the Board has reviewed the overall performance of the Structured Contracts and believed that the Group has complied with the Structured Contracts in all material respects.

H. MATERIAL CHANGES

As at the date of this report, there were no material changes in the Structured Contracts and/or the circumstances under which the Structured Contracts were adopted. For the year ended 31 August 2020, the Group completed the establishment of Lezhi Bojun School and subsidiaries, namely Chengdu Jingxian Education Management Company Limited* (成都旌賢教育管理有限公司) ("Chengdu Jingxian") and Chengdu Juxian Education Management Company Limited* (成都鉅賢教育管理有限公司) ("Chengdu Juxian") and the acquisition of Taoyuan Company. All of these entities entered into the New Structured Contracts, with Chengdu Bojun, the framework of which is a reproduction of the arrangements of the New Structured Contracts. As such, each of Lezhi Bojun School, Chengdu Jingxian, Chengdu Juxian and Taoyuan Company is a Consolidated Affiliated Entity and has been included in the New Structured Contracts.

I. UNWINDING OF THE STRUCTURED CONTRACTS

As of the date of this annual report, there has not been any unwinding of any Structured Contracts, nor has there been any failure to unwind any Structured Contracts when the restrictions that led to the adoption of the Structured Contracts are removed. If there are changes in applicable PRC laws and regulations and all of the Qualification Requirement, the Foreign Ownership Restriction and the Foreign Control Restriction are removed, Chengdu Bojun will exercise the Equity Call Option (as defined in the paragraph headed "Structured Contracts — Operation of the Structured Contracts — Summary of the material terms of the Structured Contracts — (2) Exclusive Call Option Agreement" in this section) in full to unwind the contractual arrangements so that we are able to operate our schools directly without using the Structured Contracts. For further details, please see the section headed "Structured Contracts — Termination of the Structured Contracts" in this report.

Contractual arrangements in place

Listing rules implications

As detailed in the section headed "Connected Transactions" of the Prospectus, in relation to the Existing Structured Contracts, our Consolidated Affiliated Entities and their shareholders are connected persons of the Company. In relation to the New Structured Contracts, Mr. Wang Jinglei is an executive Director and a substantial Shareholder and therefore a connected person of the Company under Rule 14A.07(1) of the Listing Rules. Mr. Wang Jinglei held more than 30% of shareholding interests in the Registered Shareholder and, thus, the Registered Shareholder is an associate (as defined under the Listing Rules) and a connected person of the Company. The transactions contemplated under each of the Structured Contracts constitute continuing connected transactions of the Company under the Listing Rules upon Listing.

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

Waiver from the Stock Exchange and Annual Review

The Stock Exchange has granted a waiver from strict compliance with (i) the announcement, circular and Shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the transactions contemplated under the Existing Structured Contracts pursuant to Rule 14A.105 of the Listing Rules and (ii) the requirement of setting an annual cap for the transactions under the Existing Structured Contracts under Rule 14A.53 of the Listing Rules, for so long as our Shares are listed on the Stock Exchange subject however to various conditions as disclosed in the section headed "Connected Transaction" in the Prospectus.

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

Given that (i) the New Structured Contracts have terms and conditions substantially the same as those of the Existing Structured Contracts, save for the identity of the nominal shareholders of Chengdu Mingxian and terms amended due to the change from individual shareholders to a corporate shareholder; (ii) the New Structured Contracts provided an acceptable framework (which is the same as the framework provided under the Existing Structured Contracts) for the relationship between the Company and its subsidiaries in which the Company has direct shareholding, on one hand, and the Consolidated Affiliated Entities, on the other hand; (iii) under the Existing Structured Contracts and the New Structured Contracts, the members of the Consolidated Affiliated Entities are the same; (iv) upon the execution of the New Structured Contracts, the financial results of the Consolidated Affiliated Entities would continue to be consolidated into the financial statements of the Company as if they were wholly-owned subsidiaries of the Company; (v) the change of nominal shareholders from six individuals to a corporate entity can reduce the likelihood of reproducing a new series of structured contracts when there is any change in the nominal individual shareholder in the future; (vi) under the New Structured Contracts, Chengdu Bojun continues to exercise all the shareholder's rights in Chengdu Mingxian; and the change of nominal shareholders from six individuals to a corporate entity would not affect the entrusted shareholder's rights of Chengdu Bojun in Chengdu Mingxian; and (vii) the introduction of Mr. Wang Jinglei as a new shareholder of Chengdu Mingxian would facilitate a better understanding of banks in the PRC of the shareholding structure of the Company, the Directors are of the view that the entry into the New Structured Contracts is justified by business expediency.

Since the New Structured Contracts are reproduced from the Existing Structured Contracts as provided under the conditions of the waiver, the Company has sought confirmation from the Stock Exchange, and the Stock Exchange has confirmed, that the transactions contemplated under the New Structured Contracts would fall within the scope of the waiver from the requirements of Chapter 14A of the Listing Rules as set out in the waiver and are exempt from (i) the announcement, circular and independent shareholders' approval requirements under Rule 14A.105 of the Listing Rules and (ii) the requirement of setting an annual cap under Rule 14A.53 of the Listing Rules, for so long as the Shares are listed on the Stock Exchange, subject to compliance with the same conditions of the waiver.

NEW TRANSACTIONS AMONGST THE CONSOLIDATED AFFILIATED ENTITIES AND THE COMPANY

Given that the financial results of the Consolidated Affiliated Entities will be consolidated into the financial results and the relationship between the Consolidated Affiliated Entities and the Company under the New Structured Contracts, all agreements other than the New Structured Contracts that may be entered into between each of the Consolidated Affiliated Entities and the Company in the future will also be exempted from the "continuing connected transactions" provisions of the Listing Rules.

CONFIRMATION FROM INDEPENDENT NON-EXECUTIVE DIRECTORS

The independent non-executive Directors have reviewed the contractual arrangements and confirmed that (i) the transactions carried out during the year ended 31 August 2020 have been entered into in accordance with the relevant provisions of the contractual arrangements, have been operated so that the profit generated by the Consolidated Affiliated Entities has been substantially retained by the Group, (ii) no dividends or other distributions have been made by the Consolidated Affiliated Entities to the Registered Shareholders which are not otherwise subsequently assigned or transferred to the Group, (iii) the Structured Contracts and if any, any new transactions, contracts and agreements entered into, renewed or reproduced between the Group and the Consolidated Affiliated Entities during the relevant financial period are fair and reasonable, or advantageous, so far as the Group is concerned and in the interests of the Shareholders as a whole; (iv) entered into in the ordinary and usual course of business of the Group; and (v) conducted on normal commercial terms or better.

CONFIRMATIONS FROM THE COMPANY'S INDEPENDENT AUDITOR

The auditor of the Company has confirmed in a letter to the Board that, with respect to the contractual arrangements entered into in the year ended 31 August 2020:

a. nothing has come to our attention that causes us to believe that the continuing connected transactions disclosed have not been approved by the Board.

b. nothing has come to our attention that causes us to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions.

c. the transactions contemplating under the Structured Contracts:

  - have been approved by the Directors;
  - have been entered into in accordance with the contractual arrangements under the Structured Contracts;
  - no dividends or other distributions have been made by the PRC Operating Entities to the School Sponsors which are not otherwise subsequently assigned or transferred to the Group.

RELATED PARTY TRANSACTIONS

Other than the above-mentioned transactions, details of transactions entered into with related parties by the Group during the year ended 31 August 2020 are set out in Note 33 to the consolidated financial statements.

SIGNIFICANT LEGAL PROCEEDINGS

For the year ended 31 August 2020, the Group had not been involved in any significant legal proceedings or arbitration. To the best of the knowledge and belief of the Directors, there are no significant legal proceedings or claims pending or threatened against the Group.

COMPLIANCE WITH LAWS AND REGULATIONS

During the year ended 31 August 2020 and up to the date of this annual report, the Group has complied with the relevant laws and regulations that have a significant impact on the Company. In particular, the Group is committed to minimising the impact on the environment from our business activities and the details of such effort are set out in the section headed "Environmental, Social and Governance Report" in this annual report.

PERMITTED INDEMNITY PROVISION

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

IMPORTANT EVENTS SINCE THE YEAR END

Save for the change of Board composition as detailed in the section headed “Management Discussion and Analysis — Events after the Reporting Period”, the Group had no important events occurred since the year ended 31 August 2020.

SUFFICIENCY OF PUBLIC FLOAT

Based on information publicly available to the Company and to the best knowledge of the Directors, at least 25% of the Company’s total issued shares, the prescribed minimum percentage of public float approved by the Stock Exchange and permitted under the Listing Rules, was held by the public at all times from the Listing Date and up to the date of this annual report.

AUDITOR

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

PKF was appointed as the auditor of the Company for the year ended 31 August 2020. The accompanying financial statements prepared in accordance with HKFRSs have been audited by PKF. PKF shall hold office until the conclusion of the next annual general meeting of the Company pursuant to the Articles of Association.

TAX RELIEF

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

RECOMMENDATION TO CONSULT PROFESSIONAL TAX ADVICE

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

On behalf of the Board
Wang Jinglei
Chairman

Chengdu, the PRC, 26 November 2020

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Executive director

Mr. Wang Jinglei (王椋雷), aged 48, has been appointed as the executive Director of the Company, the chairman of the Board and the chairman of the Nomination Committee on 25 March 2020. He was appointed as the chief executive officer of the Company with effect from 26 November 2020. Mr. Wang Jinglei is mainly responsible for the Group's overall business development and strategic planning.

Mr. Wang Jinglei has approximately 30 years of experience in the finance industry. He obtained a bachelor degree in accounting from the Open University of China* (國家開放大學) (formerly the Central Television Broadcast University* (中央廣播電視大學)) in July 2008. He worked at the Dazhou branch of Bank of China Limited from December 1990 to April 2013, with his final position as company business department manager. From May 2013 to December 2019, Mr. Wang worked as a general manager at Sichuan Xinxing Financial Guarantee Company Limited* (四川鑫星融資擔保有限公司), a company principally engaged in guarantee-related business.

Since he joined the Group in March 2020, Mr. Wang Jinglei has been the legal representative, council member or director of certain members of the Group.

Mr. Wang is the sole shareholder and sole director of Act Best and Act Glory is wholly-owned by Act Best. Thus, Mr. Wang Jinglei and Act Best are deemed to be interested in the 233,920,000 Shares held by Act Glory under the SFO, representing approximately 28.46% of the total issued Shares, as at the Latest Practicable Date.

Non-executive director

Mr. Wu Jiwei (吳繼偉), aged 49, was appointed as our non-executive Director on 1 September 2019. Mr. Wu is primarily responsible for giving independent advice to the Board.

Mr. Wu Jiwei has approximately 8 years of experience in the financial industry. He obtained a bachelor degree in finance in June 1994 and a master degree in investments and economics in June 1999 from the Central University of Finance and Economics (formerly known as Central Finance and Economics College* (中央財政金融學院)) in the PRC. He also obtained the securities practicing qualification certificate* (證券從業資格證書) from the Securities Association of China* (中國證券業協會) in December 2001. He worked in Bank of China Group Investment Limited from February 2010 to July 2014. He served as an executive director and chief executive officer of Huajun International Group Limited (stock code: 377), the shares of which are listed on the Main Board of the Stock Exchange, from September 2014 to March 2018. Mr. Wu served as an independent non-executive director of Enviro Energy International Holdings Limited (stock code: 1102), the shares of which are listed on the Main Board of the Stock Exchange, from June 2020 to August 2020.

Mr. Wu Jiwei is the beneficial owner of 46,000 Shares, representing approximately 0.01% of the total issued Shares, as at the Latest Practicable Date.

* For identification only

Independent non-executive directors

Mr. Cheng Tai Kwan Sunny (鄭大鈞), aged 47, was appointed as our independent non-executive Director and chairman of the Audit Committee on 11 July 2018. Mr. Cheng is primarily responsible for giving independent advice to the Board.

Mr. Cheng Tai Kwan has over 19 years of experience in management, financial reporting and management accounting. He worked for a subsidiary of Li & Fung Limited (stock code: 0494), a company listed on the Stock Exchange, from January 2005 to June 2012. He has been appointed as an independent non-executive director of China Sinostar Group Company Limited (stock code: 0485), the shares of which are listed on the Main Board of the Stock Exchange, since July 2014. He has been appointed as an independent non-executive director of Mengke Holdings Limited (stock code: 1629), the shares of which are listed on the Main Board of the Stock Exchange, since November 2016. He has been appointed as an independent non-executive director of Hua Lien International (Holding) Company Limited (stock code: 969), the shares of which are listed on the Main Board of the Stock Exchange, since December 2017. Since January 2014, Mr. Cheng has also been a director of Jolly Kingdom Franchise International Limited.

Mr. Cheng obtained a degree of Bachelor of Business Administration in Accounting from The Hong Kong University of Science and Technology in November 1996 and a degree of Master of Science from The Chinese University of Hong Kong in December 2006. He completed the Kellogg-HKUST Executive MBA Programme and was awarded a degree of Master of Business Administration from Northwestern University and The Hong Kong University of Science and Technology in December 2009. He obtained a Juris Doctor degree from the Chinese University of Hong Kong in November 2017. Mr. Cheng was admitted as an associate and a fellow of The Association of Chartered Certified Accountants in July 1999 and July 2004, respectively. He was also admitted as a member of the Hong Kong Institute of Certified Public Accountants (previously known as Hong Kong Society of Accountants) in September 2001. Mr. Cheng was a member of the Chinese People's Political Consultative Conference of Enping City, Guangdong Province* (中國人民政治協商會議廣東省恩平市委員會) from November 2011 to November 2016.

Mr. Mao Daowei (毛道維), aged 69, was appointed as our independent non-executive Director on 11 July 2018. He is primarily responsible for giving independent advice to the Board. He is also a member of each of the Audit Committee, the Nomination Committee and the Remuneration Committee.

Mr. Mao was a professor in economic studies of Sichuan University (四川大學) in the PRC from July 2001 to July 2015 and has been a tutor of doctorate students since 2004. Mr. Mao was an independent director of Sichuan Dikang Sci & Tech Pharmaceutical Industry Co., Ltd. (四川迪康科技藥業股份有限公司) (currently known as Sichuan Languang Development Co., Ltd. (四川藍光發展股份有限公司)), which is listed on the Shanghai Stock Exchange (stock code: 600466), from April 2001 to October 2008. Mr. Mao studied politics and economics and graduated at Chengdu Telecommunication Engineering College* (成都電訊工程學院) in January 1982. Mr. Mao also graduated from Sichuan University in the PRC with a master's degree in politics and economics studies in July 1987.

Ms. Luo Yunping (雒蘊平), aged 70, was appointed as our independent non-executive Director on 11 July 2018. She is also a member of each of the Audit Committee, the Nomination Committee and the Remuneration Committee. Ms. Luo is primarily responsible for giving independent advice to the Board.

Ms. Luo Yunping has accumulated 47 years of working experience in the education industry. She worked at Chengdu Preschool Education Normal School* (成都幼兒師範學校) from July 1973 to February 2005. During her tenure from July 1973 to July 2004, she served as a teacher, supervisor, principal and secretary of the communist committee. Ms. Luo joined the Group from June 2001 to April 2009, and acted as a legal representative of a number of kindergartens of the Group.

Ms. Luo graduated from Sichuan Normal University (四川師範大學) in the PRC with a bachelor's degree in chemical studies in June 1985. She completed a postgraduate programme in preschool education studies* (學前教育專業在職人員研究生課程進修班) from East China Normal University* (華東師範大學) in April 2003. Ms. Luo obtained the qualification as vice professor in chemistry from Chengdu Professional Title Reform Leading Group* (成都市職稱改革工作領導小組) in March 2007 and the qualification as higher education teacher* (高等學校教師) from the Education Department of Sichuan Province* (四川省教育廳) in May 2007.

Mr. Yang Yuan (楊玉安), aged 58, was appointed as our independent non-executive Director and the chairman of the Remuneration Committee on 1 September 2019. Mr. Yang is primarily responsible for giving independent advice to the Board.

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

Senior management

Mr. Wang Chunguo (王淳國), aged 55, has been appointed as the chief financial officer of the Company on 1 September 2019. Mr. Wang is mainly responsible for the Group's financial management and corporate governance.

Mr. Wang Chunguo has approximately 37 years of experience in accounting and financial management. He finished secondary school in Da Country Finance and Trading School* (達縣財貿學校) in July 1983. He is a member of the Chinese Institute of Certified Public Accountants and has been granted qualification as an accountant by the Ministry of Finance of the PRC in November 1993. In July 1983, he commenced his career at Dazhou City Dachuan District Promotion Cooperative Association* (達州市達川區促銷合作社聯合社) as an accounting staff and progressed to the accounting person in-charge by the time he left in September 1988. He then worked at various accounting related positions, including deputy manager of auditing department, deputy manager of finance department, accounting teacher and accountant at Wanyuan City Supply and Promotion Association* (萬源市供銷社) between October 1988 and March 1996. He then worked as an accountant at Sichuan Dajia Accounting Firm* (四川大家會計師事務所) in the PRC from April 1996 to October 2012. From November 2012 to May 2019, he was employed as the head of finance department at Haojun Development Group Company Limited* (浩均發展集團有限公司). In June 2019, Mr. Wang was appointed as the independent non-executive director of Sichuan Guangan AAA Public Co., Ltd.* (四川廣安愛眾股份有限公司) (Stock Code: 600979)

Mr. Duan Bicong (段必聰), aged 57, joined the Group as the education director in June 2016, and took up the post of principal of Pengzhou Bojun School in September 2018.

Mr. Duan Bicong has accumulated 36 years of working and management experience in the education industry. He worked at No. 1 Middle School of Xichang from July 1984 to July 1996. From July 1996 to December 2009, he served as a supervisor of academic affairs office, assistant to principal and vice-principal of Chengdu No. 7 High School. From December 2009 to May 2016, he served as the principal and secretary of the communist committee of Chengdu Foreign Languages School.

Mr. Duan Bicong graduated from China West Normal University with a degree in political education in July 1984.

Mr. Jiang Bohan (蔣伯瀚), aged 48, joined the Group in April 2012, and is the principal of Jinjiang School.

Mr. Jiang Bohan has accumulated 25 years of working experience in the education industry. From July 1995 to July 2005, he served as the dean (教導主任) of Experimental School (Primary School Division) Attached to Sichuan Normal University* (四川師範大學附屬實驗學校小學部). From July 2005 to March 2012, he served as the school principal of Experimental School (Secondary School Division) Attached to Sichuan Normal University* (四川師範大學附屬實驗學校(中學部)). Since September 2017, he has been the chairman of the committee of principals of No. 1 Experimental Schools Attached to Sichuan Normal University (師大一中校長委員會主任). Mr. Jiang Bohan is also a supervisor of Sichuan Normal University Haowen Education Investment Management Company Limited (四川師大浩文教育投資管理有限公司).

Mr. Jiang Bohan studied mathematics and graduated from Leshan Normal Higher Education Institute* (樂山師範高等專科學校) in July 1995. He completed a programme on education studies and graduated from the Education Science Faculty of the Sichuan Normal University* (四川師範大學教育科學學院) in January 2007.

Mr. Lam Wai Kei (林偉基), aged 47, was appointed as a joint company secretary of the Company on 3 July 2018. He has over 14 years of experience in accounting and company secretarial practises. He is a practicing member of the Hong Kong Institute of Certified Public Accountants. Mr. Lam Wai Kei is currently the company secretary of China Sinostar Group Company Limited (formerly known as Shihua Development Company Limited) (stock code: 0485), the shares of which are listed on the Main Board of the Stock Exchange and the managing director of Conpak CPA Limited, which is an audit firm in Hong Kong. Prior to joining the audit firm, Mr. Lam Wai Kei has worked in PricewaterhouseCoopers for approximately 9 years. Mr. Lam Wai Kei graduated from the Hong Kong University of Science and Technology with a Bachelor of Business Administration degree in accounting in November 1996 and obtained a Master of Science degree in financial engineering from City University of Hong Kong in November 2004.

CORPORATE GOVERNANCE REPORT

The Board is pleased to present this corporate governance report for the purpose of inclusion in the Company's annual report for the year ended 31 August 2020.

Compliance With The Corporate Governance Code

The Board is committed to achieving high corporate governance standards in order to safeguard the interests of shareholders and to enhance corporate value and accountability.

Since the Listing Date, the Company has applied the Corporate Governance Code (the "CG Code") set out in Appendix 14 to the Listing Rules and has complied with all the applicable code provisions except for the code provision A.2.1 since 26 November 2020 as more particularly described below. The Board will continue to review and monitor the corporate governance practises of the Company for the purpose of maintaining high corporate governance standards.

The Board will continue to review and monitor the corporate governance practices of the Company to ensure compliance with the CG Code and maintain high standard of corporate governance practices.

THE BOARD

Responsibilities

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

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

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

BOARD COMPOSITION

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

Executive Director

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

Non-executive Director

Mr. Wu Jiwei

Independent non-executive Directors

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

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

Change of Directors and Directors' Information

As disclosed in the announcement of the Company dated 30 August 2019, (i) Mr. Bai Zimin resigned as a non-executive Director and the chairman of the Remuneration Committee; (ii) Mr. Wang Ping resigned as a non-executive Director and ceased to act as the Authorised Representative; (iii) Mr. Wu Jiwei was appointed as a non-executive Director and the Authorised Representative; (iv) Mr. Yang Yuan was appointed as an independent non-executive Director and the chairman of the Remuneration Committee; (v) Mr. Wang Shudong resigned as the chief financial officer and the joint company secretary of the Company; and (vi) Mr. Wang Chunguo was appointed as the chief financial officer of the Company, with effect from 1 September 2019.

As disclosed in the announcement of the Company dated 25 March 2020, (i) Mr. Wang Jinglei was appointed as an executive Director, the chairman of the Board and the chairman of the Nomination Committee; (ii) Ms. Liao Rong resigned as an executive Director; and (iii) Mr. Xiong Tao ceased to be the chairman of the Board and the chairman of the Nomination Committee and would remain as an executive Director, with effect from 25 March 2020.

As disclosed in the announcement of the Company dated 19 August 2020, Mr. Xiong Tao passed away.

As disclosed in the announcement of the Company dated 26 November 2020, Mr. Ran Tao resigned as an executive Director and the chief executive officer of the Company while Mr. Wang Jinglei, an executive Director and chairman of the Board, was appointed as the chief executive officer of the Company with effect from 26 November 2020.

There has been no changes to information which is required to be disclosed by the Directors pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules during the year ended 31 August 2020 and up to the date of this annual report.

Independent non-executive Directors

From 1 September 2019 to 31 August 2020, the Board has met at all times the requirements under rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications or accounting or related financial management expertise.

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

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

Board diversity

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

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

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

Induction and continuous professional development

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

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

The principal approaches taken by the Directors for continuous professional development during the year ended 31 August 2020 are as follows:

Name of Directors	**Joining training course/ seminar/conference**	**Reading books/ journals/articles**
Mr. Wang Jinglei (Appointed on 25 March 2020)	✓	✓
Mr. Xiong Tao (Passed away on 18 August 2020) *(Note)*	**N/A**	**N/A**
Mr. Ran Tao (Resigned on 26 November 2020)	✓	✓
Ms. Liao Rong (Resigned on 25 March 2020)	✓	✓
Mr. Wu Jiwei (Appointed on 1 September 2019)	✓	✓
Mr. Yang Yuan (Appointed on 1 September 2019)	✓	✓
Mr. Cheng Tai Kwan Sunny	✓	✓
Mr. Mao Daowei	✓	✓
Ms. Luo Yunping	✓	✓

Note: Mr. Xiong Tao passed away on 18 August 2020, he had not participated in an activities regarding continuous professional development for the year ended 31 August 2020.

Chairman and chief executive officer

Under code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and performed by different individuals.

However, Mr. Ran Tao resigned as an executive Director and the chief executive officer of the Company, and Mr. Wang Jinglei, an executive Director and chairman of the Board, was appointed as the chief executive officer of the Company, with effect from 26 November 2020. The Group therefore does not have a separate chairman and chief executive officer as at the date of this report and Mr. Wang Jinglei currently performs these two roles. The Board believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider segregating the roles of chairman of the Board and chief executive officer of the Company at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole.

Appointment and re-election of directors

Each of our executive Directors and non-executive Directors has entered into a service agreement or a letter of appointment with the Company pursuant to which each of them agreed to act as an executive Director or a non-executive Director (as the case may be) for an initial term of three years commencing from the Listing Date or the date of appointment.

Each of the independent non-executive Directors has been appointed for an initial term of two years commencing from the Listing Date or the date of appointment.

The procedures and process of appointment, re-election and removal of Directors are set out in the Articles of Association. The Nomination Committee is responsible for reviewing the Board composition and making recommendations to the Board on the appointment or re-election of Directors and succession planning for Directors.

Pursuant to the Articles of Association, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years.

Board meetings

The Company adopts the practise of holding Board meetings regularly, at least four times a year, and at approximately quarterly intervals. Notices of not less than fourteen days are given for all regular Board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for a regular meeting.

For other Board and Board Committee meetings, reasonable notice is generally given. The agenda and accompanying board papers are dispatched to the Directors or Board Committee members at least three days before the meetings to ensure that they have sufficient time to review the papers and are adequately prepared for the meetings. When Directors or Board Committee members are unable to attend a meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the chairman of the Board or the Board Committees prior to the meeting. Minutes of meetings are kept by the company secretary of the Company with copies circulated to all Directors for information and records.

Minutes of the Board meetings and Board Committee meetings are recorded in sufficient detail about the matters considered by the Board and the Board Committees and the decisions reached, including any concerns raised by the Directors. Draft minutes of each Board meeting and Board Committee meeting are sent to the Directors for comments within a reasonable time after the date on which the meeting is held. Minutes of the Board meetings are open for inspection by Directors.

During the year ended 31 August 2020, ten Board meetings were held and one annual general meeting was held by the Company and the attendance of each Director at such meetings is set out in the table below:

Name of Directors	Attendance/ Number of meetings
Mr. Wang Jinglei (Appointed on 25 March 2020)	6/6
Mr. Xiong Tao (Passed away on 18 August 2020)	11/11
Mr. Ran Tao (Resigned on 26 November 2020)	11/11
Ms. Liao Rong (Resigned on 25 March 2020)	5/5
Mr. Wu Jiwei (Appointed on 1 September 2019)	11/11
Mr. Yang Yuan (Appointed on 1 September 2019)	11/11
Mr. Cheng Tai Kwan Sunny	11/11
Mr. Mao Daowei	11/11
Ms. Luo Yunping	11/11

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as the code of conduct for dealings in the Company's securities by the Directors. Having made specific enquiries to the Directors, all Directors confirmed that they had complied with the required standards set out in the Model Code for the period between 1 September 2019 and 31 August 2020.

Corporate governance function

The Board recognises that corporate governance should be the collective responsibility of the Directors which includes:

(a) to review and monitor the Company's policies and practises on compliance with legal and regulatory requirements;

(b) to review and monitor the training and continuous professional development of the Directors and senior management;

(c) to develop, review and monitor the code of conduct and compliance manual applicable to employees and the Directors;

(d) to develop and review the Company's policies and practises on corporate governance and make recommendations to the Board and report to the Board on related matters;

(e) to review the Company's compliance with the CG Code and disclosure in the corporate governance report; and

(f) to review and monitor the Company's compliance with the Company's whistleblowing policy.

Delegation by the Board

The Board reserves for its decision all major matters of the Company, including approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters.

Directors could have recourse to seek independent professional advice in performing their duties at the Company's expense and are encouraged to access and to consult with the Company's senior management independently.

The daily management, administration and operation of the Group are delegated to the senior management. The delegated functions and responsibilities are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any significant transactions entered into by the management.

BOARD COMMITTEES

Audit Committee

The Company established the Audit Committee in accordance with Rule 3.21 of the Listing Rules pursuant to a resolution of the Board passed on 12 July 2018 with written terms of reference in compliance with paragraph C3 of the CG Code as set out in Appendix 14 of the Listing Rules.

At present, our Audit Committee comprises Mr. Cheng Tai Kwan Sunny, Mr. Mao Daowei and Ms. Luo Yunping, all being independent non-executive Directors. Mr. Cheng Tai Kwan Sunny is the chairman of the Audit Committee.

The primary duties of the Audit Committee are mainly to make recommendations to the Board on the appointment and removal of the external auditor, review the financial statements and provide advice in respect of financial reporting and oversee the internal control procedures of the Group. The written terms of reference of the Audit Committee are available on the websites of the Stock Exchange and the Company.

During the year ended 31 August 2020, two meetings were held by the Audit Committee.

The attendance of each Director at such meetings is set out in the table below:

Name of Directors	Attendance/ Number of meetings
Mr. Cheng Tai Kwan Sunny	2/2
Mr. Mao Daowei	2/2
Ms. Luo Yunping	2/2

The Audit Committee reviewed the annual results and annual report for the year ended 31 August 2020, significant issues on the financial reporting and compliance procedures, internal control and risk management systems, effectiveness of the Company's internal audit function, scope of work and appointment of external auditor of the Company. Having reviewed the effectiveness of the internal and external audit process as well as the independence, the Audit Committee is satisfied with this relationship.

Nomination Committee

The Company established a nomination committee pursuant to a resolution passed by the Directors on 12 July 2018 with written terms of reference in compliance with paragraph A.5 of the CG Code as set out in Appendix 14 of the Listing Rules.

As at the date of this report, the Nomination Committee comprises Mr. Wang Jinglei, an executive Director, Mr. Mao Daowei and Ms. Luo Yunping, both being independent non-executive Directors. Mr. Wang Jinglei is the chairman of the Nomination Committee.

The primary duties of the Nomination Committee include reviewing the structure, size, and composition of the Board, assessing the independence of independent non-executive Directors and making recommendations to the Board on matters relating to the appointment of Directors. The written terms of reference of the Nomination Committee are available on the websites of the Stock Exchange and the Company.

The Nomination Committee assesses the candidate or incumbent on criteria such as integrity, experience, skill and ability to commit time and effort to carry out the duties and responsibilities. The recommendations of the Nomination Committee will then be put to the Board for decision.

The Company recognises and embraces the benefits of having a diverse Board to enhance its performance and has adopted a board diversity policy aiming to set out the approach to achieve diversity of the Board. The implementation of the policy is monitored by the Nomination Committee. In designing the Board's composition, board diversity has been considered from a number of measurable objectives, including but not limited to, gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The Nomination Committee will continue to monitor the implementation of the board diversity policy and will review the board diversity policy periodically to ensure its continued effectiveness.

During the year ended 31 August 2020, two meetings were held by the Nomination Committee.

The attendance of each Director at such meetings is set out in the table below:

Name of Directors	Attendance/ Number of meetings
Mr. Wang Jinglei (Appointed on 25 March 2020)	1/1
Mr. Mao Daowei	3/3
Ms. Luo Yunping	3/3

The Nomination Committee has, amongst others, reviewed the structure, size and composition of the Board, as well as the Board Diversity Policy and Directors subject to re-election and retirement by rotation.

Remuneration Committee

The Company established a remuneration committee in accordance with Rule 3.25 of the Listing Rules pursuant to a resolution passed by the Directors on 12 July 2018 with written terms of reference in compliance with paragraph B.1 of the CG Code as set out in Appendix 14 of the Listing Rules.

At present, the Remuneration Committee comprises Mr. Yang Yuan, Mr. Mao Daowei and Ms. Luo Yunping, all being independent non-executive Directors. Mr. Yang Yuan is the chairman of the Remuneration Committee.

The primary functions of the Remuneration Committee are to make recommendations to the Board on the overall remuneration packages, remuneration policy and structure relating to all the Directors and senior management of the Group, review performance-based remuneration and ensure none of our Directors determine their own remuneration. The written terms of reference of the Remuneration Committee are available on the websites of the Stock Exchange and the Company.

During the year ended 31 August 2020, two meetings were held by the Remuneration Committee.

The attendance of each Director at such meetings is set out in the table below:

Name of Directors	Attendance/ Number of meetings
Mr. Yang Yuan (Appointed on 1 September 2019)	3/3
Mr. Mao Daowei	3/3
Ms. Luo Yunping	3/3

The Remuneration Committee has, amongst others, reviewed the structure of remuneration for executive Directors and the senior management of the Company and assessed their performance, and reviewed the terms of the executive Directors' service contracts, and made recommendations to the Board on related matters.

Remuneration of directors and senior management

Details of the remuneration by band of the members of the Board and senior management of the Company for the year ended 31 August 2020 are set out below:

Remuneration band	Number of individuals
RMB1 million or above	2
Nil to RMB1 million	12

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements for the year ended 31 August 2020 which give a true and fair view of the affairs of the Company and the Group and of the Group's results and cash flows.

The management has provided to the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Company's financial statements, which are put to the Board for approval. The Directors were not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group's ability to continue as a going concern.

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

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges that it is its responsibility to ensure that the Company establishes and maintains sound risk management and internal control systems within the Group and to review the effectiveness of the systems. Such systems are designed to manage and mitigate risks inherent in the Group's business faced by the Group to an acceptable level, but not to eliminate the risk of failure to achieve business objectives, and can only provide reasonable assurance against material misstatement, loss or fraud. The Group has internal audit function.

The Board has entrusted the Audit Committee with the responsibility to oversee the risk management and internal control systems of the Group on an on-going basis and to review the effectiveness of the systems annually. The review covered all material controls, including financial, operational and compliance controls.

Under the Company's risk management and internal control structure, the management is responsible for the design, implementation and maintenance of risk management and internal control systems to ensure, amongst others, (i) appropriate policies and control procedures have been designed and established to safeguard the Group's assets against improper use or disposal; (ii) relevant laws, rules and regulations are adhered to and complied with; and (iii) reliable financial and accounting records are maintained in accordance with relevant accounting standards and regulatory reporting requirements.

With respect to the procedures and internal controls for the handling and dissemination of inside information, the Group has internal policy and procedures which strictly prohibit unauthorised use of inside information and has communicated that to all staff; the Board is aware of its obligations to announce any inside information in accordance with the Listing Rules and acts in accordance with the "Guidelines on Disclosure of Inside Information" issued by the Securities and Futures Commission in June 2012. In addition, only the Directors and delegated officers can act as the Group's spokesperson and respond to external enquiries about the Group's affairs.

During the financial year ended 31 August 2020, the Board has conducted its annual review of the effectiveness of our risk management and internal control systems, in particular, the operational and financial reports, compliance control and risk management reports, budgets and business plans provided by the management. The Audit Committee also performs regular review of the Group's performance, risk management and internal control systems and discusses with the Board, in order to ensure effective measures are in place to protect material assets and identify business risks of the Group. Such review during the financial year ended 31 August 2020 did not reveal any major issues and the Board considers the risk management and internal control systems effective and adequate.

Auditors' remuneration

The Company appointed PKF as the independent auditor. During the year ended 31 August 2020, the total fees paid/payable, excluding disbursements, in respect of audit and non-audit services provided by the Group's independent auditor are set out below:

Type of services	**Amount** (RMB'000)
Audit services	1,264
Non-audit services	50
Total	1,314

COMPANY SECRETARY

In order to uphold good corporate governance and ensure compliance with the Listing Rules and applicable Hong Kong ordinances, the Company engages Mr. Lam Wai Kei as a company secretary. During the year ended 31 August 2020, Mr. Lam Wai Kei has undertaken not less than 15 hours of relevant professional training in compliance with rule 3.29 of the Listing Rules.

CHANGE IN CONSTITUTIONAL DOCUMENTS

The Company has adopted the amended and restated memorandum and articles of association of the Company on 12 July 2018, with effect from the same date and the Listing Date, respectively. There had been no change in the memorandum and articles of association of the Company during the year ended 31 August 2020.

SHAREHOLDERS' RIGHTS

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

Convening of extraordinary general meeting and putting forward proposals

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

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

Putting forward enquiries to the Board

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

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

Address:	No. 209 Sanse Road, Jinjiang District, Chengdu, Sichuan Province, the PRC
Telephone:	+86 28 8600 6028
Fax:	+86 28 8741 8063
Email:	BJJY@bojuneducation.com

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

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company considers that effective communication with the Shareholders is essential for enhancing investor relations and understanding of the Group's business, performance and strategies. The Company also recognises the importance of timely and non-selective disclosure of information, which will enable the Shareholders and investors to make informed investment decisions.

The annual general meetings of the Company provide opportunities for the Shareholders to communicate directly with the Directors. The chairmen of the Board Committees will attend the annual general meetings to answer shareholders' questions. The auditor of the Company will also attend the annual general meetings to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor independence.

To promote effective communication, the Company adopts a shareholders' communication policy which aims at establishing a two-way relationship and communication between the Company and the Shareholders and maintains a website of the Company at (http://bojuneducation.com), where up-to-date information on the Company's business operations and developments, financial information, corporate governance practises and other information are available for public access.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

I. PREAMBLE

During the year 2020, the whole world experienced an unprecedented global pandemic, which has been accompanied by dozens of environmental disasters such as wildfires burning millions of acres and country-wide floods affecting millions of lives, and social unrest driven by issues including racial injustice. Facing the increasingly grave environmental and social problems, and rising demands from the side of investors who are more inclined towards the capacity of the company's sustainable value creation, the Group keeps abreast of the both domestic and global trend in improving internal governance for sustainability, and commits to strengthening its ESG management for daily operations through a systemic approach. As the Group recognises that building a robust governance system based on effective management approaches through ESG lens lays the foundation for business development that is in the interests of promoting long-termism for the organisation, investors and all other stakeholders, the Group has been dedicated to optimising its ESG management system from within and endeavouring to pursue business success in a sustainable manner.

II. ABOUT THE REPORT

In compliance with the requirements under Appendix 27 — Environmental, Social and Governance Reporting Guide ("ESG Guide") of the Listing Rules, the Group is pleased to present its third Environmental, Social and Governance Report for the year from 1 September 2019 to 31 August 2020 ("FY2019/2020"), which demonstrates the Group's approach and performance in terms of ESG management and corporate sustainable development for FY2019/2020.

Reporting boundaries

Focusing on the core business operations and material development plans of the Group, this ESG Report covers the significant environmental and social performance within the operational boundaries of the Group that include the Group's management office and the 13 schools that are in operation as of 1 September 2020 in the PRC. The 13 schools consisted of 6 kindergartens, 4 elementary and middle schools, 2 middle schools and a middle and high school in Sichuan province, the PRC.

For the corporate governance section, please refer to pages 69 to 135 of this annual report. The reporting period of this ESG report is for FY2019/2020 unless specifically stated otherwise.

Reporting principles

The Group followed the reporting principles, namely materiality, quantitative, balance and consistency, in its preparation of the ESG Report.

Materiality

The Group performed a materiality assessment of the ESG-related topics via an online survey, in which its well-selected stakeholders voiced their concerns and opinions about the Group's sustainable development. The materiality assessment matrix shows that "Occupational health and safety", "Employee development and training", "Health and safety relating to products/services" and "Management of the legal & regulatory environment (regulation-compliance management)" are issues of high importance to the Group in its ESG management. In the ESG Report, the Group elaborated its management approaches and performances in these areas, and committed to continue paying more attention to the topics material to both its stakeholders and the Group in its business development.

Quantitative

The application of the reporting principle of quantitative was reflected in the calculation and numeric presentation of the Group's environmental performance such as annual greenhouse gas ("GHG") emissions and the Group's social performance including the employment structure in terms of gender, job positions and age.

Balance

To ensure that a complete picture of the Group's sustainable development can be delivered to its stakeholders, the Group fully conformed to the disclosure requirements under the ESG Guide and revealed both its outstanding achievements and potential for improvement in comparison with its previous performance.

Consistency

The structure and content of the ESG Report were built from the Group's previous reports and based on metrics and disclosures extracted from relevant standards and frameworks, on which its investors and readers can rely to track that the Group's corporate journey towards sustainable value creation in a consistent way.

Information Disclosure

The information in this ESG Report was gathered from official documents and statistics of the Group, the integrated information of supervision, management approach and operating process in accordance with relevant policies, the internal quantitative and qualitative data through questionnaires based on the reporting framework, and the sustainability practices recorded by different subsidiaries of the Group. This ESG Report was prepared in both English and Chinese and for any conflict or inconsistency, the English version shall prevail. A complete content index is available at the end of the ESG report for readers' convenience to check its integrity.

III. COMPANY MANAGEMENT

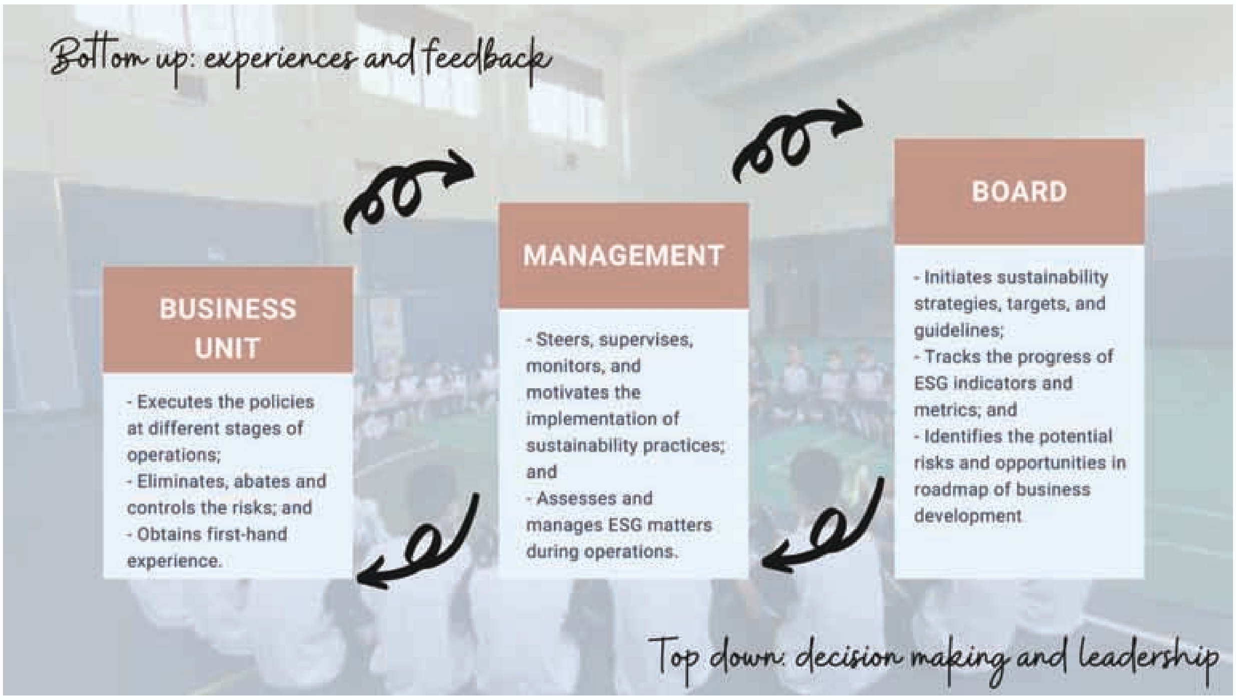
Focusing more on long-term value creation for all stakeholders, in this day and age, enterprises are increasingly expected to define their purpose for business in a way that integrates societal impact, which includes economic, environmental and social considerations within the core of their strategy and operations.

"A Knowledgeable Man Wins The Whole World" (「博學致遠，駿馳天下」) is the cultural spirit of the Group, while "Learn Intently In Pursuit Of Knowledge And Care About The World" (「靜學問道，天下關懷」) is the motto of all schools under the Group. The Group hopes that through stimulating students' interest in learning, sharpening their will to grow, cultivating their core abilities and broadening their horizons, it can cultivate more students who are courteous, knowledge-seeking, life-loving, and caring.

In terms of company management, in order to achieve the governance goal of "Govern Without Intervention" (「無為而治」), the Group implemented strict and systematic management policies and promoted rule awareness to encourage teachers, students, and parents to participate in the management together, achieving the state of "Action Through Inaction" (「無為而無不為」) by the ancient Chinese philosopher Laozi.

The Group is aware that robust governance establishes foundation level priorities for ESG policy implementation, enabling the management team to take a holistic and tailored approach to internal management. Thus, how to build and maintain an effective management system that enables the highest governance body of the Group to consider economic, environmental and social issues simultaneously when overseeing major capital allocation decisions in relation to business development is the core of the long-term value creation of any business.

As such, the Group adopted a two-way dialogue mechanism, in which the Board, with rich experience and insight, involves, oversees and takes into account the integration of policies conducive to maintaining the Group's momentum in controlling ESG-related risks and capturing potential opportunities into the codes, rules and guidelines. Meanwhile, with the feedback from the management and operating staff, the Board can be updated on the hands-on experiences, be more aware of the risks that may arise in operations, and understand the difficulties faced by frontline colleagues, so as to better propose corresponding policies and measures, and assign responsibility to specific personnel accordingly. Relying upon an improved monitoring system and the top-down and bottom-up management approach, the Board can keep track of the completion of targets according to well-defined metrics, adjust business development strategies and lead the Group to deliver prosperity in a way that respects people and the planet.



Risk management

Good governance drives a positive and clear purpose, which guides the business strategy that affects the efficiency of operations. In order to manage the social risks of the school operations, the Group established various rigorous management systems, including labour standards and anti-corruption practices management, to ensure that risks arising from operations can be minimised and the brand image of the Group's schools can be promoted.

Labour Standards

In FY2019/2020, the Group strictly abided by the Labour Law of the PRC (中華人民共和國勞動法) and other related labour laws and regulations in the PRC to prohibit any child and forced labour. To combat illegal employment of child labour, underage workers and forced labour, the Group's Human Resources Department formulated a set of internal policies to standardise the recruitment and employment process. The systems and procedures from recruitment to entry are strictly managed and written into the policies to prevent illegal employment. The employment management system details the recruitment steps, personnel information collection and background check process, and interview evaluation. The Human Resources Department of the Group built a team responsible for work inspection and assessment. Specifically, the team monitors and carries out investigations on the implementation of labour and employment policies of all schools of the Group regularly with meticulous attention to details from recruitment to the signing of labour contracts. It is also the duty of the Human Resources Department to keep the compliance of corporate policies and practices with relevant laws that prohibit child labour and forced labour, and supervise schools to strictly abide by applicable laws, regulations and the Group's labour standards, aiming to ensure the legality and standardisation of employment of all schools of the Group, as well as eliminating any risks of violating relevant labour laws. Once the Group finds any case against labour standards, the employment will be immediately terminated.

In FY2019/2020, the Group was not in violation of any relevant laws and regulations, in relation to the prevention of child and forced labour that has a significant impact on the Group.

Anti-corruption

As a place for education, the Group realises that it is duty-bound to motivate, encourage, and guide its students to become a person with honesty and integrity, and is laden with heavy but proud responsibility to create a learning environment immune to the impact of unhealthy tendency in society. Therefore, in FY2019/2020, the Group strictly complied with relevant local laws and regulations such as the Anti-Corruption Law of the PRC (中華人民共和國反腐敗法) and the Law of the PRC on Anti-money Laundering (中華人民共和國反洗錢法). In addition, the Group formulated a series of anti-corruption management systems to ensure that all faculty staff abides by the laws and perform their duties honestly and with integrity.

All schools of the Group are subjected to the administration of the Education Bureau. Under the unified management of the Group, the schools set up Staff Manual that specify the rules and regulations for teacher disciplines and ethics and the punishment system for the violation of any rules in the Staff Manual. Inappropriate behaviour including inducing parents to bribe is firmly prohibited by the Group in its policies where stringent regulations and severe consequences associated with the practice are detailed. Specifically, based on the severity of the incident, a significant part of the salary of employees who have breached the rules will be deducted, and the employment contract will be terminated if necessary.

The Group set up an effective grievance mechanism through which both its employees and outsiders can report any suspected operations including any person whose act may conflict with the Group's interests and any company which is involved in the corrupt practices. Anyone, including the parents and teachers, who are suspicious of anyone in relation to the Group that has performed inappropriately and potentially violated the anti-corruption regulations, can file complaints to the local administrative department and the discipline inspection department, and supervise the investigation process. Once receiving the report regarding the complaints from the corresponding department, the school will immediately set up an investigation team comprised of administrative staff to conduct investigations and verifications in confidentiality, in order to protect the whistle-blowers from unfair dismissal or victimisation. Where any criminality is substantiated, a report will be made to the relevant regulators or law enforcement authorities when necessary.

With an improved grievance mechanism for reporting suspected corruption, the Group encourages its stakeholders to join forces in monitoring the construction of a clean and honest administration in schools, which, the Group believes, can facilitate the Group to respond more quickly to the misconduct occurring in the Group, building trust with employees and preventing the potential harm to its long-term value.

To further enhance the employees' awareness of the consequences of being involved in bribery, extortion, fraud and money-laundering, 32 anti-corruption-related seminars and training programmes were organised by the Group for the directors, management, general staff and teachers in FY2019/2020, enabling all employees to be sensitive to the practices that might infringe upon the Group's interests or violate relevant laws

In FY2019/2020, there were no legal cases regarding corrupt practices brought again the Group or its employees.

IV. BOARD STATEMENT

Dear valued stakeholders,

On behalf of the Board, I hereby present to our stakeholders the ESG report, demonstrating in detail the Group's approach and performance in terms of sustainable development for the year ended 31 August 2020.

"A knowledge man wins the whole world" (「博學致遠，駿馳天下」), as the Group's vision and purpose, has been integrated into its business actions and gradually become a lifestyle (「生活方式」) and professional consciousness (「職業自覺」) of all members of the Group. Being a leading private education service group that strives to provide education with quality and feature-oriented curriculum and practices, the Group has never slowed down its footsteps to bring knowledge to the kids and students with dreams and expanded its footprints across the education industry continuously from kindergarten to high school since 2001, when its original aspiration for education was incubated.

Over the past 19 years, we have witnessed countless milestones of successful development and innovation of the Group in Southwest China. All of our schools have been committed to adhering to the Group's vision of education and proactively build distinct management approaches, development targets, education mottos, campus culture and school characteristics, including "cultivating contemporary elites through absorbing essence of Chinese and Western culture" (「汲中西文化精髓，育當代精英人才」), "one unique curriculum, all-round talents" (「一生一課表，兩走兩擅長」) and "learn intently in pursuit of knowledge and care about the world" (「靜學問道，天下關懷」).

In constant pursuit of long-term value creation for all, the Group has invariably been balancing its development philosophy and modes with considerations of its economic, environmental and social impacts. "ESG", a widely acknowledged concept evolving from a risk management practice, has been embraced by the Group to align its business operations with the best practice that contributes to global Sustainable Development Goals ("SDGs") as well as to achieve stronger economic outcomes. Evaluating and improving its management approach and operations through ESG lens, the Group believes that "all-round development" is not just a vision for the education of the Group, but another version of sustainability that the Group should focus on to advance its understanding towards resilient growth and address the imminent challenges of public concerns.

Quality education

Under the Group's overarching purpose for education and goals to pave the way for students' growth and success, the eminent teaching faculty in the schools of the Group is composed of experienced, outstanding and passionate teaching and administrative staff, who possess advanced skills in respective fields and importantly, the deep love to make their students better. The Group has set up strict mechanisms for faculty management from recruitment of teachers to annual appraisals for promotion, and established interactive platforms for the engagement with teachers and other faculty members.

At the beginning of the year 2020, the COVID-19 pandemic ("Pandemic") hit the pause button for almost all businesses across the globe. To maintain an efficient and quality teaching experience for students, and to minimise the detrimental impacts of the social distancing on students' study, the Group swiftly formed a special task force in response to the Pandemic, which was responsible for instructing all schools to "keep the learning going under school suspension" (停課不停學). With the integration of online technology in teaching, the Group analysed the challenges of distance learning, including struggling to understand assignments, being distracted more easily and unstable Internet connection, and issued clear guidance for lesson preparation teams, teachers, administrative officers and other faculty members to provide high-quality courses and assistance to students via the Internet.

Health and safety of students

As a priority issue to the Group, the protection and promotion of the students' health, safety and happiness of living and studying in schools is of utmost importance to the Group. Our health and safety policies touch on a wide variety of aspects, including food safety and nutrition where comprehensive food safety management systems and work requirements have been established and strictly monitored, the mental health of students where psychological consultation and mental tutorship are performed, physical examinations where students' health profile is required to be archived and public health emergency preparedness.

As school resumes, all schools of the Group efficiently responded to and implemented the policies of the government on epidemic prevention and control by timely disinfecting the classrooms, dormitories, canteens and all types of facilities in schools, in order to create a safe, orderly and welcoming learning environment which is critical to educating and preparing our youth to achieve their highest potential and contribute to society in the future.

Environmental concerns

With the rising environmental concerns nowadays, the Group believes that it has the responsibility to lead all its faculty and students to fathom and tackle the pressing environmental challenges and to make use of state-of-the-art technological and scientific advances to further environmental benefits. With strenuous efforts in regulating the waste management in classrooms, dormitories and laboratories, retro-commissioning the facilities and appliance to promote energy saving for existing buildings, cultivating the good habits of diligence and frugality among students and faculty and optimising its environmental stewardship continually, multi-pronged strategies have been adopted by the Group to catalyse the environmental protection.

- Develop environmental protection-oriented talks, seminars and activities to enhance students' environmental awareness;
- Procure "green" equipment and materials from upstream stakeholders;
- Strengthen the management and sustainable disposal of hazardous residue and wastes from laboratories;
- Implement waste classification;
- Monitor and improve the energy efficiency of facilities, including boilers;
- Increase the greening rate at the campus to sequester carbon as well as deliver amenity values.

As climate science was put in the spotlight on the international stage in recent years, the Group is deeply aware of the significance of the role it plays as a business operator in delivering on the goals of the Paris Agreement to avoid the worst-case scenario of climate change. In years, the Board of the Group, in accordance with the TCFD (Task Force on Climate-related Financial Disclosures) recommendations, which provides a structure to help enterprises develop a climate strategy and governance arrangements to mitigate risk and take action on opportunities, keeps developing climate awareness, embedding climate issues into board structures, processes and agenda for discussion, and improving navigation of the risks and opportunities that climate change poses to its business plans and competitive edges in the market.

On the school level, the message from the top has been fully delivered through actions. With a clear understanding of the implications of climate emergency on operations, schools of the Group have proactively partnered with local meteorological departments in the preparation for unpredictable extreme weather in advance, and built teams to check school facilities, drainage systems and sandbag placement before storms.

Giving back to communities

Running our business that is committed to our original corporate purpose and creates reciprocal relations of trust and mutual benefits for the sustainable development of both the Group and communities where it operates is important to the Group. As a corporate citizen, the Group's sustainability roadmap never excludes its devotion to the society, which the Group recognises as another essential pillar upholding its sustainable growth. Being integrated into our business purpose and an indispensable aspect of our fulfilment of social responsibility, our contribution to various meaningful social projects and charitable events will never be stopped.

In the fight against the Pandemic, our hearts were tightly connected with frontline medics. Our faculty members' voluntarily made donations to support the epicentre of the outbreak. All schools and business units of the Group resolutely implemented the spirits of "Strengthening the guarantees to relieve your worries and be your strong backup" (全力做好保障工作，為你們解除後顧之憂，做你們的堅強後盾) of Sichuan government, committing to give priority to the children of medical workers, who are the symbols of brightness and hope, the most beautiful angels and real heroes, in enrolling in kindergartens, primary schools, middle schools and high schools of the Group.

As a private education service group, our business purpose determines the way we engage with our students, teachers, suppliers and all stakeholders, which is how ethical, eco-friendly and sustainable our practices are. On behalf of the Board, the management team and all faculty members of the Group, I would like to thank you all for the dedication and support and I am pleased to present to you the FY2019/2020 ESG Report of Bojun Education Company Limited.

Yours sincerely,

Wang Jinglei

Chairman
2020.12.9

V. STAKEHOLDER ENGAGEMENT

The Group believes that continuous stakeholder engagement is vital to helping the Group to keep framing effective and purpose-aligned strategy, strengthening accountability for sustainable value creation and developing trust in the organisation. As such, the Group put immense efforts into its stakeholders' inclusiveness and effective communication with both internal and external stakeholders to foster a sound relationship with them. Through a wide range of communication channels, which are listed in the table below, the Group garnered a deeper understanding of its stakeholders' concerns and expectations, which facilitated the Group to better position itself in the market and respond to the corresponding expectations of the stakeholders.

Communication with Stakeholders

Stakeholders	Expectations and concerns	Communication Channels
Government and regulatory authorities	— Compliance with laws and regulations — Sustainable development — Occupational health and safety	— Supervision on the compliance with local laws and regulations — Routine reports and tax payments
Shareholders	— Return on investments — Corporate governance — Compliance with laws and regulations — Attention to changes in education needs	— Regular reports and announcements — Regular general meetings — Official website of the Group
Employees	— Employees' remuneration and benefits — Career development — Health and safety in the workplace	— Performance reviews — Regular meetings and training — Emails, notice boards, hotline, team building activities with the management
Parents and students	— High-quality teachers and facilities for education — Students' rights — Students' satisfaction — The promotion of students' health and safety	— Written comments and responses — Face-to-face meetings and on-site tours — Telephone discussions — Daily communication through social media platforms
Suppliers	— Fair and open procurement — Win-win cooperation with upstream and downstream stakeholders	— Open tendering — Suppliers' satisfaction assessment — Telephone conferences, face-to-face meetings and on-site visits
General public	— Involvement in communities — Compliance with laws and regulations — Environmental protection awareness	— Media conferences and responses to inquiries — Public welfare activities

Sustainable Development Goals (SDGs)

In FY2019/2020, the Group carried out an evaluation of its stakeholders' opinions about corporate sustainability stewardship, especially material ESG issues of great concern to stakeholders and the United Nations Sustainable Development Goals (SDGs) that have been given particular attention. The Group believes that long-term value creation is critical for business performance, competitive edges, risk mitigation and enhanced stakeholder relationships, which the Group believes is not only enlightened self-interest, but also helps the enterprise to measure and demonstrate how they are contributing to the prosperity of societies and the achievement of SDGs.

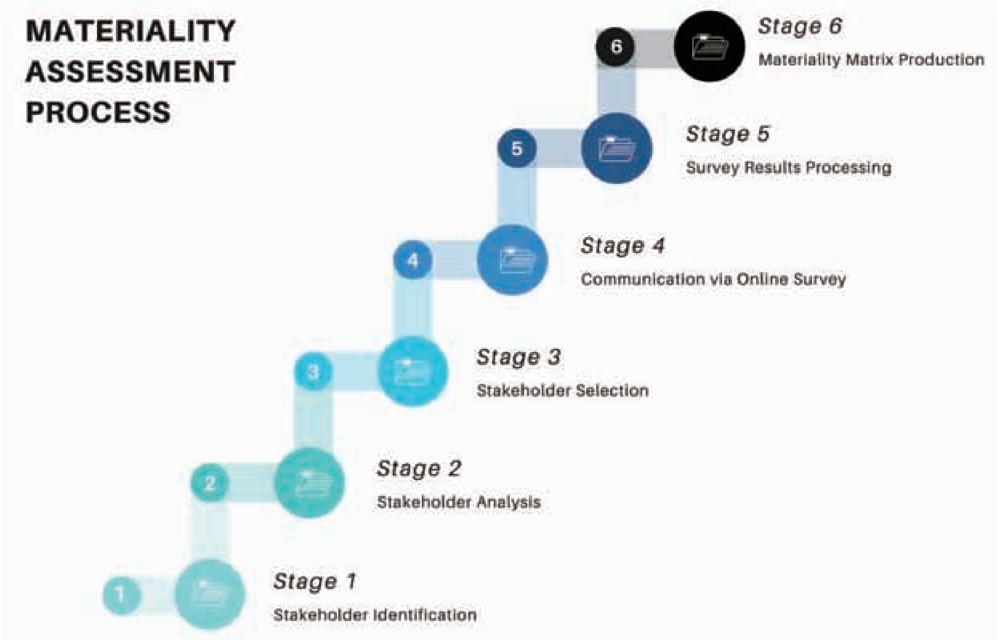
With a survey conducted by an external sustainability consulting agency, the Group found out that Goal 3 (Good health and well-being), Goal 4 (Quality education) and Goal 10 (Reduced inequality) ranked the top of the list among all 17 SDGs. In response to the concerns from stakeholders, the Group has committed to laying more emphasis on specific sub-targets under these three goals, in particular:

The Group deeply understands how important a healthy and safe campus is to teachers and students. The Group believes that health is not just the absence of disease, but the overall well-being must also be considered. Therefore, the Group spares no effort to build a healthy campus. In addition to complete health care facilities and professional medical staff, the Group also arranges physical examinations for teachers and students, and has established a psychological counseling centre to provide counseling services to teachers and students to ensure their physical and mental well-being.

As an educational institution with 13 schools, quality education no doubt should be the focus of the Group's attention. To ensure the delivery of high-quality education, the Group has been implementing its internal policies to ensure excellent teachers quality, useful teaching content and diversified pedagogical models. In order to facilitate the versatile development of students, in addition to the general academic tasks required by the state, the Group also provides students with various types of extracurricular activities and overseas study opportunities, such that students can absorb experience from various channels on top of the basic academic abilities and grow into one all-round talent.

Confucius (孔子) is a great educator in Chinese history. As a member of the education industry, the Group has always been adhering to the philosophy of Confucius-"Education without class (有教無類)", believing that everyone has the right to receive education regardless of their wealth, wisdom, nationality, regions, etc. In order to enable teachers and children in poverty-stricken areas to have access to jobs and quality education, the Group has provided them with free teaching venues and donated books and other reading materials. Through its pygmy effort, the Group hopes to contribute to the elimination of social inequality, and equip the children in remote and impoverished regions with knowledge that empowers them to change their fate.

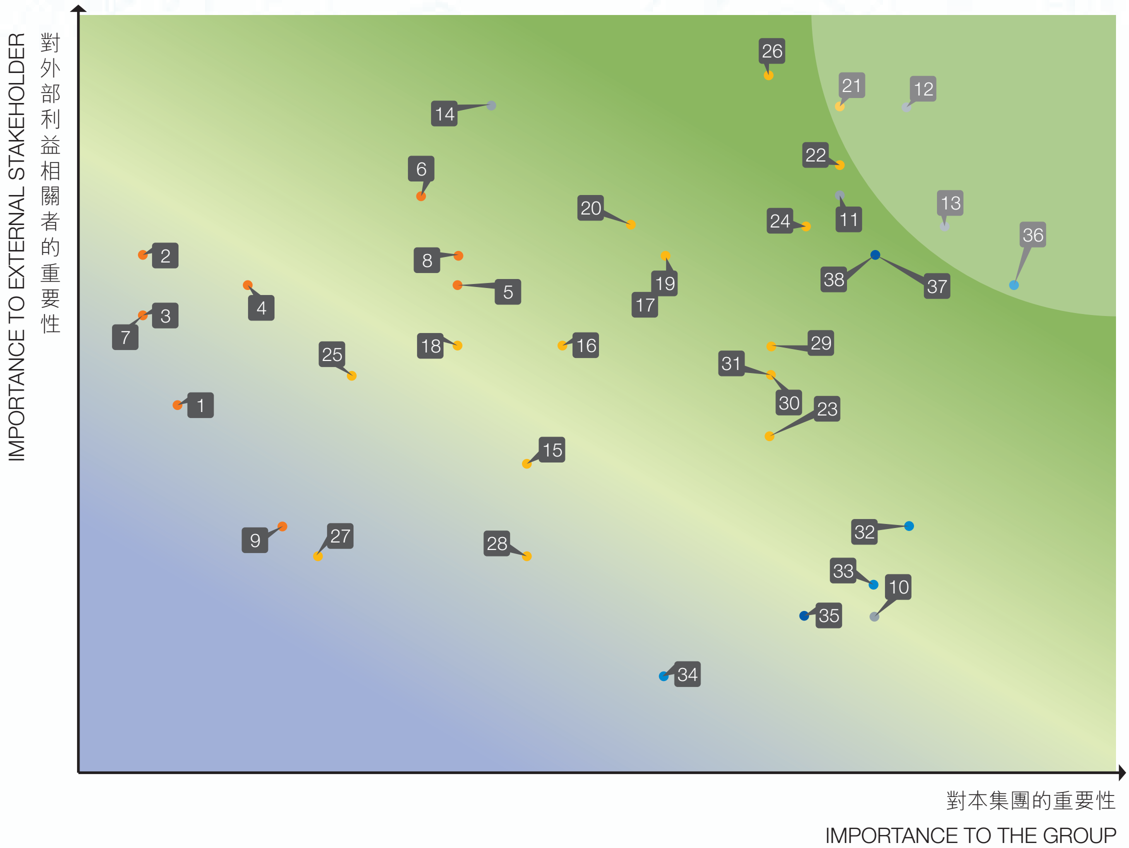
Materiality Assessment



Since ESG risks and opportunities for the Group vary across different stakeholders with various backgrounds and concerns, the Group undertook an annual review in identifying and understanding its stakeholders' main concerns and material interests for the ESG report. In FY2019/2020, the Group engaged its stakeholders to conduct a materiality assessment survey initiated by a third-party consulting agency in order to guarantee the accuracy and objectivity of evaluation. The Group selected a group of internal and external stakeholders based on their influence and dependence on the Group. During the process of stakeholder identification and selection, the Group followed the criteria including legal obligations, power of influence, significance in the value chain and willingness for engagement. The chosen stakeholders' representatives were then invited to take part in an online survey to express their views on a list of ESG issues. The online survey was composed of numerous well-designed questions material and relevant to the Group's business development and strategies from the stakeholders' standpoint. Such an objective, transparent and decision-useful materiality assessment allowed the Group to give priority to certain topics in a list of ESG issues after mapping the result of the survey to a materiality matrix as shown below. The assessment process demonstrated the Group's emphasis on stakeholders' engagement. The result of the survey served as a powerful tool that assisted the Group to better develop its action plans for more effective ESG management.

Stakeholder Engagement Materiality Matrix

利益相關者的參與重要性分析矩陣



- Environmental Impacts
  環境影響
- Operating Practices
  營運慣例
- Leadership & Governance
  領導力和管治
- Employment and Labour Practices
  僱傭及勞工常規
- Community Investment
  社區投資

1	Air and greenhouse gas emissions	**14**	Preventing child and forced labour	**27**	Labelling relating to products/ services
2	Sewage treatment	**15**	Selection of local suppliers	**28**	Product design & Lifecycle management
3	Land use, pollution and restoration	**16**	Smooth communication and sound relationship with suppliers	**29**	Number of legal cases filed against the company about bribery, extortion, fraud and money laundering
4	Solid waste treatment	**17**	Environmental risks (e.g. pollution) of the suppliers	**30**	Anti-corruption policies and whistle-blowing procedure
5	Energy use	**18**	Social risks (e.g. monopoly) of the suppliers	**31**	Anti-corruption training provided to directors and staff
6	Water use	**19**	Procurement practices	**32**	Community engagement
7	Use of other raw/packaging materials	**20**	Environmentally preferable products and services	**33**	Participation in charitable activities and support public welfare
8	Mitigation measures to protect environment and natural resources	**21**	Health and safety relating to products/services	**34**	Cultivation of local employment
9	Climate-related risks	**22**	Customers satisfaction (Welfare)	**35**	Business model adaptation and resilience to environmental, social, political and economic risks and opportunities
10	Diversity of employees	**23**	Marketing and promotion	**36**	Management of the legal & regulatory environment (regulation-compliance management)
11	Employee remuneration and benefits	**24**	Observing and protecting intellectual property rights	**37**	Critical incident risk responsiveness
12	Occupational health and safety	**25**	Product quality assurance and recall percentage	**38**	Systemic risk management
13	Employee development and training	**26**	Protection of consumer information and privacy		

Through the materiality analysis, the Group identified “Occupational health and safety”, “Employee development and training”, “Health and safety relating to products/services” and “Management of the legal & regulatory environment (regulation-compliance management)” as issues of high importance. Given the high degree of concerns on the material issues mentioned above, the Group paid special attention to the risks and opportunities associated with these matters, which were elaborated in different sections of this ESG report.

Stakeholders Feedback

As the Group strives for excellence, the Group welcomes stakeholders’ feedback and advice on the improvement of corporate ESG approach and performance, especially under the topics listed as the highest importance in the materiality assessment. Readers are also welcomed to share their views with the Group at BJJY@bojuneducation.com.

VI. QUALITY EDUCATION

Teaching philosophy and model

As a company's ability to innovate drives the experiment and development of transformative products and services, including creative and more interactive curriculums and pedagogical approaches, the Group focused its efforts on the research, design and application of advanced ways for teaching and communication with students, which it believes is vital in delivering on the SDGs as well. The Group always insisted on deepening teaching reforms and establishing an education concept of "respecting individuality and delivering people-oriented education". The following case studies are the demonstration of the unique and innovative education approaches of the Group.

Case study: Kindergarten — The Group's kindergarten holds the education vision of "Focusing on the continuous development of children, nurturing healthy, intelligent, happy and beautiful international citizens, and facilitate children to begin a life full of sunshine and hope". Their goal is to let children enjoy an all-round development including the skills to work together, timely reflection and the courage to explore. The kindergartens of the Group adhere to the education philosophy of "Activity Generating Environment, Environment Producing Activity" (活動生成環境，環境製成活動), by which under the influence of scholarly and artistic campus culture and environment, children can become the people who are fond of reading, expressing and creating. As such, in addition to basic courses, there are extended courses and special classes that are designed for children, such as early reading courses and three-dimensional modelling classes, which aim to give children inspirations and encourage them to think beyond imagination.

Case study: Wangcang Bojun School — In addition to the philosophy of "One Unique Curriculum, All-Round Talents" (一生一課表，兩走兩擅長), the school also focuses on developing the six important qualities of students: "Humanity, Scientific Spirit, Life-Long Learning, Healthy Living, Responsibility and Innovation" (人文底蘊、科學精神、學會學習、健康生活、責任擔當、實踐創新) and implementing the "Three Lives Courses" (三生課程), which represent life, livelihood and development (生命、生活、生長). Specifically, the "Three Live Courses" include safety education class, security experience class, ideological and political class, and psychological counselling class. The school's educational approach and concept are based on its teaching proposition of "Student-Based Classroom" (生本課堂), which concentrates more on the life-long development of students, the cultivation of academic ability and the improvement of teachers' teaching skills. Under this pedagogical model, teachers and students have established a "Learning Community" (學習共同體) that promotes the active participation and independent learning of students, and encourages students to take the lead in learning and coordinated development.

Case study: Pengzhou Bojun School — The school upholds the principle of "Integrating Chinese and Western Cultures, Combining Liberal Arts and Science" (融貫中西、文理並蓄) in education, thereby providing a characteristic curriculum framework which emphasises a systematic, selective, social, developmental and hierarchical (系統性、選擇性、社會性、發展性、層次性) teaching concept. On top of the national curriculum, the school also offers elective classes. Elective classes are arranged appropriately based on students' grades, evaluation results from teachers and self-assessment. To ensure that every student can be treated equally by teachers, the school has adopted the small-class size method, which requires each class to be limited to a maximum of 30 students. As for fundamental classes, only 15 or fewer students are allowed to be taught in one classroom. The electives are normally divided into three modules: art, sports and foreign language. Meanwhile, the learning results are assessed scientifically by considering the outcome of each stage and the final exam each semester.

Art class examples: Dancing and Calligraphy

Sports class examples: Golf and Martial arts

Foreign language class examples: French and Spanish

Other activities including field trips for research and school-based courses in Information Technology (IT) were also provided to students with interest.

Diversified extracurricular activities

In addition to various types of classes designed and provided to students, the schools of the Group organised myriads of extracurricular activities for students as well. For instance, activities including knowledge contest, garden activity, speech contest, singing contest, ecological plantation were designed, prepared and successfully held during the year under review, aiming to enrich students' lives at school. During special occasions and festivals, the Group made good preparations in advance to celebrate the day, including the Chinese New Year gala, National Day event, Graduation ceremony, Halloween dress-up activity, etc. The Group believes that such diversified extracurricular activities not only bring students happiness, strengthen teacher-parent-student bonds through interaction and relieve students' pressure from study, but also allow students to obtain knowledge beyond textbooks. Specifically, students were arranged and encouraged to earn and use Bojun coins (博駿幣), a self-developed idea for entertainment by the Group, to buy tickets for their parents during Halloween activity day. Through the activity, the Group hopes that all students can express their gratitude and love to their parents with their endeavours, while at the same time, familiarise themselves with basic financial knowledge.

On top of campus-based activities, the schools of the Group often arrange outdoor activities for students, who are expected to enrich their experience and widen their horizons during the activities. For example, to develop students' global vision and let them gain overseas experience, Tianfu School of the Group organised several overseas study trips for its students to Singapore, Japan, Australia and the United Kingdom. These study tours help students to foster international dialogue, embrace cultural diversity, learn the importance of inclusiveness and sow the seeds of dreams. Further, the Group created platforms and opportunities for teachers and students to connect and communicate with a wide range of communities abroad. With a deep understanding of the genuine needs of local societies in different countries and by listening to the voices of people from all walks of life, the Group hopes that its students can develop ambitious life goals and make efforts towards the one that takes the world as his/her duty (以天下為己任).

Activities during the COVID-19 pandemic

During the class suspension in the course of the epidemic, the schools of the Group insisted on arranging various types of extracurricular activities for its students and teachers. Instead of physical participation, the Group made full use of innovative and digital technologies by arranging meaningful online activities with different topics including epidemic control and prevention, which covers knowing the virus, keeping personal hygiene, understanding the value and fragility of life, and the importance of protecting wild animals. In particular, an online art exhibition was held by the Group during the class suspension period, in which students proactively registered and showcased their talents by designing and draws pictures with imagination to promote their ideas and wishes.

Course quality control

In order to nurture the best students, the Group always insists on maintaining good lecture quality, and acknowledges its responsibility to provide students with the best education. To maintain the premium quality of courses, all schools under the Group implemented different internal policies and measures to improve their teaching quality. For example,

— Kindergarten: Adhering to the spirit of "Guide to Learning and Development for Children aged 3–6" (3–6歲兒童學習與發展指南) and the "Guideline for Kindergarten Education" (幼兒園教育指導綱要), experts are invited to the campus for providing guidance and professional training to teachers.

— Nanjiang Bojun School: "Teaching Convention and Management System" (教學常規及管理制度) was set up, requiring its teachers to continuously improve their quality of teaching. For lesson preparation, teachers are required to discuss and confirm lesson standards and textbooks, exercises, teaching ideas and teaching tools. There are also clear guidelines for class structure, assignments, tutoring, teaching research, examination work, etc.

— Longquan School: "Teaching Management Rules and Regulations" (教學管理規章制度) was set up to regulate teachers' professional ethics, taboo terms, responsibilities of each group leader, lesson preparation system, teaching routine requirements and discipline matters.

— Lezhi Bojun School: Teachers are required to comply with the principles of "six serious and five principles" (備課六認真、教學五原則) when preparing classes so as to ensure that all classes delivered are of good quality and well-structured.

Six serious 備課六認真	Five principles 教學五原則
— Prepare lessons seriously	— Principle of objectivity (目標性原則)
— Deliver lessons seriously	— Principle of pertinence (針對性原則)
— Mark coursework seriously	— Principle of subjectivity (主體性原則)
— Supervise students seriously	— Principle of thinking teaching (思路教學原則)
— Organise tests and examinations seriously	— Principle of refinement (精講精練原則)
— Implement the "Four Must" (四個必) seriously: must practise, must mark, must comment, must correct mistakes (講必練、練必閱、閱必評、錯必糾)	

To further improve the course quality, teachers at schools are encouraged and arranged to do the research in pedagogics, attend seminars and training, and engage in advanced studies.

Quality control during the COVID-19 pandemic

The Group insisted on improving its teaching quality during the epidemic, especially requiring its teachers to focus their efforts on optimising the process and quality of remote learning and online courses from both technical and pedagogical perspectives. For instance, a task force was set up for each subject and grade in Tianfu School, which was responsible for establishing a detailed work plan during the pandemic. The "Online Teaching Process Management" (線上教學過程管理) was formulated and implemented to guide the teachers at work and all staff was required to operate in accordance with the "Quality Requirements for Distance Teaching" (遠程教學質量要求). Feedback on home learning and tutorial trial operation in the early stage of implementation was collected and enhancement plans were discussed accordingly. The "Online Teaching Quality Inspection Implementation Plan" (線上教學質量檢測實施方案) was the guideline that instructed teachers to conduct a phased survey of online teaching quality and then revise teaching plans for later stages. During the pandemic, the kindergartens of the Group still carried out online research activities and organised teachers to participate in various training programmes through the internet, aiming to continuously improve their management ability and professional level.

Academic achievements

The Group has been unremittingly providing its students with high-quality education, and the graduation rate and enrolment rate of all schools under the Group reached 100% in FY2019/2020. With the joint efforts of all, the Group's students achieved outstanding academic results, while the performance of teachers and other faculty members of the Group also brought them numerous awards and accolades.

Case study: Pengzhou Bojun School Public Examination Results — In the Information Technology (IT) examination, students from Pengzhou Bojun School passed the examination with flying colours, ranking first in Pengzhou City in terms of average scores and total scores. Meanwhile, the excellent performance of students in Biology and Geography examinations was cheerful to the Group, with a full score rate of 99.2% in Biology and 96.22% in Geography.

Case study: Tianfu School Graduation Rate — A total of 856 students have successfully graduated in the four years since the school was established, and achieved superb results with over 80% of students entering top-tier prestigious universities.

Case study: Nanjiang Bojun School Sixth Grade Academic Level Test Result — Students from Nanjiang Bojun School achieved astonishing results in the test, with the average score and comprehensive evaluation of Chinese, Mathematics and English ranking first in the county. Among the top 10 students in the county, half of them came from Nanjiang Bojun School.

In addition to the impressive academic achievements, the schools of the Group also won various kinds of awards in sports competitions, education quality and teacher contests. For example, the kindergarten of the Group was assessed as AAAAA Rating in the China Social Organisation Evaluation Grade by the Ministry of Civil Affairs.

Home-school communication

In order to promote the home-school co-education mode, the school has been working hard to develop various methods of communicating with parents. Apart from establishing a Family Committee as a communication channel between homes and schools, the schools also implemented other effective policies, such as:

— **Hold parent meeting:** Let parents be familiar with the school operations, teaching approaches, and their children's school life. Set up letter-reading session in the meeting to encourage students to have in-depth communication with their parents.

— **Send home-letter (傳家書):** Teachers write to the parents about what their children learnt at schools and praise outstanding students on a weekly basis. The letter includes the specific homework assignment, review tasks, or reading materials that students are required to finish at home, which makes it more efficient for parents in supervising their children's study.

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

Advertising and admissions

All publicity and admission activities of the Group strictly abided by the Advertising Law of the PRC (《中華人民共和國廣告法》) and followed the internal requirements of the Group in FY2019/2020. All contents for promotion including the schools' philosophy, curriculum system and management characteristics were based on the brochure prepared by the Group. To ensure that all marketing materials are correct and unbiased, a standard and strict process for preparation is adopted. Specifically, advertising materials drafted by the Admission Office need to be submitted to the principal and the administrative committee for discussion and confirmation. After being reviewed by the school and approved by the Education Bureau, the materials are then be printed and released.

The Group made the best use of online platforms such as schools' official websites and corresponding WeChat public account (微信公衆號) for advertisement. The primary schools of the Group also partnered with other kindergartens in the district to hold school visits for the children as an alternative method for marketing and advertising.

In FY2019/2020, the Group strictly complied with relevant laws and regulations and the Group did not receive any complaints related to its advertising and admission activities.

Privacy matters

The Group respects students' privacy and does not collect any unnecessary information from its students or their families. All the students' data collected is only used for the enrolment, during which the personal information is checked carefully and reviewed regularly. All the paper documents and electronic files are properly collected, safely stored, orderly saved and managed by the Group. If any personal information or data is leaked, the relevant employees will be held accountable and disciplined according to the Group's policies.

By signing the labour contract which specifies the terms of the confidentiality agreement, teachers and all faculty staff are forbidden to disclose any of the schools' information, colleague information or the personal information of children and parents to any third party without their consent. The schools established the "Confidentiality System" (保密制度) and implemented effective measures to protect its students' privacy. The video surveillance of the kindergarten is not connected to the external network, and the key is managed by the Administrative Office of the Group. Except for the routine security inspection and the public security agency that needs to obtain evidence, the internal video surveillance system can only be accessed with the specific authorisation of the management.

In FY2019/2020, there were no incidents in relation to personal data leakage in the Group and the Group did not receive any complaints related to privacy matters.

Complaints handling and risk management

In FY2019/2020, several types of comments received by the schools of the Group were mainly divided into parents' suggestions on the school management, students' opinions about the schools' arrangement and the local residents' concerns in terms of creating a quieter campus.

The Group valued and fully respected the feedback from all its stakeholders, and swiftly built task forces that make comprehensive investigations of the potential problems raised by its stakeholders and took immediate actions as highlighted below.

— **Parents:** The schools actively communicated with the Family Committee to further fathom their concerns. After a thorough investigation and internal discussion, the Academic Affairs Office issued a rectification order, and required that any ambiguous information about the school's management process should be clarified to parents potentially and listed clearly (e.g. fee items).

— **Students:** The school arranged psychology teachers to communicate with each student individually. Through the talks, the students overcame their psychological barriers and understood the purpose and good intentions of the schools' arrangement. The school also communicated with the General Affairs Office and the supervising teachers to ensure that the students' voices should be emphasised and their appropriate needs can be met.

— **Residents:** The school timely discussed the issue with the community property management in multiple ways, and finally reached a consensus on minimising the noise impact on local residents while ensuring that normal school operations are not affected.

Given the business nature of the Group, labelling is not applicable to the operations of the Group and therefore not considered material to the Group's businesses. In FY2019/2020, the Group was not in violation of any relevant laws and regulations regarding health and safety, advertising, labelling and privacy matters of its products and services that have a significant impact on the Group.

VII. PROFESSIONAL TEACHERS

Employment

As a company with 13 schools under its management, the Group believes that teachers are its greatest asset and only through the efficient recruitment, training and management of professional and highly qualified teachers, can the Group ensure that the education it delivers is of the best quality. As such, the Group formulated strict hiring procedures and employment system to ensure the best control over the professionalism of its teachers.

As of 31 August 2020, there were a total of 1,732 staff employed by the Group in the PRC. The table below shows the breakdown of the distribution of the Group's employee structure by employment type, position level, gender and age.

Table 1: Total Workforce of the Group in FY2019/2020

Unit: Number of employees	Age group			
Gender	Aged 35 or below	Aged between 36 and 50	Aged 51 or above	Total
Male	189	201	78	468
Female	763	417	84	1,264
Total	952	618	162	1,732

Employment type		
Full time	Part time	Total
1,730	2	1,732

Position Level				
General staff	Teachers	Administrative & supporting staff	Senior management	Total
69	999	658	6	1732

Employee distribution by position level

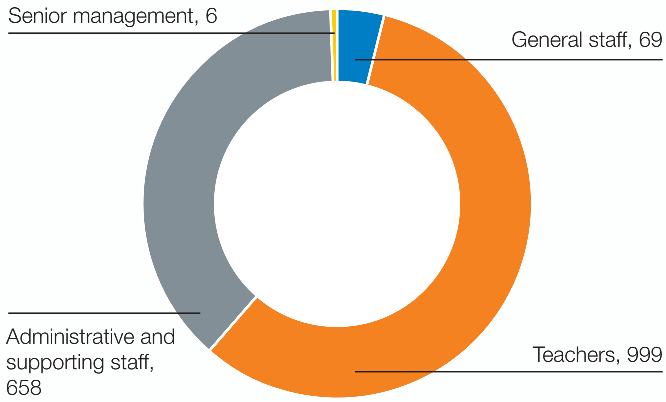


Table 2: Employee Turnover Rate by Age Group, Gender and Geographical Locations in FY2019/2020

Unit: Number of employees	Age group			
Gender	Aged 35 or below	Aged between 36 and 50	Aged 51 or above	Total
Male	84	1	0	85
Employee turnover rate* (%)	4.9	0.1	0	5.0
Female	216	13	9	238
Employee turnover rate* (%)	12.5	0.8	0.5	13.8
Total	300	14	9	323
Total employee turnover rate* (%)	17.4	0.9	0.5	18.8

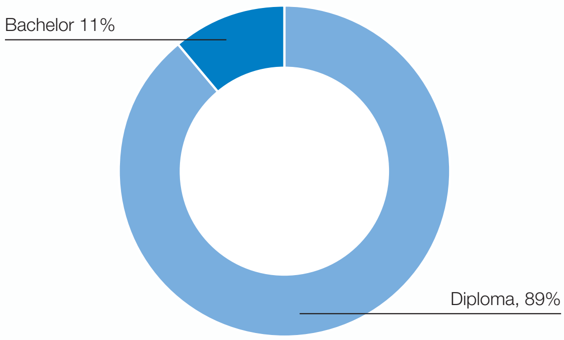
* Turnover rate refers to the ratio of the number of employees who resigned and the number of employees on average in FY2019/2020.

To ensure the quality of teachers, the Group prioritises the teaching experience and education level of its teachers during the employment process, and keeps track of its year-on-year changes. In FY2019/2020, the Group employed a total of 999 teachers for the 13 schools it operates. The teachers' quality profile was summarised in the table below.

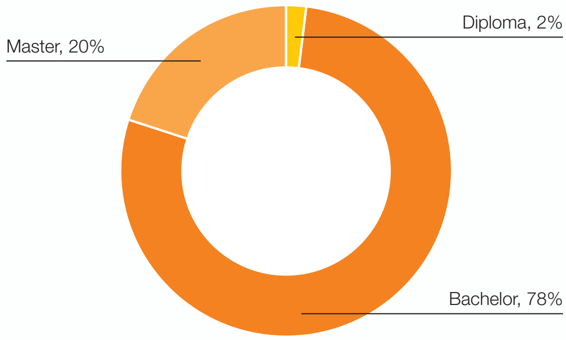
Table 3: Teacher Quality Profile

	Kindergarten	Primary, Middle and High Schools
Total number of teachers	110	889
Average teaching experience (years)	7.08	8.88
Education level	100% education diploma or above, with 10.71% bachelor's degree	97.53% bachelor's degree or above, with 19.57% master's degree

Education level distribution of kindergarten teachers



Education level distribution of primary, middle and high schools teachers



Law compliance

The Group's employment policies are periodically updated and adjusted to cater to social changes since the inception of the Group, and importantly, to abide by the relevant laws and regulations in the PRC. In FY2019/2020, the Group complied with all applicable laws and regulations, including the following:

— Employment Promotion Law of the PRC (中華人民共和國就業促進法);

— Labour Contract Law of the PRC (中華人民共和國勞動合同法);

— Labour Law of the PRC (中華人民共和國勞動法); and

— Insurance Law of the PRC (中華人民共和國社會保險法).

During the year under review, the Group provided its employees with mandatory social insurance and medical insurance schemes. The Human Resources Department of the Group and its subsidiaries are responsible for reviewing and updating relevant company policies regularly in accordance with the latest laws and regulations.

Recruitment and promotion

The Group strictly implements its internal policies in the process of recruitment and employee management. The Group considers talent acquisition as a pivot aspect to maintain the vitality of the Group in the industry. The Group establishes long-term cooperative relationships with colleges and universities, and regularly holds campus recruitment. The Group also utilises online marketing tools to carry out recruitment and release recruitment information for various positions from time to time. Social platforms such as WeChat account and Tencent online posting are also popular software of which the Group makes use for recruitment.

The Group has a detailed assessment process including written test, interview, skills display and principal interview. All applicants are carefully graded by three to five interviewer teachers according to the grading sheet. The applicants' working experience, education qualifications and speciality are carefully reviewed and assessed. Any promotion within the Group should be based on clear and legitimate procedures. Employed teachers can get promoted based on their performance according to the Teacher Promotion Application Assessment Form (教師晉級申請考核表).

Compensation and dismissal

There is a rigorous system for the establishment and review of teachers' salaries in the Group. The compensation system is formulated and implemented in accordance with the principle of "externally competitive, internally fair and motivating, and the school has the ability to pay" (對外有競爭力，對內公平有激勵力，學校有支付能力), and based on indicators such as work attitude, professional skills, workload, and performance. The Group's principle of "Work More, Get More; Work Better, Get Better" (多勞多得、優勞優得) is engrained in all staff's minds. Salaries are approved and issued on a monthly basis according to the relevant management system, and the final performance remuneration is issued according to the semester "Final Appraisal Reward Method" (期末考核獎勵辦法). In addition to basic salary, the Group also provides end-of-term bonuses, allowances, holiday condolences, overtime pay, etc. for its staff. The Group has strict rules regulating its staff's behaviour. Since the Group prohibits any kind of unfair or illegitimate dismissal, stringent policies regulating the procedures of dismissal of employees are in place for management. For those who remain untamed despite making the same mistakes repeatedly, the Group will terminate their employment contracts in accordance with the relevant laws and regulations in the PRC.

Working hours and rest periods

All the working hours and rest periods are set and agreed upon in the labour contracts for all staff, which are formulated based on Articles 36, 38, 39, 40, 41, 42 and 44 of the Labour Law of the PRC (中華人民共和國勞動法). Specifically, working hours are controlled to be less than 44 hours a week, and at least one day off is scheduled per week. The Group is also concerned about the rest periods of its employees, as such the number of hours for overtime working is controlled to be less than 36 hours per month.

Equal opportunity and anti-discrimination

The Group is committed to providing equitable opportunities to all employees in recruitment and selection, training, development and promotion, which remain unaffected by their gender, race, age, ethnicity, disability and sexual orientation. The Group embraces diversity and equal opportunities in the workplace, which it believes can deepen the pool of talent and foster an inclusive culture. Meanwhile, the equal opportunity policy has zero tolerance in relation to any workplace discrimination, harassment or vilification in accordance with local ordinances and regulations. Employees are highly encouraged to report any incidents involving discrimination to the Human Resources Department of the Group. The Group's commitment to eliminating discrimination and harassment in the workplace to large extent reduces the risks of inequalities and upholds the organisational culture that focuses on the performance and merit of employees. Empowering and promoting diversity within the company, irrespective of employees' age, sex, disability, race, ethnicity, origin, religion or other status is an important aspect of good people management. The Group believes that more diversity can bring it more opportunities to innovate, attract talent, improve customer orientation, enhance employees' satisfaction and secure a licence to operate.

Other benefits and welfare

Nowadays, there is a growing recognition that the well-being of employees positively impacts the company's success in addition to employees' health, vocational fulfilment and quality of life. In view of this, the Group actively arranges different activities for its employees, hoping that in their spare time, they can cultivate their own interests, release pressure from work and strengthen the cohesion of the faculty team.

In FY2019/2020, the Group arranged a series of activities for its staff, including reading sharing sessions, tie-dye classes and floral workshops to enrich the teachers' lives.

Case study: Tianfu School organised Faculty Fun Sports activities to enrich teachers' after-school cultural lives, facilitate the communication between colleagues, balance work and rest and build up team cohesion.

Case study: The kindergarten organised a team building activity named Start of Youth to promote colleagues to collaborate and exchange ideas, develop empathy, effectively boost the morale of staff and improve personal sense of belonging to the team.

The Group understands that creating a sound channel for communication within the Group is beneficial to increasing the satisfaction level of employees. As such, the Group established a communication mechanism between the management and general staff, which is applicable to all staff. The dialogues within this mechanism can be divided into several types including "request and report", "file and information sharing", "internal publication" and "employee growth system". "Employee growth system" can be further subdivided into eight aspects such as pre-employment training communication, regular assessment communication, resignation interview and post-employment communication. Furthermore, the Group also held seminars regularly to facilitate communication between the administrative leaders and teacher representatives. Through the seminars, the management leaders have the opportunities to listen to the voice of frontline teachers, understand their difficulties and needs, provide necessary support and make any suggestions for improvement.

In FY2019/2020, the Group was in compliance with relevant laws and regulations in relation to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, welfare and other benefits that have a significant impact on the Group.

Development and training

Providing the right quantum and mix of training to employees on both technical and behavioural aspects can stimulate business growth and help the Group develop a competitive edge in the market. In such a rapidly changing market with technologies revolutionising the way people work and study, the Group is aware of the importance to identify and fill the skill gap with training.

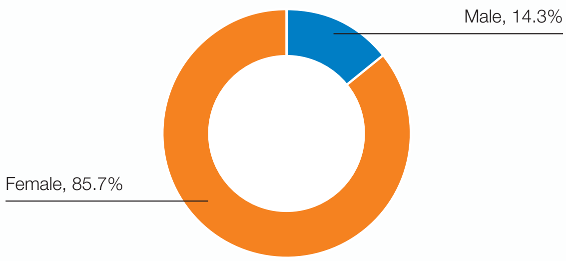
The continuous development of teachers is essential to the Group's business. The cognitive level of students nowadays has a higher starting point with the development of times. Teachers can only improve their professional knowledge and teaching methods by maintaining lifelong learning, mastering knowledge in various realms and having a good command of a variety of educational methods to improve their professional skills. In addition to exploring the potential of the teachers, continuous improvement of their own teaching quality can also better the school education quality, which is the core competitiveness of the schools' long-term development.

The training concept of the Group is roughly divided into 4 steps, which are self-knowledge, formulate personal professional development plan, theoretical study and reflection. According to the "Guiding Opinions of the Ministry of Education on the Management of Credit Management for Primary and Secondary School Teacher Training" (《教育部關於推行中小學教師培訓學分管理的指導意見》) and the "Measures for the Management of Credits for Primary and Secondary School Teacher Training in Sichuan Province" (《四川省中小學教師培訓學分管理辦法》), the Group provides teachers with professional training platforms, including inviting educational and psychology experts to schools regularly, and encouraging teachers to attend external training courses in accordance with the internal policy of "Going Out And Inviting In" (走出去，請進來).

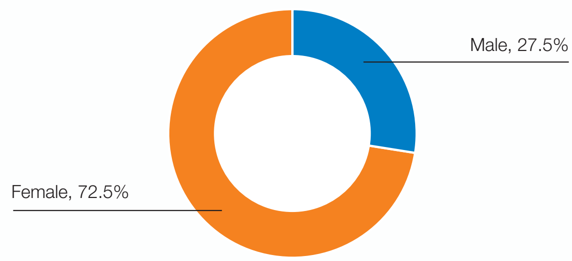
The Group is convinced that training should be regarded as a strategic investment for the business. Thus, the Group established an employee training reward and punishment system to commend teachers with outstanding performance. The Group designs and provides a variety of training programmes in different formats for teachers. In addition to the traditional training lectures held in the classroom, the Group also provides online training courses where teachers can flexibly arrange their time and progress.

During FY2019/2020, a total of 21,169.5 hours of training were arranged by the Group for its employees. In particular, the Group's male and female employees received 3,034 hours and 18,135.5 hours of training respectively. In terms of position types, the general staff, teachers, administrative and supporting staff, and senior management spent 653, 13,796, 5,960.5 and 760 hours on various training programmes, respectively.

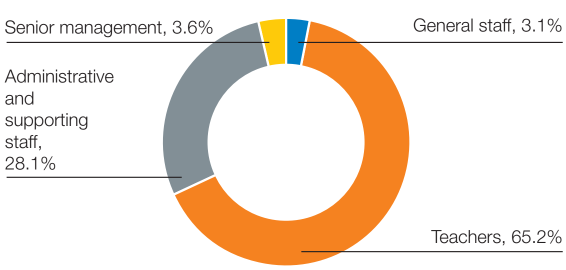
No. of employees trained hours by gender



No. of employees trained by gender



No. of training hours by job position



No. of employees trained by job position

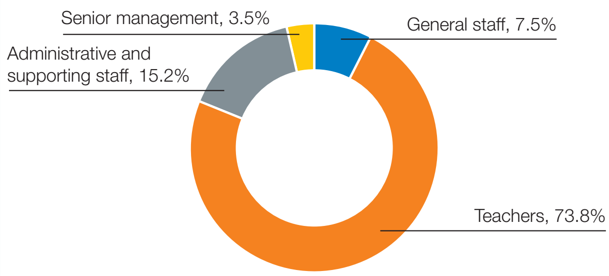


Table 4: Number of Training Participants of the Group by Gender and Position in FY2019/2020

Unit: Number of employees	Position				
Gender	General staff	Teachers	Administrative & supporting staff	Senior management	Total
Male	58	255	29	30	372
Female	43	744	177	18	982
Total training participants	101	999	206	48	1,354

Table 5: Training Hours of the Group by Gender and Position in FY2019/2020

Unit: Hours	Position				
Gender	General staff	Teachers	Administrative & supporting staff	Senior management	Total
Male	479	1,640	510	405	3,034
Female	174	12,156	5,450.5	355	18,135.5
Total training hours	653	13,796	5,960.5	760	21,169.5
Training hours per employee on average	6.5	13.8	28.9	15.8	15.6

VIII. HEALTHY & SAFE CAMPUS

Health and safety

A school is a place where different people come and go every day, including students, teachers and parents. In order to keep the campus safe, the Group set up various measures and installed facilities to provide everyone with a safe, healthy and pleasant living and learning environment.

According to the "School Hygiene Work Regulations" (學校衛生工作條例), infirmaries, health rooms or health care centres with "Medical Institution Practice License" (醫療機構執業許可證) are found in all schools of the Group. In accordance with the "Basic Standards for Medical Institutions" (醫療機構基本標準), the Group's schools established "Infirmary Work System" (醫務室工作制度), "Infirmary Management System" (醫務室管理制度) and "Infirmary Disinfection and Isolation System" (醫務室消毒隔離制度) to clarify the duties and regulation of medical staff and school doctors. All the medical staff, nurses and doctors of the Group must be qualified and should have practising certificates.

In order to protect the health of both teachers and students, the schools organise health inspections for teachers and students every year. For instance, Purified Protein Derivative (PPD) screening of tuberculosis (TB) for new students are performed every year, while an annual physical examination is provided for faculty members and staff as well. According to the Chinese Center for Disease Control and Prevention (CDC) requirements, all students are vaccinated during enrolment. For kindergartens, the Group strictly abided by the requirements of "Chengdu City Nursery and Kindergarten Health Care Management Implementation Rules" (成都市託兒所、幼兒園衛生保健工作管理實施細則) and established the "Kindergarten Health Care System" (幼兒園衛生保健保健制度) to determine the job responsibilities of health workers. In FY2019/2020, the Group was awarded "Longquanyi District 2019 Advanced Group for Health Care in Nursery Institutions" (龍泉驛區2019託幼機構衛生保健工作先進集體).

In addition to the well-equipped health and safety facilities, the Group also enforced a series of health and safety management policies including "Emergency Plan For Major Risk Prevention And Control Work" (重大風險防控工作應急預案) for the prevention, handling and notification of issues related to students' safety (campus bullying and accidents), fire safety, food safety in canteens and mental health. The schools of the Group also established an early warning mechanism for safety control, formulated plans for emergencies, set up measures for accident prevention and eliminated potential safety hazards through monitoring and rectifications. Meanwhile, the Group worked on safety education and training to improve teachers' and students' awareness and capabilities of safety protection, such as the publicity and education of traffic-safety and fire-safety.

In FY2019/2020, the total lost days of work due to injury of the Group was approximately 370 days. Aiming to keep minimising the risk of injury at schools, the Group will further expand the scope and improve the quality of its health and safety-related training programmes, and continuously maintain a sound the working environment and reinforce the regulation of the safe use of appliance during operations. During FY2019/2020, the Group had zero work-related cases of fatality and had complied with relevant laws and regulations in relation to providing a safe working environment and protecting the employees from occupational hazards that have a significant impact on the Group, such as Law of the PRC on the Prevention and Treatment of Occupational Diseases (中華人民共和國職業病防治法).

To further safeguard the campus, the Group set up a series of effective policies, including:

— Set up an organisation responsible for security issues;

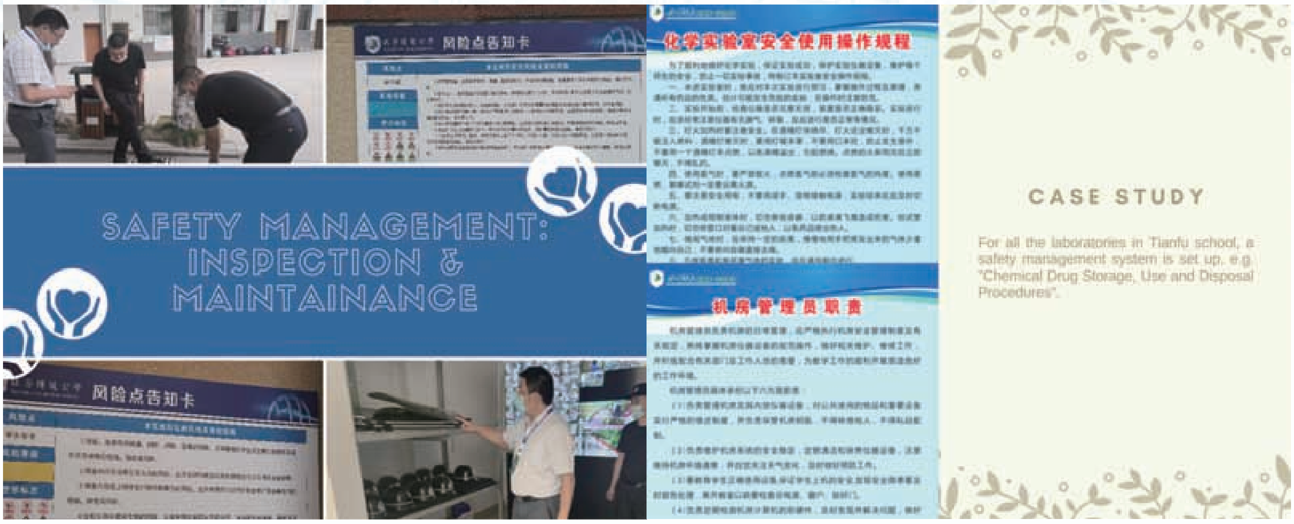
— Establish a gatekeeper system to check the entry and exit of external personnel;

— Prohibit strangers, suspicious vehicles and non-teaching hazardous materials (such as flammable materials, toxic materials) from entering the campus;

— Establish a system for regular inspections and reports of school safety and dangerous buildings. If hidden dangers are found, maintain them promptly and report to relevant departments;

— Execute fire safety policies, strengthen the maintenance of fire protection equipment, post safety signs at prominent areas and ensure evacuation exits are unblocked; and

— Set up safety management systems for water, electricity and other related facilities, and carry out inspections and maintenance on a regular basis.



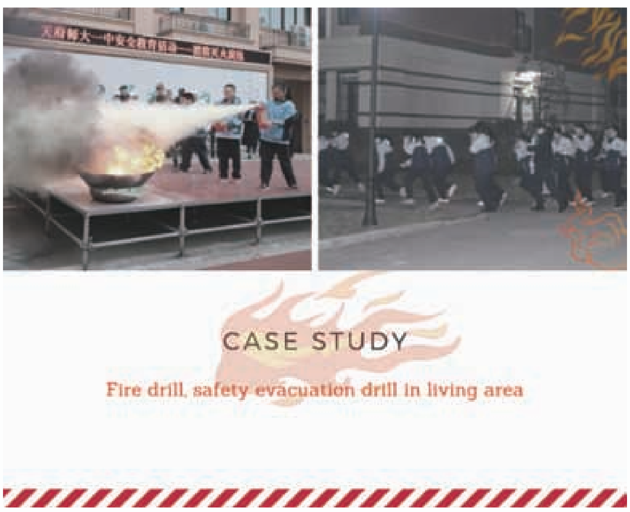
Physical education

All the schools of the Group focus their efforts on the all-round development of students, as the Group believes that good physique through exercises is of equal importance as intelligence.

The ideology of the Group's physical education is to be people-oriented and prioritise health first. The Group is committed to cultivating and stimulating students' interest in sports activities and develop a good habit of exercising. The Group has established a scheme called Sunshine Sports, which is to ensure that students have no less than 1 hour of activities per day. Other than inter-class activities like group gymnastics, extracurricular activities such as basketball, volleyball, badminton, etc. are also available for students. Monthly competitions like sports meets, and track and field games are organised for students to practise their skills and add more fun to their learning process. For the kindergartens, different activities are arranged for the younger children. For instance, they get 30 minutes of outdoor physical exercise every morning and afternoon, and outdoor walking activities once a week.

Emergency drills

Although the school has taken adequate health and safety measures, the Group understands that natural disasters and unpredictable emergencies are inevitable. As such, the Group pays great attention to the education of how to be fully prepared for emergency among teachers and students, and how to calmly and correctly cope with emergency situations such as following the emergency escape routes at the campus.



Fire drill, safety evacuation drill in living area

Popularisation of earthquake knowledge, earthquake drills in campus

Response to COVID-19

In early 2020, the coronavirus (COVID-19) pandemic broke out in China. In response to the country-wide epidemic prevention and control measures, the schools of the Group acted immediately and formulated epidemic prevention policies, guidelines and emergency plans in accordance with the Law of the PRC on the Prevention and Treatment of Infectious Diseases (中華人民共和國傳染病防治法). All schools took effective measures, including intensifying the education work of epidemic prevention, setting up health inspection of teachers and students and improving the infectious disease reporting system, strengthening school cleaning and disinfection management and formulating plans for public health emergencies.

Case study: Lezhi Bojun School — In compliance with the implementation of the "Notice from the Ziyang Education and Sports System Regarding the Prevention and Control of the Epidemic on Teachers' and Students' Movement" (資陽市教育體育系統新型冠狀病毒肺炎疫情防控工作領導小組關於做好資陽市外師生返回住地相關工作的通知), Lezhi Bojun School established the "Emergency Plan for the Prevention of Coronavirus" and built a leading task force responsible for the work of epidemic prevention and control, which can be divided into five categories:

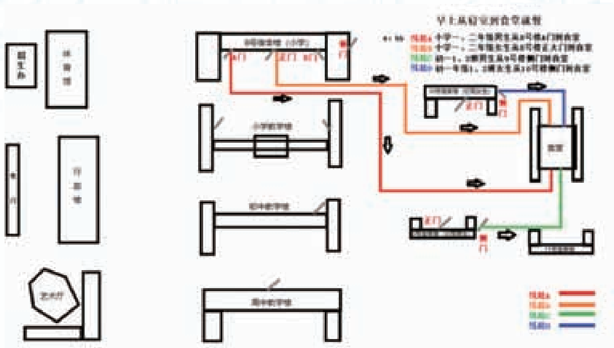
— **Preparation before semester:** Ensure that the school is equipped with epidemic prevention materials and skilled staff

— **Preparation for routines after the semester begins:** Set up canteen systems for meal distribution, doorman management systems and route arrangements of living area

— **Preparation for health monitoring after the semester begins:** Record the health status of teachers and students, process and review applications for reopening of classes, and draft "Health Commitment Letter" for students (學生返校身體健康承諾書)

— **Preparation for class resumption arrangement:** Arrange for class resumption registration, shift-peak returning to school, temperature monitoring, disinfection practices, etc.

— **Other logistics:** Record the students leaving/returning to Lezhi during winter vacation and provide special arrangements for those who are unable to return to school



Case study: Kindergarten - Implementing the "Prevention and Control Techniques for Coronavirus in Nursery Institutions (Revised Edition)" (托幼機構新冠肺炎疫情防控技(修訂版)) formulated by the General Office of the National Health Commission and the General Office of the Ministry of Education, the kindergarten established an emergency response team for epidemic prevention and control, and formulated a series of emergency response plans and programmes such as "Emergency Plan for Public Health Emergencies" (突發公共衛生事件應急預案), "Report System of Infectious Disease Epidemics and Public Health Emergencies" (傳染病疫情及突發公共衛生事件報告制度), "Environmental Sanitation Inspection and Notification System" (環境衛生檢查通報制度), etc. All employees were organised to do inspections and various preparatory work, and perform actual drills to comprehensively improve emergency response capabilities.

Canteen

Adhering to the vision of allowing all teachers and students to enjoy safe, healthy, nutritious, warm and delicious meals, all canteens of the Group's schools strictly abided by the Food Safety Law, the Implementation Regulations of the Food Safety Law, and the Food Safety Supervision of Catering Services Management Measures. The Group put unremitting efforts in implementing its internal policies such as the "Canteen and Group Dining Hygiene Management Regulations" (學校食堂與學生集體用餐衛生管理規定) and "Food Safety, Nutrition and Health Management Regulations" (學校食品安全與營養健康管理規定).

To ensure food safety in the cafeteria and secure the health of children, the Group seriously and rigorously implemented its internal policies:

— Implement an accountability system and set the principal as the responsible person;

— Establish internal systems for material procurement and certification, registration and meal retention inspections;

— Strictly control the hygiene of the canteen and make sure canteen areas are disinfected by professional cleaners on a daily basis;

— Ensure secondary disinfection of all public tableware;

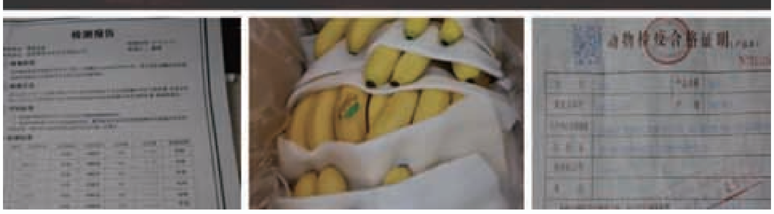
— Require all canteen staff to obtain health certificates, receive pre-job training, and pay attention to their personal hygiene;

— Inspect the canteen areas once a week and organise large-scale joint inspections on a monthly basis;

— Design recipes every week by following the "Chinese Residents Dietary Guidelines" (中國居民膳食指南) as a guide; and

— Provide sick/patient meals for children with special needs.

In terms of purchasing food and ingredients, the Group strictly controls the purchasing process in accordance with the "Implementation Measures for the Unified Distribution of Bulk Food Ingredients in Canteens of Primary and Secondary Schools in Chengdu" (成都市中小學食堂大宗食品原料統一配送實施辦法), which requires the schools to maintain long-term partnerships with their suppliers and to deploy special vehicles for food delivery. Two or more specific personnel are assigned to inspect inventory items, take photos and keep receipts for records. Meanwhile, they are also required to wear masks and gloves during the process. Food materials inspection should be carried out strictly following the vegetables and fresh meat inspection standards, in which the principle of "look, smell and feel" should be adhered to. To enhance the transparency of the campus food supervision, principals, teachers and parents are invited to have meals with the students, during which the quality of canteen services and materials are under the supervision of all.



Supply chain management

Daily necessities of the students, teaching supplies for the teachers and raw food material for the canteen are all purchased from external suppliers. In order to ensure the efficiency and effectiveness of procurement processes and to control potential risks arising from its supply chain, the Group is committed to forging and maintaining a robust supply chain management system with minimal social and environmental risks. The Group believes that an effective supply chain management helps the Group to run the schools smoothly, while keeping barrier-free communication with suppliers is conducive to the Group maintaining a long-term and stable relationship. In FY2019/2020, the primary suppliers with which the Group partnered were suppliers for food and fixed asset.

To minimise the environmental and social risks along the supply chain, the Group not only complied with relevant laws and regulations, but also implemented relevant policies to standardise its daily practices in supplier inspection, bidding, cooperation and management. Sticking to the implementation of its internal policies on supply chain management, the Group ensures that its well-selected suppliers are in strict compliance with the applicable laws, as well as the Group's own standards and contracts.

The Logistic Department of the Group is responsible for the communication and selection of suppliers, and performs its duties according to the "Supplier Selection Mechanism and Evidence for Selection" (供應商選擇的相關制度及選擇的證據), in which the selection of suppliers is divided into three stages:

— **Factors to consider:** Suppliers should have a three-in-one business license, registered capital and relevant national qualifications. They should be in strict compliance with laws and regulations, and possess strong production, supply and delivery capabilities. It is also a key requirement of the Group that all suppliers that have been selected should meet the quality standards and possess testing capabilities.

— **Factors for selection:** Suppliers are selected based on the comparison of quality and price with peers. Industry experience and business case are important references to the Group as well, while the Group's preference is given to suppliers who have obtained ISO (International Organisation for Standardisation) and other third-party certificates.

— **Selection process:** The Logistic Department of the Group fills in the "Supplier Basic Information Registration Form" and discusses with various departments for evaluation, scoring and issuing opinions on the "Long-term Supplier Periodic Evaluation and Assessment Form". After the evaluation, the suppliers who meet the qualification requirements will be recorded in accordance with the supplier approval procedures and included in the list of qualified suppliers after approval by the Group's leaders.

For suppliers that collaborate with the Group for the first time, they should provide relevant information such as business license, account opening permit, food business permit, legal person's ID and other relevant certificates to the Group. The Group performs regular evaluations of the suppliers on if their delivery timeliness, price, product quality perfectly meets the requirements of schools. The Group's Logistic Department is responsible for evaluating the performance of suppliers every six months and eliminating those who are deemed unqualified from the list.

When any defect of supplies is spotted, the Logistic Department will organise on-site process verification, analyses the root causes and proposes corrective measures with confirmation written by both parties. In the event of major quality matters that may have or will cause economic losses, compensation shall be requested by the Group according to the quality guarantee fund system. The Group should discontinue procurement and issue a rectification notice to the unqualified suppliers immediately. The supplier's qualification shall be revoked immediately and the contract should be terminated if no significant improvement or proactive rectification efforts are made.

Along with the supplier selection policies, the Group fractionises its procurement process into phases in order to timely identify and rapidly address hidden risks.

Apply
All departments fill in the purchase application in advance

Review
Logistic officers make a review according to the inventory

Approve
The principal makes approval of the procurement

Purchase
Order products and purchase from the qualified suppliers

Acceptance
Keep invoices and purchased items, and register in detailed lists

Keep
Keep and sort the purchased materials; Register and record the account to match the actual number

In FY2019/2020, the implementation rate of the supplier management policies of the Group was approximately over 90%. As of August 31, 2020, the Group maintained stable cooperative relations with 593 suppliers in the PRC, and the Group's green procurement policy covered more than 70% of all suppliers.

Psychological and mental health

In addition to physical fitness, the Group also pays great attention to the psychological and mental health of its teachers and students. In FY2019/2020, the schools of the Group held a number of activities educating its faculty staff and students about mental health issues, guiding them to learn how to alleviate the distressing symptoms of anxiety, and teaching them ways to keep optimistic about life, work and study.

In addition to sufficient supporting facilities for psychological counselling, the Group also acknowledges the importance of effective communication on good mental health. As such, the schools of the Group took initiatives to set up guidance instructing how to maintain wholesome communication between teachers and students. For instance, Wangcang Bojun School set up "Notice on Establishing Good Communication between Teachers and Students" (關於建立師生良好溝通通知) to encourage teachers to keep emotional stability, develop empathy and have sincere dialogues with students instead of being perfunctory or overwhelming. For new students, teachers need to pay particular attention to them and shorten their adaption period by organising welcome ceremonies or guide other students to be polite and friendly.

The Group focuses on peer communication as well since peer influence is crucial for youngsters. For example, in Pengzhou Bojun School, senior students shared their learning tips and living experience in the school through well-designed videos to help junior new students to adapt to their campus life and learn to overcome the challenges towards success.

Psychological support during the pandemic

During the epidemic, the schools were closed to prevent the further outbreak and to secure everyone's safety. Although teachers and students could not have physical contact at the campus, efficient communication was still of top priority to the Group and maintained via the internet. For example, the psychology teacher from Pengzhou Bojun School held online class meetings to ease students' tensions with family members which substantially arose due to the increased interaction during the stay-home period. Further, to help students, parents, and staff alleviate the anxiety and discomfort caused by the pandemic, the Group regularly sent useful guidance and messages about safety and mental health to teachers and students through social media platforms. Children on their birthday also received surprise birthday greetings from their teachers and even the principal through videos, which demonstrated the Group's meticulous care and thoughtful actions during the critical time.

IX. SUSTAINABLE CAMPUS

The Group understands that its dependencies on the environment need to be managed effectively and the harmonious co-existence with nature needs to be put in place with firm actions to ensure business continuity. Given the Group's business nature, the operations of the Group will not cause significant pollution to the environment. As a leading private education service group with 13 schools, the Group believes that creating a green and sustainable campus is vital and it is the Group's inescapable responsibility to cultivate students' environmental awareness.

In terms of environmental protection, the Group made every effort to strictly abide by the laws and regulations in the PRC, including but not limited to:

— Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Wastes (《中華人民共和共固體廢物污染環境防治法》);

— Law of the PRC on Prevention and Control of Water Pollution (《中華人民共和國水污染防治法》);

— Standard for pollution control on hazardous waste storage (《危險廢棄物貯存污染控制標準》);

— Environmental Protection Law of the PRC (《中華人民共和國環境保護法》);

— Law of the PRC on Prevention and Control of Pollution from Environmental Noise (《中華人民共和國環境噪聲污染防治法》); and

— Energy Conservation Law of the PRC (《中華人民共和國節約能源法》).

This section primarily discloses the Group's quantitative data on emissions, use of resources, and its policies and practices that make the schools into the sustainable campus in FY2019/2020.

Emissions

In FY2019/2020, the Group had been in compliance with relevant applicable national and local environmental laws in terms of emissions during its daily operations. In particular, the Group had not been in violation of any laws and regulations concerning air and greenhouse gas ("GHG") emissions, discharges into water and land, generation of hazardous and non-hazardous wastes, and noise that have a significant impact on the Group. During the year under review, air pollutants from the Group including sulphur oxides ("SO_X"), nitrogen oxides ("NO_X") and particulate matter ("PM") were mainly generated from vehicles and facilities for schools' transportation, canteen and dormitories operations. Specifically, the Group's air emissions of SO_X, NO_X and PM amounted to 8.39 kg, 474.51 kg and 101.35 kg, respectively in FY2019/2020. Greenhouse gases ("GHGs") are a major contributor to climate change and have been rigorously regulated by the United Nations' Framework Convention on Climate Change. GHG emissions from the Group were primarily due to the combustion of fossil fuels and the consumption of electricity for the business operations in the schools. In FY2019/2020, the Group's total GHG emissions reached 5,642.49 tonnes of CO_2e. In addition, the Group generated a total of 338.89 tonnes of non-hazardous solid wastes and 0.012 tonnes of hazardous solid wastes, and 399,795 tonnes of non-hazardous wastewater was discharged by the Group during the year under review. In FY2019/2020, the Group did not directly discharge any hazardous sewage to the environment during its operations. The Group's total emissions in FY2019/2020 are summarised in Table 6 below.

Table 6: The Group's total emissions by category in FY2019/2020[6]

Emission Category	Key Performance Indicator (KPI)	Unit	Amount in FY2019/2020	Intensity[1] (Unit/m²) in FY2019/2020	Intensity[2] (Unit/m²) in the year ended 31 August 2019 ("FY2018/2019")
Air Emissions (Company cars)	SO_x	Kg	0.31	8.42×10^{-7}	–
	NO_x	Kg	17.27	4.69×10^{-5}	–
	PM	Kg	1.27	3.45×10^{-6}	–
Air Emissions (School buses)	SO_x	Kg	0.56	1.52×10^{-6}	–
	NO_x	Kg	55.91	1.52×10^{-4}	–
	PM	Kg	4.94	1.34×10^{-5}	–
Air Emissions (Natural gas)	SO_x	Kg	7.52	2.04×10^{-5}	–
	NO_x	Kg	401.32	1.09×10^{-3}	–
	PM	Kg	95.13	2.58×10^{-4}	–
GHG Emissions	Scope 1 (Direct Emissions)	Tonnes of CO_2e	1,852.80	5.03×10^{-3}	1.69×10^{-3}
	Scope 2 (Energy Indirect Emissions)	Tonnes of CO_2e	3,411.08	9.26×10^{-3}	1.10×10^{-2}
	Scope 3[3] (Other Indirect Emissions)	Tonnes of CO_2e	380.78	1.03×10^{-3}	–
	GHG removal from trees planted (5m or taller)	Tonnes of CO_2e	2.16	–	–
	Total (Scope 1 & 2 & 3)	Tonnes of CO_2e	5,642.49	0.015	0.013
Non-hazardous Waste	Solid Wastes[4]	Tonnes	338.89	9.20×10^{-4}	2.45×10^{-3}
	Wastewater[5]	Tonnes	399,795	1.09	–
Hazardous Waste	Solid Wastes	Tonnes	0.012	3.26×10^{-8}	6.52×10^{-8}

1 Intensity for FY2019/2020 was calculated by dividing the amount of air, GHG and other emissions respectively by the gross floor area (GFA) of the Group in FY2019/2020, which was 368,270.39 m^2;

2 Intensity in FY2018/2019 was extracted and calculated from the data in the ESG report 2019 of the Group;

3 The Group's Scope 3 (Other Indirect Emissions) included only paper wastes disposed of at landfills and electricity used for processing fresh water and sewage by government departments;

4 The solid wastes only covered domestic and commercial wastes from the schools of the Group where the employees and students worked, studied and lived;

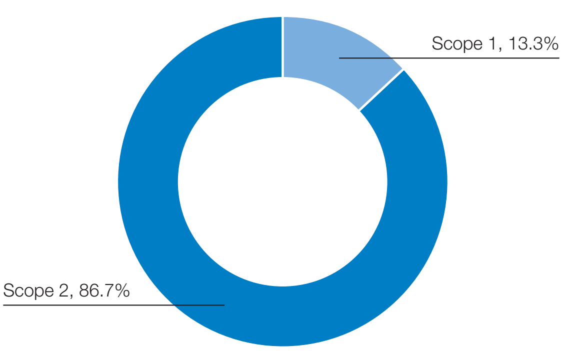
5 Since the wastewater generated from the Group in FY2019/2020 that was incorporated in the calculation only covered domestic sewage from employees and students, the total amount of wastewater discharged from the Group in FY2019/2020 was based on the assumption that 100% of the fresh water consumed entered the municipal sewage system;

6 The methodology adopted for reporting on GHG emissions set out above was based on "How to Prepare an ESG Report? — Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange, GHG Protocol Corporate Accounting and Reporting Standard and the 2006 IPCC Guidelines for National Greenhouse Gas Inventories.

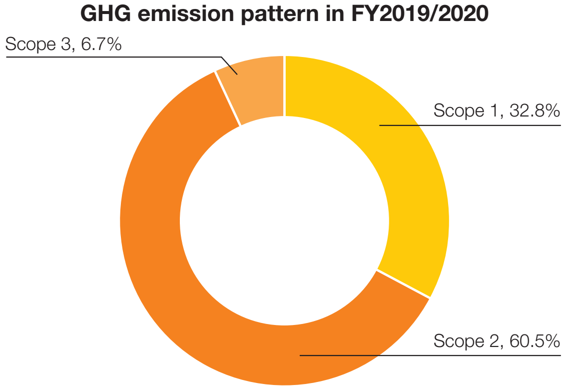
Air & GHG Emissions

In FY2019/2020, the air and GHG emissions generated by the Group mainly came from the use of petrol, natural gas and electricity for the school's operations and transportation. To reduce its air pollution impact, the Group dedicated its efforts to promoting emission reduction practices. For instance, the kindergartens hired professional organisations to clean the kitchen hood at least twice a year and installed fresh air systems for filtering the air in the campus. In FY2019/2020, the patterns of GHG emissions of the Group remained barely changed, in which indirect emissions (Scope 2 and Scope 3) still dominated. Despite the expansion of schools, the Group successfully curbed its Scope 2 GHG emission, with a 15.5% decline in the intensity as compared with the figures in FY2018/2019, demonstrating the solid progress of the Group towards a cleaner and more sustainable development.

GHG emission pattern in FY2018/2019



GHG emission pattern in FY2019/2020



* In order to fully disclose the Group's performance on emissions, the calculation of FY2019/2020 included the data from Scope 3 to better evaluate its environmental impacts from the entire value chain.

The build-up of greenhouse gases (GHGs) in the atmosphere as a result of anthropogenic emissions is changing our climate and affecting the way people work and live at a rate never seen before. As GHG emissions are the primary driver of rising global temperatures and therefore a key focus for policy, regulatory, market and technology responses to limit climate change, the Group focused its efforts on limiting its GHG emissions in its business through multiple ways, including strengthening the education, replacing outmoded facilities with energy-efficient ones and implementing and sharing innovative and eco-friendly practices in daily operations.

Currently, no specific emission reduction targets were substantiated by the Group as the schools are still in expansion and the potential for the alignment with international goals is under evaluation. The Group will further integrate the concept of resilient development into business, actively transform its business model, drastically advance the control of the total discharge of major pollutants, strengthen structural emission reduction, optimising emission reduction measures through engineering approaches, reinforce internal supervision and management, and vigorously support the construction of ecological civilisation to ensure the achievement of the "Fourteenth Five-Year" (十四五) major pollution reduction targets.

The policies and actions implemented by the Group to control its emissions are further discussed in the subsections headed "Electricity" and "Other energy resources" below.

Wastewater

The wastewater from the Group during FY2019/2020 mainly consisted of non-hazardous domestic wastewater from the students and staff on the campus, and hazardous wastewater from the laboratories in certain schools.

Non-hazardous wastewater

To minimise its impacts on water quality and the environment, the Group not only strictly complied with the relevant local laws and regulations, but also established the "School Wastewater Discharge Management Method" to monitor and manage the wastewater generated at school. Specifically, management methods include:

— Wastewater shall all be discharged through sewage pipes;

— Drainage pipe networks and related facilities shall be maintained and managed regularly;

— Quality of wastewater shall be tested to ensure its compliance with relevant regulations (national and local sewage pollutant discharge standards);

— Oily sewage from canteens must be separated by the grease trap before sewage treatment;

— Detergent and cleaning liquid should be non-phosphorus products and shall be filtered before discharging to the sewage pipe network;

— Sediments in canteen wastewater shall be filtered and disposed of before being poured into the sewage pipeline; and

— Professional units shall be invited to clean up the sewage at least twice a year.

Hazardous wastewater

In FY2019/2020, hazardous wastewater primarily came from the laboratories of certain schools. To eliminate the risks of accidental leakage, the Group established the policy of "Laboratory Wastewater Treatment and Management Methods", regulating the behaviour in managing the laboratory wastewater:

— Set up special containers and treat wastewater scientifically before discharging according to the property of its chemical components, such as treating it with microbial contact oxidation automatic equipment;

— Collect the waste by classification and store them at designated locations;

— Ensure the concentration of effluent pollutants are lower than the standard limit in Table 2 of the GB21905-2008 Extraction Pharmaceutical Industry Water Pollutant Discharge Standard (提取類製藥工業水污染物排放標準);

— Assign staff for the collection, storage, supervision and inspection of wastewater; and

— Strictly forbid the dumping of hazardous waste into the drain or storage in public areas such as corridors and balconies.

Solid wastes

The solid wastes of the Group in FY2019/2020 were categorised into non-hazardous solid wastes that mainly came from the dormitories and daily activities in the campus, and hazardous solid wastes from the laboratories.

Non-hazardous solid wastes

In FY2019/2020, the main types of non-hazardous solid wastes from the campus were paper, plastic and food waste. To better monitor and manage the solid waste, the Group established the policy of "School Solid Waste Management Method", of which the requirements are highlighted as follows:

— Arrange separable rubbish bins for the collection of recyclable and non-recyclable solid wastes;

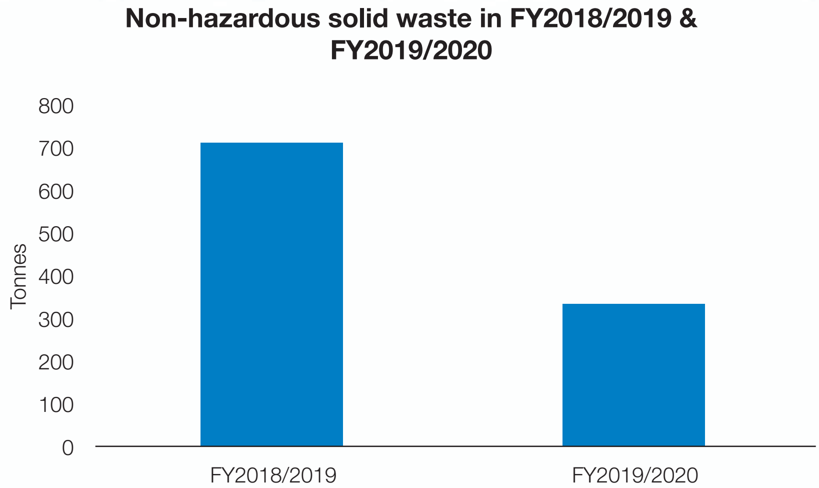
— Promote the idea of waste classification through bulletin boards, assemblies and electronic devices;

— Organise professional units to collect, clean, process and recycle the solid waste; and

— Strengthen the management of the waste transfer process.

In FY2019/2020, the Group recycled around 200 tonnes of solid waste, in which 185 tonnes were general domestic wastes, while others were plastic, metal and paper wastes.

With the collective endeavours in promoting its sustainable waste stewardship and the unremitting efforts of all teachers and students, the amount of non-hazardous solid waste generated in FY2019/2020 declined by 52.4% when compared to the figure in FY2018/2019.



Hazardous solid waste

In FY2019/2020, the hazardous solid wastes primarily came from the laboratories of the schools, which were being treated and managed according to the "Laboratory Harmful or Dangerous Articles Management System" set up by the schools and other relevant local laws and regulations. The wastes from laboratories should be identified carefully and stored separately from other wastes. The schools notify the suppliers and other professional units for the centralised collection of the wastes. For animal carcasses and organs from laboratories for biological experiments, the Group collects these wastes uniformly and entrusts professional organisations for further treatment. For other waste generated from experiments including dry batteries, the special storage boxes are used for collection and transported to the battery recycling boxes in local communities.

Noise

Use of resources

In FY2019/2020, the primary resources consumed by the Group were electricity, petrol, natural gas, water and paper. Other materials including plastic bags and cardboard boxes were mainly used for the teaching activities. Given its business nature, the Group did not consume a significant amount of packaging materials for finished products during FY2019/2020. Table 7 illustrates the amount of different resources used by the Group.

Table 7: Total Resource Consumption in FY2019/2020

Use of Resources	Key Performance Indicator (KPI)	Unit	Amount in FY2019/2020	Intensity[1] (Unit/m^2) in FY2019/2020	Intensity[2] (Unit/m^2) in FY2018/2019
Energy	Electricity	kWh'000	6,488.65	0.02	0.02
	Gasoline	L	59,078.5	0.16	–
	Natural gas	m^3	782,324	2.12	2.86
Water	Water	m^3	399,795	1.09	1.01
Paper	Paper	Kg	56,910	0.15	–
Other materials	Plastic	Tonnes	1.05	2.85×10^{-6}	–
	Cardboard	Tonnes	2.4	6.52×10^{-6}	–

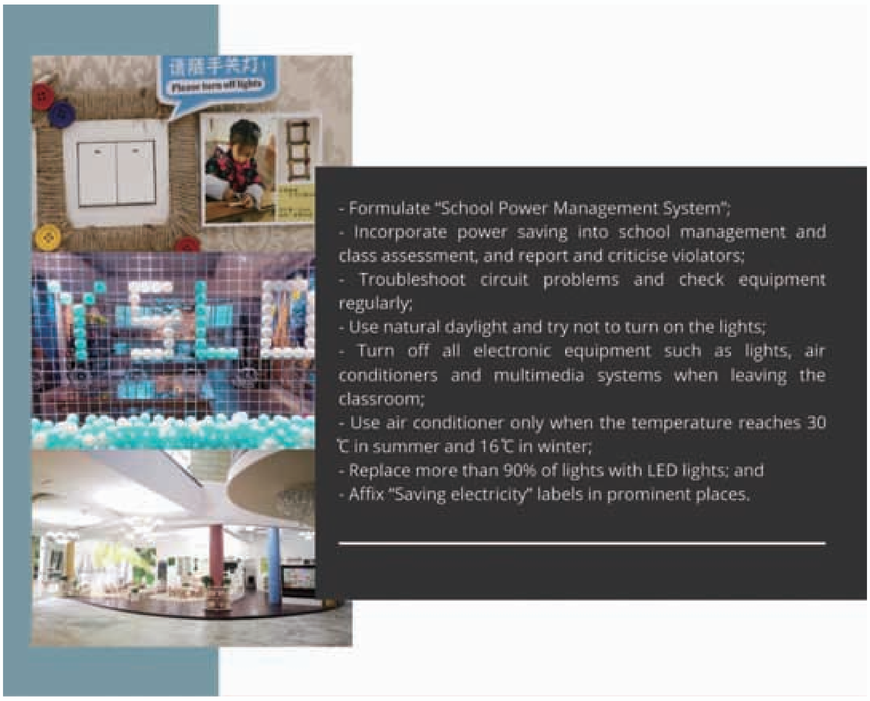
1 Intensity for FY2019/2020 was calculated by dividing the amount of resources that the Group consumed in FY2019/2020 by the gross floor area (GFA) of the Group in FY2019/2020, which was 368,270.39 m^2 ;

2 Intensity for FY2018/2019 was extracted and calculated from the data in the ESG Report 2019 of the Group.

To better manage the use of resources in the organisation, the Group established a leading group and a sound management system emphasising the system of accountability and effective implementation of the assessment, reward and punishment policies.

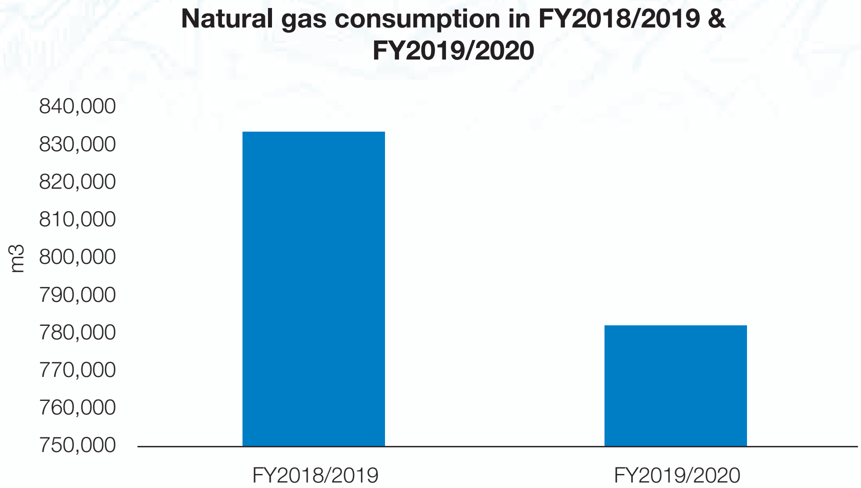
Electricity

In FY2019/2020, the Group purchased and consumed electricity in its daily operations on the campus and offices. Compared with FY2018/2019, the electricity consumption of the Group in FY2019/2020 slightly increased due to the expansion of schools. Nevertheless, the intensity of electricity consumption per unit square in FY2019/2020 remained unchanged, reflecting its commitment to further improving the efficiency of electricity consumption at schools. As electricity consumption control plays a pivotal role in reducing Group's indirect GHG emissions (Scope 2 emission), to further diminish its GHG emissions, the Group enforced a series of policies and practices to promote the idea of saving electricity on the campus, including:



Other energy resources

Given the Group's business nature, the consumption of other energy resources for operations in the schools' canteens and dormitories as well as transportation, in the form of gasoline and natural gas, was invariably an important issue to which the Group has paid special attention. Aiming to improve its energy performance against well-defined energy performance indicators and achieve its intended outcomes of the internal energy management system, the Group keeps striving to find new solutions and apply environmentally friendly technologies in its operations, in order to minimise the implications of climate-related risks on the Group's long-term development.



In FY2019/2020, a total of 782,324 m^3 of natural gas were consumed, with an intensity of 2.12 m^3/m^2. As compared with FY2018/2019, the amount of natural gas consumed by the Group fell by around 51,016 m^3, with a 6.12% drop being recorded. The substantial decline in natural gas consumption of the Group was primarily attributed to the unwavering efforts in the management of boilers and hot water supply in dormitories. Specifically, hot water supply to the student dormitories was only available specific timeslots in winter and summer time, while the water temperature of boilers was controlled according to the Group's policies. The Group prioritised the environmentally friendly and energy-saving models of boilers during the procurement. Relevant training was provided to the staff responsible for boiler management, who was expected to distribute air reasonably, maintain stable pressure and temperature, and control the boiler operation in the optimal range. The schools also strengthened the inspection and maintenance of boiler equipment to check the thermal insulation materials regularly to reduce heat and gas loss and eliminate any leakage.

Gasoline was a major type of fuel for the transportation purpose of the Group, which covered the use of company cars and school buses. In FY2019/2020, 21,042 L of gasoline was consumed for company cars, while 38,036.50 L of gasoline was used for school buses. To reduce the negative impacts of exhaust fumes from vehicles on air quality, the Group has implemented effective practices including reducing the number of school bus trips, maximising the use efficiency through carpooling and optimising the route arrangement.

Water

Water, as the source of life, covers more than 70% of the Earth. Still, there are more than 2 billion people in the world without access to clean drinking water nowadays. China, as one of the 13 most water-stressed countries in the world, has more than 400 cities suffering from water shortages to varying degrees. Therefore, as an educational institution for nurturing 'the motherland's flowers', the Group deeply understands the important responsibility of saving water on the campus and spreading the idea of water conservation among students. The Group incorporated water-saving concepts into its assessment system and advocated water conservation in various ways, such as theme essays, speech activities, hand-written posters and the activity of "water conservation obligatory supervisors".

In FY2019/2020, the Group did not face any problem in sourcing water that was fit for its purpose. During FY2019/2020, the Group strictly followed the "3R principles — Reduce, Reuse and Recycle" in its daily operations and implemented the following practices:

In FY2019/2020, the water intensity of the Group was slightly higher than the figure in FY2018/2019, which was mainly due to the expansion of schools. With more operating places, water consumption increased accordingly. In view of this, the Group commits to further enhancing its water efficiency during operations, strengthening its efforts in water conservation and encouraging both teachers and students to act together.

Paper

Trees are indispensable items in our life and play a vital role in protecting and beautifying our ecological environment. While the Group did not consume trees or timbers directly, the paper it used is made from trees. To preserve the environment and reduce the consumption of paper resources, the Group actively implemented various paper-saving initiatives, including:

— Encourage the use of electronic documents and network sharing platform;

— Motivate staff to sign the "Paper Saving Proposal";

— Remind staff to check before printing to avoid mistakes that lead to more printings;

— Require staff to adjust file font specifications to save pages;

— Promote the concept of paperless office and office automation, and disseminate information by electronic means (i.e. via email or e-bulletin boards) as much as possible;

— Assign responsible personnel for the management of each printer and copier;

— Set duplex printing as the default mode for most network printers when printouts are needed;

— Spread the idea of "Think before print" by using posters and stickers, such as "Save paper and treat natural resources well" (節約用紙，善待資源) in the offices to remind the staff of avoiding unnecessary printings;

— Sort and bundle all wastepaper to professional companies for recycling every half semester;

— Place wastepaper collection box next to the printer; and

— Reuse and recycle non-confidential documents used on both sides as wastepaper for children's handcraft activities.

Other resources

Other than energy, water and paper resources, the Group also consumed other resources such as plastic bags, cardboard boxes, toys and books during its operations. To minimise its environmental footprint, the Group highly promoted the efficient use of materials in its operations through recycling and reusing. For instance, toys that are no longer suitable for the students are handed back to the main office for redistribution. Meanwhile, the schools of the Group also set up book recycling shelves, such that students can donate and share the knowledge and fun with other children, thereby avoiding unnecessary waste.

The environment and natural resources

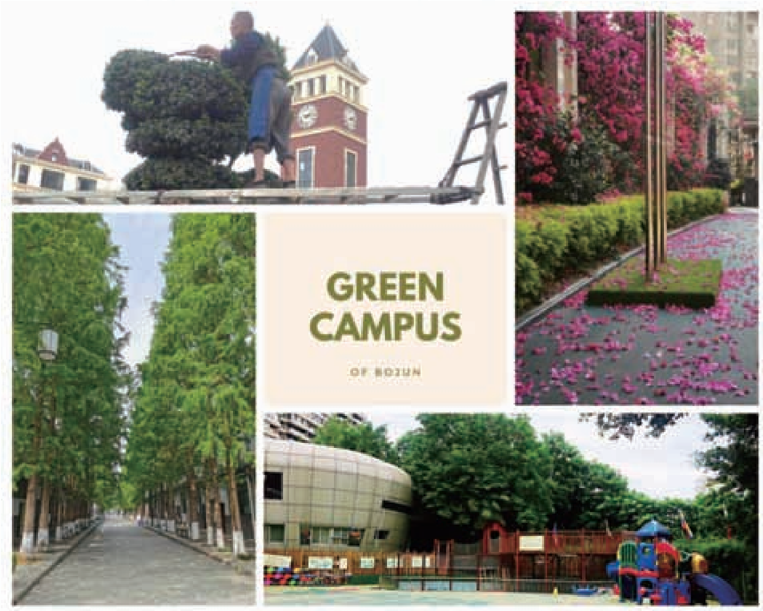
The Group put enormous efforts into the fulfilment of its environmental responsibilities and made significant progress towards the building of a reliable, resilient and sustainable campus by monitoring and controlling its consumption of natural resources. In pursuit of the target of working towards a sustainable campus in the future, the Group has been investing in and exploring new ways for operating the schools and insisting on its original aspiration of developing all-round students in an environmentally friendly manner. Through a series of scalable measures and solutions to reduce the consumption of electricity, water, natural gas, paper and other materials during operations as disclosed, the Group's routine operations barely caused significant negative impacts on its surroundings. With a comprehensive evaluation of its business impacts, in FY2019/2020, the Group's relatively significant environmental impacts were the ineluctable GHG emissions due to the consumption of electricity and fossil fuels, and the generation of general wastes and discharge of sewage. However, the Group's overall environmental impact was considerably reduced due to its dedicated efforts in simplifying the operational process and boosting energy efficiency in every corner of the campus.

Create an energy-saving "green school" and build an ecological campus

To forge a "green" campus that embraces sustainable solutions, the Group established a target responsibility and evaluation mechanism for energy conservation and emissions reduction, which was also helpful for the Group to better manage and track its progress.

In terms of reducing food waste, the schools promoted the campaign called "Empty Your Dish Action" that encouraged students to treasure their meals and avoid food waste. Teachers provided guidance for students to learn and practise the fermentation of food waste into fertilisers for plants on the campus, which was a vivid example demonstrating the basics of the circular economy.

On top of that, to further its steps in becoming an environmentally sustainable private education service group, multiple green projects were launched to improve the campus environment. For instance, the greening of the kindergartens reached 30% with trees in the park and green decorations in classrooms.



The Group has long been focusing on enhancing students' environmental awareness through education by integrating the knowledge of environmental protection into learning activities such as tree planting festivals. For example, the greening rate of Tianfu school reached 35% after it officially commenced into operation in 2016, and larger areas of gardenias and yellow horn orchids were continually planted in different periods until today. In order to create a campus culture that embraces "green", 20 peach trees and 40 plum trees were planted around the playground, implying the meaning of "Students Are Everywhere" ("桃李滿天下"). Until FY2019/2020, 94 trees taller than 5 metres were planted and thriving in the Group.

Climate change

There is no denying that climate change is becoming more and more imminent, and the risks of more frequent extreme weather events may impact the normal operations of the schools. For instance, climate change may bring about extreme weather events such as sudden temperature changes and heavy rains, which pose potential threats to the health of children and thus raise parents' doubt about the safety management of schools. The Group realises that climate change is influencing the way of global businesses, and the lack of systematic strategy and resilience to adapt to and mitigate the implications of climate-related risks will not propel the Group towards sustainability. To address the climate-related challenges, the Group realises that schools have a central role to play, not only in helping students understand climate science so that they can take appropriate actions and acquire the necessary values and skills to participate in the transition to more sustainable lifestyles, but also in incorporating climate-related risks into the building of robust school governance, optimisation of teaching and learning process, upgrade of facilities and operations and community partnerships.

All schools of the Group have already made preparations and taken actions. Through thematic activities, for example, teachers carried out action-oriented learning programmes, teaching students the knowledge and skills that are drivers to create positive changes as they grow up. In the meantime, the Group was committed to making its schools a model for climate action. For example, the schools of the Group strengthened emergency drills to prepare for extreme weather. Some schools also connected with the meteorological department by checking basic infrastructure, facilities and equipment, including fixing drainage system blockage, placing flood control sandbags and ensuring tree health.

X. COMMUNITY CONTRIBUTIONS

It is widely acknowledged that businesses cannot succeed without a stable, equitable and inclusive economy and community, which reinforces the social license of businesses to operate, enlarges the customer base, facilitates a sound relationship with suppliers and catalyses the progress towards better operation stewardship in harmony with nature. As a socially responsible enterprise, the Group holds its belief that by engaging in social activities and contributing to the community where it operates can bring positive influence towards not only the society but also the Group and its students. Establishing a good relationship with the community can enhance the image of the Group, while involving students can enable them to get out of the school, get in touch with society, and experience real life, thereby cultivating students' character, increasing their sense of social responsibility, and improving their soft skills in the process, thus achieving a win-win situation of helping others and improving themselves. As such, the Group spares no effort to actively seek opportunities for community contributions.

During FY2019/2020, the Group engaged in several community activities which focuses on areas such as people's livelihood, culture construction, sports promotion, education improvement and children wellbeing:

— Donate daily necessities to poor families and charities;

— Provide free teaching venues and guidance for preschool teachers in poverty-stricken areas;

— Partner with governmental units in remote areas to support the education of impoverished children via donations;

— Participate in charity performances and spread community culture; and

— Support the government's initiatives in combating the COVID 19 crisis.


CASE STUDY:
Volunteers from Tianfu School visited orphans in the SOS Children's Village Chengdu, China


让爱传出去
CASE STUDY:
Kindergartens organised charity sale activities, from which all the incomes were donated to the West China Branch of Hearing Youdao Hearing Health, showing sympathy and love to the children with hearing impairment.


Case Study
Students and teachers from kindergartens participated in cultural performances


Students from kindergarten carried out the charity activity "Transmitting Love and Sending Books to the Future", in which 5,203 books of various types with a total value of more than RMB 50,000 were collected. The books were sent to the office of the Party Committee of Zhaojue County, Liangshan Prefecture, and were distributed to all rural kindergartens on Children's Day.
CASE STUDY

XI. REPORT DISCLOSURE INDEX

HKEx ESG Guide content index

Aspects	ESG Indicators	Description	Page
A. ENVIRONMENTAL			
A1: Emissions	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	115
	KPI A1.1	The types of emissions and respective emission data.	116
	KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	116
	KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	116
	KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	116
	KPI A1.5	Description of measures to mitigate emissions and results achieved.	117
	KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	118
A2: Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	123
	KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in ’000s) and intensity (e.g. per unit of production volume, per facility).	122
	KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	122
	KPI A2.3	Description of energy use efficiency initiatives and results achieved.	123
	KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	124
	KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	122

Aspects	ESG Indicators	Description	Page
A3: The Environment and Natural Resources	General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	127
	KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	127
B. SOCIAL			
Employment and Labour Practices			
B1: Employment	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	98
	KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	96
	KPI B1.2	Employee turnover rate by gender, age group and geographical region.	97
B2: Health and Safety	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	105
	KPI B2.1	Number and rate of work-related fatalities.	106
	KPI B2.2	Lost days due to work injury.	106
	KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	105
B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	102
	KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	104
	KPI B3.2	The average training hours completed per employee by gender and employee category.	104

Aspects	ESG Indicators	Description	Page
B4: Labour Standards	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	72
	KPI B4.1	Description of measures to review employment practises to avoid child and forced labour.	72
	KPI B4.2	Description of steps taken to eliminate such practises when discovered.	72
Operating Practices			
B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	112
	KPI B5.1	Number of suppliers by geographical region.	113
	KPI B5.2	Description of practises relating to engaging suppliers, number of suppliers where the practises are being implemented, how they are implemented and monitored.	112
B6: Product Responsibility	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	84
	KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	–
	KPI B6.2	Number of products and service-related complaints received and how they are dealt with.	95
	KPI B6.3	Description of practises relating to observing and protecting intellectual property rights.	–
	KPI B6.4	Description of quality assurance process and recall procedures.	91
	KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	94

Aspects	ESG Indicators	Description	Page
B7: Anti-corruption	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	73
	KPI B7.1	Number of concluded legal cases regarding corrupt practises brought against the issuer or its employees during the reporting period and the outcomes of the cases.	73
	KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	73
Community			
B8: Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	130
	KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	130
	KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	130

INDEPENDENT AUDITOR'S REPORT

大信梁學濂(香港)會計師事務所有限公司

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To the Shareholders of Bojun Education Company Limited
(incorporated in Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Bojun Education Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 140 to 210, which comprise the consolidated statement of financial position as at 31 August 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 August 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to Note 1 to the consolidated financial statements, which indicates that as of 31 August 2020, the Group's current liabilities exceeds its current assets by approximately RMB391,050,000. Subsequent to the end of the reporting period, the Group entered into agreements to construct a new campus of approximately RMB36,857,000 and inject capital of RMB245,000,000 to a target company of which RMB122,500,000 is due within twelve months from 31 August 2020. The capital injection is subject to shareholders' approval. In view of these, additional cash outflows will be required to settle further capital commitment in the coming twelve months from 31 August 2020. The Company is undertaking a number of financing plans and other measures as described in Note 1 to the consolidated financial statements in order to ensure it is able to meet its commitments in the next twelve months. The above conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

KEY AUDIT MATTERS

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

Key audit matter	How our audit addressed the key audit matter
Revenue recognition	
We identified revenue as a key audit matter due to the significance of the amount to the consolidated financial statements as a whole. Revenue represents service income from tuition fees, and boarding fees less returns and discounts. For the year ended 31 August 2020, revenue amounted to approximately RMB375,740,000, the details of which are included in Note 6 to the consolidated financial statements	Our procedures in relation to revenue recognition included: • Understanding of controls of the Group over the admission of students, collection of tuition fees and boarding fees; • Obtaining an understanding of the revenue business processes and key controls, and testing the key manual controls for revenue recognition; • Evaluating the accounting policy on revenue recognition and the related policy disclosure; • Examining, on a sample basis, whether the revenue of tuition fees and boarding fees are recognised in accordance with HKFRSs and with reference to evidence to determine whether the services have been provided; and • Performing substantive analytical procedures to test the reasonableness of the amount of revenue recognised for tuition fees and boarding fees.

OTHER MATTER

The consolidated financial statements of the Group for the year ended 31 August 2019 were audited by another auditor who expressed an unmodified opinion on those statements on 27 November 2019.

OTHER INFORMATION

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

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

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

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, 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.

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

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

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

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

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

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

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

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

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

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.

The engagement director on the audit resulting in this independent auditor's report is Hui Lai King (Practising Certificate Number: P03499)

PKF Hong Kong Limited
Certified Public Accountants
Hong Kong
26 November 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 August 2020

		Year ended 31 August	
		2020	2019
	Notes	**RMB'000**	RMB'000
Revenue from provision of education services	6	**375,740**	338,019
Costs of services		**(271,329)**	(248,264)
Gross profit		**104,411**	89,755
Other (expenses) income	7	**(3,547)**	7,329
Other gains (losses)	8	**4,805**	8,473
Share result of an associate		**(16)**	–
Administrative expenses		**(56,172)**	(53,634)
Finance costs	9	**(20,556)**	(6,549)
Profit before tax		**28,925**	45,374
Income tax expenses	10	**(13,683)**	(16,433)
Profit for the year	11	**15,242**	28,941
Other comprehensive income that will not be reclassified subsequently to profit or loss			
— Remeasurement of defined benefit obligations	27	**518**	57
Total comprehensive income for the year		**15,760**	28,998
Profit for the year attributable to			
— owners of the Company		**8,582**	26,540
— non-controlling interests		**6,660**	2,401
		15,242	28,941
Profit and total comprehensive income for the year attributable to			
— owners of the Company		**9,100**	26,597
— non-controlling interests		**6,660**	2,401
		15,760	28,998
EARNINGS PER SHARE	14		
— Basic (RMB)		**0.01**	0.03
— Diluted (RMB)		**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 August 2020

	Notes	As at 31 August 2020 RMB'000	2019 RMB'000
Non-current assets			
Property, plant and equipment	15	**1,311,630**	1,106,119
Right-of-use assets	16	**322,863**	–
Prepaid lease payments	17	**–**	178,042
Interest in an associate	18	**17,484**	–
Deferred tax assets	19	**16,919**	16,354
Deposits	20	**24,070**	24,958
Prepayments for purchase of property, plant and equipment		**50,000**	45,426
Total non-current assets		**1,742,966**	1,370,899
Current assets			
Prepaid lease payments	17	**–**	3,922
Other receivables, deposits and prepayments	20	**34,038**	96,555
Amounts due from related companies	21	**2,625**	343
Bank balances and cash	22	**426,772**	336,647
Total current assets		**463,435**	437,467
Total assets		**2,206,401**	1,808,366
Current liabilities			
Other payables and accruals	23	**321,484**	377,190
Contract liabilities	24	**369,348**	350,837
Lease liabilities	25	**8,146**	–
Borrowings	26	**115,000**	140,000
Income tax payable		**40,507**	31,049
Total current liabilities		**854,485**	899,076
Net current liabilities		**(391,050)**	(461,609)
Total assets less current liabilities		**1,351,916**	909,290

	Notes	As at 31 August 2020 RMB'000	2019 RMB'000
Non-current liabilities			
Lease liabilities	25	**123,546**	–
Borrowings	26	**301,500**	–
Defined benefit obligations	27	**3,864**	4,302
Deferred income	28	**67,676**	65,418
Total non-current liabilities		**496,586**	69,720
Net assets		**855,330**	839,570
Capital and reserves			
Share capital	29	**7,138**	7,138
Reserves		**839,901**	830,801
Equity attributable to owners of the Company		**847,039**	837,939
Non-controlling interests		**8,291**	1,631
		855,330	839,570

The consolidated financial statements on pages 140 to 210 were approved and authorised for issue by the Board of Directors on 26 November 2020 and are signed on its behalf by:

Mr. Wang Jinglei
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 August 2020

	Attributable to Owners of the Company								
	Share capital RMB'000	Share premium RMB'000	Other reserve RMB'000 (Note i)	Statutory Surplus reserve RMB'000 (Note ii)	Defined benefit obligation remeasurement reserves RMB'000	Accumulated profits RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000 (Note iii)	Total RMB'000
At 1 September 2018	7,152	673,732	28,805	48,136	(186)	55,504	813,143	(770)	812,373
Profit for the year	–	–	–	–	–	26,540	26,540	2,401	28,941
Other comprehensive income for the year	–	–	–	–	57	–	57	–	57
Total comprehensive income for the year	–	–	–	–	57	26,540	26,597	2,401	28,998
Repurchase of ordinary shares (Note 29)	(14)	(1,787)	–	–	–	–	(1,801)	–	(1,801)
Transfer	–	–	–	13,707	–	(13,707)	–	–	–
At 31 August 2019	7,138	671,945	28,805	61,843	(129)	68,337	837,939	1,631	839,570
Profit for the year	–	–	–	–	–	8,582	8,582	6,660	15,242
Other comprehensive income for the year	–	–	–	–	518	–	518	–	518
Total comprehensive income for the year	–	–	–	–	518	8,582	9,100	6,660	15,760
Transfer	–	–	–	7,206	–	(7,206)	–	–	–
At 31 August 2020	**7,138**	**671,945**	**28,805**	**69,049**	**389**	**69,713**	**847,039**	**8,291**	**855,330**

Notes:

(i) The amount comprises of those arising from group restructuring prior to the completion of the listing of the Company's shares and deemed contribution from shareholders resulting from disposal of non-schooling business in prior years.

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

(iii) No subsidiaries have material non-controlling interests for the years ended 31 August 2020 and 2019.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 August 2020

	Note	Year ended 31 August **2020** **RMB'000**	 2019 RMB'000
Operating activities			
Profit before tax		**28,925**	45,374
Adjustments for:			
Depreciation of property, plant and equipment		**44,880**	29,737
Depreciation of right-of-use assets		**17,750**	–
Share result of an associate		**16**	–
Release of prepaid lease payments		**–**	3,878
Release of asset-related government grants		**(1,342)**	(1,134)
Finance costs		**20,556**	6,549
Gain on disposal of property, plant and equipment, net		**(15)**	(36)
Gain on disposal of financial assets at fair value through profit or loss ("FVTPL")		**(5,536)**	–
Fair value changes on financial assets at FVTPL		**(3,672)**	–
Interest income from banks		**(333)**	(2,932)
Defined benefit plan expenses		**80**	877
Unrealised exchange loss (gain)		**3,564**	(10,039)
Operating cash flows before movements in working capital		**104,873**	72,274
Movements in working capital:			
Decrease (increase) in other receivables, deposits and prepayments		**62,943**	(75,499)
Decrease in amounts due from related companies		**159**	196
Increase in contract liabilities		**18,511**	70,356
(Decrease) increase in other payables and accruals		**(56,514)**	38,392
Cash generated from operations		**129,972**	105,719
Interest received from banks		**333**	2,932
Income taxes paid		**(4,790)**	(4,781)
Net cash from operating activities		**125,515**	103,870
Investing activities			
Payment for property, plant and equipment		**(245,345)**	(369,782)
Acquisition of assets through acquisition of a subsidiary	30	**(21,796)**	–
Acquisition of an associate		**(17,500)**	–
Purchase of financial assets at FVTPL		**(16,830)**	–
Prepayment made for property, plant and equipment		**(4,574)**	(13,680)
Advance to related companies		**(2,441)**	(168)
Payment for leasehold land		**(275)**	(76,804)
Proceeds from disposal of financial assets at FVTPL		**26,038**	–
Receipt of assets related government grants		**3,600**	24,400
Proceeds from disposal of property, plant and equipment		**319**	60
Net cash used in investing activities		**(278,804)**	(435,974)

	Year ended 31 August	
	2020	2019
	RMB'000	RMB'000
Financing activities		
Proceeds from new borrowings raised	**416,500**	140,000
Repayments of borrowings	**(140,000)**	(60,000)
Repayment of leases liabilities	**(17,500)**	–
Interests paid	**(12,022)**	(6,549)
Repayment of advance from a third party	**–**	(20,000)
Repurchase of ordinary shares	**–**	(1,801)
Net cash from financing activities	**246,978**	51,650
Net increase (decrease) in cash and cash equivalents	**93,689**	(280,454)
Cash and cash equivalents at beginning of the year	**336,647**	607,062
Effect on exchange rate changes	**(3,564)**	10,039
Cash and cash equivalents at end of the year, represented by bank balances and cash	**426,772**	336,647

1. GENERAL AND BASIS OF PREPARATION

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

The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section to the annual report.

The Company is an investment holding company. The subsidiaries of the Group, as set out in Note 36, are mainly engaged in the provision of full spectrum private fundamental education, including preschool, primary, middle and high schools in the PRC.

Since 1 April 2018, 冉濤 ("Mr. Ran Tao"), 熊濤 ("Mr. Xiong Tao") and Mr. Xiong Tao's spouse, 廖蓉 ("Mdm. Liao Rong") had been managing and controlling the companies comprising the Group on a collective basis, are regarded as controlling equity holders of the School Sponsors and the PRC Operating Entities (both are defined in Note 2) and also regarded collectively as the ultimate controlling shareholders of the Company even Mr. Xiong Tao passed away on 18 August 2020 as they have been acting in concert with each other.

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

As at 31 August 2020, the Group's current liabilities exceeds its current assets by approximately RMB391,050,000. Subsequent to the end of the reporting period, the Group entered into agreements to construct a new campus of approximately RMB36,857,000 and inject capital of RMB245,000,000 to a target company of which RMB122,500,000 is due within twelve months from 31 August 2020. The capital injection is subject to shareholders' approval. Details are set out in Note 40 below headed "EVENTS AFTER REPORTING PERIOD". In view of these, additional cash outflows will be required to settle further capital commitment in the coming twelve months from 31 August 2020.

The above conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and therefore, the directors of the Company (the "Directors") have reviewed the Group's cash flow projections which cover a period of not less than twelve months from 31 August 2020. They are of the opinion that the Group will have sufficient working capital to meet its financial obligations, including those committed capital expenditures relating to investment in the target company and construction, that will be due in the coming twelve months from 31 August 2020 upon implementation of the following measures which will generate adequate financing and operating cash inflows for the Group:

(i) To obtain new borrowing of approximately RMB299.0 million from a bank in the PRC which is under negotiation at the date of these consolidated financial statements;

(ii) To negotiate with the constructor to extend the payment terms;

(iii) The Group will also continue actively seek other alternative financing, including borrowings, and reduce all non-essential costs.

By taking the above measures, the Directors believe that the Group has sufficient working capital to meet the financial obligations when they fall due and the Directors are satisfied that it is appropriate to prepare these consolidated financial statements on a going concern basis.

2. STRUCTURED CONTRACTS

The provision of private education services of the Group was carried out by PRC operating entities, comprising Chengdu Mingxian Education Investment Company Limited* ("Chengdu Mingxian"), Sichuan Boai Preschool Education Development Company Limited* ("Sichuan Boai"), Chengdu Youshi Preschool Education Investment Management Company Limited* ("Chengdu Youshi Preschool Investment"), Renshou Bojun Education Investment Management Company Limited* ("Renshou Bojun"), Chengdu Jinbojun Education Consultancy Company Limited* ("Chengdu Jinbojun"), Nanjiang Bojun Education Management Company Limited* ("Nanjiang Bojun"), Wangcang Bojun Education Management Company Limited* ("Wangcang Bojun"), Lezhi Bojun Education Management Company Limited* ("Lezhi Bojun"), Zhongjiang Bojun Education Management Company Limited* ("Zhongjiang Bojun"), Jianyang Jinbojun Education Management Company Limited* ("Jianyang Jinbojun") and Chengdu Bojun Lixing Education Management Company Limited* ("Bojun Lixing") (collectively known as the "School Sponsors"), Chengdu Jinjiang District No. 1 Experimental Middle School Attached to Sichuan Normal University* ("Jinjiang School"), Chengdu Longquanyi District No. 1 Experimental Middle School Attached to Sichuan Normal University* ("Longquan School"), Chengdu New Tianfu District No. 1 Experimental Middle School Attached to Sichuan Normal University* ("Tianfu School"), Nanjiang Bojun School*, Wangcang Bojun School*, Pengzhou Bojun School* ("Chengdu School"), Chengdu Youshi Experimental Kindergarten* ("Youshi Kindergarten"), Chengdu Youshi Lidu Experimental Kindergarten* ("Lidu Kindergarten"), Chengdu Youshi Riverside Impression Experimental Kindergarten* ("Riverside Kindergarten"), Chengdu Youshi Longquan Dongshan Experimental Kindergarten* ("Longquan Kindergarten"), Chengdu Qingyang Youshi Jingjie Experimental Kindergarten* ("Qingyang Kindergarten") and Chengdu High and New District Youshi Peninsula City Centre Kindergarten* ("Peninsula Kindergarten"), Lezhi Bojun School* and the other subsidiaries controlling by the School Sponsors (collectively known as the "PRC Operating Entities"). The School Sponsors and PRC Operating Entities herein after collectively refer to "Consolidated Affiliated Entities". Due to regulatory restrictions on foreign ownership in the private-owned schools in the PRC, Chengdu Tianfu Bojun Education Management Company Limited* ("Chengdu Bojun"), the wholly-owned subsidiary of the Company, has entered into the structured contracts ("Existing Structured Contracts") with, among others, the PRC Operating Entities, the School Sponsors and their respective legal equity holders. The arrangements of the Structured Contracts, effective from 29 August 2016 and further amended to 30 August 2017. On 16 June 2020, Chengdu Junxian Education Company Limited*, a limited liability company established under the laws of the PRC on 4 June 2020, which is new nominal shareholder of Chengdu Mingxian and controlling by Mr. Wang Jinglei ("New Registered Shareholder") entered new structure contracts with Chengdu Bojun, the Consolidated Affiliated Entities and the directors and council members of the PRC Operating Entities ("New Structured Contracts"). The Existing Structured Contracts were replaced by the New Structured Contracts with effect from 16 June 2020.

The Directors are of the view that New Structured Contracts have terms and conditions substantially the same as those of the Existing Structured Contracts. Both Existing Structured Contracts and New Structured Contracts enable Chengdu Bojun to:

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

* For identification purpose only

2. STRUCTURED CONTRACTS (Continued)

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

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

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

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The Group has applied the following new and amendments to HKFRSs and new interpretation issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle

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

3.1 HKFRS 16 *Lease*

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 *Leases* and the related interpretations.

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease* and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 September 2019.

As at 1 September 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities by applying HKFRS 16.C8(b)(ii) transition. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

i. relied on the assessment of whether leases are onerous by applying HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* as an alternative of impairment review;

ii. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;

iii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application; and

iv. used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension and termination options.

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

3.1 HKFRS 16 *Lease* (Continued)

As a lessee (Continued)

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rate applied by the relevant group entities are 5.93%.

	At 1 September 2019 RMB'000
Operating lease commitments disclosed as at 31 August 2019	215,811
Adjustments for:	
Total future finance costs	(76,602)
Recognition exemption — low value lease (excluding short-term lease of low value leases)	(349)
Prepayment of lease payment	(462)
Lease liabilities as at 1 September 2019	138,398
Analysed as:	
Current	8,981
Non-current	129,417

The carrying amount of right-of-use assets as at 1 September 2019 comprises the following:

	Right-of-use assets RMB'000
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16	138,860
Reclassified from prepaid lease payments (Note i)	181,964

As a lessor

In accordance with the transitional provisions in HKFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for those leases in accordance with HKFRS 16 from the date of initial application and comparative information has not been restated.

Upon application of HKFRS 16, new lease contracts entered into but commence after the date of initial application relating to the same underlying assets under existing lease contracts are accounted as if the existing leases are modified as at 1 September 2019. The application has had no impact on the Group's consolidated statement of financial position at 1 September 2019. However, effective from 1 September 2019, lease payments relating to the revised lease term after modification are recognised as income on straight-line basis over the extended lease term.

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

3.1 HKFRS 16 *Lease* (Continued)

As a lessor (Continued)

Sale and leaseback transactions

The Group acts as seller — lessee

In accordance with the transition provision of HKFRS 16, sale and leaseback transactions entered into before the date of initial application were not reassessed. Upon application of HKFRS 16, the Group applies the requirement of HKFRS 15 to assess whether sale and leaseback transaction constitutes a sale. During the year, the Group entered into a sale and leaseback transaction in relation to certain furniture, fixtures and equipment and the transaction does not satisfy the requirement as a sale. Accordingly, the Group accounted for the transfer proceeds of RMB60,000,000 as borrowing within the scope of HKFRS 9.

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 September 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 August 2019 RMB'000	Adjustments RMB'000	Carrying amounts under HKFRS 16 at 1 September 2019 RMB'000
Non-current assets			
Right-of-use assets	–	320,824	320,824
Prepaid lease payments (Note i)	178,042	(178,042)	–
Current assets			
Prepaid lease payments	3,922	(3,922)	–
Prepayment	462	(462)	–
Current liabilities			
Lease liabilities	–	8,981	8,981
Non-current liabilities			
Lease liabilities	–	129,417	129,417

Note i: Upfront payments for leasehold land in Mainland China were classified as prepaid lease payments as at 31 August 2019. Upon application of HKFRS 16, the current and non-current portion of prepaid lease payments amounting to approximately RMB3,922,000 and RMB178,042,000 respectively were reclassified to right-of-use assets.

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

The Group has not early applied the following new and amendments to HKFRSs and new interpretation that have been issued but are not yet effective:

Amendments to HKFRS 3	Definition of a Business[1]
Amendments to HKFRS 3	Reference to the Conceptual Framework[3]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[1]
Amendments to HKFRS 10 and HKAS 28 (2011)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[6]
Amendments to HKFRS 16	Covid-19-Related Rent Concessions[5]
HKFRS 17	Insurance Contracts[2]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current[4]
Amendments to HKAS 1 and HKAS 8	Definition of Material[1]
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use[3]
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract[3]
Annual Improvements to HKFRSs 2018–2020 Cycle	Amendments to HKFRS 1, HKFRS 9 and HKAS 41 and Illustrative Examples accompanying HKFRS 16[3]

1 Effective for annual periods beginning on or after 1 January 2020
2 Effective for annual periods beginning on or after 1 January 2021
3 Effective for annual periods beginning on or after 1 January 2022
4 Effective for annual periods beginning on or after 1 January 2023
5 Effective for annual periods beginning on or after 1 June 2020
6 No mandatory effective date yet determined but available for adoption

In addition to the above new and amendments to HKFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, the Amendments to References to the Conceptual Framework in HKFRS Standards, will be effective for annual periods beginning on or after 1 January 2020.

Except for the amendments to HKFRSs mentioned below, the Directors anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendment to HKFRS 16 *COVID-19-Related Rent Concessions*

The amendment is issued in June 2020 and is effective for annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted, including interim or annual financial statements not authorised for issue as at 4 June 2020, the date of the amendment is issued.

The amendment introduces a new practical expedient for lessees to elect not to assess whether a COVID-19-related rent concessions is a lease modification. The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 that meets all of the following conditions:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- there is no substantive change to other terms and conditions of the lease.

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

Amendment to HKFRS 16 *COVID-19-Related Rent Concessions* (Continued)

A lease applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying HKFRS 16 if the changes were not lease modifications. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs.

The application of the amendment is expected to have impact on the financial positions and performance of the Group if the Group would elect to early apply the amendment for the Group's annual period beginning on 1 September 2019.

Amendments to HKAS 1 and HKAS 8 *Definition of Material*

The amendments provide refinements to the definition of material by including additional guidance and explanations in making materiality judgments. In particular, the amendments:

- include the concept of "obscuring" material information in which the effect is similar to omitting or misstating the information;
- replace threshold for materiality influencing users from "could influence" to "could reasonably be expected to influence"; and
- include the use of the phrase "primary users" rather than simply referring to "users" which was considered too broad when deciding what information to disclose in the financial statements.

The amendments also align the definition across all HKFRSs and will be mandatorily effective for the Group's annual period beginning on 1 January 2020. The application of the amendments is not expected to have significant impact on the financial positions and performance of the Group but may affect the presentation and disclosures in the consolidated financial statements.

Except for the above, the Directors anticipate that the application of the other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("Listing Rules") and by the Hong Kong Companies Ordinance ("Companies Ordinance").

The consolidated financial statements have been prepared on the historical cost basis, except for defined benefits obligations that are measured using "projected unit credit method", as explained in the accounting policies set out below.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share- based payment transactions that are within the scope of HKFRS 2 *Share-based payment*, leasing transactions that are within the scope of HKFRS 16 (Since 1 September 2019) or HKAS 17 (before application of HKFRS 16), and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies adopted are set out below.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including the School Sponsors and PRC Operating Entities) controlled by the Company and its subsidiaries. Control is achieved when a company:

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

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

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

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

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation (Continued)

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

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

Investment in an associate

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment in an associate (Continued)

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate and the retained interest is a financial asset within the scope of HKFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate and the fair value of any retained interest and any proceeds from disposing of the relevant interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Revenue from contracts with customers

Revenue is recognised to depict the transfer of promised services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services. Specifically, the Group uses a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue from contracts with customers (Continued)

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

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

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

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

A contract liability represents the Group's obligation to transfer services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

The Group recognises revenue from the provision of education services which arise from contracts with customers. For the provision of education services, revenue, including tuition fee and boarding fee (each being single performance obligations), was recognised over the relevant period of schooling semesters, i.e. over the period of time.

Income from provision of services at the on-campus canteens is recognised upon rendering of such services, i.e. upon fulfilment of performance obligation stipulated in the contracts and services are delivered to the customers.

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

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

Leases

Definition of a lease (upon application of HKFRS 16 in accordance with transitions in Note 3)

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

For contracts entered into or modified or arising from business combinations on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

The Group as a lessee (upon application of HKFRS 16 in accordance with transitions in Note 3)

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group also applies practical expedient not to separate non-lease components (i.e. building management fee) from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

Short-term leases and lease of low-value assets

The Group applies the short-term lease recognition exemption to leases of land and buildings that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payment on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

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

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life. The remaining right-of-use assets are depreciated on a straight-line basis over the terms of the leases.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

The Group as a lessee (upon application of HKFRS 16 in accordance with transitions in Note 3) (Continued)

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

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

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be paid the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate the lease.

Variable lease payments that reflect changes in the market rental rates are initially measured using the market rental rates as at the commencement date. Variable lease payments that do not depend on an index or a rate are not included in the measurement of lease liabilities and right-of use assets, are recognised as expense in the period in which the event or condition that triggers in the payment occurs.

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

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review, in which the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

The Group as a lessee (upon application of HKFRS 16 in accordance with transitions in Note 3) (Continued)

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group as a lessor

Classification and measurement of leases

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

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

Allocation of consideration to components of a contract

When a contract includes both lease and non-lease components, the Group applies HKFRS 15 *Revenue from Contracts with Customers* ("HKFRS 15") to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

Refundable rental deposits

Refundable rental deposits received are accounted for under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

Lease modification

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

Sale and leaseback transactions

The Group applies the requirement of HKFRS 15 to assess whether sale and leaseback transaction constitutes a sale by the Group.

The Group as a seller-lessee

For a transfer that does not satisfy the requirements as a sale, the Group as a seller-lease accounts for the transfer proceeds as borrowings within the scope of HKFRS 9.

The Group as lessor (prior to 1 September 2019)

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset.

The Group as lessee (prior to 1 September 2019)

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating lease payments, including the cost of acquiring land held under operating leases, are recognised as an expense on a straight-line basis over the lease term.

Leasehold land and building (prior to 1 September 2019)

When the Group makes payments for a property interest which includes both leasehold land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the entire consideration (including any lump- sum upfront payments) are allocated between the leasehold land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element at initial recognition.

To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as “prepaid lease payments” in the consolidated statement of financial position. Prepaid lease payments are stated at cost less subsequent accumulated amortisation and any accumulated impairment losses. The costs of prepaid lease payments are amortised on a straight-line basis over the lease terms as stated in the relevant land use right certificate granted for usage by the Group in the PRC and the remaining terms of the operating licence of the PRC entity, whichever is the shorter. Prepaid lease payments which is to be amortised to profit or loss in the next twelve months is classified as current assets.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies

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

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

Borrowing costs

All borrowing costs not directly attribute to the acquisition, construction or production of qualifying assets are recognised in profit or loss in the period in which they are incurred.

Government grants

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

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

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

Retirement benefit costs

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

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the consolidated statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is presented as defined benefit obligation remeasurement reserves and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Retirement benefit costs (Continued)

Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements, if any);
- net interest expense or income; and
- remeasurement.

The Group presents the first two components of defined benefit costs in profit or loss in the line items of costs of services. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the consolidated statement of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Short-term employee benefits

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

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

Taxation

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

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

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

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

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

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

Property, plant and equipment

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of tangible assets

At the end of each reporting period, the management of the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount of tangible assets are estimated individually, when it is not possible to estimate the recoverable amount of individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro-rata to the other assets of the unit. An impairment loss is recognised immediately in profit or loss.

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

Financial instruments

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

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

Financial assets

Classification and subsequent measurement of financial assets

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

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

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

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

All other financial assets are subsequently measured at FVTPL, except that at the date of initial application/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 *Business Combinations* applies.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Amortised cost and interest income

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

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated at FVTOCI are measured at FVTPL.

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

Impairment of financial assets

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

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

(i) Significant increase in credit risk

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

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

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

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

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(ii) Definition of default

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

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

(iii) Credit-impaired financial assets

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

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

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

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

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

(iv) Write-off policy

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

(v) Measurement and recognition of ECL

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(v) Measurement and recognition of ECL (Continued)

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

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

Derecognition of financial assets

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

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

Financial liabilities and equity instruments

Classification as financial liabilities or equity instruments

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

Equity instruments

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

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

Financial liabilities at amortised cost

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

Derecognition of financial liabilities

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

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Critical judgements in applying accounting policies

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

Contractual arrangements

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

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

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

Key sources of estimation uncertainty

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

Useful lives and residual values of items of property, plant and equipment

In determining the useful lives and residual values of items of property, plant and equipment, the Group has to consider various factors, such as technical or commercial obsolescence arising from changes or improvements in the provision of services, or from a change in the market demand for the service output of the asset, expected usage of the asset, expected physical wear and tear, care and maintenance of the asset, and legal or similar limits on the use of the asset. The estimation of the useful life of the asset is based on the experience of the Group with similar assets that are used in a similar way. Additional depreciation is made if the estimated useful lives and/or residual values of items of property, plant and equipment are different from previous estimation. Useful lives and residual values are reviewed at the end of each reporting period based on changes in circumstances. As at 31 August 2020, the carrying amount of property, plant and equipment other than construction in progress are approximately RMB959,320,000 (2019: RMB637,109,000).

6. REVENUE AND SEGMENT INFORMATION

The Group's revenue represents service income comprising tuition fees and boarding fees.

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

Information reported to the CODM, for the purposes of resources allocation and assessment of segment performances focuses on types of services provided. CODM considers the business from service perspectives whereby assesses the performance of Preschool Education*, and Degree Education**, based on revenue generated in the course of the ordinary activities of a recurring nature. The services provided and type of customers of each kindergarten or school are similar to the other kindergartens or schools providing the Preschool Education or Degree Education respectively and they are subject to similar regulatory environment. Accordingly, their segment information is aggregated as two reportable segments, i.e. Preschool Education and Degree Education. The accounting policies of the reportable segment are the same as the Group's accounting policies described in Note 4.

* Preschool education services are provided by Youshi Kindergarten, Lidu Kindergarten, Riverside Kindergarten, Longquan Kindergarten, Qingyang Kindergarten and Peninsula Kindergarten (collectively referred to as "Preschool Education").

** Degree education services are provided by Jinjiang School, Longquan School, Tianfu School, Nanjiang Bojun School, Wangcang Bojun School, Chengdu School and Lezhi Bojun School (collectively referred to as "Degree Education").

6. REVENUE AND SEGMENT INFORMATION (Continued)

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

	Preschool Education RMB'000	Degree Education RMB'000	Total RMB'000
Year ended 31 August 2020			
Tuition fees	**33,877**	**331,130**	**365,007**
Boarding fees	**–**	**10,733**	**10,733**
Total	**33,877**	**341,863**	**375,740**
Year ended 31 August 2019			
Tuition fees	53,514	275,190	328,704
Boarding fees	–	9,315	9,315
Total	53,514	284,505	338,019

Performance obligations for contracts with customers

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

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

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

Geographical information

During the years ended 31 August 2019 and 2020, the Group operated within one geographical segment because all of its revenue was generated in the PRC and all of its non-current assets were located in the PRC. Accordingly, no geographical segment information is presented.

Major customers

No single customer contributes 10% or more of total revenue of the Group during the years ended 31 August 2019 and 2020.

Segment assets and liabilities

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

7. OTHER (EXPENSES) INCOME

	Year ended 31 August	
	2020	2019
	RMB'000	RMB'000
Ancillary services income (Note i)	**89,894**	43,374
Less: relevant expenses (Note i)	**(89,894)**	(43,374)
Long-aged creditors waived	**–**	3,357
Settlement of long-aged creditors waived in previous years	**(6,247)**	–
Interest income from banks	**333**	2,932
Release of asset-related government grants (Note 28)	**1,342**	1,134
Other government grants	**1,022**	228
Start-up expenses relating to new schools (Note ii)	**–**	(343)
Others, net	**3**	21
	(3,547)	7,329

Notes:

i. The amount represents the income and the expenses incurred for ancillary services provided to the students at the on-campus canteens.

ii. The amount represents start-up expenses for newly established schools for which schooling services have not been commenced at the end of the reporting period.

8. OTHER GAINS (LOSSES)

	Year ended 31 August	
	2020	2019
	RMB'000	RMB'000
Net exchange (loss) gain	**(3,564)**	8,322
Gain arising on disposal of property, plant and equipment, net	**15**	36
Gain on disposal of financial assets at FVTPL (Note)	**5,536**	–
Fair value changes on financial assets at FVTPL (Note)	**3,672**	–
Others	**(854)**	115
	4,805	8,473

Note: During the year ended 31 August 2020, the Group purchased equity securities listed in Hong Kong which were held for trading, approximately RMB16,830,000. The Group disposed the equity securities during the year and proceeds from disposal were approximately RMB26,038,000.

9. FINANCE COSTS

	Year ended 31 August	
	2020	2019
	RMB'000	RMB'000
Interest on:		
Bank borrowings	**12,022**	6,549
Other borrowings	**808**	–
Lease liabilities	**7,726**	–
	20,556	6,549

10. INCOME TAX EXPENSES

The Company and Bojun Investment (as defined in Note 36) are incorporated in the Cayman Islands and the British Virgin Islands ("BVI") respectively, both jurisdictions are tax exempted under the tax laws of the Cayman Islands and the BVI and these entities have no business carried there.

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

The Rules on Private Schools in the PRC applicable to the Group were amended and became effective from 1 September 2017 ("Amendment to Rules on Private Schools"), under which school sponsors of private schools may choose to establish for-profit or not-for-profit private schools (with the exception that schools providing compulsory education can only be established as not-for-profit entities) and will no longer be required to indicate whether they pursue for reasonable returns or not.

Further implementation of the Amendment to Rules on Private Schools in Sichuan Province (四川省人民政府關於鼓勵社會力量興辦教育促進民辦教育健康發展的實施意見) ("2018 September Sichuan Implementing Guidance") was promulgated in September 2018. Pursuant to the 2018 September Sichuan Implementing Guidance, among others, the not-for-profit private schools are eligible to exempt from PRC EIT on the qualified income upon completion of registration as not-for-profit organisation.

The schools operated by the Group have been registered as non-enterprise institution (民辦非企業單位) and were regarded as not-for-profit organisations according to the local department of civil affairs during the course of the interview for the requirements for qualification for and the registration of the schools as not-for-profit private schools conducted. Accordingly, no PRC EIT was recognised for the tuition and boarding fees income from the Degree Education whereas the non-taxable tuition related income, including tuition and boarding fee for previous years.

For the year ended 31 August 2019, further to the clarification made by local tax authority in relation to the 2018 September Sichuan Implementing Guidance, private schools which have not completed the registration as not-for-profit organisation are not exempted from the PRC EIT and are subject to the PRC EIT of 25%.

10. INCOME TAX EXPENSES (Continued)

The Preschool Education is subject to the PRC EIT of 25%. According to announcement of the State Administration of Taxation on issues concerning Enterprise Income Tax about enhancing the Western Region Development Strategy, all preschools registered with the local tax authority are eligible to the reduced 15% PRC EIT rate effective from 1 January 2015.

Pursuant to the PRC Income Tax Law and the respective regulations, the other companies of the Group which operate in Mainland China are subject to PRC EIT at a rate of 25% on its taxable income.

	Year ended 31 August	
	2020	2019
	RMB'000	RMB'000
Tax expense comprises:		
PRC EIT		
— Current year	**12,485**	19,997
— Under-provision in respect of prior years	**1,763**	2,252
Deferred tax (Note 19)	**(565)**	(5,816)
	13,683	16,433

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

	Year ended 31 August	
	2020	2019
	RMB'000	RMB'000
Profit before tax	**28,925**	45,374
Tax at applicable tax rate of 25%	**7,232**	11,344
Effect of tax losses not recognised	**8,742**	9,271
Under-provision in respect of prior years	**1,763**	2,252
Tax effect of expenses not deductible for tax purpose	**2,152**	800
Tax effect of income not taxable for tax purpose	**(2,304)**	(3,240)
Effect of tax concessions and partial tax exemption	**(149)**	(1,083)
Utilisation of tax losses previously not recognised	**(3,925)**	(2,898)
Effect of different tax rates of other jurisdiction	**172**	(13)
Taxation for the year	**13,683**	16,433

11. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging:

	Year ended 31 August	
	2020	2019
	RMB'000	RMB'000
Directors' and chief executive's remuneration (Note 12)	**1,621**	1,456
Other staff costs		
— Salaries and other benefits	**180,357**	166,171
— Staff welfare	**13,942**	10,734
— Retirement benefit schemes		
— defined contributions benefits	**12,555**	12,336
— defined benefits (Note 27)	**80**	877
Total staff costs	**208,555**	191,574
Royalty fee (included in "costs of services")	**15,803**	14,511
Depreciation of property, plant and equipment	**44,880**	29,737
Depreciation of right-of-use assets	**17,750**	–
Release of prepaid lease payments	**–**	3,878
Auditor's remuneration	**1,264**	1,868

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND EMPLOYEES' REMUNERATION

Directors' and chief executive's emoluments

Mr. Ran Tao was the chief executive officer of the Company during the years ended 31 August 2019 and 2020 and his emolument disclosed below included those for services rendered by him as the chief executive and management of the affairs of the Company and the Group. On 26 November 2020, Mr. Ran Tao has resigned as an executive director and the chief executive officer of the Company. Mr. Wang Jinglei, an executive director and chairman of the Board, was appointed as the chief executive officer of the Company.

The executive directors' emoluments shown below were for their services in connected with management of the Company and the Group. The non-executive directors' and independent non-executive directors' emoluments shown below were for their services as directors.

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND EMPLOYEES' REMUNERATION (Continued)

Directors' and chief executive's emoluments (Continued)

The emoluments paid or payable to the Directors and chief-executive of the Company by entities comprising the Group during the reporting period, pursuant to the applicable Listing Rules and Companies Ordinance are disclosed below:

Year ended 31 August 2020

	Fees RMB'000	Salaries and allowances RMB'000	Defined contribution benefit RMB'000	Total RMB'000
Executive directors				
Mr. Xiong Tao (Note i)	–	425	44	469
Mr. Ran Tao (Note ii)	–	353	41	394
Mdm. Liao Rong (Note iii)	–	–	–	–
Mr. Wang Jinglei (Note iv)	–	234	18	252
	–	1,012	103	1,115
Non-executive director				
Mr. Wu Jiwei (Note v)	–	163	–	163
	–	163	–	163
Independent non-executive directors				
Mr. Cheng Tai Kwan Sunny (Note viii)	163	–	–	163
Mr. Mao Daowei (Note viii)	60	–	–	60
Ms. Luo Yunping (Note viii)	60	–	–	60
Mr. Yang Yuan (Note vi)	60	–	–	60
	343	–	–	343
	343	1,175	103	1,621

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND EMPLOYEES' REMUNERATION (Continued)

Directors' and chief executive's emoluments (Continued)

Year ended 31 August 2019

	Fees RMB'000	Salaries and allowances RMB'000	Defined contribution benefit RMB'000	Total RMB'000
Executive directors				
Mr. Xiong Tao (Note i)	–	300	56	356
Mr. Ran Tao (Note ii)	–	276	51	327
Mdm. Liao Rong (Note iii)	–	266	13	279
	–	842	120	962
Non-executive directors				
Mr. Bai Zimin (Note vii)	–	60	–	60
Mr. Wang Ping (Note vii)	–	157	–	157
	–	217	–	217
Independent non-executive directors				
Mr. Cheng Tai Kwan Sunny (Note viii)	157	–	–	157
Mr. Mao Daowei (Note viii)	60	–	–	60
Ms. Luo Yunping (Note viii)	60	–	–	60
	277	–	–	277
	277	1,059	120	1,456

Notes:

i. Mr. Xiong Tao passed away on 18 August 2020.

ii. Mr. Ran Tao resigned as an executive director on 26 November 2020.

iii. Mdm. Liao Rong resigned as an executive director on 25 March 2020.

iv. Mr. Wang Jinglei was appointed as an executive director and chairman of the Board on 25 March 2020.

v. Mr. Wu Jiwei was appointed as a non-executive director on 1 September 2019.

vi. Mr. Yang Yuan was appointed as an independent non-executive director on 1 September 2019.

vii. They were appointed as non-executive directors on 30 September 2016 and paid since 1 August 2018. Both of them resigned as non-executive directors effective from 1 September 2019.

viii. They were appointed as independent non-executive directors on 11 July 2018 and paid since 1 August 2018.

No other retirement benefits were paid to the Directors in respect of their services in connection with the management of the affairs of the Company or its subsidiaries undertaking.

None of the Directors or the chief executive of the Company waived or agreed to waive any emolument during the reporting period.

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND EMPLOYEES' REMUNERATION (Continued)

Employees' remuneration

The five highest paid employees of the Group during the year included nil Directors (2019: nil Directors). Details of the remuneration for the year of the remaining five (2019: five) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	Year ended 31 August	
	2020	2019
	RMB'000	RMB'000
Salaries and allowances	**5,546**	3,427
Contributions to retirement benefits scheme	**125**	159
	5,671	3,586

The number of the five highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees Year ended 31 August	
	2020	2019
Emolument bands		
Nil to Hong Kong dollar ("HK$") 1,000,000	**3**	4
HK$1,000,001 to HK$1,500,000	**–**	1
HK$1,500,001 to HK$2,000,000	**1**	–
HK$2,000,001 to HK$2,500,000	**1**	–
	5	5

During the years ended 31 August 2019 and 2020, no remuneration was paid or payable by the Group to the Directors or the five highest paid employees as an inducement to join or upon joining the Group or as compensation for loss of office.

13. DIVIDEND

No dividend has paid or declared by the Company for the years ended 31 August 2019 and 2020, nor has any dividend been proposed subsequent to 31 August 2020.

14. EARNINGS PER SHARE

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

	Year ended 31 August	
	2020	2019
Earnings		
Profit for the year attributable to the owners of the Company (RMB'000)	**8,582**	26,540
Number of shares		
Weighted average number of ordinary shares issued ('000)	**821,856**	822,575

The weighted average number of ordinary shares for the year ended 31 August 2019 for the purpose of calculating basic earnings per share has been adjusted for the fact that repurchase of ordinary shares during the year.

No diluted earnings per share for the years ended 31 August 2019 and 2020 was presented as there were no potential dilutive shares in issue during the reporting period.

15. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Furniture, fixtures and equipment RMB'000	Motor vehicles RMB'000	Electronic equipment RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
Cost							
At 1 September 2018	263,867	67,373	6,178	6,254	93,789	327,495	764,956
Additions	180	11,373	675	4,588	8,371	439,467	464,654
Transfer	297,952	–	–	–	–	(297,952)	–
Disposals	–	(399)	–	(18)	–	–	(417)
At 31 August 2019	561,999	78,347	6,853	10,824	102,160	469,010	1,229,193
Additions	203,816	17,963	1,673	1,850	11,719	8,324	245,345
Acquisition of assets through acquisition of a subsidiary (Note 30)	–	–	–	–	–	5,350	5,350
Transfer	130,374	–	–	–	–	(130,374)	–
Disposals	(183)	(115)	–	(173)	–	–	(471)
At 31 August 2020	**896,006**	**96,195**	**8,526**	**12,501**	**113,879**	**352,310**	**1,479,417**
Accumulated depreciation							
At 31 August 2018	22,924	31,396	1,885	4,556	32,969	–	93,730
Charge for the year	10,229	9,761	778	1,030	7,939	–	29,737
Elimination on disposals	–	(393)	–	–	–	–	(393)
At 31 August 2019	33,153	40,764	2,663	5,586	40,908	–	123,074
Charge for the year	19,749	9,955	2,438	2,876	9,862	–	44,880
Elimination on disposals	–	(74)	–	(93)	–	–	(167)
At 31 August 2020	**52,902**	**50,645**	**5,101**	**8,369**	**50,770**	**–**	**167,787**
Carrying values							
At 31 August 2020	**843,104**	**45,550**	**3,425**	**4,132**	**63,109**	**352,310**	**1,311,630**
At 31 August 2019	528,846	37,583	4,190	5,238	61,252	469,010	1,106,119

Note: At 31 August 2019 and 2020, no building ownership certificates have been obtained by the Group.

The above items of property, plant and equipment, other than construction in progress, are depreciated on a straight-line basis over the following useful lives after taking into account the residual values:

Buildings	20 to 50 years
Furniture, fixtures and equipment	3 to 10 years
Motor vehicles	5 to 10 years
Electronic equipment	3 to 6 years
Leasehold improvements	Shorter of 10 years or over the lease terms

16. RIGHT-OF-USE ASSETS

	Leasehold land RMB'000	Leased properties RMB'000	Total RMB'000
CARRYING VALUES			
At 1 September 2019	181,964	138,860	320,824
Acquisition of assets through acquisition of a subsidiary (Note 30)	16,446	–	16,446
Additions	275	3,068	3,343
Depreciation provided for the year	(4,216)	(13,534)	(17,750)
At 31 August 2020	**194,469**	**128,394**	**322,863**

The leased properties are depreciated on a straight-line basis over the lease term. The leasehold land, is depreciated on a straight-line basis over the expected useful lives of 30 years for Tianfu School. The leasehold lands are depreciated on a straight-line basis over 50 years for Wangcang Bojun, Nanjiang Bojun and Lezhi Bojun, as stated in the relevant land use right certificates entitled for usage by the Group in the PRC. Other leasehold lands are depreciated on a straight-line basis over the lease term.

As at 31 August 2020, the Group is in the process of obtaining the land use right certificate with carrying amounts of approximately RMB4,009,000.

	RMB'000
Expense relating to low-value leases of the date of initial application of HKFRS 16	465
Total cash outflow for leases (Note)	17,500

Note: Total cash outflow for leases includes expense related to low-value leases of initial application of HKFRS 16, variable lease payment included in the measurement of lease liabilities, payments for right-of-use assets and repayments of lease liabilities and interest paid on lease liabilities.

As at 31 August 2020, the Group committed to low-value leases amounted to RMB452,000.

As at 31 August 2020, the lease agreements do not impose any extension or termination options which are exercisable only by the Group and not by the respective lessors.

As at 31 August 2020, the Group does not provide residual value guarantees in relation to leases arrangements. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

Sale and leaseback transaction — seller-lessee

To better manage the Group's capital structure and financing needs, the Group entered into a sale and leaseback arrangement in relation to furniture, fixtures and equipment. This legal transfer does not satisfy the requirement of HKFRS 15 to be accounted for as sales of the furniture, fixtures and equipment. During the year ended 31 August 2020, the Group has raised RMB60,000,000 in respect of such sale and leaseback arrangement.

17. PREPAID LEASE PAYMENTS

	As at 31 August 2019 RMB'000
Current assets	3,922
Non-current assets	178,042
	181,964

18. INTEREST IN AN ASSOCIATE

	As at 31 August 2020 RMB'000
Cost of investment (unlisted)	**17,500**
Share of post-acquisition losses and other comprehensive expense	**(16)**
	17,484

During the year ended 31 August 2020, one of the subsidiary of the Company entered into a capital injection agreement to inject amount of RMB17,500,000 in 成都同興萬邦企業管理中心(有限合夥) ("成都同興"), a partnership established in the PRC, which represented 33.34% equity interest of 成都同興. 成都同興 is engaged in provision of business consultancy services.

18. INTEREST IN AN ASSOCIATE (Continued)

Summarised financial information of the associate

Summarised financial information in respect of the associate is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with HKFRSs.

The associate is accounted for using the equity method in these consolidated financial statements.

	As at 31 August 2020 RMB'000
Revenue	–
Loss and total comprehensive expense for the year	(47)
Current assets	5,000
Non-current assets	20,953
Current liabilities	(1)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	As at 31 August 2020 RMB'000
Net assets of the associate	25,952
Proportion of the Group's ownership interest in the associate	33.34%
The Group's share of net assets	8,653
Goodwill	8,831
Carrying amount of the Group's interest in an associate	17,484

19. DEFERRED TAX ASSETS

The following are the major deferred taxation recognised and movement thereon during the reporting period:

	Temporary difference on deferred income RMB'000
At 1 September 2018	10,538
Credit to profit or loss (Note 10)	5,816
At 31 August 2019	16,354
Credit to profit or loss (Note 10)	565
At 31 August 2020	**16,919**

As at 31 August 2020, the Group has unused tax losses of approximately RMB62,111,000 (2019: RMB74,945,000) available for offset against future profits. No deferred tax asset has been recognised in respect of such losses due to the unpredictability of future profit streams. At 31 August 2020, the unrecognised tax losses of RMB62,111,000 (2019: RMB70,047,000) will expire by end of 2025 (2019: 2024). Other losses may be carried forward indefinitely. The Group has no other significant unrecognised deferred tax assets for deductible temporary differences at 31 August 2019 and 2020.

At the end of the reporting period, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liability has not been recognised was RMB239,593,000 (2019: RMB227,114,000). No deferred tax liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

20. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at 31 August	
	2020	2019
	RMB'000	RMB'000
Deposits	**24,070**	25,084
Receivable from a constructor (Note i)	**–**	61,598
Prepayments	**15,293**	15,710
Loan to a non-controlling shareholder of a subsidiary (Note ii)	**10,700**	8,000
Receivable from a third-party platform (Note iii)	**–**	6,409
Advances to staffs	**5,843**	4,524
Other receivables	**2,183**	13
Others	**19**	175
Total	**58,108**	121,513
Less:		
Deposits present under non-current asset		
— deposits for establishment of new school campus (Note iv)	**(7,145)**	(10,145)
— deposits for acquisition of a parcel of land (Note v)	**(12,500)**	(12,500)
— other deposits	**(4,425)**	(2,313)
	(24,070)	(24,958)
Presented under current assets	**34,038**	96,555

Notes:

i. The balance represents the excessive payment to a third-party constructor who provided services to Nanjiang Bojun School, being the difference between the advance payment to the constructor according to the contractual terms and total costs borne by the Group for services being received immediately prior to the cessation occurred during the year ended 31 August 2019. The balance is non-interest bearing and unsecured. The outstanding balance was fully settled from constructor during the year ended 31 August 2020.

ii. The balance is non-interest bearing, unsecured and without a fixed repayment term.

iii. The balance represents the temporary unsettled bank payments for tuition and boarding fees collected through a third-party platform amounting to approximately RMB6,409,000, which has been settled in September 2019.

iv. The balance represents the non-interest bearing deposits placed to local government authorities for the purpose of establishment of new school campus amounting to approximately RMB7,145,000 (2019: RMB10,145,000).

v. The balance represents the refundable deposits placed to a local government authority for acquisition of a parcel of land for the purposes of establishment and development of new school campus amounting to approximately RMB12,500,000 (2019: RMB12,500,000).

21. AMOUNTS DUE FROM RELATED COMPANIES

Name	Relationship	As at 31 August		Maximum amounts outstanding during the year ended 31 August	
		2020	2019	**2020**	2019
		RMB'000	RMB'000	**RMB'000**	RMB'000
Non-trade related					
四川博駿教育投資管理有限公司 Sichuan Bojun Education Investment Management Company Limited* ("Sichuan Bojun")	56% and 44% interest held by Mr. Xiong Tao and Mr. Ran Tao respectively	**2,490**	245	**2,490**	245
Trade related					
成都恒宇實業有限公司 Chengdu Hengyu Industrial Company Limited ("Chengdu Hengyu")	Controlled by Mr. Xiong Tao	**135**	98		
Total, presented under current assets		**2,625**	343		

The non-trade nature amounts due from related companies are unsecured, non-interest bearing and without a fixed repayment term.

As at 31 August 2020, the trade related balance represents the prepaid rental expenses and is aged within one year.

Sichuan Bojun and Chengdu Hengyu were controlled by Mr. Xiong Tao, former executive director and shareholder of the Company who passed away on 18 August 2020.

22. BANK BALANCES AND CASH

As at 31 August 2019, included in bank balances and cash are bank deposits of approximately RMB43,359,000 carrying fixed interest rate of 1.25% per annum with original maturity of less than three months.

As at 31 August 2020, bank balances carry interest at prevailing market rates of 0.01% to 0.3% (2019: 0.01% to 0.385%) per annum.

23. OTHER PAYABLES AND ACCRUALS

	As at 31 August	
	2020	2019
	RMB'000	RMB'000
Payables for property, plant and equipment	**166,863**	229,389
Miscellaneous expenses received from students (Note i)	**71,942**	63,396
Royalty fees payable	**66,788**	50,985
Payroll payable	**7,270**	19,702
Accrued expenses	**7,262**	8,198
Other tax payable	**69**	1,226
Interest payable	**808**	–
Others	**482**	4,294
	321,484	377,190

Note:

i. The amount represents miscellaneous expenses received from students which will be paid out on behalf of students or refund for any excess.

24. CONTRACT LIABILITIES

	As at 31 August	
	2020	2019
	RMB'000	RMB'000
Tuition fees	**357,135**	342,118
Boarding fees	**12,213**	8,719
	369,348	350,837

The following table shows the revenue recognised in the current year relates to contract liabilities recognised:

	For the year ended 31 August	
	2020	2019
	RMB'000	RMB'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	**350,837**	280,481

Contract liabilities represent the Group's obligation to transfer education services to students for which the Group has received advance payment from the students, the balance will be recognised within one year upon the satisfaction of performance obligation.

25. LEASE LIABILITIES

	As at 31 August 2020 RMB'000
Lease liabilities payable:	
Within one year	**8,146**
Within a period of more than one year but not more than two years	**7,348**
Within a period of more than two years but not more than five years	**22,553**
Over five years	**93,645**
	131,692
Less: Amounts due for settlement with 12 months shown under current liabilities	**8,146**
Amounts due for settlement after 12 months shown under non-current liabilities	**123,546**

26. BORROWINGS

	As at 31 August	
	2020	2019
	RMB'000	RMB'000
Unsecured bank borrowings with corporate guarantee (Note i)	**147,500**	110,000
Secured bank borrowings with corporate guarantee (Note ii)	**209,000**	–
Unsecured and unguaranteed bank borrowings	**–**	30,000
Secured other borrowing with corporate guarantee (Note iii)	**60,000**	–
	416,500	140,000

The carrying amounts of the above borrowings are repayable:

Within one year	**115,000**	140,000
Within a period of more than one year but not exceeding two years	**44,000**	–
Within a period more than two years but not exceeding five years	**208,500**	–
Within a period of more than five years	**49,000**	–
	416,500	140,000
Less: Amounts due with one year shown under current liabilities	**(115,000)**	(140,000)
Amounts shown under non-current liabilities	**301,500**	–

The ranges of effective interest rates on the Group's borrowings are as follows:

	2020	2019
Variable-rate borrowings	**China lending benchmark interest rate + 0.735% to 70%**	China lending benchmark interest rate + 11% to 40%
Fixed rate borrowings	**5.5%**	–

Notes:

(i) For the year ended 31 August 2020, the borrowings are guaranteed by the Company, Chengdu Bojun, Chengdu Mingxian, certain shareholders of the Company and spouses of certain shareholders respectively. For the year ended 31 August 2019, the borrowings are guaranteed by Chengdu Bojun and Chengdu Mingxian respectively.

(ii) The borrowings are guaranteed by the Company, Chengdu Bojun, Chengdu Mingxian, certain shareholders of the Company and spouse of one of the shareholders respectively. The borrowings are also pledged by properties owned by a third party and equity interest of subsidiaries of the Company and tuition and boarding fee rights of a school of the Group.

(iii) The borrowing is under sale and leaseback arrangement and is guaranteed by Chengdu Bojun, Chengdu Mingxian, certain shareholders of the Company and spouses of certain shareholders respectively. The borrowing is also pledged by furniture, fixtures and equipment of the Group with net book value of approximately RMB65,032,000.

27. DEFINED BENEFIT OBLIGATIONS

The Group is committed to providing supplementary post-employment benefits to certain qualifying employees in the PRC if the employees satisfy certain criterion at their respective retirement age as stipulated in the employment contract. No designated assets were set aside for settlement of the obligations.

The plan exposes the Group to actuarial risks such as interest rate risk and benefit risk.

Interest rate risk

The present value of the defined benefit plan obligations is calculated using a discount rate determined by reference to government bond yields. As such, a decrease in the bond interest rate will increase the plan liability.

Benefit risk

The present value of the defined benefit plan obligations is calculated by reference to the future benefits of plan participants. As such, an increase in the benefits of the plan participants will increase the plan liability.

The actuarial valuations of the present value of the defined benefit obligations as at 31 August 2020 was carried out by an independent actuary, 張楠 Zhang Nan, who is an associate of the Society of Actuaries. The address of the actuary is at Room 402, No. 32, Dongzhimenwai Road, Beijing, China (2019: 陳靜瑤 Chen Jingyao, who is a member of China Association of Actuaries. The address of the actuary is at Floor 32, No. 501, Middle Yincheng Road, Shanghai, China). The present value of the defined benefit obligations, and the related current service cost and past service cost were measured using the Projected Unit Credit Method.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	As at 31 August	
	2020	2019
	RMB'000	RMB'000
Civil retirement age	**60–65**	60–65
Qualifying employee rate	**80%–100%**	80%–100%
Employee departure rate (Note)	**0%–6%**	0%–5%
Mortality rate	**100%**	100%
Discount rate	**4.00%**	4.00%

Note: The departure rates of teacher increased from 0%–5% to 0%–6%.

27. DEFINED BENEFIT OBLIGATIONS (Continued)

Benefit risk (Continued)

Amounts recognised in the consolidated statement of profit or loss and other comprehensive income in respect of these defined benefit plans are as follows:

	Year ended 31 August	
	2020	2019
	RMB'000	RMB'000
Service costs:		
Current service costs	**511**	635
Past service costs	**(582)**	87
Payment of service cost	**(21)**	–
Interest expenses	**172**	155
Components of defined benefit costs recognised in profit or loss	**80**	877
Components of defined benefit costs recognised in other comprehensive income*	**(518)**	(57)
Total	**(438)**	820

* The remeasurement of the defined benefit obligations arising from changes in financial assumptions is included in other comprehensive income.

The amount of retirement defined benefit obligations recognised in the consolidated statement of financial position are determined as follows:

	As at 31 August	
	2020	2019
	RMB'000	RMB'000
Liability arising from defined benefit obligations	**3,864**	4,302

Movements in the present value of the retirement defined benefit obligations during the reporting period were as follows:

	Year ended 31 August	
	2020	2019
	RMB'000	RMB'000
At beginning of the year	**4,302**	3,482
Service costs and interest expenses (included in "costs of services")	**80**	877
Actuarial gains arising from changes in financial assumptions	**(518)**	(57)
At end of the year	**3,864**	4,302

Mortality is assumed to be the average life of expectancy of residents in Mainland China.

27. DEFINED BENEFIT OBLIGATIONS (Continued)

Significant actuarial assumptions made in determining defined benefit obligations are discount rate and mortality rate. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of each of the reporting period, while holding all other factors constant.

a. If the mortality rate on benefit obligations increases by 10%, the defined benefit obligations would decrease by approximately RMB67,000 as at 31 August 2020 (2019: RMB80,000);

b. If the mortality rate on benefit obligations decreases by 10%, the defined benefit obligations would increase by approximately RMB73,000 as at 31 August 2020 (2019: RMB86,000);

c. If the discount rate on benefit obligations increases by 0.1%, the defined benefit obligations would decrease by approximately RMB102,000 as at 31 August 2020 (2019: RMB125,000);

d. If the discount rate on benefit obligations decreases by 0.1%, the defined benefit obligations would increase by approximately RMB106,000 as at 31 August 2020 (2019: RMB130,000);

e. If the employee departure rate on benefit obligations increases by 5%, the defined benefit obligations would decrease by approximately RMB188,000 as at 31 August 2020 (2019: RMB206,000);

f. If the employee departure rate on benefit obligations decreases by 5%, the defined benefit obligations would increase by approximately RMB201,000 as at 31 August 2020 (2019: RMB219,000).

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligations has been calculated using the Projected Unit Credit Method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligations liability recognised in the consolidated statement of financial position.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from the prior reporting period.

28. DEFERRED INCOME

	Year ended 31 August	
	2020	2019
	RMB'000	RMB'000
Amounts recognised in profit or loss during the year:		
Subsidies related to assets (Note)	**(1,342)**	(1,134)

The movement of deferred income is as follows:

	As at 31 August	
	2020	2019
	RMB'000	RMB'000
At beginning of the year	**65,418**	42,152
Receipt of subsidies related to assets (Note)	**3,600**	24,400
Amount credited to profit or loss during the year (Note 7)	**(1,342)**	(1,134)
At end of the year	**67,676**	65,418

Note: The Group received government subsidies for the compensation of capital expenditures incurred for the leasehold lands. The amounts are deferred and amortised over the estimated useful lives of the respective assets.

29. SHARE CAPITAL

	Number of ordinary shares of HK$0.01 each	Amount HK$	Amount RMB	Shown in the consolidated statement of financial position as RMB'000
Issued and fully paid:				
At 1 September 2018	823,510,000	8,235,100	7,151,967	7,152
Repurchase and cancellation of ordinary shares (Note i)	(1,654,000)	(16,540)	(14,145)	(14)
At 31 August 2019 and 31 August 2020	**821,856,000**	**8,218,560**	**7,137,822**	**7,138**

Note:

i. The Company repurchased 1,654,000 shares from the market at the price of HK$1.13 to HK$1.32 per share with an aggregate consideration of approximately HK$2,107,000 (approximately RMB1,801,000) during the year ended 31 August 2019. The number of issued shares of the Company reduced to 821,856,000 shares of HK$0.01 each upon cancellation by 30 August 2019.

During the year ended 31 August 2019, the Company repurchased its own ordinary shares through Stock Exchange as follows:

Date of repurchase	No. of ordinary shares of HK$0.01 each	Price per share Highest HK$	Price per share Lowest HK$	Aggregate consideration paid HK$
20 March 2019	294,000	1.23	1.13	355,860
22 March 2019	102,000	1.25	1.23	127,140
25 March 2019	16,000	1.25	1.25	20,000
26 March 2019	122,000	1.28	1.27	155,740
27 March 2019	1,000,000	1.32	1.28	1,292,340
28 March 2019	120,000	1.30	1.28	155,460

The above ordinary shares were collectively cancelled on 30 August 2019.

None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

30. ACQUISITION OF ASSETS THROUGH ACQUISITION OF A SUBSIDIARY

In April 2020, the Group completed the acquisition of the 100% equity interest of Sichuan Jiuzhou Taoyuan Eco-tourism Development Limited* (四川九洲桃源裡生態旅遊開發有限公司), an entity holding a parcel of land in the PRC, through a non-wholly owned subsidiary for a cash consideration of RMB21,800,000. This transaction was accounted for as an acquisition of assets as the acquisition does not meet the definition of a business combination.

	RMB'000
Net assets acquired:	
Property, plant and equipment (Note 15)	**5,350**
Right-of-use assets (Note 16)	**16,446**
Bank balance and cash	**4**
Net assets	**21,800**
Net cash outflow arising on acquisition:	
Consideration paid in cash	**21,800**
Less: Bank balances and cash acquired	**4**
	21,796

31. COMMITMENTS

a. Operating lease commitments

The Group as lessee

	Year ended 31 August 2019 RMB'000
Lease payments paid during the reporting period in respect of school/office premises, land and staff dormitories	21,411

31. COMMITMENTS (Continued)

a. Operating lease commitments (Continued)

The Group as lessee (Continued)

Future minimum rental payable under non-cancellable leases as at the end of reporting period are as follows:

	As at 31 August 2019
	RMB'000
Within one year	16,430
In the second to fifth year inclusive	62,822
Over five years	136,559
	215,811

The leases have tenures ranging from one to forty years and no contingent rent provision included in the contracts. Rentals are fixed over the lease terms.

b. Capital commitments

	As at 31 August	
	2020	2019
	RMB'000	RMB'000
Capital expenditure in respect of:		
— the acquisition of property, plant and equipment and land use rights contracted for but not provided in the consolidated financial statements	–	82,682

32. RETIREMENT BENEFIT PLAN

Defined contribution plan

The Group is required to contribute a specified percentage of payroll costs as determined by respective local government authority to the retirement benefits scheme to fund the benefits. The employees of the Group in the PRC are members of a state-managed retirement benefits scheme operated by the PRC government. The only obligation of the Group with respect to the retirement benefits scheme is to make the specified contributions under the scheme.

The contributions made by the Group in respect of the retirement benefit scheme amounting to approximately RMB12,658,000 for the year ended 31 August 2020 (2019: RMB12,456,000) are included in costs of services and administrative expenses.

Defined benefit plan

The details of defined benefit plan are disclosed in Note 27.

33. RELATED PARTY TRANSACTIONS

Other than those disclosed elsewhere in the consolidated financial statements, major transaction entered into by the Group with related parties is as follows:

Rental expenses incurred

	Year ended 31 August	
	2020	2019
	RMB'000	RMB'000
Chengdu Hengyu	**173**	196

The future minimum rental payable to Chengdu Hengyu under non-cancellable lease amounted to approximately RMB173,000 (2019: RMB173,000), payable within one year.

Compensation of key management personnel

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

	Year ended 31 August	
	2020	2019
	RMB'000	RMB'000
Short-term benefits	**6,155**	3,916
Post-employment benefits	**155**	239
	6,310	4,155

34. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debt, which includes borrowings disclosed in Note 26, net of bank balances and cash and equity attributable to owners of the Group, comprising share capital and, accumulated profits and other reserves.

The management of the Group reviews the capital structure from time to time. As a part of this review, the management considers the cost of capital and the risks associated with each class of capital.

Based on recommendations of the management, the Group will balance its overall capital structure through the payment of dividends, the issue of new shares and raise new debts.

35. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

		Carrying amount at 31 August	
		2020	2019
		RMB'000	RMB'000
Financial assets			
Bank balances and cash	At amortised cost	**426,772**	336,647
Other receivables and deposits	At amortised cost	**42,815**	105,803
Amounts due from related companies	At amortised cost	**2,625**	343
Total financial assets at amortised cost		**472,212**	442,793
Financial liabilities			
Other payables and accruals*	At amortised cost	**314,153**	367,766
Borrowings	At amortised cost	**416,500**	140,000
Total financial liabilities at amortised cost		**730,653**	507,766
Lease liabilities		**131,692**	–

* Accrued expenses and other tax payable are excluded.

b. Financial risk management objectives and policies

The Group's major financial instruments include other receivables and deposits, amounts due from related companies, bank balances and cash, other payables and accruals, lease liabilities and borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (interest rate risk and foreign currency risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to cash flow interest rate risk on the variable rate of interest earned on the bank balances and incurred on bank borrowings. The Group is also exposed to fair value interest rate risk in relation to fixed rate borrowings.

The Group currently does not have an interest rate hedging policy. However, the management of the Group monitors interest rate risk exposure and will consider interest rate hedging should the need arise.

Sensitivity analysis

If interest rate of variable-rate bank balances had been 10 basis points higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 August 2020 would have increased/decreased by approximately RMB320,000 (2019: RMB267,000). The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year.

35. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

(i) Interest rate risk (Continued)

If interest rate of variable-rate borrowings had been 10 basis points higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 August 2020 would have decreased/increased by approximately RMB275,000 (2019: RMB120,000).

In the Directors' opinion, the sensitivity analysis above is unrepresentative for the interest rate risk as the exposure at the end of reporting period does not reflect the exposure during the year.

(ii) Foreign currency risk

The carrying amounts of the Group's foreign currency denominated monetary assets at the end of the reporting period are as follows:

	As at 31 August	
	2020	2019
	RMB'000	RMB'000
Bank balances and cash – US$	**–**	51
Bank balances and cash – HK$	**167,932**	182,695
	167,932	182,746

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

	Year ended 31 August	
	2020	2019
	RMB'000	RMB'000
Increase in post-tax profit	**6,297**	9,115

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

In the Directors' opinion, the sensitivity analysis above is unrepresentative for the currency risk as the exposure at the end of reporting period does not reflect the exposure during the year.

35. FINANCIAL INSTRUMENTS (Continued)

c. Credit risk and impairment assessment

The Group's maximum exposure to credit risk in the event of the counterparties failure to perform its obligations is arising from the carrying amounts of the respective recognised financial assets as stated in the consolidated statement of financial position.

The Group applied ECL model upon adoption of HKFRS 9 under which the Group measures the loss allowance equal to 12m ECL for all of the Group's financial assets, unless when there has been a significant increase in credit risk since initial recognition in which circumstance the Group recognises lifetime ECL. The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis. The Directors believe that there are no significant increase in credit risk of the Group's financial assets since initial recognition.

Other receivables and deposits/amounts due from related companies/bank balances

No allowance has been recognised for other receivables and amounts due from related companies as the expected loss for these receivables is immaterial under 12m ECL model based on the Group's assumption on the rates of default of respective counterparties taking into account forward-looking information.

The credit risks on bank balances are limited because the counterparties are banks with high credit ratings assigned by credit-rating agencies. The ECL for bank balances was insignificant.

d. Liquidity risk

As at 31 August 2020, the Group's current liabilities exceeds its current assets by approximately RMB391,050,000. Subsequent to the end of the reporting period, the Group entered into agreements to construct a new campus of approximately RMB36,857,000 and inject capital of RMB245,000,000 to a target company of which RMB122,500,000 is due within twelve months from 31 August 2020. The capital injection is subject to shareholders' approval. Details are set out in Note 40 below headed "EVENTS AFTER REPORTING PERIOD". In view of these, additional cash outflows will be required to settle further capital commitment in the coming twelve months from 31 August 2020.

The above conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and therefore, the Directors have reviewed the Group's cash flow projections which cover a period of not less than twelve months from 31 August 2020. They are of the opinion that the Group will have sufficient working capital to meet its financial obligations, including those committed capital expenditures relating to investment in the target company and construction, that will be due in the coming twelve months from 31 August 2020 upon implementation of the following measures which will generate adequate financing and operating cash inflows for the Group:

(i) To obtain new borrowing of approximately RMB299.0 million from a bank in the PRC which is under negotiation at the date of these consolidated financial statements;

(ii) To negotiate with the constructor to extend the payment terms;

(iii) The Group will also continue actively seek other alternative financing, including borrowings, and reduce all non-essential costs.

By taking the above measures, the Directors believe that the Group has sufficient working capital to meet the financial obligations when they fall due and the Directors are satisfied that it is appropriate to prepare these consolidated financial statements on a going concern basis.

35. FINANCIAL INSTRUMENTS (Continued)

d. Liquidity risk (Continued)

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows (including interest payments computed using contractual rates of financial liabilities based on the earliest date on which the Group can be required to pay). The table includes both interest and principal cash flows, where applicable.

Liquidity and interest risk tables

	Weighted average interest rate	On demand or within 3 months RMB'000	3 to 6 months RMB'000	6 to 12 months RMB'000	1–2 years RMB'000	2–5 years RMB'000	Over 5 years RMB'000	Total undiscounted cashflows RMB'000	Carrying amount RMB'000
As at 31 August 2020									
Non-interest bearing									
Other payable and accruals	N/A	314,153	–	–	–	–	–	314,153	314,153
Interest bearing									
Lease liabilities	5.93%	6,167	2,017	7,233	14,175	40,462	120,683	190,737	131,692
Borrowings	5.93%	9,759	76,175	48,494	60,912	228,396	50,866	474,602	416,500
		330,079	78,192	55,727	75,087	268,858	171,549	979,492	862,345
As at 31 August 2019									
Non-interest bearing									
Other payables and accruals	N/A	367,766	–	–	–	–	–	367,766	367,766
Interest bearing									
Borrowings	5.82%	42,005	11,364	90,808	–	–	–	144,177	140,000
		409,771	11,364	90,808	–	–	–	511,943	507,766

e. Fair value

Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on recurring basis

The Group did not have any financial instruments measured at fair value on a recurring basis at the end of each reporting period.

The management of the Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate to their fair values.

36. PARTICULARS OF SUBSIDIARIES

As at 31 August 2020, the Company has following subsidiaries either control through holding direct and indirect equity interests or via contractual arrangements:

Name of subsidiary	Place of incorporation/ establishment and operation	Share capital/ registered capital	Equity interest attributable to the Group At 31 August 2020	Equity interest attributable to the Group At 31 August 2019	Principal activities
Bojun Education Investment Holdings Company Limited# ("Bojun Investment")	British Virgin Islands ("BVI")	USD50,000	**100%**	100%	Investment holding
Hong Kong Bojun Education Investment Co., Limited 香港博駿教育投資有限公司	Hong Kong	HK$10,000	**100%**	100%	Investment holding
USA Bojun Education, Inc.	USA	USD80,000	**100%**	100%	Education consultancy and management services
Chengdu Bojun 成都天府博駿教育管理有限公司 (Note i)	PRC	HK$120,000,000	**100%**	100%	Education consultancy services
成都博懋教育管理有限公司 (Note i)	PRC	HK$150,000,000	**100%**	–	Education consultancy and management services
四川九洲桃源里生態旅游開發有限公司 (Note iii)	PRC	RMB20,000,000	**100%**	–	Eco-tourism agriculture
成都旌賢教育管理有限公司 (Note iii)	PRC	RMB20,000,000	**100%**	–	Education consultancy and information services
成都鉅賢教育管理有限公司 (Note iii)	PRC	RMB20,000,000	**51%**	–	Education consultancy and management services
Chengdu Junxian 成都駿賢教育管理有限公司 (Note iii)	PRC	RMB1,000,000	**100%**	–	Education consultancy and management services
成都白鷺灣會務服務有限公司 (Note iii)	PRC	RMB1,000,000	**100%**	–	Exhibition services
四川銘賢教育管理有限公司 (Note iii)	PRC	RMB100,000,000	**60%**	–	Education consultancy and management services

36. PARTICULARS OF SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ establishment and operation	Share capital/ registered capital	Equity interest attributable to the Group At 31 August 2020	At 31 August 2019	Principal activities
PRC Operating Entities					
Jinjiang School 成都市錦江區四川師大附屬第一實驗中學 (Note ii)	PRC	RMB12,000,000	100%	100%	Provision of middle school education services
Longquan School 成都市龍泉驛區四川師大附屬第一實驗中學 (Note ii)	PRC	RMB10,000,000	100%	100%	Provision of middle school and high school education services
Tianfu School 成都市天府新區四川師大附屬第一實驗中學 (Note ii)	PRC	RMB3,000,000	100%	100%	Provision of middle school education services
Wangcang Bojun School 旺蒼博駿公學 (Note ii)	PRC	RMB1,000,000	100%	100%	Provision of primary and middle school education services
Nanjiang Bojun School 南江博駿學校 (Note ii)	PRC	RMB1,000,000	100%	100%	Provision of primary and middle school education services
Chengdu School 彭州市博駿學校 (Note ii)	PRC	RMB1,200,000	51%	51%	Provision of primary and middle school education services
Youshi Kindergarten 成都幼師實驗幼兒園 (Note ii)	PRC	RMB30,000	100%	100%	Provision of kindergarten education services
Lidu Kindergarten 成都幼師麗都實驗幼兒園 (Note ii)	PRC	RMB1,000,000	100%	100%	Provision of kindergarten education services
Riverside Kindergarten 成都幼師河濱印象實驗幼兒園 (Note ii)	PRC	RMB50,000	100%	100%	Provision of kindergarten education services
Longquan Kindergarten 成都幼師龍泉東山實驗幼兒園 (Note ii)	PRC	RMB100,000	100%	100%	Provision of kindergarten education services
Qingyang Kindergarten 成都青羊幼師境界實驗幼兒園 (Note ii)	PRC	RMB100,000	100%	100%	Provision of kindergarten education services
Peninsula Kindergarten 成都高新區幼獅半島城邦幼兒園 (Note ii)	PRC	RMB600,000	100%	100%	Provision of kindergarten education services
Lezhi Bojun School 樂至博駿公學學校 (Note ii)	PRC	RMB1,000,000	100%	–	Provision of primary and middle school education services

36. PARTICULARS OF SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ establishment and operation	Share capital/ registered capital	Equity interest attributable to the Group At 31 August 2020	Equity interest attributable to the Group At 31 August 2019	Principal activities
School Sponsors					
Chengdu Mingxian 成都銘賢教育投資有限公司 (Note iii)	PRC	RMB32,500,000	**100%**	100%	Education investment and management
Sichuan Boai 四川省博愛幼兒教育事業發展有限責任公司 (Note iii)	PRC	RMB4,000,000	**100%**	100%	Education investment and management
Chengdu Youshi Preschool Investment 成都幼獅幼兒教育投資管理有限公司 (Note iii)	PRC	RMB1,000,000	**100%**	100%	Education investment and management
Renshou Bojun 仁壽博駿教育投資管理有限公司 (Note iii)	PRC	RMB20,000,000	**100%**	100%	Education investment and management
Chengdu Jinbojun 成都金博駿教育諮詢有限公司 (Note iii)	PRC	RMB5,000,000	**100%**	100%	Education investment and management
Nanjiang Bojun 南江博駿教育管理有限公司 (Note iii)	PRC	RMB60,000,000	**100%**	100%	Education investment and management
Wangcang Bojun 旺蒼博駿教育管理有限公司 (Note iii)	PRC	RMB60,000,000	**100%**	100%	Education investment and management
Lezhi Bojun 樂至縣博駿教育管理有限公司 (Note iii)	PRC	RMB80,000,000 (2019: RMB60,000,000)	**100%**	100%	Education investment and management
Zhongjiang Bojun 中江博駿教育管理有限公司 (Note iii)	PRC	RMB10,000,000	**100%**	100%	Education investment and management
Bojun Lixing 成都博駿勵行教育管理有限公司 (Note iii)	PRC	RMB5,000,000	**100%**	–	Education consultancy and management services
Jianyang Jinbojun 簡陽金博駿教育管理有限公司 (Note iii)	PRC	RMB100,000,000	**51%**	–	Education consultancy and management services

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

36. PARTICULARS OF SUBSIDIARIES (Continued)

Notes:

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

ii. The legal form of these PRC subsidiaries is Private Non-Enterprise Organisation (民營非企業組織).

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

37. 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.

	Lease liabilities RMB'000	Interest payable RMB'000	Borrowings RMB'000	Advance from a third party RMB'000	Total RMB'000
At 1 September 2018	–	–	60,000	20,000	80,000
Financing cash flows	–	(6,549)	80,000	(20,000)	53,451
Finance costs recognised (Note 9)	–	6,549	–	–	6,549
At 31 August 2019	–	–	140,000	–	140,000
Impact on initial application of HKFRS 16	138,398	–	–	–	138,398
At 1 September 2019	138,398	–	140,000	–	278,398
Financing cash flows	(17,500)	(12,022)	276,500	–	246,978
New lease entered	3,068	–	–	–	3,068
Finance costs recognised (Note 9)	7,726	12,830	–	–	20,556
At 31 August 2020	**131,692**	**808**	**416,500**	**–**	**549,000**

38. FINANCIAL INFORMATION OF THE COMPANY

	As at 31 August	
	2020	2019
	RMB'000	RMB'000
Non-current assets		
Investment in a subsidiary	**76,233**	76,233
Amount due from a subsidiary	**466,195**	453,814
	542,428	530,047
Current asset		
Bank balances and cash	**140,683**	180,401
	140,683	180,401
Current liability		
Amounts due to subsidiaries	**17,127**	10,504
Net current assets	**123,556**	169,897
Net assets	**665,984**	699,944
Capital and reserves		
Share capital	**7,138**	7,138
Reserves (Note)	**658,846**	692,806
	665,984	699,944

Note:

	Share premium	**Accumulated (losses) profits**	**Total**
	RMB'000	**RMB'000**	**RMB'000**
At 1 September 2018	673,732	(4,156)	669,576
Repurchase and cancellation of ordinary shares	(1,787)	–	(1,787)
Profit and total comprehensive income for the year	–	25,017	25,017
At 31 August 2019	671,945	20,861	692,806
Loss and total comprehensive expense for the year	–	(33,960)	(33,960)
At 31 August 2020	**671,945**	**(13,099)**	**658,846**

39. SHARE OPTION SCHEME

Pursuant to an ordinary resolution passed on 12 July 2018, the Company approved and adopted a share option scheme (the "Scheme") which will remain in force for a period of 10 years from the date of its adoption. Details of the Scheme are set out in section titled 'Share Option Scheme' in the annual report for the year ended 31 August 2020.

During the years ended 31 August 2019 and 2020, no share options were granted under the Scheme by the Company. In addition, as at 31 August 2019 and 2020, no share options under the Scheme were outstanding.

40. EVENTS AFTER REPORTING PERIOD

(a) On 11 September and 16 October 2020, Chengdu Bojun entered into a capital injection agreement and a supplemental agreement, respectively, pursuant to which Chengdu Bojun agreed to subscribe for new capital of Shenzhen Hongyuan Education Investment Company Limited* (深圳弘遠教育投資有限公司) in the aggregate amount of RMB245,000,000 in cash. Upon completion, Chengdu Bojun will hold 49.0% of the enlarged (as enlarged by such capital injection) registered capital of Shenzhen Hongyuan Education Investment Company Limited. The Group paid RMB73,500,000 as prepayment and consideration of the capital injection on 11 September 2020 and RMB49,000,000 is required to be paid upon completion of the industrial and commercial registration in the PRC. Details of the capital injection are set out in the announcements of the Company dated 11 September and 16 October 2020.

(b) On 8 September 2020, one of the subsidiary of the Company entered into an agreement with constructor to construct a new campus in the PRC ("Construction"). The total consideration of the Construction is RMB36,857,800 and it is expected to complete on or before 30 April 2021.

(c) The outbreak of novel coronavirus disease (COVID-19) epidemic in early 2020 has resulted in a challenging operational environment and has negative impact on the Group's business operations. The Group has imposed a series of preventive and control measures. The Group will pay close attention to the development of the COVID-19 situation and evaluate its impact on the financial position and operating results of the Group.

"Act Best"	Act Best Global Limited (萬福全球有限公司), a company incorporated in the BVI with limited liability on 28 November 2019 and is wholly-owned by Mr. Wang Jinglei
"Act Glory"	Act Glory Global Limited (鴻藝全球有限公司), a company incorporated in the BVI with limited liability on 29 November 2019 and is wholly-owned by Act Best
"Acquisition Agreement"	an acquisition agreement entered among Chengdu Mingxian, Taoyuan Company, and Zhang Dequan* (張德全), Xiang Shoucheng* (向守程), Chen Song* (陳松), Hu Jianguo* (胡建國), Li Chao* (李超) and Yang Jinzhong* (楊進忠), on 28 April 2020
"Agreement of Intent"	an agreement of intent entered among Chengdu Mingxian, Taoyuan Company, and Zhang Dequan* (張德全), Xiang Shoucheng* (向守程), Chen Song* (陳松), Hu Jianguo* (胡建國), Li Chao* (李超) and Yang Jinzhong* (楊進忠), on 19 November 2019
"Articles of Association" or "Articles"	the articles of association of the Company adopted on 12 July 2018 and effective from the Listing Date, which is uploaded onto the Company's website, as amended from time to time
"Audit Committee"	the audit committee of the Board
"Board"	the board of Directors of the Company
"Bojun Lixing"	Chengdu Bojun Lixing Education Management Company Limited* (成都博駿勵行教育管理有限公司), a limited liability company established under the laws of the PRC on 17 December 2019 and a Consolidated Affiliated Entity, which has not commenced any business
"Business Day" or "business day"	a day on which banks in Hong Kong are generally open for business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
"CAGR"	compound annual growth rate
"Chengdu Bojun"	Chengdu Tianfu Bojun Education Management Company Limited* (成都天府博駿教育管理有限公司), a wholly-foreign owned enterprise established under the laws of PRC on 26 July 2016 and a wholly-owned subsidiary of the Company
"Chengdu Jinbojun"	Chengdu Jinbojun Education Consultancy Company Limited* (成都金博駿教育諮詢有限公司), a limited liability company established under the laws of the PRC on 13 March 2015 and a Consolidated Affiliated Entity of the Company
"Chengdu Mingxian"	Chengdu Mingxian Education Investment Company Limited* (成都銘賢教育投資有限公司), a limited liability company established under the laws of the PRC on 10 March 2004 and a Consolidated Affiliated Entity of the Company
"Chengdu Youshi Preschool Investment"	Chengdu Youshi Preschool Education Investment Management Company Limited* (成都幼獅幼兒教育投資管理有限公司), a limited liability company established under the laws of the PRC on 16 July 2010 and a Consolidated Affiliated Entity of the Company
"China" or "PRC"	the People's Republic of China excluding for the purpose of this report, Hong Kong, the Macau Special Administrative Region and Taiwan
"Companies Law"	the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) as the same may be amended, supplemented or otherwise modified from time to time

"Company" or "our Company"	Bojun Education Company Limited (博駿教育有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 14 June 2016
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Consolidated Affiliated Entities" or "Consolidated Affiliated Entity"	the entities that the Group controls through the contractual arrangement contemplated under the Structured Contracts which included, among others, our School Sponsors and PRC Operating Schools as at the Latest Practicable Date
"Controlling Shareholder(s)"	has the meaning ascribed to it in the Listing Rules and unless the context requires otherwise, refers to the controlling shareholders of the Company, namely Mr. Xiong Tao, Mr. Ran Tao, Ms. Liao Rong, Cosmic City, Zheng Yong and Surpass Luck prior to their disposal of an aggregate of 233,920,000 Shares to Act Glory, which is ultimately owned by Mr. Wang Jinglei on 25 March 2020
"Cosmic City"	Cosmic City Holdings Limited (宇都控股有限公司), a company incorporated in the BVI with limited liability on 6 April 2016 and is wholly-owned by Mr. Xiong Tao
"Degree Education"	degree education provided by the seven primary, middle and high schools, namely, Jingjiang School, Longquan School, Tianfu School, Nanjiang Bojun School, Wangcang Bojun School, Pengzhou Bojun School and Lezhi Bojun School
"Director(s)"	the directors of the Company
"Directors' (Council Members') Powers of Attorney"	the amended and restated school director's (council members') power of attorney dated 19 June 2020 executed by each of the directors or council members of the PRC Operating Schools (namely, Mr. Wang, Mr. Xiong, Mr. Ran, Ms. Liao, Xie Gang (謝綱), Chen Qiuyan (陳秋燕), Tan Chunli (譚春莉), Liao Hong (廖紅), Tian Xiaogang (田曉崗), Liu Jing (劉靜), Ai Bingyu (艾冰玉), Fang Jia (方佳), Huang Xue (黃雪), Chen Ping (陳萍), Wang Chunguo (王淳國), Xie Li (謝利), Mou Tingting (牟婷婷), Yang Xi (楊曦) and Duan Bichong (段必聰)) in favour of Chengdu Bojun
"Equity Pledge Agreement"	the amended and restated equity pledge agreement dated 19 June 2020 entered into by and among Chengdu Bojun, the Registered Shareholder and the School Sponsors (excluding Lezhi Bojun), which amended and replaced the Equity Pledge Agreement, and with effect from 16 June 2020, and supplemented by the agreement on additional party to cooperation agreements dated 21 August 2020 entered into by and among Chengdu Bojun, Chengdu Mingxian and Chengdu Jingxian Education Management Company Limited (成都旌賢教育管理有限公司), the agreement on additional party to cooperation agreements dated 21 August 2020 entered into by and among Chengdu Bojun, Chengdu Mingxian and Chengdu Juxian Education Management Company Limited (成都鉅賢教育管理有限公司) and the agreement on additional party to cooperation agreement dated 21 August 2020 entered into by and among Chengdu Bojun, Chengdu Mingxian and Taoyuan Company

"Exclusive Business Cooperation Agreement"	the amended and restated exclusive business cooperation agreement dated 19 June 2020 entered into by and among Chengdu Bojun, the Registered Shareholder, the Consolidated Affiliated Entities, which amended and replaced the exclusive business cooperation agreement in place then, and with effect from 16 June 2020, and supplemented by the agreement on additional party to cooperation agreements dated 21 August 2020 entered into by and among Chengdu Bojun, Chengdu Mingxian and Chengdu Jingxian Education Management Company Limited (成都旌賢教育管理有限公司), the agreement on additional party to cooperation agreements dated 21 August 2020 entered into by and among Chengdu Bojun, Chengdu Mingxian and Chengdu Juxian Education Management Company Limited (成都鉅賢教育管理有限公司) and the agreement on additional party to cooperation agreement dated 21 August 2020 entered into by and among Chengdu Bojun, Chengdu Mingxian and Taoyuan Company
"Exclusive Call Option Agreement"	the amended and restated exclusive call option agreement dated 19 June 2020 entered into by and among Chengdu Bojun, the New Registered Shareholder and the Consolidated Affiliated Entities, which amended and replaced the exclusive call option agreement in place then, and with effect from 16 June 2020, and supplemented by the agreement on additional party to cooperation agreements dated 21 August 2020 entered into by and among Chengdu Bojun, Chengdu Mingxian and Chengdu Jingxian Education Management Company Limited (成都旌賢教育管理有限公司), the agreement on additional party to cooperation agreements dated 21 August 2020 entered into by and among Chengdu Bojun, Chengdu Mingxian and Chengdu Juxian Education Management Company Limited (成都鉅賢教育管理有限公司) and the agreement on additional party to cooperation agreement dated 21 August 2020 entered into by and among Chengdu Bojun, Chengdu Mingxian and Taoyuan Company
"Existing Structured Contracts"	collectively, the exclusive business cooperation agreement, the exclusive call option agreement, the equity pledge agreement, the school sponsors' and directors' (council members') rights entrustment agreement, the school sponsors' powers of attorney, the director's (council members') powers of attorney, the loan agreement, the spouse undertakings, the shareholders' rights entrustment agreement and the shareholders' powers of attorney, which were replaced by the New Structured Contracts with effect from 16 June 2020
"Global Offering"	the Hong Kong public offering and the international offering
"Group", "our Group", "we" or "us"	the Company, its subsidiaries, the Consolidated Affiliated Entities and the consolidated affiliated entities from time to time, or, where the context so requires in respect of the period before the Company became the holding company of our present subsidiaries, the entities which carried on the business of the present Group at the relevant time
"HKAS"	Hong Kong Accounting Standards issued by the HKICPA
"HKFRSs"	Hong Kong Financial Reporting Standards (including Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations) issued by HKICPA
"HKICPA"	Hong Kong Institute of Certified Public Accountants
"Hong Kong Branch Share Registrar"	Tricor Investor Services Limited, the branch share registrar and transfer office of the Company in Hong Kong
"Independent Third Party(ies)"	an individual(s) or a company(ies) who or which is/are independent of and not connected with (within the meaning of the Listing Rules) any Director, chief executive or substantial shareholder (within the meaning of the Listing Rules) of the Company, its subsidiaries or any of their respective associates
"Initial Shareholder"	Pi County Langjing Industrial Company Limited* (郫縣朗經實業有限公司), a limited liability company established under the laws of the PRC on 23 July 2015 and an Independent Third Party

"Jianyang Jinbojun"	Jianyang Jinbojun Education Management Company Limited* (簡陽金博駿教育管理有限公司), a limited liability company established under the laws of the PRC on 2 June 2020 and a Consolidated Affiliated Entity of the Company
"Jianyang School"	First Middle School of Sichuan Normal University in Jianyang* (簡陽師大一中), a private school expected to provide preschool and fundamental education to be established by the Group
"Jinjiang School"	Chengdu Jinjiang District No. 1 Experimental Middle School Attached to Sichuan Normal University* (成都市錦江區四川師大附屬第一實驗中學), a private middle school established under the laws of the PRC on 27 April 2012, where the school sponsor's interest is wholly-owned by Chengdu Mingxian, and a Consolidated Affiliated Entity
"Latest Practicable Date"	11 December 2020, being the latest practicable date for the purpose of ascertaining certain information in this annual report prior to its publication
"Lezhi Bojun"	Lezhi Bojun Education Management Company Limited* (樂至博駿教育管理有限公司), a limited liability company established under the laws of the PRC on 10 January 2018 and a Consolidated Affiliated Entity
"Lezhi Bojun School"	Lezhi Bojun School* (樂至博駿公學), a private kindergarten, primary, middle and high school established by a subsidiary of Lezhi Bojun as the school sponsor and a Consolidated Affiliated Entity
"Lidu Kindergarten"	Chengdu Youshi Lidu Experimental Kindergarten* (成都幼師麗都實驗幼兒園), a private kindergarten established under the laws of the PRC on 12 May 2003, where the school sponsor's interest is wholly-owned by Sichuan Boai, and a Consolidated Affiliated Entity of the Company
"Listing"	the listing of our Shares on the Main Board of the Stock Exchange
"Listing Date"	31 July 2018, the date on which our Shares are listed and from which dealings therein are permitted to take place on the Stock Exchange
"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or modified from time to time
"Loan Agreement"	the amended and restated loan agreement dated 19 June 2020 entered into by and among Chengdu Bojun, the School Sponsors and the PRC Operating Schools, which amended and replaced the loan agreement in place then, and with effect from 16 June 2020, and supplemented by the agreement on additional party to cooperation agreements dated 21 August 2020 entered into by and among Chengdu Bojun, Chengdu Mingxian and Chengdu Jingxian Education Management Company Limited (成都旌賢教育管理有限公司), the agreement on additional party to cooperation agreements dated 21 August 2020 entered into by and among Chengdu Bojun, Chengdu Mingxian and Chengdu Juxian Education Management Company Limited (成都鉅賢教育管理有限公司) and the agreement on additional party to cooperation agreement dated 21 August 2020 entered into by and among Chengdu Bojun, Chengdu Mingxian and Taoyuan Company
"Longquan Kindergarten"	Chengdu Youshi Longquan Dongshan Experimental Kindergarten* (成都幼師龍泉東山實驗幼兒園), a private kindergarten established under the laws of the PRC on 23 February 2009, where the school sponsor's interest is wholly-owned by Sichuan Boai, and a Consolidated Affiliated Entity of the Company

"Longquan School"	Chengdu Longquanyi District No. 1 Experimental Middle School Attached to Sichuan Normal University* (成都市龍泉驛區四川師大附屬第一實驗中學), a private middle and high school established under the laws of the PRC on 29 September 2015, where the school sponsor's interest is wholly-owned by Chengdu Jinbojun, and a Consolidated Affiliated Entity of the Company
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with GEM of the Stock Exchange
"Memorandum of Association" or "Memorandum"	the memorandum of association of the Company adopted on 12 July 2018 and as amended from time to time
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules
"Nanjiang Bojun"	Nanjiang Bojun Education Management Company Limited* (南江博駿教育管理有限公司), a limited liability company established under the laws of the PRC on 24 August 2017 and a Consolidated Affiliated Entity of the Company
"Nanjiang Bojun School"	Nanjiang Bojun School* (南江博駿學校), a private primary, middle and high school established by Nanjiang Bojun as the school sponsor and a Consolidated Affiliated Entity of the Company
"New Structured Contracts"	collectively, the Exclusive Business Cooperation Agreement, the Exclusive Call Option Agreement, the Equity Pledge Agreement, the School Sponsors' and Directors' (Council Members') Rights Entrustment Agreement, the School Sponsors' Powers of Attorney, the Directors' (Council Members') Powers of Attorney, the Loan Agreement, the Shareholder's Rights Entrustment Agreement and the Shareholder's Powers of Attorney, which replaced the Existing Structured Contracts with effect from 16 June 2020
"Nomination Committee"	the nomination committee of the Board
"Pengzhou Bojun School"	Pengzhou Bojun School (彭州市博駿學校), a private, middle and high school established jointly by Chengdu Minxian and Sichuan Hongde Guanghua Advisory Limited (四川弘的教育諮詢有限公司) and a Consolidated Affiliated Entity
"Peninsula Kindergarten"	Chengdu High and New District Youshi Peninsula City Centre Kindergarten* (成都高新區幼獅半島城邦幼兒園), a private kindergarten established under the laws of the PRC on 27 September 2013, where the school sponsor's interest is wholly- owned by Chengdu Youshi Preschool Investment, and a Consolidated Affiliated Entity of the Company
"PRC EIT"	the enterprise income tax of the PRC
"PRC Operating Schools" or "PRC Operating School"	Jinjiang School, Longquan School, Tianfu School, Nanjiang Bojun School, Wangcang Bojun School and Pengzhou Bojun School, Peninsula Kindergarten, Youshi Kindergarten, Lidu Kindergarten, Longquan Kindergarten, Riverside Kindergarten and Qingyang Kindergarten as at the Latest Practicable Date
"Preschool Education"	preschool education provided by the six kindergartens, operated by the Group, namely, Youshi Kindergarten, Lidu Kindergarten, Riverside Kindergarten, Longquan Kindergarten, Qingyang Kindergarten and Peninsula Kindergarten

"Prospectus"	the prospectus dated 19 July 2018 issued by the Company in connection with the public offering
"Qingyang Kindergarten"	Chengdu Qingyang Youshi Jingjie Experimental Kindergarten* (成都青羊幼師境界實驗幼兒園), a private kindergarten established under the laws of the PRC on 15 March 2010, where the school sponsor's interest is wholly-owned by Sichuan Boai, and a Consolidated Affiliated Entity of the Company
"Registered Shareholder"	Chengdu Junxian Education Management Company Limited* (成都駿賢教育管理有限公司), a limited liability company established under the laws of the PRC on 4 June 2020, a connected person of the Company and the new nominal shareholder of Chengdu Mingxian under the New Structured Contracts
"Remuneration Committee"	the remuneration committee of the Board
"Renshou Bojun"	Renshou Bojun Education Investment Management Company Limited* (仁壽博駿教育投資管理有限公司), a limited liability company established under the laws of the PRC on 15 October 2015 and a Consolidated Affiliated Entity of the Company
"Riverside Kindergarten"	Chengdu Youshi Riverside Impression Experimental Kindergarten* (成都幼師河濱印象實驗幼兒園), a private kindergarten established under the laws of the PRC on 18 June 2003, where the school sponsor's interest is wholly-owned by Sichuan Boai, and a Consolidated Affiliated Entity of the Company
"RMB" or "Renminbi"	Renminbi, the lawful currency for the time being of the PRC
"School Sponsors"	(i) Chengdu Mingxian, Nanjiang Bojun, Wangcang Bojun, Chengdu Youshi Preschool Investment, Chengdu Jinbojun, Sichuan Boai and Lezhi Bojun which were our school sponsors as at the date of this report and (ii) Renshou Bojun, Zhongjiang Bojun, Bojun Lixing and Jianyang Jinbojun which could be our school sponsors of new schools (if any)
"School Sponsors' and Directors' (Council Members') Rights Entrustment Agreement"	the amended and restated school sponsors' and directors' (council members') rights entrustment agreement dated 19 June 2020 entered into by and among Chengdu Bojun, the School Sponsors, the PRC Operating Schools and their respective directors or council members (namely, Mr. Wang, Mr. Xiong, Mr. Ran, Ms. Liao, Xie Gang (謝綱), Chen Qiuyan (陳秋燕), Tan Chunli (譚春莉), Liao Hong (廖紅), Tian Xiaogang (田曉崗), Liu Jing (劉靜), Ai Bingyu (艾冰玉), Fang Jia (方佳), Huang Xue (黃雪), Chen Ping (陳萍), Wang Chunguo (王淳國), Xie Li (謝利), Mou Tingting (牟婷婷), Yang Xi (楊曦) and Duan Bichong (段必聰)), which amended and replaced the school sponsors' and directors' (council members') rights entrustment agreement in place then, and with effect from 16 June 2020, and supplemented by the agreement on additional party to cooperation agreements dated 21 August 2020 entered into by and among Chengdu Bojun, Chengdu Mingxian and Chengdu Jingxian Education Management Company Limited (成都旌賢教育管理有限公司), the agreement on additional party to cooperation agreements dated 21 August 2020 entered into by and among Chengdu Bojun, Chengdu Mingxian and Chengdu Juxian Education Management Company Limited (成都鉅賢教育管理有限公司) and the agreement on additional party to cooperation agreement dated 21 August 2020 entered into by and among Chengdu Bojun, Chengdu Mingxian and Taoyuan Company
"School Sponsors' Powers of Attorney"	the school sponsor's power of attorney dated 19 June 2020 executed by each of the School Sponsors in favour of Chengdu Bojun

"SFO" or "Securities and Futures Ordinance"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or modified from time to time
"Share(s)"	ordinary share(s) of HK$0.01 each in the share capital of the Company
"Share Option Scheme"	the share option scheme conditionally adopted by the Company on 12 July 2018
"Shareholder(s)"	holder(s) of the Share(s)
"Shareholder's Powers of Attorney"	the powers of attorney dated 19 June 2020 executed by the Registered Shareholder, which replaced the shareholder's powers of attorney in place then
"Shareholder's Rights Entrustment Agreement"	the amended and restated shareholder's rights entrustment agreement dated 19 June 2020 entered into by and among Chengdu Bojun, the Registered Shareholder and Chengdu Mingxian, which amended and replaced the shareholder's rights entrustment agreement in place then, and with effect from 16 June 2020, and supplemented by the agreement on additional party to cooperation agreements dated 21 August 2020 entered into by and among Chengdu Bojun, Chengdu Mingxian and Chengdu Jingxian Education Management Company Limited (成都旌賢教育管理有限公司), the agreement on additional party to cooperation agreements dated 21 August 2020 entered into by and among Chengdu Bojun, Chengdu Mingxian and Chengdu Juxian Education Management Company Limited (成都鉅賢教育管理有限公司) and the agreement on additional party to cooperation agreement dated 21 August 2020 entered into by and among Chengdu Bojun, Chengdu Mingxian and Taoyuan Company
"Shenzhen Hongyuan Company"	Shenzhen Hongyuan Education Investment Company Limited* (深圳弘遠教育投資有限公司), a limited liability company established in the PRC on 17 November 2016 and is wholly-owned by the Initial Shareholder as at the date of this report
"Sichuan Boai"	Sichuan Boai Preschool Education Development Company Limited (四川省博愛幼兒教育事業專業發展有限責任公司), a limited liability company established under the laws of the PRC on 26 July 2001 and a Consolidated Affiliated Entity of the Group
"Stock Exchange" or "Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Structured Contracts"	the Existing Structured Contracts and the New Structured Contracts
"Subsidiary(ies)"	has the meaning ascribed to it in the Listing Rules. For the avoidance of doubt, the Subsidiaries include Consolidated Affiliated Entities in this report
"Surpass Luck"	Surpass Luck Global Limited (超運環球有限公司), a company incorporated in the BVI with limited liability on 5 July 2016 and wholly-owned by Ms. Liao Rong
"Taoyuan Company"	Sichuan Jiuzhou Taoyuan Eco-tourism Development Limited* (四川九洲桃源里生態旅遊開發有限公司), a limited liability company established in the PRC on 24 July 2017
"Tianfu School"	Chengdu New Tianfu District No. 1 Experimental Middle School Attached to Sichuan Normal University* (成都市天府新區四川師大附屬第一實驗中學), a private middle school established under the laws of the PRC on 20 April 2016, where the school sponsor's interest is wholly-owned by Chengdu Mingxian, and a Consolidated Affiliated Entity of the Company
"U.S." or "United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction

"US Bojun"	USA Bojun Education, Inc., a company incorporated under the laws of State of California, the United States, with limited liability, on 19 August 2016 and a wholly-owned subsidiary of our Company
"US Partner"	Excelsior School System Inc., a company incorporated under the laws of State of California, the United States, with limited liability, on 13 July 2005 and an Independent Third Party principally engaged in the provision of private education in the United States
"US School"	a for-profit grades 7–12 private international school to be operated by the Group in the State of California, the United States
"Wangcang Bojun"	Wangcang Bojun Education Management Company Limited* (旺蒼博駿教育管理有限公司), a limited liability company established under the laws of the PRC on 18 August 2017 and a Consolidated Affiliated Entity of the Company
"Wangcang Bojun School"	Wangcang Bojun School* (旺蒼博駿公學), a private primary, middle and high school to be established by Wangcang Bojun as the school sponsor and, upon its establishment, a Consolidated Affiliated Entity of the Company
"Youshi Kindergarten"	Chengdu Youshi Experimental Kindergarten* (成都幼師實驗幼兒園), a private kindergarten established under the laws of the PRC on 12 August 2002, where the school sponsor's interest is wholly-owned by Sichuan Boai, and a Consolidated Affiliated Entity of the Company
"Zheng Yong"	Zheng Yong Global Limited (正永環球有限公司), a company incorporated in the BVI with limited liability on 8 June 2016 and wholly-owned by Mr. Ran Tao
"Zhongjiang Bojun"	Zhongjiang Bojun Education Management Company Limited* (中江博駿教育管理有限公司), a limited liability company established under the laws of the PRC on 18 October 2018 and a Consolidated Affiliated Entity of the Company, which has not commenced any business
"%"	per cent

Certain amounts and percentage figures included in this annual report have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

If there is any inconsistency between the Chinese names of entities or enterprises established in the PRC and their English translations, the Chinese names shall prevail. The English translation of company or entity names in Chinese or another language which are marked with "*" and the Chinese translation of company or entity names in English which are marked with "*" is for identification purpose only.