中國教育集團控股有限公司
CHINA EDUCATION GROUP HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

Stock Code : 839

ANNUAL REPORT 2024/2025

To Pioneer Excellence and Innovation In Education

Our Mission

Preparing students for success through Excellence and Innovation in Education

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Dr. Yu Kai
(Co-chairman and Chief Executive Officer)
Mr. Wang Rui *(Co-chairman)*

Independent Non-Executive Directors

Dr. Gerard A. Postiglione
Dr. Rui Meng
Dr. Wu Kin Bing

AUDIT COMMITTEE

Dr. Rui Meng *(Chairman)*
Dr. Gerard A. Postiglione
Dr. Wu Kin Bing

REMUNERATION COMMITTEE

Dr. Gerard A. Postiglione *(Chairman)*
Dr. Yu Kai
Dr. Rui Meng

NOMINATION COMMITTEE

Dr. Yu Kai *(Chairman)*
Dr. Gerard A. Postiglione
Dr. Wu Kin Bing

COMPANY SECRETARY

Mr. Chan Yuen Fung

AUTHORISED REPRESENTATIVES

Dr. Yu Kai
Mr. Chan Yuen Fung

AUDITOR

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors
35/F, One Pacific Place
88 Queensway
Hong Kong

REGISTERED OFFICE IN CAYMAN ISLANDS

Walkers Corporate Limited
190 Elgin Avenue
George Town
Grand Cayman KY1–9008
Cayman Islands

PRINCIPAL OFFICE IN HONG KONG

Unit 1202, 12/F, Standard Chartered Bank Building
4–4A Des Voeux Road Central
Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Walkers Corporate Limited
190 Elgin Avenue
George Town
Grand Cayman KY1–9008
Cayman Islands

Corporate Information

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor
Services Limited
Shops 1712–1716, 17th Floor
Hopewell Centre
183 Queen's Road East, Wanchai
Hong Kong

COMPANY WEBSITE

www.chinaeducation.hk

STOCK CODE

839

To **Pioneer**

Excellence and Innovation

In Education

Co-Chairmen's Statement

Effect image of Boya International College of the new campus of Shandong School

2024/25 REVIEW AND POLICY BACKDROP

In September 2024, the State Council released the Opinions on Implementing the Employment-First Strategy to Promote High-Quality and Full Employment, emphasizing the integration of vocational and general education, the convergence of industry and education, and the blending of science and education to cultivate more high-quality skilled talent. In January 2025, the Outline of the Plan for Building a Leading Country in Education (2024–2035) further deployed strategies to enhance the comprehensive strength of higher education, promote the construction of a modern vocational education system, and accelerate the digital transformation of education. The Group has closely aligned itself with national policies, deepened high-quality schooling, strengthened both software and hardware infrastructure, optimized discipline and major settings, and actively promoted the deep integration of industry and education as well as "AI + Education", thereby supporting the enhancement of faculty capabilities and high-quality employment for graduates.

1. Steady Growth in Higher Education Enrollment

During the Reporting Period, national higher education continued to expand. The number of applicants for the National College Entrance Examination in 2025 reached 13.35 million, with the gross enrollment rate for higher education reaching 60.8% in 2024. Driven by the growing demand for higher education, the Group's member schools attracted a large number of students by offering employment-oriented, high-quality curricula and a superior campus environment. Concurrently, the Group optimized enrollment policies and discipline settings, driving continuous growth in the scale of the student body while achieving new breakthroughs in both the quality of student intake and employment rates.

Co-Chairmen's Statement

As of August 2025, the total number of full-time students enrolled in the Group was approximately 282,000, representing a year-on-year increase of approximately 5%. Of this, higher education student enrollment stood at approximately 243,000, a year-on-year increase of approximately 9%. During the Reporting Period, the number of new full-time student registrations at the Group's member schools in China was approximately 87,000, including approximately 75,000 new higher education students. As of October 2025, the number of full-time students for the 2025/26 academic year increased by approximately 0.2% year-on-year, with higher education enrollment increasing by approximately 2.8% year-on-year.

2. Focusing on New Quality Productive Forces and High-Quality Research-Education Synergy

The Group has kept pace with national strategies and proactively responded to the demands of industrial transformation by optimizing its professional layout and promoting the deep integration of education, technology, and industry. During the Reporting Period, member schools offered 396 applied undergraduate majors and further optimized the proportion of engineering majors to meet the needs of emerging industries and regional economies. Furthermore, the Group achieved continuous breakthroughs in scientific research, adding 5 new national-level research projects for a cumulative total of 37. This has further enhanced the Group's technological innovation capabilities and laid a solid foundation for cultivating high-quality technical talent.

3. Promoting Learning Through Competition with Notable Success

The Group has achieved significant results in cultivating innovative practical abilities, with faculty and student teams frequently winning awards in national and international competitions. This demonstrates the Group's strong advantages in practical teaching and innovation training. Notably, our Jiangxi school won the Silver Award in the 14th "Challenge Cup" Chinese College Student Entrepreneurship Plan Competition; our Guangdong Zhaoqing school won the First Prize nationally in the China Robotics and Artificial Intelligence Competition; and our Chongqing school secured the First Prize in the "Keyun Cup" National College Student Accounting and Vocational Ability Competition. These achievements highlight the Group's effectiveness in promoting innovation and practical education.

4. Deepening Layout in Key Regions to Consolidate High-Quality Development

The Group has intensified its layout in the Guangdong-Hong Kong-Macao Greater Bay Area, the Chengdu-Chongqing Economic Circle, the Bohai Rim Economic Zone, and the Hainan Free Trade Zone, promoting the deep integration of education and industry. During the Reporting Period, campus construction in these regions progressed smoothly; new campus developments continued to advance, and the construction of smart classrooms and laboratories achieved stage-based results. By introducing advanced technology and equipment, the Group has further improved the quality of education and teaching. In addition, the Group secured Climate-Resilient Education Loan support from the Asian Development Bank (ADB) and the Asian Infrastructure Investment Bank (AIIB), providing strong capital assurance for business expansion and infrastructure upgrades.

Co-Chairmen's Statement

5. **Comprehensively Promoting Digital Transformation in Education**

   During the Reporting Period, the Group identified "AI-enabled education" as a strategic priority and comprehensively promoted the digital transformation of education and teaching. The Group launched three core initiatives: faculty training, joint construction of demonstration courses, and the creation of typical application cases, all aimed at driving the intelligent development of education. These measures have not only enhanced the AI literacy of faculty and staff but also facilitated the construction of smart courses. Looking ahead, the Group will further deepen digital teaching reforms, promote the implementation of more innovative educational applications, and improve educational quality and efficiency.

6. **Cultivating the Industry-Education Ecosystem to Safeguard High-Quality Employment**

   Through close cooperation with industry enterprises, the Group has promoted a talent cultivation model driven by industrial demand and collaborative efforts between schools and enterprises, ensuring that education aligns closely with market needs. During the Reporting Period, the Group added 24 new industrial colleges, bringing the cumulative total to 85, covering multiple industry sectors and enhancing the relevance and practicality of professional training. Meanwhile, the number of the Group's school-enterprise partners increased to 4,809, and the cumulative number of Ministry of Education Industry-University Collaborative Education Projects reached 477. These efforts have further guaranteed the employment quality and development potential of students, supplying society with a large number of high-quality applied talents.

7. **Expanding International Education Layout to Empower Diverse Student Success**

   Leveraging a global resource network, the Group continued to deepen cooperation with internationally renowned institutions and expand its international education layout. During the Reporting Period, 10 majors across the Group's member schools received accreditation from the Quality Assurance Agency for Higher Education (QAA) in the UK, and the number of new students in international programs increased by over 18% year-on-year. The Group also launched joint training plans, offering overseas internships, study tours, and exchange programs to help students broaden their international development paths and enhance their global competitiveness. The Group will continue to strengthen international cooperation to support the diverse development of students and elevate their global vision and cross-cultural capabilities.

8. **Practicing ESG Concepts and Fulfilling Social Mission**

   The Group attaches great importance to corporate social responsibility, adheres to core ESG (Environmental, Social, and Governance) concepts, and continuously promotes the realization of social value for both employees and students. During the Reporting Period, the Group enhanced employees' teaching and management capabilities through extensive training and social practice projects, while encouraging students to actively participate in social practices to cultivate a sense of social responsibility and historical mission. The Group was honored with the Deloitte "China Best Managed Companies" award, marking the seventh consecutive year of receiving this distinction. Additionally, the Group was awarded the "2024 Excellent ESG Practice Listed Company" award, further underscoring the Group's contributions to social responsibility and sustainable development.

Co-Chairmen's Statement

9. Future Outlook

Looking ahead, the Group will continue to be guided by the Outline of the Plan for Building a Leading Country in Education (2024–2035), focusing on high-quality development and promoting the construction of a modern vocational education system. We will further deepen the integration of industry and education, accelerate the deep fusion of artificial intelligence and education, and cultivate more high-quality skilled talent with an international perspective, thereby contributing to the building of a powerhouse in education, technology, and talent. The Group will continue to seize policy opportunities, innovate development models, and drive the educational cause toward new heights.

Yu Kai **Wang Rui**
Co-Chairmen

Hong Kong, 26 November 2025

In FY2024/25, we offered:

199
JUNIOR COLLEGE DIPLOMA PROGRAMMES

396
BACHELOR'S DEGREE PROGRAMMES

17
MASTER'S PROGRAMMES

163
CONTINUING EDUCATION PROGRAMMES

181
VOCATIONAL EDUCATION PROGRAMMES

Management Discussion and Analysis

Zhishan building of Sichuan School

The Co-Chairmen's Statement on pages 5 to 8 of this annual report constitutes part of this Management Discussion and Analysis.

BUSINESS OVERVIEW

The Group is a leading provider of vocational education services. The Group is committed to developing more high-quality skilled professionals and enhancing the core competencies of vocational schools by cultivating a "dual-qualified" teaching workforce, establishing open regional academia-industry practice centers, expanding student development pathways, and innovating international exchange and cooperation mechanisms. The Group's education management system has received ISO-9001 certification, and Deloitte has named the Group one of China's "Best Managed Companies" for seven consecutive years. The Group operates in China, Australia, and the United Kingdom and has been listed on the main board of the Hong Kong Stock Exchange since 2017. The World Bank Group has designated the Group as an "inclusive business" due to its successful promotion of social equity.

Looking ahead, the Group remains optimistic about the long-term prospects of the education industry. The ongoing demand for high-quality education and vocational training aligns closely with national development strategies and individual career aspirations. Guided by the philosophy of "leading excellence and innovation in education" and driven by clear strategic planning, continuous innovation, and exceptional adaptability, the Group is confident it will maintain its leadership position in the evolving educational landscape. The Group aims to achieve transformative growth, cultivate strategic emerging talents aligned with contemporary development needs, and create sustained long-term value for students, faculty, shareholders, and all stakeholders.

Financing from the Asian Development Bank (ADB) and the Asian Infrastructure Investment Bank (AIIB)

On 28 November 2024, the Company as borrower entered into a loan agreement and related financing documents with ADB as lender in relation to a facility of up to RMB284,900,000 with a term of up to 60 months; and Yantai Institute of Science and Technology ("Yantai Institute"), a subsidiary of the Company, as borrower entered into a loan agreement and related financing documents with ADB as lender in relation to a facility of up to RMB569,800,000 with a term of up to 84 months (the "ADB Facilities").

Management Discussion and Analysis

On 28 November 2024, Yantai Institute as borrower entered into a loan agreement and related financing documents with AIIB as lender in relation to a facility of up to RMB574,728,000 with a term of up to 84 months (the "AIIB Facility").

Further details of the ADB Facilities and AIIB Facility are set out in the announcement of the Company dated 28 November 2024.

FINANCIAL REVIEW

Non-IFRS Measures

To supplement the consolidated financial statements, which are presented in accordance with International Financial Reporting Standards ("IFRS"), the Company also uses earnings before interest, tax, depreciation and amortisation ("EBITDA")and adjusted EBITDA as additional financial measures.

The Company presents these financial measures because they are used by the management to evaluate the Group's financial performance by eliminating the impact of items that the management does not consider indicative of the performance of the Group's business. The Company believes that the non-IFRS measures presented provide additional information to the Company's management and investors to better understand and evaluate the Group's consolidated operational performance. These measures assist both management and investors in comparing financial results across periods and with peer companies. However, the presentation of these non-IFRS measures have limitations as analytical tools because they exclude certain items that impact the Group's financial results. Therefore, when assessing the Group's financial and operational performance, non-IFRS measures should not be considered in isolation or as substitutes for profit for the period or any other performance measure calculated in accordance with IFRS. Furthermore, because other companies may calculate non-IFRS measures differently, they may not be directly comparable to similarly titled measures used by other companies.

Calculation of Adjusted EBITDA

		Years ended 31 August	
		2025	2024
		RMB million	*RMB million*
Profit for the year		**506**	502
Add:	Finance costs	**487**	472
	Taxation	**320**	(2)
	Depreciation of property, plant and equipment	**982**	793
	Depreciation of right-of-use assets	**100**	76
EBITDA		**2,395**	1,841
Adjustments for:	Foreign exchange gain/loss	**17**	(26)
	Expenses related to converting independent colleges into private universities[i]	**–**	9
	Fair value change on construction cost payables for school premises[ii]	**51**	39
	Non-cash impairment loss recognised in respect of goodwill and intangible assets[iii]	**1,706**	1,911
Adjusted EBITDA		**4,169**	3,774

Management Discussion and Analysis

Notes:

i. The Group's independent colleges pay partnership fees to their public school co-sponsors. All independent colleges of our Group have been converted into private universities during the year ended 31 August 2021. The partnership fees recognised during the current period will cease to exist after all students enrolled by the independent college are graduated.

ii. Non-cash fair value change on long-term construction cost payables for school premises, which are measured at fair value through profit or loss, which did not result in cash outflow.

iii. This item did not generate any cash outflows. Our management believes that the non-cash impairment item and related deferred tax do not impact our operations. Please refer to the paragraphs below headed "Other Gains and Losses" for the details of impairment loss recognised in respect of goodwill and intangible assets.

Revenue

The Group's revenue reached RMB7,363 million for the year ended 31 August 2025, increased by 11.9% as compared to RMB6,579 million for the year ended 31 August 2024.

Domestic Market Segment

Revenue from domestic market segment increased from RMB6,335 million for the year ended 31 August 2024 to RMB7,083 million for the year ended 31 August 2025, representing an 11.8% increase. The increase in revenue was mainly driven by the growth in customer number and average selling price in the domestic market.

International Market Segment

Revenue from international market segment amounted to RMB280 million for the year ended 31 August 2025, up 14.8% as compared to the RMB244 million generated in the year ended 31 August 2024. The increase in revenue was mainly driven by a rise in customer member.

Cost of Revenue

The cost of revenue increased from RMB2,935 million for the year ended 31 August 2024 to RMB3,437 million for the year ended 31 August 2025, representing a 17.1% increase. The increase was mainly due to the growth of customer number. Furthermore, with the expansion of the campus and the increase in curriculum, the investment in teachers and teaching were increased.

Gross Profit

The Group's gross profit was RMB3,926 million for the year ended 31 August 2025, representing a 7.7% increase as compared to RMB3,644 million for the year ended 31 August 2024.

Other Income

Other income mainly included income from on-campus management and service to venders and government grants. The income from on-campus management and service to venders and other service income were RMB148 million and RMB176 million, respectively, for the year ended 31 August 2025 as compared to RMB132 million and RMB58 million, respectively, for the year ended 31 August 2024.

Selling Expenses

The Group's selling expenses were RMB203 million for the year ended 31 August 2025 as compared to RMB190 million for the year ended 31 August 2024. The selling expenses represented about 2.8% of revenue for the year ended 31 August 2025, which was comparable to 2.9% for the year ended 31 August 2024.

Management Discussion and Analysis

Administrative Expenses

The Group's administrative expenses were RMB1,159 million for the year ended 31 August 2025, increased by 20.1% as compared to RMB965 million for the year ended 31 August 2024. The increase was mainly attributable to the increase of customer member and the new campuses and buildings commencing to use and starting to recognise depreciation.

Other Gains and Losses

The other gains and losses were recorded at net losses of RMB1,850 million for the year ended 31 August 2025 which was mainly attributable to the impairment losses recognised in respect of goodwill and intangible assets of RMB1,706 million. The impairment of intangible assets led to the derecognition of the relevant deferred tax liabilities, with the amount of derecognition being RMB31 million, which was credited to profit or loss and included in "taxation". The impairment loss, net of deferred tax, amounted to RMB1,675 million.

During the year ended 31 August 2025, while the revenue of the Group has grown consistently and significantly year-over-year, the Company estimated the value in use of three cash generating units ("CGU") — CGU D, CGU F and CGU G, and concluded that the carrying amounts of the relevant assets of these CGUs were impaired to their recoverable amounts as at 31 August 2025. CGU D, CGU F and CGU G are engaged in providing education services in Hainan Province, Guangdong Province and Henan Province in the PRC, respectively. The impairments for CGU D, CGU F and CGU G amounted to RMB1,461 million, RMB122 million and RMB123 million, respectively. The total impairments losses of RMB1,706 million and total impairment losses, net of deferred tax, of RMB1,675 million represented approximately 4.33% and 4.26%, respectively, of the Group's total assets as at 31 August 2025.

An independent valuer was engaged to perform the impairment analysis. The recoverable amounts were determined based on value in use calculations in accordance with applicable accounting policies, as no comparable market transactions were identified to reliably estimate fair value less costs of disposal. In measuring value in use, an entity mainly bases cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset. There was no subsequent change in valuation method adopted since these CGUs were acquired by the Group.

The value in use calculation was based on estimating future cash flows expected to arise from the CGUs and applying specific discount rates to calculate the present value. The cash flows beyond the five-year period are extrapolated using steady growth rates, which are based on industry growth forecasts and do not exceed the average long-term growth rate for the industry. The compound annual growth rates of revenue reflect the combined effects of growth in student enrolments and tuition fees. Other key assumptions include growth rates of costs of revenue, which are based on historical performance and management's market expectations. Further details on each CGU are provided below.

CGU D

As at 31 August 2025, the discount rate applied was 15.5% (2024: 15.1%). The cash flows beyond the five year forecast period are extrapolated using steady growth rates of 2% as at 31 August 2024 (2024: 2%). The compound annual growth rates of revenue in the next five years were 1.6% as at 31 August 2025 (2024: 8.0%). There were no material changes to the valuation inputs or key assumptions, other than a downward revision to forecast revenue. This revision reflects customer acquisition for the 2025/26 financial year falling below the level expected at the time of the acquisition and structural shifts in the market where CGU D operates. During the year ended 31 August 2025, management noted an increase in the supply of higher education as several public providers in the region expanded their intake. These developments have created more affordable alternatives. Additionally, prevailing weak macroeconomic conditions have increased affordability pressures on customers. As a result of these factors, certain programs offered by CGU D have become less attractive and competitive, leading to a significant decrease in new customer

Management Discussion and Analysis

acquisition for the 2025/26 financial year compared to previous years. The Group expects customer acquisition pressures to persist in the foreseeable future due to these market changes. Consequently, the Group has revised its revenue projections downward for the forecast period. Management will continue to monitor customer acquisition trends and other potential indicators of impairment.

CGU F

As at 31 August 2025, the discount rate applied was 17.0% (2024: 17.0%). The cash flows beyond the five year forecast period are extrapolated using steady growth rates of 2% as at 31 August 2024 (2024: 2%). The compound annual growth rates of revenue in the next five years were –2.2% as at 31 August 2025 (2024: 1.4%). There were no material changes to the valuation inputs or key assumptions, other than a downward revision to forecast revenue. This revision reflects changes in the regional market where this CGU operates. During the year ended 31 August 2025, a government policy aimed at expanding high-school education resources in the region was introduced. As a result, public high-school capacity for the 2025/26 financial year increased. This development has reduced the appeal of the CGU as an alternative pathway. The Group expects customer acquisition pressures to persist in the foreseeable future due to these market changes. As a result, the Group has revised its revenue projections downward for the forecast period. Management will continue to monitor the policy landscape and customer acquisition trends for potential indicators of impairment.

CGU G

As at 31 August 2025, the discount rate applied was 17.0% (2024: 16.9%). The cash flows beyond the five year forecast period are extrapolated using steady growth rates of 2% as at 31 August 2024 (2024: 2%). The compound annual growth rates of revenue in the next five years were 29.8% as at 31 August 2025 (2024: 21.8%). There were no material changes to the valuation inputs or key assumptions, other than a downward revision to forecast revenue. This revision reflects continued pressure on customer acquisition resulting from changes in customer preferences in the region where this CGU operates. During the year ended 31 August 2025, a government policy was introduced to expand high-school education resources. Management observed an immediate increase in enrollment capacities at several public high schools in the region for the 2025/26 financial year and student preferences shifted more strongly toward traditional high schools over secondary vocational schools. Management considers that these factors have created customer acquisition challenges for CGU G. Management expects these challenges to continue in the near term. Consequently, the Group has revised its revenue projections downward for the forecast period. Management will continue to monitor market developments and other potential indicators of impairment.

Taking into account the above reasons for each CGU, the Company has reduced the revenue projections of these CGUs for the impairment analysis, resulting in the recognition of the impairment losses on goodwill and intangible assets.

Finance Costs

The finance costs were RMB487 million for the year ended 31 August 2025, increased by 3.2% as compared to RMB472 million for the year ended 31 August 2024. For the year ended 31 August 2025, the finance costs mainly represented i) the interest expenses on bank and other borrowings and bonds of RMB536 million (2024: RMB553 million) and ii) deduction of interest expenses capitalised in the cost of property, plant and equipment of RMB62 million (2024: RMB90 million).

Net Profit

The Group's net profit was RMB506 million for the year ended 31 August 2025 as compared to RMB502 million for the year ended 31 August 2024.

Management Discussion and Analysis

EBITDA

EBITDA was RMB2,395 million for the year ended 31 August 2025, increase 30.1% as compared to RMB1,841 million for the year ended 31 August 2024. Adjusting for the foreign exchange gain/loss, expenses related to converting independent colleges into private universities, fair value change on construction cost payables for school premises and impairment loss recognised in respect of goodwill and intelligible assets, net of deferred tax, the adjusted EBITDA was increased by 10.5% from RMB3,774 million for the year ended 31 August 2024 to RMB4,169 million for the year ended 31 August 2025.

Property, Plant and Equipment

Property, plant and equipment as at 31 August 2025 increased by 7.6% to RMB23,362 million from RMB21,706 million as at 31 August 2024. Increase in property, plant and equipment was mainly due to the construction of new buildings at existing campuses.

Capital Expenditures

Our capital expenditures of property, plant and equipment for the year ended 31 August 2025 were RMB2,660 million (2024: RMB4,857 million) and were primarily related to the construction of new buildings at existing campuses.

Cash Reserve

Including cash and cash equivalents, restricted bank deposits and structured deposits recognised in financial assets at fair value through profit or loss, the cash reserve amounted to RMB6,744 million as at 31 August 2025 (31 August 2024: RMB6,626 million).

Liquidity, Financial Resources and Gearing Ratio

As at 31 August 2025, the Group had bank and other borrowings and bonds of RMB10,233 million (31 August 2024: RMB10,237 million).

As at 31 August 2025, the net gearing ratio (which is calculated on the basis of total amount of bank and other borrowings and bonds, net of cash reserve, to total equity of the Group) was 18.4% (31 August 2024: 19.5%). As at 31 August 2025, the debt to asset ratio (which is calculated on the basis of total amount of bank and other borrowings and bonds to total assets) of 26.0% (31 August 2024: 26.4%). Certain borrowings and proceeds from placement were not yet fully utilised. In order to have a better use of our financial resources, the Group placed certain structured deposits during the year ended 31 August 2025. The structured deposits were short-term liquidity management products with minimal risk exposure and the Group held these investments for short-term cash management purpose.

Treasury Policy

During the year ended 31 August 2025, the Group has adopted a prudent treasury policy and maintained a robust liquidity structure. In the management of the liquidity risk, the Group monitors and maintains appropriate levels of financial resources to meet its funding needs.

Foreign Exchange Risk Management

The primary functional currency of the Group is RMB. For the Group's operation in the PRC, the major revenue and expenditures are denominated in RMB. For the Group's operations outside the PRC, the major revenue and expenditures are denominated in functional currencies of the relevant territories. The Group also has certain foreign currency bank balances, structured deposits and bank and other borrowings denominated in US Dollars, Hong Kong Dollars and Australian Dollars, which would expose the Group to foreign exchange risk. After assessing the cost and benefit, the Group did not use any financial instruments for hedging purposes. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure when the need arises.

Contingent Liabilities

As at 31 August 2025, the Group had no significant contingent liability.

Management Discussion and Analysis

Charges on the Group's Assets

As at 31 August 2025, the bank and other borrowings of the Group amounting to RMB7,962 million (31 August 2024: RMB7,440 million) were secured by tolling right of revenue, movable fixed assets under sale and leaseback arrangements and equity interest of certain subsidiaries of the Group.

Subsequent Events after the Reporting Period

Save as disclosed in this report, there was no important event affecting the Group which occurred after 31 August 2025 up to the date of this report.

The Group is fully committed to **Safeguard the Environment**, be **Socially Responsible** and maintain a **Stringent and Impartial Corporate Governance** in its daily operation

Environmental, Social and Governance Report

1. ABOUT THIS REPORT

1.1 Reporting Guidelines

Our Group is not only a paragon of private vocational education in China but also an exemplar of staunch guardian of Environmental, Social and Governance ("ESG") practice. We are fully committed to safeguard the environment, be socially responsible and maintain a stringent and impartial corporate governance in our daily operation.

This report is prepared in accordance with the "Environmental, Social and Governance Reporting Guide" under Appendix C2 of the Listing Rules, aims to provide the environmental and social performance of China Education Group Holdings Limited for the year ended 31 August 2025.

1.2 Reporting Principles

This report is solely prepared by the Company. The Board and senior management, to their best knowledge, have monitored and guarantee the completeness, reliability, authenticity and objectivity of the information included in this report, and update the ESG disclosure practice based on the changing standards and the Company's business operation. We also hope to strengthen our communication with the stakeholders and increase the transparency of the Company through the publication of this report, to achieve economic, social and environmentally sustainable development. This report is available in both English and Chinese. However for any discrepancies, the Chinese version will prevail.

We have applied the following reporting principles in preparing the ESG report:

(1) Materiality: in identifying and assessing the ESG issues that have a material impact on the ESG report, we have performed substantial assessments and researches by ways of, among others, directly communicating with relevant stakeholders and viewing historical documents and images, and, in line with the Group's mission and vision as well as the core items of the ESG report, we have submitted such assessments and researches to the Board through the task force. The Board then makes selections based on timeliness, accuracy and reliability and assigns relevant personnel to prepare such assessment and research reports.

(2) Quantitative: The data and information used in this report are derived from our internal sources (such as questionnaires, records, statistics and inhouse researches) and external data (such as estimations and measurements provided by independent third-party professionals engaged by the Company). The Group's energy consumption is calculated mainly with reference to the conversion factor in the General Principles of Comprehensive Energy Consumption Calculation (GB/T 2589-2008), the national standard of the PRC. The Group's greenhouse gas emissions are calculated mainly with reference to the 2017 Baseline Emission Factors for Regional Power Grids in China published by the Ministry of Ecology and Environment and the 2006 IPCC Guidelines for National Greenhouse Gas Inventories published by the Intergovernmental Panel on Climate Change (IPCC). The Group's major source of non-hazardous wastes is office wastes, while domestic wastes are handled in a centralized manner by the environmental and health department of the development zone and yet to be measured separately. We have performed estimation in accordance with the First National Pollutant Source Census Manual of Urban Living Source Discharge Coefficients issued by the State Council.

Environmental, Social and Governance Report

We have established an organizational system and management system in terms of social responsibility and environmental protection based on our own business characteristics so as to enhance the Company's overall ESG management and specify the ESG duties of various departments in our member schools. We actively strengthen our ESG performance by consistently reviewing and improving our systems. We endeavor to promote the culture of environmental protection and social responsibility so as to facilitate the incorporation of the ESG concept into the corporate operation and promote the sustainable development of the Company. For the next step, we will make proactive improvement in our social factors by providing more systematic training systems for our staff to encourage them to improve their overall capacity in the development process and to demonstrate their own value.

(3) Balance: Our ESG report provides an objective, unbiased picture of the issuer's performance. The report avoids selections, omissions or presentation formats that might inappropriately influence a decision of or judgment by the report reader.

(4) Consistency: Since its first ESG report issued in 2018, The Group has been and will continue using consistent methodologies to allow for meaningful comparisons of ESG data over time.

1.3 Reporting Scope and Reporting Period

The reporting scope is aligned with the accounting consolidation basis, that is, only the consolidated affiliated entities are included in the report. Unless otherwise stated, the reporting scope of this report covers the Group's 15 major consolidated affiliated entities, namely the corporate head offices and schools in the PRC and Australia.

Unless otherwise stated, the reporting period of this report is from 1 September 2024 to 31 August 2025, same as the reporting period covered in the Annual Report 2024/2025.

1.4 ESG Governance

ESG matters and reporting are jointly responsible by the Group's Legal Department and the Groups' Administration Department and overseen by the Board. The Board periodically conducts ESG assessment by identifying potential impacts, risks, and opportunities posed to the operation, reviews senior management and functional departments' competence in executing ESG responsibilities, and initiates internal auditing providing high-quality assurance on ESG reporting.

In order to identify, assess and manage ESG issues that have a material impact on the ESG report, we have introduced the board participation mechanism to specify ESG management objectives and determine ESG management risks so as to achieve standardized and normalized board participation of ESG governance with proper procedures.

The Group has established an ESG task force comprising core members of the Group's various departments to collect information, fill in and report data through, among others, questionnaires, interviews, researches and studies as well as being responsible for preparing the ESG report. The task force will regularly report to and assist the Board to identify and assess the Group's ESG risks and the effectiveness of the internal control mechanism. The task force will also examine and assess our performance in various aspects within the ESG scope such as environmental and labour standards. The Board will in turn set the overall direction of the Group's ESG strategy, guide the consistent improvement in ESG management efforts by benchmarking against the ESG data within the industry and segmenting objectives and ensure the effectiveness of the ESG risk control and the internal control mechanism.

Environmental, Social and Governance Report

1.5 Stakeholder Engagement

In order to achieve completeness and to report the most significant aspects for the Group in this report, we have engaged the key stakeholders, including but not limited to government authorities, non-governmental institutions and organizations, shareholders, students, employees and suppliers, in discussion sessions to discuss and to review areas of attention which will help the Company to meet its potential growth and be prepared for future challenges.

1.6 Information and Feedback

We welcome stakeholders' feedback on our ESG approach and performance. Please provide us with your views or suggestions via email to investor@chinaeducation.hk.

2. PARTNERING WITH INTERNATIONAL FINANCE CORPORATION (IFC) IN ESG COMPLIANCE AND PROMOTION

2.1 Inclusive Business

IFC has identified the Group as having an inclusive business model due to its reach to underserved students. Inclusive businesses provide goods, services, and livelihoods on a commercially viable basis to people at the base of the pyramid. G20 leaders have highlighted the important role of inclusive businesses in the implementation of the United Nations' Sustainable Development Goals. Inclusive businesses re-define business-as-usual to help eradicate poverty and boost shared prosperity. The Group is proud of being identified as an inclusive business model and will continue to commit itself in offering high quality education with affordable tuition to students.

The Group considers United Nations' Sustainable Development Goals and believes Goal 1: No Poverty — Economic growth must be inclusive to provide sustainable jobs and promote equality, and Goal 4: Quality Education — Obtaining a quality education is the foundation to improving people's lives and sustainable development, are the most relevant to the Group's development strategic objective.

2.2 Compliance with IFC Performance Standards

The Group will collect data to monitor environmental and social status, review and report on our environmental and social policy; this report covers the status of our compliance with IFC Performance Standards and applicable local governmental, social, labour, safety, security and health registration and standards and measures taken to remedy any non-compliance. We agree to achieve, as a minimum, the standards set out in IFC's Environmental and Social Policies and IFC Performance Standards, and the World Bank Group Environmental, Health, and Safety general guidelines. Such requirements define approaches for managing business operations and investment projects and include Performance Standards in areas such as environmental and social management system, labour and working conditions, land acquisition and involuntary resettlement, and life and fire safety. We have agreed to implement an action plan to adopt measures to enable our operations to be conducted in compliance with IFC Performance Standards. We will also comply with applicable environmental, social, labour, health, security and safety legislations and guidelines and standards in countries/regions where we operate. For more details, please refer to the section headed "Cornerstone Investors" of the Company's prospectus dated 5 December 2017.

Environmental, Social and Governance Report

3. ENVIRONMENT

3.1 Emissions

3.1.1 General

The Group is principally engaged in education services, hence, the types and volumes of emissions generated in our daily operations are limited. Our major sources of emission are exhaust from our motor vehicles and canteens, catering and domestic wastewater, and the domestic wastes from schools. Our schools strictly comply with the relevant laws and regulations relating to exhaust gas and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous wastes of their local jurisdictions such as the Notice on Further Promoting the Energy Conservation of Public Buildings of the Ministry of Finance and the Ministry of Housing & Urban-Rural Department, the PRC Energy Conservation Law, and the Australian Emission Law. In addition, our schools preserve the natural environment by focusing on the management of the polluting sources of schools pursuant to the PRC and Australian Environment Protection Law and other relevant laws and regulations.

3.1.2 Types of emissions and respective emission data

Our source of **exhaust gases and greenhouse gases** is mainly from stationary combustion (such as canteens) and company-owned vehicles. The air emissions of motor vehicles include nitrogen oxides (NO_x), sulphur oxides (SO_2) and respiratory suspended particles (PM), while the greenhouse gas emissions include carbon dioxide (CO_2), methane (CH_4) and nitrous oxide (N_2O). We also produce carbon dioxide indirectly through electricity consumption.

Our **liquid emissions** are mainly domestic wastewater from dormitories and canteens. Our schools' domestic wastewater is discharged into the municipal sewage pipelines in compliance with municipal requirements.

As for the **solid emissions**, our hazardous wastes are light tubes and bulbs. Our major source of non-hazardous wastes is from various recyclable and non-recyclable domestic wastes produced from schools. The Company's domestic wastes are collected and categorized by qualified professional property companies and are transferred by municipal disposal companies to the garbage transfer station designated by government health authorities. The garbage generated by the schools each day is removed and cleaned by property management companies, and is transferred to the garbage transfer station for disposal.

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The detailed emission data of the Group during the reporting period is as follows; the increase in emission per student is mostly due to new campus construction and increase in full-time student enrollment.

Total emissions of the Group

	Measure	**Year ended 31 August 2025**	Year ended 31 August 2024
Air Emissions (excluding greenhouse gas emissions)			
Nitrogen oxides (NO_x)	kg	**6,467.2**	6,308.0
Sulphur oxides (SO_2)	kg	**52.6**	53.9
Particulate matter (PM)	kg	**514.5**	539.1
Total:	kg	**7,034.3**	6,901.0
Liquid Emissions			
Domestic wastewater (from dormitories)	tonnes	**6,670,868**	5,562,079
Domestic wastewater (from canteens)	tonnes	**1,178,128**	1,036,379
Total:	tonnes	**7,848,996**	6,598,458
Solid Emissions			
of which: hazardous waste (light tubes and bulbs)	number	**20,645**	37,985
of which: non-hazardous waste	tonnes	**37,802**	29,902
Less: recycled portion	tonnes	**(612)**	(564)
Total:	tonnes	**37,190**	29,338

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Emissions per student*

	Measure	**Year ended 31 August 2025**	Year ended 31 August 2024
Air Emissions (excluding greenhouse gas emissions)			
Nitrogen oxides (NO_x)	kg	**0.0229**	0.0234
Sulphur oxides (SO_2)	kg	**0.0002**	0.0002
Particulate matter (PM)	kg	**0.0018**	0.0020
Total:	kg	**0.0249**	0.0256
Liquid Emissions			
Domestic wastewater (from dormitories)	tonnes	**23.63**	20.63
Domestic wastewater (from canteens)	tonnes	**4.17**	3.84
Total:	tonnes	**27.80**	24.47
Solid Emissions			
of which: hazardous waste (light tubes and bulbs)	number	**0.0731**	0.1409
of which: non-hazardous waste	tonnes	**0.1339**	0.1109
Less: recycled portion	tonnes	**(0.0022)**	(0.0021)
Total:	tonnes	**0.1317**	0.1088

* *Students enrolled in the continuing education programmes are not considered in the calculation.*

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3.1.3 Greenhouse Gas Emissions of the Group

	Measure	**Year ended 31 August 2025**	Year ended 31 August 2024
Direct (scope 1)			
Combustion of fuels in stationary sources	tonnes	**9,921**	8,721
Combustion of fuels in mobile sources	tonnes	**1,254**	1,017
Less: greenhouse gas offset by our trees	tonnes	**(798)**	(786)
Total:	tonnes	**10,377**	8,952
Energy Indirect (scope 2)			
Energy indirect emissions	tonnes	**232,623**	192,056
Total:	tonnes	**232,623**	192,056

Greenhouse gas emissions per student*

	Measure	**Year ended 31 August 2025**	Year ended 31 August 2024
Direct (scope 1)			
Combustion of fuels in stationary sources	tonnes	**0.0351**	0.0323
Combustion of fuels in mobile sources	tonnes	**0.0044**	0.0038
Less: greenhouse gas offset by our trees	tonnes	**(0.0028)**	(0.0029)
Total:	tonnes	**0.0367**	0.0332
Energy Indirect (scope 2)			
Energy indirect emissions	tonnes	**0.8241**	0.7122
Total:	tonnes	**0.8241**	0.7122

* *Students enrolled in the continuing education programmes are not considered in the calculation.*

Environmental, Social and Governance Report

3.1.4 Emission targets set and steps taken to achieve them

Emission type	Emission per student target for 2024/2025	Approaches
Air Emissions (excluding greenhouse gas emissions)		
Nitrogen oxides (NO_x) Sulphur oxides (SO_2) Particulate matter (PM)	Reduce air emission per student by 1–2% compared with previous financial year's	1. Provide trainings for drivers to enhance their driving skills and implement the management system of "One card for one vehicle" by designated personnel, to monitor gasoline in collaborative gas stations and select gasoline from qualified gas stations 2. Regularly inspect and repair vehicles to keep them well-functioned, to integrate the vehicle dispatch, usage and route in advance and to enhance the management and operation of the school vehicles team 3. Arrange school buses for employees to commute between schools and their residential districts and add routes, and to prioritize the purchase and selection of new energy school buses and make full use of social public transportation resources to reduce exhaust emissions 4. Encourage staff to take public transport when dealing with non-urgent matters 5. To install exhaustion system for oil, smoke and gas emission in canteens so as to achieve up-to-standard emission on top of the roof through the electrostatic purification equipment

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Emission type	Emission per student target for 2024/2025	Approaches
Liquid Emissions		
Domestic wastewater (from dormitories) Domestic wastewater (from canteens)	Reduce liquid emission per student by 1–2% compared with previous financial year's	1. Actively carry out emission reduction and water saving promotional campaigns, and to educate students and teachers on water conservation on a regular basis 2. Conduct diversion, categorized collection and quality-based treatment of domestic sewage (domestic wastewater and sewage from canteens) and rainwater so as to realize cost-effective wastewater management 3. Arrange maintenance personnel to conduct periodic inspection on the discharge of rainwater and wastewater division pipelines in the campus and timely rectify pipelines with potential problems of emitting, leaking, dripping, and running water to ensure the discharge of rainwater and wastewater wells in the campus are in compliance with the requirements of the drainage license 4. Reinforce the water pollutants discharge management of each tenants and operators and the discharge of water pollutants shall be within the state or local standards for the discharge of water pollutants and indicators for the total discharge control of major water pollutants 5. Strictly prohibit the placing of garbage, chemicals, waste oil and sewage at the rainwater pipe network by all units and departments to prevent contamination of rainwater 6. Prohibit the discharge of water pollutants by unauthorized subsurface drainage pipe or by other means evading from regulations

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Emission type	Emission per student target for 2024/2025	Approaches
Solid Emissions		
Hazardous waste (light tubes and bulbs)	Reduce hazardous waste emission per student by 1–2% compared with previous financial year's	1. Carry out knowledge learning and education regarding hazardous wastes on the bulletin board and electronic displays to enhance students' environmental awareness 2. Strengthen the hazardous waste disposal management and carry out fixed storage and centralized collection, and to engage professional recycling companies to conduct effective disposal 3. Prioritize the use of energy-saving and efficient LED lighting appliance to replace fluorescent lighting appliance gradually 4. Engage professional recycling companies to carry out sorting of the hazardous wastes while applying rain and waste dispersal prevention and anti-leakage measures during the course of storage, transportation and disposal
Non-hazardous waste	Reduce non-hazardous waste emission per student by 1–2% compared with previous financial year's	1. Proactively implement paperless office and online office to reduce paper consumption 2. Our schools discourage students and canteens using or providing plastic bags and disposable tableware so as to reduce the production and discharge of domestic waste (some of our member schools impose charges on plastic bags and disposable tableware, and provides direct drinking water throughout the campus) 3. Educate students on food-saving; improve food utilization and reduce waste 4. Our schools have been committed to promoting sustainable development and dedicating themselves to recycle the recyclable solid waste. During the reporting period, the Group recycled 612 tonnes (of recyclable waste in total (excluding those handled by third-party recycling companies), sufficiently reducing landfills in respective schools' local communities

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Emission type	Emission per student target for 2024/2025	Approaches
Greenhouse Gas Emissions		
Direct (scope 1)	Reduce greenhouse gas emission per student by 1–2% compared with previous financial year's	1. Attach great importance to the afforestation of campus and proactively carry out tree planting activities to increase the green coverage of campus 2. During the reporting period, we introduced 9,944 new trees and replanted more than 673 thousand shrubs and saplings. During the reporting period, the greenhouse gas offset by the Group's owned trees amounted to 798 tonnes, which effectively offsets the greenhouse gas emissions of 0.33%
Energy Indirect (scope 2)		1. Establish a management system in respect of electricity saving to enhance promotion, education and instruction 2. Strengthen and improve the measurement and management of electricity meters, preventing noncompliant use of electricity and wastage 3. Scale up effort in repairing and upgrading old electrical equipment and facilities and optimize electrical wires, equipment and facilities so as to avoid wear and tear arising from excessive use of electricity 4. Enhance daily supervision of electricity usage, preventing waste of electricity in dormitory, classrooms and public areas, as well as wasteful illumination 5. Install timers in public lighting circuit and facilities so as to regularly cut off power during off hours. The "only turn on every other lamp" measure in respect of public street lamps is implemented during non-festival days and in non-key regions 6. Procure diversified intelligent equipment and makes full use of information technology to manage the utilization rate of equipment to avoid wastage of resources.

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3.2 Use of Resources

3.2.1 General

In order to promote the reasonable consumption and conservation of energy and thus to enhance the overall efficiency of energy consumption, our schools have assessed the energy reduction goals and have improved the management system of energy saving and energy saving records in accordance with the relevant energy conservation laws and regulations of their respective local jurisdictions. The energy reduction goals are segmented and the stage of completion of the energy reduction goals is evaluated regularly. The formulation and improvement of various energy reduction systems create a regulated environment with rules and precedents for our schools to follow so as to develop economical/resource conservative campuses. We have formulated various energy reduction systems in line with the actual situation of the development of schools and each department is constrained to strictly comply with the systems.

For example:

The Regulation of Energy Management (for upper management):	The *Duties of Water Conservation Leading Team*, the *Duties of Leader of Energy Saving Team*, *Responsibilities of Water, Electricity, and Gas Management Positions*, the *Standards of Water Saving Work*
The Management System of Energy Saving and Usage:	The *Management System of Energy Usage*, *Notices for Strengthening of Energy Saving Management of School Air Conditioners*, *Provisions on Administration of Water Reduction and Water Usage Management*, the *Management System of Planned Water Usage*, the *Management System of Incentive and Penalties of Water Usage*, the *Management System of Water, Electricity and Gas Usage*
The Management and Analysis Regulation of Energy Measurement:	The *Management Regulation of Energy Consumption Statistics and Usage Analysis*, the *Management Regulation of Energy Measurement*, the *Requirements of Energy and Water Measurement*, the *Measures for Administration of Energy* and *Water Measurement and Energy Saving*
The Usage and Maintenance Regulation of Energy-based Devices:	*Operating Instructions of Air Conditioners*, the *Scheduled Maintenance Regulation of Water Equipment, Appliances and Pipes*, the *Operation and Management Regulation of Water Saving Equipment*, *Public Facilities Management and Maintenance System*

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3.2.2 *Total consumption of resources/energy*

The Group adheres to the principle of conservation and exercises stringent management of energy consumption. The energy consumption of the Group during the reporting period is as follows; The increase in resources/energy consumption per student is mostly due to new campus construction and increase in full-time student enrollment.

Total resources/energy consumption of the Group

Resources/Energy Categories	Measure	Year ended 31 August 2025	Year ended 31 August 2024
Electricity	kWh	**302,323,292**	249,427,216
Water	m^3	**11,482,973**	10,157,502
Natural gas	m^3	**4,541,583**	3,993,229
Gasoline	liter	**187,243**	194,191
Diesel	liter	**265,535**	184,570
Liquefied petroleum gas	kg	**750**	0
Alcohol-based fuels	kg	**0**	0

Resources/energy consumption per student*

Resources/Energy Categories	Measure	Year ended 31 August 2025	Year ended 31 August 2024
Electricity	kWh	**1,071.0**	924.9
Water	m^3	**40.7**	37.7
Natural gas	m^3	**16.1**	14.8
Gasoline	liter	**0.7**	0.7
Diesel	liter	**0.9**	0.7
Liquefied petroleum gas	kg	**0.0**	0.0
Alcohol-based fuels	kg	**0.0**	0.0

* *Students enrolled in the continuing education programmes are not considered in the calculation.*

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3.2.3 *Description of resources/energy use efficiency target(s) set and steps taken to achieve them*

The Group and its schools have been actively enhancing the resources/energy use efficiency mainly through the electricity and water savings. The Group does not have any problems in sourcing water that is fit for purpose. All of our schools have stable sources of water supply from municipal pipes and the water quality meets the national safety standard.

Resources/energy	Consumption per student target for 2024/2025	Approaches
Electricity	Reduce resource/energy consumption per student by 1–2% compared with previous financial year's	1. Gradually replace certain old low-voltage cabinets in various buildings 2. Gradually replace traditional street lights in campuses and lighting in classrooms with LED energy-saving lamps or Acousto-optic lamps 3. Air conditioner temperature is set to 26°C or above in the summer 4. All staff and students leaving classrooms or offices are required to switch off lighting devices and lights 5. Private power connect or high energy-consuming appliances are not allowed on campuses
Water		1. Treated sewage irrigation; use built-in sewage treatment plant that treats domestic wastewater and use the treated wastewater for greening and road spraying 2. Implement water conservation and renovation projects such as utilising water conservation taps, water saving storage-type toilet flushing valves, environmental automatic micro-irrigation and so on to effectively reduce the total water consumption in campuses 3. Proactively carry out publicity campaign on energy conservation and provide environmental training by displaying posters in campuses to promote the importance of environmental protection to students and teachers and enhance their environmental awareness 4. Inspect the electricity and power equipment regularly to prevent water pipe leakage
Natural gas, Gasoline, Diesel, etc.		Please refer to section 3.1.4 of this report

3.2.4 Total packaging material used for finished products

The Group engages in the business of education services but not industrial manufacturing, thus no packaging material is consumed.

3.3 Environment and Natural Resources

3.3.1 General

The Group strictly abides by and implements the relevant national and provincial policies, in order to reduce damage to the environment and natural resources. During the reporting period, the Group abode by the following policies which have a significant impact on the environment and natural resources, including but not limited to: **National policies**, such as, PRC Energy Conservation Law and Notice of the Ministry of Education on Deeply Developing Food Saving, Water Saving and Electricity Saving Activities, Guidance Manual on Supervision and Inspection of Water Conservation Management issued by the Water Conservation Centre of the National Office of Water Conservation, and Evaluation Criteria for Water-saving Colleges and Universities jointly issued by the Chinese Hydraulic Engineering Society and the China Association for Campus Management; **Provincial policies**, such as, Regulations on the Prevention and Control of Water Pollution in Guangdong Province, Regulations on the Management of Urban and Rural Domestic Waste in Guangdong Province (Revised edition), and Regulations on the Prevention and Control of Soil Pollution in Jiangxi Province; **Municipal-level policies**, such as, Notice on Launching Activities to Create Water-saving Colleges and Universities of Nanchang City, Notice on Guidance and Management of Electricity Safety in Winter, and Domestic Waste Classification Management Regulations of Xi'an City. In addition, the schools emphasize the development of campus culture, strive to create a clean, civilized and harmonious campus environment, by doing a good job in campus greening, sanitation and hygiene management, implementing a target management system in accordance with the school quality management system, and regularly reviewing the implementation of various policies aiming to further reduce the impacts on the environment.

Environmental, Social and Governance Report

3.3.2 *Significant impacts of activities on the environment and natural resources and our conservation actions taken*

As the number of students in the Group is continuously increasing, the amount of water consumption and sewage discharge is correspondingly increasing, so does the amount of domestic garbage and kitchen waste, resulting a certain impact on the environment and water resource. In addition, new infrastructure projects in progress. In response, the Group has taken corresponding measures. For example, Hainan schools have invested mechanized equipment to improve cleaning efficiency and standardization levels. At the same time, the newly built garbage transfer station is equipped with deodorization and leak prevention systems to eliminate odors, bacteria, and secondary pollution, improve the surrounding air quality, reduce mosquito and rodent infestations, and enhance the overall environment of the schools.

Our schools emphasize the environment protection and stick to the sustainable development in daily management. In order to reduce environmental pollution, the Group has integrated energy conservation and emission reduction into the entire teaching and service processes, and has actively established and promoted conservation-oriented campuses so that energy conservation work can be carried out in the schools in a concerted manner. For example, Guangzhou schools actively implement the path of sustainable development, recycle recyclable solid waste to the maximum extent possible, implement paperless office, launch ERP system office, and reduce paper usage. The lighting time of public area street lights is set according to demand, season, and weather conditions, and the air conditioning temperature is set at 26°C or above in summer; The electric charging stations (for school vehicles) have been put into operation in December 2024, and the electric vehicle charging stations are estimated to be put operation use by the end of 2025.

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During the reporting period, the relevant management actions we have taken are: 1) Promote energy saving renovation for buildings. We built an energy-saving supervision platform on campus, in order to supervise the water and electricity consumption in the students' dormitories and the use of air conditioners during the course of administration, teaching and in the office, so as to ensure the real-time transmission of data and remote monitoring and management. 2) Strengthening water saving measures. We strictly regulate water consumption, promote water conservation, oppose the waste of water resources, and encourage water recycling. The schools have actively carried out activities to create "Water-saving Colleges and Universities" based on The Assessment Standard for Water- Saving Colleges and Universities promulgated by respective provincial governments. 3) Strengthening energy-saving measures for office equipment. According to our internal statistics, reducing the standby time of office equipment can greatly reduce power consumption and extend the equipment service life. While we actively cultivate employees' awareness of energy conservation in reducing power consumption caused by standby time, we also plan to use some automated technology to achieve energy conservation in reducing power consumption caused by standby time. In addition, we have phased out old equipment with high power consumption and gradually replaced them with green products and equipment. We give priority to energy efficiency in the purchasing of electrical appliances and equipment. 4) Carrying out the investigation, monitoring and analysis (such as real-time tracking and management) of water and electricity usage and establishing the energy saving incentives and restraint mechanisms. 5) The Group encourages a paperless office environment, gradually bans the cafeteria to provide students with plastic bags and recycles all recyclable garbage as much as possible, so as to effect earnest enforcement in environmental protection.

Zhaoqing School's efforts in going green and low carbon have been recognized by the government; In 2024, the school was recognized as a "Green and Low-Carbon Public Institution" by the National Government Offices Administration and National Development and Reform Commission. Guangzhou school has received recognition from the government for its effort in greening and ecological campus construction, and has achieved significant progress in the construction of water-saving systems. In 2024, the school was awarded the "Water saving University".

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3.4 Climate Change

3.4.1 General

For policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact the issuer, please refer to section 3.1.1, 3.2.1, and 3.3.1 of this report.

3.4.2 Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them

Water and electricity are the principal consumables of colleges and universities, hence strengthening water and electricity saving management is profoundly meaningful for developing an economical campus. The schools under the Group continuously enhanced the investigation, monitoring and analysis of water and electricity usage by carrying out real-time tracking and management of energy consumption. Upgrading water-saving measures, the schools promoted water conservation, opposed the waste of water resources and encouraged water recycling by actively carrying out campaigns on building "Water-saving Colleges and Universities". Striving to strengthen energy-saving measures for office equipment, we mainly focused on both optimizing the quality of electricity source and reducing standby consumption of electricity.

For example, Jiangxi School embraces technology and seeks for green innovation by deploying a rooftop distributed photovoltaic (PV) power generation project, with an actual installed PV area of approximately 4,500 sq.m. and a PV capacity of approximately 930 KW. The PV modules are installed in the international exchange center, student service center, teaching buildings and student apartments. Connected to the low-voltage cabinet of a dedicated transformer through a 3-point 380V grid connection, the PV modules are used to generate electricity either for self-consumption or being exported to the utility grid if any surplus.

For example, Chongqing school has not only installed intelligent water and electricity control systems to strengthen dynamic monitoring and analysis of water and electricity usage, but also installed photovoltaic power generation systems and reclaimed water reuse systems in new campuses. The photovoltaic project on the roofs of some buildings, utilizing approximately 3,900 square meters of roof space with a total capacity of 754kWp, will be officially put into use in May 2025. The project follows the "self-use and surplus electricity grid connection" model, and has generated about 600,000 kWh of electricity so far, accurately implementing the core of "green education cost reduction and efficiency improvement".

For example, Zhaoqing School has newly built, renovated, and installed an intelligent water and electricity control system for the entire school. All data is uploaded to the intelligent water and electricity monitoring and management system, which can fully understand and analyze the water and electricity usage in each area during different periods, providing reliable basis for subsequent water and electricity management. School maintenance personnel are on duty 24 hours a day, and dedicated personnel are arranged to regularly inspect and maintain large equipment and facilities such as power distribution rooms, water pump rooms, elevators, etc. And install cameras between important equipment to further improve safety management between devices.

Environmental, Social and Governance Report

4. SOCIAL

Employment and Labour Standards

4.1 Employment

4.1.1 General

Remuneration

The remuneration packages of the employees of the Group are determined with reference to individual qualification, experience, performance, contribution to the Group and prevailing market rate.

Remuneration policy of our schools is formulated under the guidance of the relevant laws and regulations of the local jurisdictions of our member schools and is also based on the industry characteristics as well as various market factors. Our member schools determine their respective compensation standards based on the employment by function (teachers, teaching assistants, administrative personnel and workers, etc.) and position. Schools participate in social insurance (pension, housing provident fund, medical, unemployment, work injury and maternity insurance) plans under the guidance of relevant national, provincial, and municipality policies and provide a variety of benefits for employees.

Our employees are members of retirement benefits schemes administrated by their respective jurisdictions. Employers and employees are required to contribute to the retirement benefits scheme in accordance with the respective local laws and regulations.

Dismissal

The guidelines and procedures for the dismissal of employees and the termination of contracts with schools are stipulated in relevant human resource policies and *Employment Contract*. In general, employees are terminated by the schools only if they violate the national laws, the rules and regulations of the schools, or the relevant provisions of the Employment Contract. The schools provide economic compensation to eligible terminated employees according to relevant national *Labour Contract Law*.

Recruitment

The Group follows the *Labour Law, Labour Contract Law, Employment Promotion Law, Labour Dispute Mediation and Arbitration Law* as well as other relevant laws and regulations of its respective local jurisdictions in the recruitment process. We prohibit discrimination of staff by age, sex, race, nationality, religion or disability, ensuring everyone has equal employment opportunities and respects.

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Our schools recruit talents based on business development and operational needs, as well as candidate's integrity and professionalism. Our talent selection policy does not only focus on candidate's academic qualification, relevant work experience, past performance and professionalism, but also on candidate's morality, professional ethics and discipline. All candidates with employment offer will have to sign the employment contract as soon as reporting to work, and we stipulate the probation period according to law. Near the end of the probation period, human resources department will work with the candidates' respective departments to conduct comprehensive assessments on new employees' performance and personality fit during the probation period according to job responsibilities and employment conditions, to decide whether we should officially offer the position as scheduled or ahead of the schedule, or terminate the employment.

We actively attract talents through contacting the target colleges, participating in talent recruitment fairs and industry conferences, and encourage employee referral through social media or various means. In addition, we provide pre-employment and on-the-job trainings such as assigning coaches (experienced teachers) for newly hired teachers to ensure they have faster and smoother transitions and integrations.

Promotion

The Group believes that the teaching quality depends largely on the quality of teachers. To improve the teaching quality and enhance teachers' work initiatives, as well as to ensure teachers are fairly rewarded and compensated based on their efforts and work qualities. Most of our member schools have formulated the *Measures for Determination of Performance Awards* and the *Performance Management Measures*, and faculty and staff are required to take annual appraisals and corresponding performance appraisals.

The schools promote teachers and employees based on their work performance, individual performance, and job qualifications, etc. For professional and technical positions, we promote the eligible employees among the best professional and technical personnel based on their performance results and service time at the current positions and promote them within the systems of post ranking. For management positions, we select the eligible employees among the best based on their performance, results and annual assessments and promote them in the case of vacant posts. In the case of no vacant posts, we may appropriately give a raise to the qualified employees.

Share Option Schemes and Share Award Scheme

The Company has adopted Share Option Schemes (Pre-IPO Share Option Scheme and Post-IPO Share Option Scheme) and Share Award Scheme for the purpose of incentivizing eligible participants for their contribution to the Group. For more details, please refer to the section headed "Share Option Schemes and Share Award Scheme" of the Report of the Directors.

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Working hours and vacations

The Group strictly implements the system of working, resting and vacation according to relevant human resource policies and other national regulations. Our standard working hours are eight hours per day, five days per week, or no more than 40 normal working hours per week, with at least one day off. Except for unusual circumstances, such as at the end of the year, we do not advocate overtime work. For those who have been approved to work overtime due to business needs, the schools shall pay the overtime fees according to regulations. Teachers and employees are legally entitled to statutory holiday, winter and summer vacations (or annual leaves), casual leaves, sick leaves, marriage leaves, compassionate leaves, maternity leaves (and paternity leaves) and other paid or unpaid leaves.

Equal opportunities

Teachers and employees enjoy equal opportunities for education, professional development and promotion and are not discriminated against due to their races, genders, religions or cultural backgrounds.

Diversification

The backgrounds of our teachers and employees are highly diverse; we have entrepreneurs, highly international faculties and foreign teachers with rich oversea academic and work experiences; we have employees with intensive governmental and industrial experiences; we also have outstanding talents from public and private companies, as well as experienced scholars from other public and private schools. The Group has made great efforts to attract social talents to join the teaching team and to promote its diversity, and to fully utilize the valuable experience of the retired and re-employed personnel. For example, Jiangxi School, Zhaoqing School, Henan School, Sichuan School and Chongqing School employ a considerable number of retirees from the industries and schools.

Anti-discrimination

We provide equal opportunities in recruitment and employment, and oppose any types of discrimination. The Company resolutely resists and opposes any forms of discrimination or forced labour practices, including forced labour, racial discrimination, and improper punitive measures. We strive to create a harmonious and equal working environment for all employees. During the reporting period, the Group did not receive any complaints related to any form of discrimination or forced labour.

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4.1.2 Total number of employees by gender, type of employment, age group and geographical region

As at 31 August 2025, the Group had a total of 19,570 employees, a 5% increase from 2024's mainly due to organic growth in employees in our existing schools and new campuses. Please refer to the following four tables for detailed disclosure by category.

Total number of employees by gender

Gender		**At 31 August 2025 (person(s))**	At 31 August 2024 (person(s))
Male		**8,702**	8,171
Female		**10,868**	10,506
	Total:	**19,570**	18,677

Total number of employees by type of employment

Type of employment		**At 31 August 2025 (person(s))**	At 31 August 2024 (person(s))
Directors & senior management of the Group*		**8**	8
Teachers		**15,166**	14,383
Teaching support staff		**634**	601
Administrative staff		**2,191**	2,184
Accounting and internal control staff		**141**	138
Campus security staff		**406**	420
Other staff		**1,024**	943
	Total:	**19,570**	18,677

**Note: Details of directors & senior management of the Group are set out in "Directors and Senior Management" of this Annual Report.*

A majority of our employees are teachers and teaching support staff, accounting for nearly 81% of the total number of employees. Our teachers and teaching support staff are our greatest and most valuable human resource asset.

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Total number of employees by age group

Age group		At 31 August 2025 (person(s))	At 31 August 2024 (person(s))
30 or below		**5,359**	5,473
31–40		**6,073**	6,091
41–50		**4,886**	4,262
51–60		**1,998**	1,840
Over 60		**1,254**	1,011
	Total:	**19,570**	18,677

About 56% of our employees are between the ages of 31 and 50; this group mainly consists of teachers and professors with teaching experience of 10–20 years. In addition, the number of employees under the age of 30 is also considerable, accounted for 27% of the total employees; this group mainly consists of youth teachers with teaching experience of or less than 10 years or youth teachers working toward their teacher qualification certificates, with tremendous supports from the Group.

Total number of employees by geographical region

Geographical region			At 31 August 2025 (person(s))	At 31 August 2024 (person(s))
The PRC	Local		**12,621**	11,771
	Non-local		**6,724**	6,722
Australia	Local		**224**	184
	Non-local		**1**	0
		Total:	**19,570**	18,677

We have a rather diverse workforce. As at 31 August 2025, around 34% of our employees come from locations other than where our schools operate.

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4.1.3 Employee turnover rate by gender, age group and geographical region

We have a very stable teachers and management workforce. During the reporting period, the Group had a total of 1,452 resigned employees, representing an employee turnover rate of 6.9%. Please refer to the following three tables for detailed disclosure by category:

Employee turnover by gender

Gender		**Year ended 31 August 2025 (person(s), %)**	Year ended 31 August 2024 (person(s), %)
Male		**691 (3.3%)**	744 (3.6%)
Female		**761 (3.6%)**	843 (4.2%)
	Total:	**1,452 (6.9%)**	1,587 (7.8%)

Employee turnover by age group

Age Group		**Year ended 31 August 2025 (person(s), %)**	Year ended 31 August 2024 (person(s), %)
30 or below		**742 (3.5%)**	829 (4.1%)
31–40		**294 (1.4%)**	354 (1.7%)
41–50		**130 (0.6%)**	121 (0.6%)
51–60		**117 (0.6%)**	146 (0.7%)
Over 60		**169 (0.8%)**	137 (0.7%)
	Total:	**1,452 (6.9%)**	1,587 (7.8%)

Employee turnover by geographical region

Geographical region			**Year ended 31 August 2025 (person(s), %)**	Year ended 31 August 2024 (person(s), %)
The PRC	Local		**992 (4.7%)**	1,048 (5.2%)
	Non-local		**451 (2.2%)**	522 (2.5%)
Australia	Local		**9 (0.0%)**	17 (0.1%)
	Non-local		**0 (0.0%)**	0 (0.0%)
		Total:	**1,452 (6.9%)**	1,587 (7.8%)

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4.2 Health and Safety

4.2.1 General

In order to ensure the normal teaching order of the Group and the health and safety of the employees and students, the Group has established strict safety management regulations and standards for fire safety, campus safety and health environment construction, facilities and equipment management, and anti-smoking management, etc., to provide staffs and students with a healthy and safe working and learning environment. While strictly complying with the *Infectious Diseases Prevention Law, School Health Work Regulations, Fire Protection Law* and other relevant laws and regulations of their respective local jurisdictions in formulating safety management systems, the Group has also established a safety and health work leading team to effectively supervise the implementation of safety inspection system and a safety accountability system, accident emergency plan, and has carried regular campus safety inspections to ensure the health and safety of teachers and students.

For example, Jiangxi school has formulated a series of systems such as the "2025 Legal and Safety Education Work Plan" and the "2025 Campus Safety Production Month" Activity Plan, established relevant special work leadership organizations, continuously strengthened work implementation, and successfully passed the Jiangxi Province 2024 Safety Construction Evaluation and University Safety and Stability Work Evaluation, winning the honorary title of "Excellent Unit for Safety Construction in the Province" in 2024.

Guangzhou Technician School has established an ISO-9001 quality management system in earlier years, and the certificate of ISO quality management system is valid until July 2026.

The Group also provides employees with relevant accident protection as required by national regulations such as the *PRC Labour Law* and the *Regulations on Work Injury Insurance*. The Group provides necessary labour protection supplies and other measures to ensure employees have a safe working environment that is free from occupational hazards. In addition, the Group participates in annual employee work-related injury insurance and basic medical insurance, which can help its schools and its employees to mitigate accidental risk and damage to a certain extent.

4.2.2 Work injuries and accidents

During the past three years including the current reporting period, the Group had 1 work-related fatalities.

4.2.3 Lost days due to work injury

During the reporting period, the Group had 11 employees who had work-related injuries, resulting a total of 446 lost days. In response to these 11 work-related injuries, the Group actively applied for work-related injury certification for employees, arranged hospital visits, and compensated for work-related injuries to ensure employees obtain insurance coverage and salary as required by relevant laws.

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4.2.4 Occupational health and safety measures and related implementation and monitoring methods

Due to the characteristics and working environment of the education industry, most employees, such as teachers and administrative staff, do not expose to any inherent occupational hazard risks. A small group of employees, such as maintenance technicians and other outdoor workers, expose to limited occupational hazards risk. Our schools mainly adopt the following measures to avoid occupational hazards: to provide necessary protection and communication tools for safety and security personnel, to provide labour protection supplies for maintenance personnel, and to formulate safe operating procedures and provide safety trainings for employees.

Our schools have adopted the following measures to ensure the safety of employees:

First, implement safety education and safety precautions. Our schools promote safety education, health education and prevention awareness through the official school website, WeChat, TikTok, and other various internal and offline publicity platforms to continuously improve the safety and health awareness of our teachers and students. In addition, most of our schools provide free health check-up for all employees every one or two years.

Second, establish safety and health supervision projects. We have strengthened safety inspections in key areas and key locations to eliminate safety hazards in a timely manner. As at the end of the reporting period, the safety and health supervision projects established by the Company mainly include: safety and health publicity and education, investigation and rectification of hidden safety hazards, power safety usage management, management of hazardous chemicals, safety management of food and boilers in canteens, policies and security work requirements, clinic and health management, dormitory safety management and school bus safety management, and improvement for campus and surrounding environment. We are equipped with necessary video surveillance equipment in public areas, and assign security guards to safety and health supervision projects, be well-prepared for emergency. As for campus environment, our schools regularly disinfect different areas of campuses on a weekly basis, and makes sufficient efforts on environmental hygiene and disease prevention. In addition, air conditioning maintenance work is conducted every semester. At the same time, anti-smoking is strictly enforced, and tobacco control inspections are regularly conducted to ensure the health of staffs and students and to avoid any incidents that endanger the safety of our school campuses.

Third, crack down fire safety issues. The group attaches great importance to campus fire safety; all our schools issue fire safety notices at the beginning of academic year, holidays, important periods and sensitive period, and regularly inspect the fire-fighting equipment of each building, repair and add various types of fire-fighting equipment. Jiangxi School and Guangzhou School hold large-scale fire drills on the annual fire prevention publicity day to enhance the fire safety awareness and self-rescue capability of teachers and students.

For example, Chongqing school regularly and irregularly inspects and replaces the fire protection facilities and equipment throughout the school, hires professional fire protection maintenance units to check and maintain the fire protection facilities every month, and rectifies 83 fire safety hazards throughout 2024; 2,183 fire-fighting facilities were repaired and replaced, and 13 inspections were conducted on fire safety hazards in campus canteens, supermarkets, and warehouses; During important sensitive periods and holidays, safety inspections were conducted 7 times on the school's power distribution room, training room, computer room, student dormitories, and office areas, and 4 special inspections on fire safety were conducted by the Municipal Education Commission and Fire Rescue Brigade.

For example, Guangzhou Vocational School organized about 1,000 new students and 600 faculty members to conduct fire safety emergency evacuation drills to strengthen fire safety education and prevention work for teachers and students in September 2024, improve the school's ability to prevent and respond to emergencies, train teachers and students' emergency response speed, and enhance the school's ability to organize the evacuation of students.

4.3 Development and Training

4.3.1 General

The Group attaches great importance to employee training and development. In order to maintain and enhance staffs' teaching and management skills, the Group and its operating schools have formulated employee training programmes throughout the entire academic year based on the actual needs. The training activities focus on the dissemination of culture and the improvement of business capabilities. Taking the extraction and inheritance of experience as the goal, the training model of case analysis is mainly used to comprehensively upgrade employees' knowledge reserves and business. The Group strongly encourages teaching staff to participate in pre-employment training, as well as professional trainings that lead to professional teacher and counsellor qualifications, academic lectures, and innovation and entrepreneurship trainings. The Group also encourages them to participate in forums, seminars, meetings and professional training in other disciplines, as well as overseas exchange opportunities.

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During the reporting period, our training programmes and projects at **Group-level** mainly include:

Department	Internal training delivered
Finance Department	Regularly provided systematic guidance and training on annual comprehensive budget management, capital expenditures, business finance integration analysis, ERP financial information system, funds and financing, tax management, financial risk and internal control of member schools and related companies of the group through special training meetings and financial meetings. At the same time, schools actively participated in the financial management training organized by the China Private Education Association, exchanged ideas with peers, communicated work methods, effectively enhanced the professional abilities of financial management personnel, broadened financial horizons, and provided strong guarantees for the standardization and integrity of future business operations
Supervision and Audit Department	Regularly provided training on internal control system management, internal control evaluation management and other topics to further strengthen the awareness of risk management in schools, regulate business conduct with systems, strengthen management foundation and enhance system execution. In addition, it organized the internal control management training of the Group's 839 School, where industry experts were invited to further enhance the comprehensive quality of the school management and improve their management ability through the training courses on public opinion management, interpersonal communication management, and internal control evaluation management. Meanwhile, employees from the department were organized to attend the training on the improvement of competence of audit professionals, and the on-site management and quality control of auditing projects to further improve the quality of auditing work and expand auditing thinking
IT Department	Regularly conducted business model analysis and business operation training for schools involving ERP (personnel, finance, assets, workflow), smart campus platform (staff service platform, student service platform, intelligent hardware equipment, etc.) and one-stop service platform, customized information systems through the established and reliable business processes of each school owned by the Group, and promoted them in schools in need, thereby greatly alleviating the trial-and-error cost of member schools and improve the management service of the business departments of such schools

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Department	Internal training delivered
Logistic Department	Organized the heads of the procurement departments of each school to conduct specialized course learning. Through systematic training, participants can effectively cope with passive situations in procurement negotiations, accurately control the bargaining process, and ensure obtaining reasonable procurement prices. All school members of the general affairs and infrastructure departments participated in a training course on in-depth interpretation of the "2024 List Pricing Standards" and practical implementation of engineering costs, using a "offline centralized online synchronous" model. Help schools deeply understand the core points of market-oriented reform in engineering cost, further standardize the full process management of engineering projects, and effectively strengthen risk prevention and control capabilities. During the reporting period, we conducted multiple on-site business training sessions and led the organization of personnel visits between member schools to exchange experiences, helping schools further improve the management level of logistics and general affairs personnel
Academic and Human Resources Department	Organized 7 training series of 2024 (namely, education and teaching, financial management, logistics management, information technology, legal and ESMS management, internal control management and international education) of the 839 School, providing aggregately 42 lectures on topics including education and teaching assessment, AI-assisted teaching reforms, financial risk prevention, international talent cultivation, CEG environmental and social management system, AI purchasing and management, and labour and personnel compliance management. Focusing on work priorities and difficulties, and with education and teaching assessment experts, well-known managers and teachers or industry elites invited as lecturers, such training series were proved to be effective, and widely acknowledged and recognized by the trainees. The training series promoted inter-school communication and integration, enhanced the competence of the teaching staff, further improved their education and teaching ability, and enhanced the administrative management capabilities of the management cadres, while empowering the member schools to establish training systems and assist in organizing various types of training activities oriented to five key areas, namely induction training, seminar training, special training, thematic lectures, and practical ability enhancement, with more than 20 training topics and more than 3,000 participants

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Department	Internal training delivered
Marketing Department	Regularly carried out professional training such as enrollment and enrollment publicity for member schools to increase enrollment plans and strengthen publicity of school-running characteristics. Promoted the construction and training of employment platforms. Focused on guiding and supervising the promotion of the transformation of Shaanxi School and Henan School
International Education Department	Organized member schools to carry out exchange training meetings such as international education enrollment for many times, regularly carried out professional training such as enrollment and enrollment publicity for member schools, regularly carried out institutional certification, professional verification, professional external examination and credit mutual recognition business training for international education and teaching, promoted high-quality development of school enrollment and promoted internationalization of education
Legal Department	Organized several guidance and training sessions for the member schools on cultural awareness, contract management, labour and personnel, construction engineering, bidding and tendering, litigation dispute resolution, updating of rules and regulations on company law and private education regulations and gender and inclusive education to help the schools to further improve their business standardization and risk management capabilities

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In order to improve the professional management ability of our employees, the Group also actively sent employees to participate in external expert training. For example, the legal and information departments of the Group have jointly organized multiple training sessions for representatives from various departments of schools on the use of the Pan Micro contract management platform, to enhance the contract management level of the Group and the schools.

During the reporting period, our training programmes and projects at **school-level** mainly include:

1. Encouraging teaching staff to obtain teacher qualifications and counsellor qualifications, Participated in vocational skills training and professional title evaluation. For example, during the reporting period, more than 280 teachers in Chongqing school obtained higher education teacher qualifications; the school issued a notice on the implementation of the 2024 professional title application work. A total of more than 190 people obtained professional and technical position qualifications, including 8 professors, 27 associate professors, more than 40 lecturers, and more than 110 teaching assistants; And the school provides pre-employment training for more than 90 newly hired teachers.

2. Support and encourage our teachers to pursue master or doctoral degrees. For example, Jiangxi school has trained more than 140 doctoral students and 6 master's students in accordance with the "Management Measures for Doctoral Degree Pursuit of Faculty and Staff", "Work Plan for Doctoral Introduction", and "Management Measures for Academic Degree Enhancement of Faculty and Staff". Zhaoqing School has signed an agreement with 18 teachers to sponsor their pursuit of doctoral degrees, and the agreement aims to train 18 doctoral students.

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3. Short-term studies at domestic and foreign universities. For example, Shandong school has selected 15 teachers to participate in advanced training programs for improving the teaching abilities of university teachers in Shandong Province, as well as provincial-level demonstration training courses for improving the teaching abilities of young university teachers in Shandong Province, effectively helping teachers broaden their academic horizons and enhance their professional qualities.

4. Practicing and serving temporary positions in enterprises. For example, Guangzhou Technician School organized and arranged more than 30 teachers to carry out enterprise on-the-job practice for more than 450 days in 2024. More than 30 companies have conducted on-the-job internships, involving professional positions such as energy vehicle electromechanical maintenance, robot installation and debugging, virtual simulation development and other new technologies and formats. The excellent rate of practical evaluation for teacher positions by companies is close to 100%. Improved the professional skills of teachers, achieved the integration of school and enterprise in the construction of teaching staff, and enhanced the corporate literacy of teachers.

5. School-enterprise cooperation in production, learning and research. For example, Sichuan school has focused on "new industries, new quality productivity" and have built 12 cutting-edge modern industrial colleges based on more than 800 cooperative enterprises and institutions. Among them, it has jointly built the "New Generation Information Technology Industry College" with Huawei, the "Artificial Intelligence and Big Model Industry College" with Baidu, the first "Industrial Internet Industry College" in China with Inspur, the first "Tax Agents Industry College" in Sichuan Province with the Sichuan Certified Tax Agents Association under the guidance of the China Certified Tax Agents Association, and the "New Media Industry College" with Cover Media, TikTok, etc.

6. Carrying out teaching skill training for teachers; encouraging teachers to participate in forums, seminars, meetings in other disciplines and professional training. For example, Guangzhou Vocational School has established a long-term development mechanism for teacher development and formulated seven normative documents such as the "Action Plan for Excellent Teacher Development (2025–2027)" to promote teacher professional development. 18 new online courses (over 170 videos with a total duration of over 11,000 minutes) have been established, covering three major areas: AI empowerment, teaching competitions, and system operations. 14 online training sessions have been organized, and more than 1,500 people have received proof of continuing education hours. More than 40 hierarchical and classified training sessions were held, including lectures, workshops, and salons, with a focus on "AI Empowered Education and Teaching" training. The total number of participants was over 2,900. More than 10 new teachers have provided teaching consultation and guidance, and over 20 teachers have been guided. Guangzhou Songtian Vocational College has innovated its training model by establishing a new "teaching lunch party", and teacher training is developing towards precision and practicality.

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7. Pre-employment training for new employees. Our schools carry out pre-employment training for new teachers and counselors at the beginning of each academic year. Through centralized training, practice and follow-up training, we help new employees quickly familiarize themselves with school cultures and management procedures (such as teaching, research, HR, etc.) thus they can grasp the essentials of teaching methods and integrate them into teaching.

4.3.2 Percentage of trained employees by gender and employee category

During the reporting period, the Group provided on-the-job training that benefit employees' personal and professional development for a total of 15,133 staffs, accounted for 77.3% of total employees. Please refer to the following two tables for detailed disclosure by category:

Number and percentage (%) of employees who received training by gender

Gender		Year ended 31 August 2025 (person(s), %)	Year ended 31 August 2024 (person(s), %)
Male		**6,054 (30.9%)**	4,886 (26.2%)
Female		**9,079 (46.4%)**	7,712 (41.3%)
	Total:	**15,133 (77.3%)**	12,598 (67.5%)

Number and percentage (%) of trained employees by employee category

Employee Category		Year ended 31 August 2025 (person(s), %)	Year ended 31 August 2024 (person(s), %)
Senior management		**148 (0.8%)**	149 (0.8%)
Middle management		**1,252 (6.4%)**	825 (4.4%)
Other staff		**13,733 (70.1%)**	11,624 (62.3%)
	Total:	**15,133 (77.3%)**	12,598 (67.5%)

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4.3.3 *Weighted average training hours completed per employee by gender and employee category*

During the reporting period, the weighted average training hours completed per employee of the Group was 65 hours. Please refer to the following two tables for detailed disclosure by category:

Weighted average training hours completed per employee by gender

Gender	**Year ended 31 August 2025 (hour(s))**	Year ended 31 August 2024 (hour(s))
Male	**64**	49
Female	**66**	57
Weighted average training hours:	**65**	54

Weighted average training hours completed per employee by employee category

Employee Category	**Year ended 31 August 2025 (hour(s))**	Year ended 31 August 2024 (hour(s))
Senior management	**43**	41
Middle management	**46**	52
Other staff	**67**	54
Weighted average training hours:	**65**	54

Employment of employees with disabilities and employees with material family difficulties

The Group actively safeguards the employment opportunities for all types of people and prohibits discrimination in all aspects to ensure that every employee is respected and treated fairly. We are a disabled-friendly company and we actively solve the employment problem for the disabled. Under the same circumstances, we give priority to people with disabilities and people with material family difficulties in making hiring decisions. As at 31 August 2025, the Group had a total of 63 disabled employees and 30 employees with material family difficulties, respectively accounted for 0.32% and 0.15% of the total employees.

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4.4 Labour Standards

4.4.1 General

The Group prohibits and resolutely resists hiring child labour or forced labour and in strict compliance with the relevant labor law of their respective local jurisdictions, such as Labour Law of the People's Republic of China, Labour Contract Law, Teachers Law, and Law on the Protection of Minors. The Group has formulated specific recruitment and human resources policies that prohibit the use of child labour and forced labour. The Group also prohibits forced labour or servitude in any forms, and ensures that all employees work on a voluntary basis. The Group recruits staff based on an open, fair, justice, and voluntary basis, and prohibits the recruitment and employment through forced actions or fraudulence. During the reporting period, the Group was not involved in any illegal labour, child labour or forced labour.

4.4.2 Our measures and steps taken to eliminate child and forced labour

Our human resources departments examine the identity of job applicants and employees recruited, conducts inspection on child labour and illegal labour, performs detailed background check on high end talents and employees who hold key positions, and enters into contracts with all full-time employees in accordance with relevant laws and protects their legitimate rights and interests. If any non-compliance related to child labour and forced labour is found, the disciplinary supervision department and the management shall review the entire recruitment and management procedures, and identify the defects and make targeted improvement on relevant procedures to prevent the reoccurrence of similar incidents. Our schools have never been involved in any illegal labour, child labour or forced labour since they were established.

Operation Practices

4.5 Supply Chain Management

4.5.1 General

As an education services provider, we engage our suppliers to provide us with office supplies, furniture, teaching devices and equipment, teaching material and supplementary teaching material and uniforms. In order to make the procedures of material supply more convenient and efficient, and the management more standardized, the Logistics Department of the Group makes continuous conclusions and exploration, and carries out in-depth optimization of the established systems and processes. During the reporting period, it has successively revised the Procurement Management System of China Education Group Holdings Limited (2024 Revision), the Implementation Rules of Procurement Management of China Education Group Holdings Limited (2024 Revision) and the China Education Group Bidding Procurement Management V.3.5, and issued the Notice on Further Refinement of the Bidding Procurement Enquiry Process and other policies and guidelines for the scientific management of school procurement work. In addition, the member schools of the Group completed the revision of their respective school systems in accordance with the Group's newly revised systems and opinions.

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During the reporting period, the Logistics Department of the Group has fully utilised SRM supplier management software, which allows the Group to realize the whole process management from supplier understanding, selection and development to supplier control, further optimizes the Group's procurement management process, helps the Group to improve its relationship with suppliers, establishes a standard and transparent procurement process, improves procurement efficiency and also better reduces procurement costs. We perform categorized management on suppliers through Qualified Supplier Databases, conduct "qualified supplier assessment" on an annual basis, and discontinue cooperation with unqualified suppliers in time.

Group Logistics Department implements "centralized procurement, local distribution" for large-scale in demand commodities. For goods with sporadic demand but large cumulative consumption, we enter long-term supply contracts with suppliers and implement long-term contract prices. Centralized procurement at Group level makes full use of economics of scale and effectively reduces procurement costs.

4.5.2 Number of suppliers by geographical region

During the reporting period, about 90.4% of the Group's suppliers are local suppliers (from the provinces/municipalities/states where schools are located).

Geographical region			**At 31 August 2025**	At 31 August 2024
The PRC	Local		**1,688**	1,848
	Non-local		**197**	100
Australia	Local		**171**	167
	Non-local		**0**	0
		Total:	**2,056**	2,115

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4.5.3 *Practices of supplier engagement and implementation and supervision of such practices*

Our schools take into full consideration of the suppliers' environmental and social risk factors in supplier selection. The Group actively promotes a healthy and fair competitions among suppliers. Firstly, we will verify and conduct due diligence on the legitimacy (such as the validity of business license, tax registration certificate and organization code certificate), qualification, business scope and operating and financial results in last three years of relevant suppliers. Subject to different products, we will require the suppliers to provide quality examination reports, quality certification, samples and other relevant materials for quality control during the acceptance procedure.

Our schools' procurement departments have matured and complete supplier engagement systems in place. For small amount procurements, we engage the suppliers based on the principle of "emphasizing on efficiency while ensuring quality" and make comparison among different suppliers for specific products. For example, the procurement of minor commodities, quotations from at least three suppliers are required and shall be subject to school's online approval. For large amount procurement, we assess and select the suppliers on a fair basis through open tenders or competitive bidding procedure and process in strict accordance with relevant systems of the Group and the schools. For example, in relation to the selection process, the Logistics Department of the Group has developed an "electronic bid evaluation" system, which determined the weighting of the products bid by suppliers based on the technical and commercial factors. Suppliers are required to provide samples of the relevant products, followed by a "blind sample evaluation". Finally, suppliers will be selected based on the overall score. In order to strengthen the Group's control over suppliers, the Supervision and Audit Department will conduct special audits on a regular basis as to the effectiveness of supplier management.

4.5.4 *Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored*

The Group has been carrying out strict audit in identifying and eliminating social risks of suppliers from time to time. All suppliers are required to have good business reputation/record, sounded service team, completed tax paying record and solid accounting system, and no major safety or quality accident has occurred in the past three years. Schools are required to review the qualification of suppliers on the authoritative website when organizing bidding procurement, in order to exclude suppliers with higher social risks; Suppliers participating in bidding and procurement are required to sign a "Supplier Social Responsibility Statement" prohibiting the use of child labor and forced labor, and suppliers are required to provide safety, occupational health and environmental protection administrative permits related to their business operations. each contract signed with the supplier shall be accompanied by *Integrity Agreement*; when the supplier delivers goods, the purchasing department shall organize the asset and user departments to jointly inspect the goods and focus on inspecting Product inspection certificate, certificate of conformity and other materials, and sign for confirmation after inspection. At present, the Group utilize ERP system in managing the supply chain and all processes are generated by the presentation of documents. In the payment process, the Group's financial personnel will review the entire procurement process as well as the upstream documents, and payment is made according to the contract requirements upon the reviewal. For suppliers that fail to perform according to the requirements, fees will be deducted from the quality assurance deposit according to the contract.

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4.5.5 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored

In bulk procurement, the bidding document template specifically requires suppliers to actively submit energy-saving, emission reduction, environmental labeling and other related materials of the products, and we take energy-saving as a priority in the bid evaluation process. All our centralized procurement suppliers are domestic first-tier enterprises and world top 500 enterprises, and their products must meet the national energy-saving standards. In addition, in order to reduce the idle or scrapping of assets, the Logistics Department has established "idle asset verification process" for the member schools, to allocate and promote recycling schools' idle assets to achieve secondary utilization as much as possible to reduce the impact of scrapped assets on the environment.

4.6 Service Responsibility

4.6.1 (a) We provide education services in strict compliance with relevant national laws

Our schools operate in accordance with the relevant education laws and regulations in their respective judications, such as the *PRC Education Law*, the *Law for Promoting Private Education*, the *Several Provisions on the Administration of Private Colleges and Universities*, the *Several Opinions of the State Council on Encouraging Social Power to Set up Education to Promote the Healthy Development of Private Education*, to provide high quality vocational education services, as well as accommodation, meal catering and other ancillary services.

4.6.1 (b) How do we ensure the objectivity of our enrollment advertisement?

We carry our enrollment advertisement and promote our schools mainly through the advertising on traditional mainstream media such as official website, newspaper, TV, and journals on higher education entrance examination published by provincial education authorities and on emerging media such as internet media, mobile newspaper, mobile application of mainstream media and official account on WeChat platform.

We carry out promotional activities in strict compliance with relevant laws and regulations in their respective judications, such as the *PRC Education Law*, the *PRC Advertisement Law and the Provincial Measures on Filing and Management of Enrollment Advertisement of Private Colleges and Universities*, and have formulated the *Enrollment Information Approval and Publish Mechanism*, the *Enrollment Advertisement Content Management and Filing and* the *Enrollment Promotion Platform Maintenance and Management*, to make filing and effect management and control of the advertisement and promotional information. All advertisement and promotional information are accurate, objective, true and not misleading. We also actively seek advices and supervision from the supervisory personnel of provincial governments and the provincial enrollment supervision team. Our effort in objective advertising is highly recognised by students, parents and the public.

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4.6.2 *(a) Withdrawal rate*

During the reporting period, we recorded a withdrawal rate of 2.0%. The schools have made relevant refunds in accordance with relevant policies.

4.6.2 *(b) How do we respond to the complaints from the students and employees?*

During the reporting period, the Group received a total of 70 complaints from the employees and 1,210 complaints from the students. The complaints were mainly related to public facility repair, pandemic prevention and control measures, and dissatisfied food taste in the canteens. The Group has taken active measures of improvement for reasonable requests.

In order to effectively protect the rights and benefits of our students and employees, our schools continuously maintain a channel for students and employees to express their demands and concerns. Firstly, the schools have set up president's mailbox (and other mailbox open to public) and have designated special personnel to handle various kinds of oral and written inquiries at different levels in order to receive all kinds of feedbacks from the public, students and staff. Secondly, the schools hold the "Meeting with the Principal Day" and student forums once every period to collect the problems and concerns raised by the students. We listen to and solve the students' problems on study and daily life in a timely manner, and encourage students to fully participate in the schools' daily management, to enhance the level of democratic management of the schools. Thirdly, some schools have refined the *Students Complaints Handling Rules* and the *Whistleblower Complaint Protection Rules*. During the reporting period, the Group was not involved in any material litigations, complaints, disputes or negative news coverage.

4.6.3 *Safeguard and protection of our intellectual property rights*

The Group strictly compliant with the relevant intellectual property laws in its respective judications, such as the *PRC Patent Law* and the *PRC Implementation Rules of Patent Law*, to protect the intellectual property rights of schools and students. In addition, a majority of our schools have also introduced and implemented their respective *Administrative Measures for Scientific Research* and *Administrative Measures on Intellectual Property Rights*. During the reporting period, the Group was not involved in material complaints or disputes related to intellectual property rights.

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During the reporting period, our higher education institutions' efforts to safeguard and protect the intellectual property rights of the schools include: (1) To improve the management of intellectual property rights. The schools have set up Research Management Departments to be responsible for the application, protection, and transfer of the intellectual property rights of schools. The schools have also maintained intellectual property rights conversion agency, which comprises of a dedicate team to promote the intellectual property rights conversion and coordinate the disputes caused by intellectual property rights, protecting the intellectual property rights of the schools. In addition, the schools have also established a patent application fund for intellectual property rights to subsidize the intellectual property innovation activities, and the maintenance and improvement of patents at later stages. (2) To well protect the intellectual property documents of the schools. We have strengthened the promotion and learning of the confidentiality so that teachers and students can clearly identify the bottom line that they cannot reach, and clearly define their own activities so as to better protect their intellectual property rights. Respective academic departments and research institutes appoint specialized personnel to archive and backup the laboratory results, scientific research results, confidential files of the archives and competitive scientific research items. (3) The schools implement graduation project (graduation dissertation) review. We will educate the students and ask the students to modify or rewrite the graduation dissertation for which the repetition rate exceeds the standard. If there are serious acts of plagiarism, we will handle it in accordance with the *Measures for the Prevention and Handling of Academic Misconduct in Colleges and Universities and the Implementation Rules of handling Measures for Dissertation Fraud*.

We protect both internally-developed and external intellectual property rights of educational resources. Our schools have issued *Management Regulations for Teaching Materials* to ensure the textbooks used are all ordered from authorized publishers, and we have purchased online resources such as CNKI and Chaoxing for our teachers to ensure the teaching materials and educational resources they use are those with copyrights.

4.6.4 *(a) How do we maintain consistent high-quality education?*

To provide high-quality education service to students has always been our relentless pursuit. Firstly, our schools have formulated and implemented the *Teaching Standards for Teachers*, the *Guidance on Curriculum Revision*, the *Measures on Identification and Handling of Teaching Non-Compliance*, the *Scoring Measure on Teaching and Teaching Management* and other rules and systems. Through the management system, our schools have specified the quality standards of formulation (and revision) of cultivation proposals, formulation (and revision) of course syllabus, teaching preparation, teaching research, classroom teaching, teaching organization, after-class tutoring, homework review, teaching practices and other teaching procedures, and have formed a complete and standardized system of teaching management and teaching quality assurance, as well as handling procedures and appealing review procedures for noncompliant teachers. Secondly, periodic inspections are conducted at different phases. At the beginning of semester, our schools will carry out initial teaching examination with focus on examining the compilation of course syllabus, class preparation by teachers, teaching PPT preparation and plans for teaching research activities by the teaching research office. In the middle of semester, schools will carry out mid-term teaching examination with focus on examining the implementation of activities of the teaching research office, implementation of curriculum instruction, completion of research report and guidance on dissertation preparation. At the end of semester, schools will carry out final examination with focus on examining the content of test papers and teachers' procedural assessment on students. In addition, we will conduct online mutual evaluation on teaching and learning experience between teachers and students for every academic year and publish the year-end evaluation. Thirdly, schools will hold periodic meetings to discuss teaching quality. Through preparation of briefing reports and meetings, we receive and review feedbacks to solve the problems and improve the quality.

Our schools have formulated the *Exam Management Rules*, *Exam Paper Management Measures*, the *Student Assessment Measures* and other management systems to standardize the organization and implementation of tests and to prevent the occurrence of accidents related to security and confidentiality of examination rooms and test paper due to human error.

4.6.4 *(b) Teaching quality management*

We adhere to the "student-oriented" teaching strategies and the quality management philosophy of "continuous improvement" to build a teaching quality assurance system. The Group attaches great importance to the assurance and improvement of teaching quality; we safeguard our quality management mainly through the following two aspects:

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First, to maintain a well-established management system. During the reporting period, our schools have continuously improved the management systems in educational administration, teaching operation, student registry, teaching quality, practical teaching, examination, teaching file, classroom and teacher management. For example, Jiangxi School has updated and improved a series of management regulations, including the "Detailed Rules for Student Enrollment Management," "Measures for Student Transfers," "Procedures for Student Major Changes," "Rules for Retention of Students," "Implementation Measures for Awarding Bachelor's Degrees to Regular Undergraduates," "Regulations on Teacher Course Adjustments and Cancellations," "Guidelines for Teacher Teaching Qualifications and Teaching Hours," "Revised Methods for Evaluating and Recording Student Course Performance," "Revised Scoring System for Teaching and Teaching Management," "Revised Measures for Internship Work Management," "Revised Regulations on Undergraduate Thesis (Design) Management," "Revised Measures for Practical Teaching Management," and "Archives Construction and Management Measures." Similarly, Guangzhou Vocational School has formulated and revised normative documents such as the "Quality Standards for Course Assessment," "Supplementary Provisions on the Calculation of Teaching Workloads," "Revised Measures for Credit Recognition and Conversion," "Implementation Measures for Educational and Teaching Achievement Awards," "Safety Regulations for Off-Campus Practical Teaching," "Measures for Professional Talent Training Programs," and "Procedures for Student Enrollment Information Changes."

Second, to optimize the process management of quality control. We constantly improve the standards of personnel training and teaching quality and optimize the quality assurance system to monitor the quality of teaching. The schools adhere to the Teaching Evaluation as the starting point, and through the combination of campus assessment and off-campus assessment, comprehensively monitor the teaching and teaching management process and constantly stabilize the teaching quality. During the reporting period, Jiangxi School, Shandong School, Chengdu School and Zhaoqing School were well received during the annual inspection organized by the competent education authorities. In particular, Jiangxi School received outstanding review in the 2024 annual inspection.

In addition, we collect comprehensive data and aim to assess information validity in real time. Our schools collect the basic status data of higher education each year and report it to the education authorities. Through undergraduate data collection and in-depth analysis and summary, we timely monitor the schools' core teaching data, which has become an important basis for the summarization and adjustment of teaching policies and measures and has helped schools to improve performance to the various indicators meet or even exceed the national standards.

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For example, Jiangxi School conducted a survey on students' ideological and political status through questionnaires. The survey covered eight modules, including 42 sub-items: the current state of students' ideological and political status, their receptiveness to ideological and political education, mental health and values, education on ethnic unity, digital literacy and ideological security, volunteer service and social practice, professional values and future development, as well as campus life and cultural construction. Over 30,000 valid questionnaires were collected, achieving a student coverage rate of over 90% and a 100% questionnaire return rate. The survey results revealed that patriotism, social responsibility, and legal awareness were widely recognized as core competencies among students. More than 90% of students believed that the current ideological and political content in schools was "closely linked to reality," and the majority maintained a weekly frequency of 1–3 hours for ideological and political studies. Over 97% of students held a positive evaluation of their mental state, while more than 98% demonstrated a high level of understanding of ethnic unity. Over 93% of students fully acknowledged the role of social practice in promoting ideological and political education, and satisfaction with campus life and cultural construction exceeded 94%.

For example, Henan School conducted a survey on ten aspects including students' satisfaction with courses, teaching materials, teaching facilities, overall teaching quality, classroom instruction, practical training, school teaching management, overall academic and teaching atmosphere, teaching conditions, and the cultivation of students' comprehensive abilities. The survey was conducted via online questionnaires. A total of over 6,800 valid questionnaires were collected across the university. The results showed that students' satisfaction with school courses, teaching materials, teaching facilities, overall teaching quality of instructors, classroom instruction, practical training, teaching management, academic and teaching atmosphere, and teaching conditions all exceeded 90%, indicating a high level of recognition for the school's teaching.

In addition, the Teaching Quality Monitoring and Assessment Centre organized seminars for teachers and students, where the hygienic environment, teaching equipment, school library resources, teachers’ teaching level and teaching quality, etc. were discussed. In response to students’ dissatisfaction, the school will continue to improve, summarize, and improve based on the actual situation to create the best possible academic environment for teachers and students. The collection, summary and analysis of various types of data provide an important basis for schools to summarize and adjust the teaching management system and measures.

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4.6.4 (c) Quality improvement

In order to achieve a dynamic quality control, our schools have formed a quality improvement model of timely feedback, dynamic management and continuous improvement. There are improvement procedures and mechanisms from finding problems, reporting problems, conducting rectification, reviewing rectification. For the problem of teaching quality, feedback will be provided in a timely manner, and relevant departments are required to carry out rectification. Based on the self-rectification of departments, the schools pay attention to the review of rectification. Our quality improvement of personnel training is mainly implemented in three levels: (1) Instant improvement through classroom monitoring, (2) Focused improvement through regular teaching inspections, and (3) Systematic improvement through quality evaluation. We examine and recover the teaching quality through quality improvement programmes.

Our schools have set up a teaching quality supervision department for data-led accurate monitoring and continuous improvement through information technology. The use of teaching data summarizing and analyzing the operation of the teaching quality monitoring system helps identify problems in teaching accurately, set reasonable targets in light of the current situation, and propose specific and feasible measures and methods to effectively improve the quality of education and teaching. For example, during the reporting period, Guangzhou School successively completed the review and evaluation work and the review, evaluation and rectification phase work. During the review and evaluation period, the school organized full-time teaching supervisors to implement online synchronous monitoring of classroom teaching for more than 30 teachers. Common problems were promptly reported and urged for rectification, effectively ensuring the smooth completion of the evaluation work. In the process of teaching quality inspection and supervision, more than 120 full-time and part-time supervisors from the whole school have attended about 4,000 classes in class, covering classroom listening and evaluation of more than 1,500 teachers, and conducted classroom teaching inspections on more than 1,400 teachers. At the same time, the center also organized more than 40 internal and external evaluation experts to conduct a comprehensive inspection of more than 300 graduation theses (designs) from 50 majors in 13 colleges of the 2025 cohort, and organized rectification and re-examination of the problems found.

For example, Jiangxi school has successively completed the review and evaluation work as well as the stage work of review and evaluation rectification. With the guidance of "promoting construction through evaluation", the school organized teaching quality inspections, and 123 full-time and part-time teaching supervisors from the whole school participated throughout the process. The inspection results were fed back to each teaching unit in the form of a problem list, and the rectification time limit was clearly defined. At the same time, relying on the "3+1" inspection mechanism (combining regular teaching inspections at the beginning, middle, and end of the semester with special inspections), regular monitoring is carried out on core teaching processes and processes such as teaching operation and management. A total of about 5,000 classes were attended in class, about 2,700 classes were patrolled, about 1,200 classes received feedback, about 240 test papers were randomly checked, about 1,800 teaching data were randomly checked, and more than 400 teaching quality monitoring files were collected.

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A series of teaching quality inspection measures adopted in the review, evaluation and assessment work have strengthened the monitoring and guidance of teaching quality, which will certainly promote the continuous improvement of school teaching quality and contribute to the cultivation of more high-quality application-oriented talents. The evaluation of teaching quality by students may update the school with the effect of classroom teaching and strengthen the monitoring of and guidance on teaching quality in a targeted manner, hence an important channel for two-way communication and information feedback between teachers and students, as well as a positive impetus for the mutual progress of teachers and students.

4.6.4 (d) How do we ensure the physical health and safety of students?

In order to ensure the safe and stable development of students, our schools have issued the *Student Management Rules*, the *Measures on Assessment of Comprehensive Quality of Students*, the *Rules on Management of Class Attendance Rate*, the *Handling methods for students' violation of discipline*, the *Rules on Leave Application of Students*, the *Student Apartment Management Rules*, the *Housekeeping Standards in Student Dormitory*, and other management rules to regulate and procure our students to develop good, healthy behavior and habits during their time at school. At the same time, some schools built new fitness facilities and provided relevant venues and institutions to guide students to develop good fitness habits and enrich their after-class life.

For example, Sichuan school has carried out practical activities related to life education, such as setting up cooking workshops, tea art workshops, coffee workshops, smart craftsman workshops, flower arrangement workshops, ingenuity workshops, good morning Jincheng workshops and other life education workshops. During the reporting period, more than 40 events have been held, covering more than 10,000 students. Among them, cooking teaching activities have involved more than 30,000 teachers and students in online and offline interactions, allowing students to gain self-value through life practice and promoting the comprehensive and healthy development of our school's students.

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To ensure the campus safety, the schools have put great efforts in the following three aspects: firstly, focus on the management of areas with safety hazard (such as the campus gate, teaching buildings, dormitories and canteens) and assign security guards to patrol such areas; in addition, the schools conduct special inspection before and during major events, festivals and socially sensitive periods to eliminate security and safety hazard. Secondly, strengthen the technical protection facilities. For example, Guangzhou Vocational School has built a three-dimensional prevention and control network of "civil defense, physical defense, and technical defense" to lay a solid foundation for security, completed the upgrade of the security information system, deployed about 2,200 intelligent cameras to achieve full coverage of campus video surveillance and networked operation of public areas, with an intelligent recognition accuracy rate of 99%, and innovatively applied it AI Camera facial recognition function, establish a warning mechanism for students who have left school but have not returned, and effectively ensure the safety of students; In addition, we have innovatively completed the construction of a smart security system, invested funds to upgrade the campus security center, and established AI The analysis module integrates 8 intelligent functions such as facial recognition and behavior anomaly monitoring, significantly improving the response speed of security incidents and forming a comprehensive and intelligent campus security guarantee system. Thirdly, strengthening the human defense force. For example, security personnel in Shaanxi schools implement a 24-hour duty system, conduct campus patrols on time every day, and conduct inspections during key periods. Starting from 2025, they will join the night student dormitory patrol force, conducting regular patrols and guarding inside the dormitory from 0:00 to 2:00 every night, continuously strengthening the patrol intensity and frequency of security personnel; All security personnel undergo strict physical training and firefighting operation training on time, possess good civil defense skills, and are able to fulfill safety inspections and firefighting responsibilities in a timely manner. Since 2024, the school has further collaborated with the local police station to establish a police office on campus (in the campus police room), where police officers from the local police station will be stationed daily to guide our school's security personnel in carrying out various campus safety work and activities.

Our schools organize safety education activities such as legal knowledge workshop, fire drills and safety knowledge promotion for our teachers and students throughout the year. For example, Sichuan school regularly hold a "Safety Education Theme Month" activity every semester, and in September, they offered a "Safety First Lesson" covering topics such as fire safety, transportation, fraud prevention, and bullying prevention for new students and faculty members; Organized 'Fire Safety Week' in November; Carried out 'Campus Safety Education Day' in March; In June, special publicity on flood prevention and earthquake prevention was carried out in conjunction with the "Safety Production Month". In terms of fire and emergency capacity building, a total of 24 fire knowledge lectures were held throughout the year, and 32 practical exercises such as fire extinguisher operation and emergency evacuation were carried out. More than 23,000 teachers, students, and logistics personnel participated. In terms

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of legal and anti-fraud education, 16 lectures on "Legal Safety in Schools" were held in collaboration with the police, covering different student groups; Continue to strengthen publicity through official account, theme class meetings and other forms daily. The school conducted over 300 safety education activities throughout the year, covering more than 30,000 teachers, students, and staff, effectively building a strong campus safety defense line.

For example, Guangzhou Vocational School holds promotional activities such as "Safety Production Month", "Disaster Prevention and Reduction", and "Fire Safety Promotion Month" in September and October every year to popularize safety knowledge for teachers and students. Police officers from local police stations and staff from street legal offices are invited to the school to hold themed lectures on "Anti Telecom Fraud" to enhance teachers' and students' awareness of anti-fraud. Fire safety education classes are given to new students and newly hired faculty and staff, and safety education is incorporated into routine work. Regular safety education themed class meetings on fire, traffic, drowning prevention, bullying prevention, and telecommunications fraud prevention are organized to effectively improve teachers' and students' safety awareness and prevention abilities; In the academic year 2024-2025, the school organized 12 fire safety training sessions and fire evacuation drills for teachers and students, with more than 7,000 participants.

The Group attaches great importance to food safety. We conduct daily inspection on the canteens in schools. The inspection covers food ingredient procurement and documentation, utensils sterilization and recording and food ingredient storage, etc. Meanwhile we maintain a good document filing and sorting system (for food safety database). For example, a food safety leadership group has been established in Jiangxi school, strictly following the "Work Tips on Ensuring Food Safety with Stable Meal Supply during Autumn School Opening" issued by the Jiangxi Provincial Education Evaluation and Monitoring Institute. During the academic year, a detailed inspection of each catering stall in the campus cafeteria is conducted, and clear instructions are provided. Organize annual food safety training for relevant food safety personnel and open up more channels for feedback. Adhere to Internet & open kitchen and bright stove, realize real-time warning of illegal operation in processing places such as kitchen, and make video publicity in the conspicuous place of the canteen, accepting the supervision of teachers and students. District based management, achieving daily control, weekly investigation, and monthly scheduling to ensure that rectification is implemented effectively and responsibility is assigned to individuals.

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4.6.4 *(e) How do we ensure the psychological health of students?*

The Group strikes to promote students' all-round and healthy development especially in mental health and good social adaptability training. For example, Guangzhou Vocational School has listed "Psychological Health Education for College Students" as a mandatory course, achieving full coverage of psychological health education for freshmen; At the same time, the school launched a series of activities for the 5.25 Mental Health Education Month with the theme of "Guarding Spiritual Growth and Creating a Healthy Blueprint", including psychological painting collection activities, psychological scenario drama collection activities, psychological health themed speech collection activities, psychological science popularization short video collection activities, psychological micro lesson collection activities, psychological quality expansion activities, etc; the school continued to carry out science popularization of psychological knowledge, and official account pushed more than 90 relevant articles; Organize two expert lectures; In November 2024, a psychological survey was conducted on over 7,000 new students and a "lifelong growth record" will be established; Collect monthly reports from the class psychological committee and dormitory information officer submitted by the mental health liaison officers of each grade, and a total of approximately 1,100 key assistance targets from each college. For high care students, the four level crisis warning and intervention system of "school campus class dormitory" has reduced the risk of psychological crisis and provided a solid foundation for enhancing the effectiveness of mental health education.

For example, Jiangxi school has established specialized institutions and dedicated personnel to coordinate student mental health work, including: setting up an independent secondary department - the Mental Health Center, equipped with dedicated office, counseling, and psychological activity venues, and overseeing mental health education work; Equip full-time psychological teachers; Open a mental health service platform that integrates functions such as consultation appointment, psychological assessment, psychological science popularization, and key student tracking and assistance; the school has established a second level college psychological counseling station, a peer support center at both school and college levels, and psychological association clubs. The school continues to deepen its mental health education work, expand student participation, and provide strong support and guarantee for students' healthy growth.

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At the same time, Jiangxi school has fully implemented the public compulsory course of "Physical and Mental Health Education"; Normalize the promotion and education of mental health knowledge throughout the entire process of talent cultivation. During different stages of students' growth, such as the adaptation period, growth confusion period, and the period of taking the civil service exam, postgraduate entrance examination, and career choice, carry out psychological education theme month activities around two main points, namely the "5.25 College Students' Mental Health Festival" and the "World Mental Health Day" on October 10th. The activities highlight the characteristics of immersive implicit intervention, which combines psychological health education with art education, sports, etc., including campus drama competitions and psychological world events DIY, Psychological stress relief exercises, psychological quality expansion competitions, and light seeking psychological lectures, etc; Carry out individual psychological counseling and group psychological counseling services through multiple channels and forms, with the mental health center as the main counseling platform. At the same time, deepen the one-stop student community to provide counseling services, target policies, scientifically intervene, and provide targeted and comprehensive services to all teachers and students in the school; Full coverage of mental health screening and monitoring will be conducted in two time periods. In the spring and autumn seasons of each academic year, a psychological health assessment will be conducted on all students in the school through the College Student Mental Health Scale, and a "lifelong one book" growth record will be established; Through the four level crisis warning and intervention system of "school campus class dormitory", the implementation of the responsibility system for ensuring the safety of key students has reduced the risk of psychological crisis and provided a solid foundation for enhancing the effectiveness of mental health education.

4.6.5 (a) Consumer and employee data protection and privacy policy

The Group strictly implements the Provisions on the *Administration of Internet Forum and Community Services*, the *Provisions on the Administration of Internet Comments Posting Services and the Provisions on the Administration of Internet Group Information Services*. The service providers of Internet forum community, comments posting, and group information shall take necessary measures to protect the safety of the personal information of users and shall not disclose, falsify, damage or illegally sell or provided such information to others. We strictly follow the relevant national laws and regulations related to the protection of personal information, especially for works that involving personal information of teachers and students, and the privacies of them and their families shall not be involved. For the promotion that involve teachers and students, we need to obtain the consents of teachers and students first. No personal sensitive information of teachers and students, such as ID number, home address, telephone number, date of birth, etc., shall be released to the public. The Group and its subsidiary schools do not rent, sell or provide students and employee data to third parties for purpose other than legitimate business needs.

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To ensure the personal data safety of students and safeguard the safety and interests of the Group, the Group and its member schools strictly implement the requirements of the *Notice on Prohibiting Publicizing Sensitive Personal Information of Teachers and Students*, as well as the *Student Management Provisions*, the *Implementing Rules for the Management of Teaching Archives*, the *Administrative Measures for Informatization Data and the Administrative Measures for the Change of Basic Information of Students' Enrollment Status* issued by the schools, to protect personal information security. We also have signed confidentiality agreements with staff who involved in the safety and privacy of student information, effectively protects the privacy of students and the Group from information leakage in any form. In addition, each school will also conduct regular training to educate teachers and employees to strictly abide confidentiality obligations and respect student privacy. We strictly implement our work according to the rules and regulations. For student-related information, we set permissions according to different levels of confidentiality with no one has the permission to read and use. If the privacy of the students and the Group is leaked, the Group will promptly take remedial actions and penalize the responsible individuals accordingly.

4.6.5 (b) Critical data protection and back-up

The Group attaches great importance to data protection and issues the *Corporate Information Security Management Regulation*, which takes strict protection measures for critical data and is committed to creating a secure and stable data environment. In order to ensure the safety and stability of critical data of the Group, critical operation, accounting, personnel and asset information of the Group and its member schools must be handled in the ERP system, and relevant departments of the Group are responsible for the access control. In addition, the Group Information Department takes a variety of security measures for the data center, such as deploying SSL VPN, deploying security group strategy, data backup in two cities, and keeping 180 days of logs according to the national requirements, etc.

4.7 Anti-corruption

4.7.1 General

The Group is committed to maintaining high standards of integrity and ethical business practices and firmly resists bribery, extortion, fraud, money laundering and other illegal acts, that may harm the interests of our customers and the Group. The Group strictly abides by national and regional anti-corruption laws and regulations, including the *PRC Criminal Law*, the *PRC Anti-Money Laundering Law*, the *PRC Anti-unfair Competition Law*, the *PRC Securities Law*, and the *PRC Criminal Procedure Law and the Interpretation of the Supreme People's Court and the Supreme People's Procuratorate on Several Issues concerning the Application of Law in the Handling of Criminal Cases of Embezzlement and Bribery*, etc. We also formulated internal policies, such as *Notice on the Duties of the Printing Department (Compilation) and the Provisions on Employees' Compensation and Penalty*, *Notice on Prohibition of Accepting Gifts, Gift Money and Flowers and Honesty and Self-discipline Commitment of the Faculty*, in order to regulate the professional behaviors and professional ethics of all employees of the Group, to establish a good atmosphere of integrity and diligence and to prevent frauds. The

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management of the Group is committed to preventing, deterring, detecting and investigating all forms of fraudulent practices, upholding business ethics and honesty, pursuing high standards of integrity, resisting illegal acts such as bribery, extortion, fraud and money laundering, and prohibiting any practices that may damage the reputation and interests of the Group. The Group has established and issued the "Anti-Fraud Policy of China Education Group Holdings Limited" and "Whistleblowing Policy of China Education Group Holdings Limited", and organized employees in key positions to sign the "Honesty and Self-discipline Commitment" and receive regular training on anti-corruption and internal control to strengthen the Group's integrity development and enhance the faculty's awareness of honesty and self-discipline.

We have included the rules on integrity and self-discipline as the teaching staff's professional ethics and code of conduct in the relevant human resource policies. Integrity and self-discipline are not only important factors in selection and appointment of middle management for our schools, but also part of year-end evaluation. The compliance of integrity and self-discipline is also an important part of the evaluation, the results of which are correlated to bonuses.

During the reporting period, the Group and our employees did not involve any cases related to bribery, extortion, fraud, or money laundering.

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4.7.2 Preventive measures and whistle-blowing procedures, and related implementation and monitoring methods

For bribery, extortion, fraud and money laundering, the Group takes precautionary measures as the main measure and monitoring/reporting as the supplementary measures.

The precautionary measures include:

- The integrity and self-discipline education is included in the employee training plan and regular training at most of our schools. The heads of the departments in relation of party and administration matters and departmental cadres of designed entities shall regularly talk with employees. Meanwhile, senior management shall carry out conversations with employees who show signs of violating the regulations or committed violation.

- Establish and improve internal control for accounting, finance and assets, aims to prevent and resolve issues as early as possible. For general issues, we will warn and educate the relevant persons in timely manner and fully use methods such as inquiry letters, persuading talks and organization processing. For issues which have shown signs or tendency, we will handle them as early as possible and prevent the minor issues from becoming serious mistakes.

The monitoring/reporting measures:

- The whistle-blower can use report mailbox, WeChat, QQ telephone, telegrams, letters, face to face reports, etc., or can entrust others to report. The whistle-blower should, as far as possible, truthfully inform the supervisory authority of the alleged wrongdoer's name, department, and the specific circumstances and evidence of violations. Upon receiving the relevant reporting, the Supervision and Audit Department of the Group and the schools will carry out investigations, and, once verified, submit their opinions on handling the case to the senior management of the Group and school leaders for approval and enforcement, or refer to the judicial authorities for handling for any illegal or criminal acts. Those who intentionally fabricate facts by means of reports, falsely accuse others, or create troubles in the name of reports, interfere with the normal work of the supervisory authority, will be severely dealt with in accordance with relevant regulations, and in the case of constituting a crime, they shall be transferred to judicial authority for handling.

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4.7.3 Description of anti-corruption training provided to directors and staff

During the reporting period, the anti-corruption training we provided to directors and employees mainly included:

Anti-corruption training provided	Training objectives/contents
Warning film education, professional lecture delivered by professionals	Employees should clearly understand the Group's anti-corruption policy and the importance of such policy
New recruits are required to receive anti-corruption education and training	Same as above
Conduct regular training on internal audit	Ensure the Group's internal control system effectively prevent potential corruption risks
"Honesty and integrity" is one of a compulsory assessment components in the employee annual performance appraisal	Aim to improve the integrity awareness of our employees through such assessment
Carry out anti-fraud and whistle-blowing policy presentations	Clarify the legal red line in work and publicize the conditions, methods and contents of whistle-blowing of the Group to create a good operating environment for anti-corruption and integrity promotion

4.8 Community Investment

4.8.1 General

Our schools have always adhered to the fundamental principle of "Educating People with Good Morals" to realize the well-rounded and comprehensive education, focusing on the growth of students, strengthening the education of ideals and beliefs of students, and continuously improving the sense of social responsibility and historical mission of students. During the reporting period, our schools have developed/refined and implemented a variety of policies that considered the interests of local communities, and organized a large number of social practice and volunteer service activities for teachers and students.

For example, Guangzhou Vocational School has launched long-term volunteer service activities, strengthened volunteer service work, comprehensively promoted coverage, and relied on the "i-Volunteer" system to promote the registration of student volunteers and volunteer service teams in the system. In 2024, there were approximately 700 volunteer service activities, with a total of about 21,000 participants and a cumulative volunteer service time of about 210,000 hours.

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4.8.2 Community contribution

During the reporting period, while the Group has operated in compliance with laws and integrity, it also has actively implemented corporate social responsibility in its respective communities and made great contributions to the development of community public welfare. For example, during the reporting period, the Group organized a number of social work events such as voluntary service at the local community and voluntary service activities for left-behind children, 54 blood donation events which received about one million milliliters blood donated from over 3,300 teachers and students. Below are some of the highlights:

For example, during the winter and summer seasons of 2024–2025, Sichuan school carried out the "Three Down to the Countryside" social practice activities, Love in the Community volunteer service activities, etc. the school organized more than 170 volunteer service organizations and practical clubs to form teams and carry out more than 400 community service activities, with a total of more than 13,100 students participating and more than 340 teachers providing full guidance. The service time lasted for more than 50,000 hours, forming more than 1,000 valuable social practice news propaganda, research reports, promotional videos and other practical results, which were tracked and reported by national and provincial media more than 80 times. Combining with the "Youth Volunteer Love in Community" project and deep cooperation with local governments, we have jointly established a normalized working mechanism for community social practice and volunteer services. We have promoted the integration of the "Three Down to the Countryside", "Return to Hometown", "Dream Pursuit Plan", and "Sail Plan" to create a distinctive community service brand called "Rongpiao Mama" that meets the needs of the community. It has been selected as a key support project by the Social Work Department of the Chengdu Municipal Committee of the Communist Party of China. During the Chengdu World Games, more than 40 teachers and student volunteers were organized to participate in the competition and urban volunteer services.

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For example, Jiangxi school has carried out in-depth social practices such as "Three Visits to the Countryside" and "Ten Thousand College Students Enter a Thousand Stations". In particular, the school has combined "Three Visits to the Countryside" with ideological and political education, innovation and entrepreneurship, and scientific research competitions to deepen the achievements of education. The school has selected 36 practice teams and participated in more than 300 teachers and students to go to 11 cities inside and outside the province to conduct research on national conditions, party history education, industrial revitalization, cultural inheritance and other topics. The school has conducted more than 100 research projects, agricultural assistance practices, village and community services, and visited more than 100 red education bases on site, investing more than RMB400,000 in material funds; More than 240 articles have been reported by media at or above the provincial level, reaching the highest media coverage in the past three years and forming 43 research reports. Guide young people to engage in grassroots work and serve the local community, carefully organize the recruitment of volunteers for the "Western Plan", and select and recruit 51 volunteers for the "Western Plan", ranking among the top in the province; Intensify efforts in the "Return to Hometown" and "Sail Plan" initiatives, with over 600 people participating in winter vacation "Return to Hometown" practices, 40 people participating in "Sail Plan" government internships, and receiving over 90 local thank-you letters. Among them, Liu Ke was awarded as an outstanding individual for the 2024 provincial "Sail Plan" government internship. Promote the "College Student Community Practice Plan" and rely on the Changnei Community Connection Point to carry out community free clinics and life assistance; Deepen the "River Xiaoqing" initiative and carry out nearby garbage cleaning along the banks of the Yaohu River basin. From September 2024 to August 2025, more than 310 volunteer services were carried out, with over 1,000 participants. Normalize the promotion of the 'Free Blood Donation Week' project, with a cumulative blood donation volume exceeding 180,000 milliliters. The "Lei Feng by My Side" volunteer service mini program has been implemented and deepened. From September 2024 to August 2025, more than 80 lost and found information were registered and collected, 5 difficult requests for help were made, and more than 20 items were registered for collection.

In the summer of 2025, Shandong school organized multiple social practice activities, such as the "Three Down to the Countryside" volunteer service activity. A total of 9 school level key teams were formed to carry out volunteer services in Yantai, Weifang, Linyi and other places in Shandong. More than 50 symposiums, reports, exchange meetings, volunteer services, etc. were held, and 10 high-quality research reports were formed; The organization conducted 7 blood donation activities, with more than 1,300 teachers and students participating, and donated approximately 260,000 milliliters of blood. Six teachers and students were awarded advanced recognition for voluntary blood donation and hematopoietic stem cell donation in higher education institutions in Shandong Province. We conducted two "Western Clothing Donation" activities, donating over 1,000 pieces of old clothing and serving more than 800 vulnerable groups in the community.

Environmental, Social and Governance Report

5. APPENDIX

ESG Reporting Guide Content Index

Subject Areas, Aspects, General Disclosures and KPIs		Disclosure Level: Full (✓) or None (✘) with remark
A. Environmental		
Aspect A1. Emissions		
General Disclosure	Policies and 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	✔, section 3.1.1
KPI A1.1	The types of emissions and respective emissions data	✔, section 3.1.2
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity [Repealed 1 January 2025]	✔, section 3.1.3
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity	✔, section 3.1.2
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity	✔, section 3.1.2
KPI A1.5	Description of emission target(s) set and steps taken to achieve them	✔, section 3.1.4
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them	
Aspect A2. Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials	✔, section 3.2.1
KPI A2.1	Direct and/or indirect energy consumption by type in total (kWh in '000s) and intensity	✔, section 3.2.2
KPI A2.2	Water consumption in total and intensity	
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them	✔, section 3.2.3
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them	
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced	✔, section 3.2.4
Aspect A3. The Environment and Natural Resources		
General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources	✔, section 3.3.1
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	✔, section 3.3.2
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer	✔, section 3.4.1
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them [Repealed 1 January 2025]	✔, section 3.4.2

Environmental, Social and Governance Report

Subject Areas, Aspects, General Disclosures and KPIs		Disclosure Level: Full (✓) or None (✘) with remark
B. Social		
Employment and Labour Practices		
Aspect B1. Employment		
General Disclosure	Policies and 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	✔, section 4.1.1
KPI B1.1	Total workforce by gender, employment type, age group and geographical region	✔, section 4.1.2
KPI B1.2	Employee turnover rate by gender, age group and geographical region	✔, section 4.1.3
Aspect B2. Health and Safety		
General Disclosure	Policies and 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	✔, section 4.2.1
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year	✔, section 4.2.2
KPI B2.2	Lost days due to work injury	✔, section 4.2.3
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	✔, section 4.2.4
Aspect B3. Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	✔, section 4.3.1
KPI B3.1	The percentage of employees trained by gender and employee category	✔, section 4.3.2
KPI B3.2	The average training hours completed per employee by gender and employee category	✔, section 4.3.3
Aspect B4. Labour Standards		
General Disclosure	Policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour	✔, section 4.4.1
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour	✔, section 4.4.2
KPI B4.2	Description of steps taken to eliminate such practices when discovered	
Operating Practices		
Aspect B5. Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain	✔, section 4.5.1
KPI B5.1	Number of suppliers by geographical region	✔, section 4.5.2
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	✔, section 4.5.3
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	✔, section 4.5.4
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored	✔, section 4.5.5

Environmental, Social and Governance Report

Subject Areas, Aspects, General Disclosures and KPIs		Disclosure Level: Full (✓) or None (✘) with remark
Aspect B6. Product Responsibility		
General Disclosure	Policies and 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	✔, section 4.6.1
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	✔, section 4.6.2
KPI B6.2	Number of products and service-related complaints received and how they are dealt with	
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights	✔, section 4.6.3
KPI B6.4	Description of quality assurance process and recall procedures	✔, section 4.6.4
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	✔, section 4.6.5
Aspect B7. Anti-corruption		
General Disclosure	Policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering	✔, section 4.7.1
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	✔, section 4.7.2
KPI B7.3	Description of anti-corruption training provided to directors and staff	✔, section 4.7.3
Community		
Aspect 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	✔, section 4.8.1
KPI B8.1	Focus areas of contribution	
KPI B8.2	Resources contributed to the focus area	✔, section 4.8.2

Corporate Governance Report

The Board believes that good corporate governance is essential in enhancing the confidence of the Shareholders, potential investors and business partners and is consistent with the Board's pursuit of value creation for the Shareholders. The Company has applied the principles of the code provisions set out in the CG Code. During the year ended 31 August 2025, the Company has complied with the applicable code provisions set out in the CG Code*, save and except for code provision C.2.1 of the CG Code, please refer to the "Co-Chairmen and Chief Executive Officer" section below for details.

CORPORATE GOVERNANCE CULTURE

The Company is committed to ensuring that its affairs are conducted in accordance with high ethical standards. This reflects its belief that, in the achievement of its long-term objectives, it is imperative to act with probity, transparency and accountability. By so acting, the Company believes that Shareholder wealth will be maximised in the long term and that its employees, those with whom it does business and the communities in which it operates will all benefit.

Corporate governance is the process by which the Board instructs management of the Group to conduct its affairs with a view to ensuring that its objectives are met. The Board is committed to maintaining and developing robust corporate governance practices that are intended to ensure satisfactory and sustainable returns to Shareholders, the interests of those who deal with the Company are safeguarded, overall business risk is understood and managed appropriately, delivery of high-quality education services to our students, and high standards of ethics are maintained.

THE BOARD

The Board currently has two Executive Directors, namely Dr. Yu Kai and Mr. Wang Rui, and three INEDs, namely Dr. Gerard A. Postiglione, Dr. Rui Meng and Dr. Wu Kin Bing. All the Directors have profound knowledge and extensive experience in the business of the Group.

Structure, size and composition of the Board are reviewed from time to time to ensure the Board has a balance of skills and experience appropriate for the requirements of the business of the Group and there is a strong independent element on the Board to safeguard the interests of the Shareholders.

None of the Directors has a relationship (including financial, family or other substantial or related relationship) with each other.

The profile of the Directors is set out in the "Directors and Senior Management" section of this annual report.

Responsibilities and Delegation

The Board, which is accountable to Shareholders for the long-term performance of the Company, sets the Group's overall objectives and strategies, monitors and evaluates the operating and financial performance and reviews the corporate governance practices and standard of the Group. The Board delegates the authority and responsibility for implementing its business strategies and managing the daily operations of the Group's businesses to the Executive Directors and members of senior management.

Major issues of the Company which are reserved for the decision of the Board include the approval of interim and annual results of the Group, payment of dividend, approval of any transaction which is discloseable under the Listing Rules, changes in the capital structure of the Company, appointment or removal of Directors, secretary or auditors of the Company.

* The amendments to the CG Code effective on 1 July 2025 will apply to corporate governance reports and annual reports for financial years commencing on or after 1 July 2025. For this annual report, the Company shall refer to the then effective CG Code.

The functions and power that are so delegated are reviewed periodically to ensure that they remain appropriate. The Board has also established the Audit Committee, the Nomination Committee and the Remuneration Committee to perform various responsibilities as delegated by the Board. Further details of these Board committees are set out below.

All Directors have timely access to all relevant information as well as the advice and services of the company secretary of the Company. Directors are also able to seek independent professional advice in appropriate circumstances at the Company's expense.

Co-Chairmen and Chief Executive Officer

Pursuant to code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

Dr. Yu Kai currently serves as both the Co-chairman and the Chief Executive Officer of the Company. Although such practice deviates from code provision C.2.1 of the CG Code, the Board believes that vesting the roles of both the Chairman and the Chief Executive Officer in the same person has the benefit of ensuring consistent leadership to advance long-term strategy, and allowing for further deepening the monetization capabilities and optimizing operating efficiency of the Group. In addition, 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, given that (i) decisions to be made by the Board requires approval by at least a majority of the Directors; (ii) all the Directors are aware of and undertake to fulfil their fiduciary duties as Directors, which require, among others, that he/she acts for the benefit and in the best interests of the Company as a whole and will make decisions for the Company accordingly; (iii) the balance of power and authority is ensured by the operations of the Board, which consists of two executive directors and three INEDs and has a fairly strong independence element; and (iv) the overall strategic and other key business, financial, and operational policies of the Company are made collectively after thorough discussion at both the Board and senior management levels.

The Board will continue to review and consider segregating the roles of Co-chairman and Chief Executive Officer at an appropriate time, taking into account the circumstances of the Group as a whole.

Appointment and Re-election of Directors

The procedures and process of appointment, re-election and removal of Directors are laid down in the Company's Articles of Association.

In accordance with the Company's Articles of Association, at each annual general meeting of the Company, one-third of the Directors shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. Any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. Any Director appointed by the Board to fill a casual vacancy shall hold office only until the first general meeting of the Company after the appointment and be subject to re-election at such meeting.

All INEDs are appointed for a specific term of three years and are subject to retirement and re-election at annual general meeting in accordance with the Company's Articles of Association.

Corporate Governance Report

Independence of INED

The role of INEDs is to provide independent and unbiased opinions to the Board, giving adequate control and balances for the Group to protect the overall interests of the Shareholders and the Group. INEDs serve actively on the Board and the Board committees to provide their independent, constructive and informed comments.

The Company has received from each of the INEDs an annual written confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all the INEDs meet the independence criteria set out in Rule 3.13 of the Listing Rules.

Corporate Governance Function

The Board is primarily responsible for the corporate governance functions of the Company, to develop the policies and practices on corporate governance and the compliance with the legal and regulatory requirements, to monitor the training and continuous professional development of Directors and senior management, to develop the code of conduct and compliance manual applicable to the Directors and employees, and to review the compliance with the CG Code and the disclosure in the Corporate Governance Report.

The Board will continuously evaluate and strive for continual development and improvement in the corporate governance practices of the Group.

Board Meetings

The Board meets regularly and at least four times a year. Notice of at least 14 days in advance for the regular Board meeting is given, and the agenda together with Board papers are sent to the Directors at least three days before the intended date of Board meeting. Additional meetings with reasonable notices are held as and when the Board considers appropriate. During the year ended 31 August 2025, five Board meetings were held.

Corporate Governance Report

Attendance at Meetings

The following table shows the attendance of the Directors at the Board, Board committees and general meetings held during the year ended 31 August 2025:

Name of Directors	Number of Meetings Attended/Held: Board	Audit Committee	Remuneration Committee	Nomination Committee	Annual General Meeting held on 21 January 2025
Executive Directors					
Yu Kai *(Co-chairman and Chief Executive Officer)*	5/5	–	1/1	2/2[C]	1/1
Wang Rui *(Co-chairman)*	5/5	–	–	–	1/1
INEDs					
Gerard A. Postiglione	5/5	4/4	1/1[C]	2/2	1/1
Rui Meng	5/5	4/4[C]	1/1	–	1/1
Wu Kin Bing	5/5	4/4	–	2/2	1/1

[C] — Chairman of the Board committee

BOARD COMMITTEES

The Board has established three Board committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee for overseeing various aspects of the Company's affairs. All Board committees have been established with defined written terms of reference, which are available on the websites of the Company and HKEXnews, and report to the Board on their decisions or recommendations made.

The Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances at the Company's expense.

Audit Committee

The Audit Committee comprises three members, namely Dr. Rui Meng, Dr. Gerard A. Postiglione and Dr. Wu Kin Bing, all of them are INEDs. The chairman of the Audit Committee is Dr. Rui Meng who possesses the appropriate professional qualifications and accounting and related financial management expertise as required under Rule 3.10(2) of the Listing Rules.

Corporate Governance Report

The principal duties of the Audit Committee include monitoring the integrity of the financial statements, reviewing the continuing connected transaction and the Company's financial control, risk management and internal control systems. The Audit Committee also acts as an important link between the Board and the Company's external auditor.

During the year ended 31 August 2025, four Audit Committee meetings were held. The major work performed by the Audit Committee includes the approval of the terms of engagement, fees and scope of services of the external auditor, the review of the audited consolidated financial statements of the Group for the year ended 31 August 2024, the unaudited condensed consolidated results of the Group for the six months ended 28 February 2025, the 2023/2024 audit completion report, the 2024/2025 interim review completion report, the continuing connected transactions, the work progress of the internal audit plan, the financial control, risk management and internal control systems of the Group, the adequacy of resources, staff qualifications and experience, training programmes and budget of the accounting, internal audit and financial reporting functions of the Group, the whistle-blowing cases and the process to deal with concerns/complaint about possible improprieties in any matters related to the Group, the assessment of the independence of the external auditor and the recommendation to the Board on re-appointment of the external auditor. The Audit Committee had a private session with the external auditor in the absence of management.

Remuneration Committee

The Remuneration Committee comprises two INEDs, namely Dr. Gerard A. Postiglione and Dr. Rui Meng, and one Executive Director, namely Dr. Yu Kai. The chairman of the Remuneration Committee is Dr. Gerard A. Postiglione and majority of the members are INEDs.

The principal duties of the Remuneration Committee are to make recommendations to the Board in determining the policy and structure for the remuneration of Directors and senior management, on the remuneration packages of Executive Directors and senior management, on the remuneration of Non-Executive Directors and to review and approve the management's remuneration proposals with reference to the corporate goals and objectives resolved by the Board from time to time.

During the year ended 31 August 2025, one Remuneration Committee meeting was held. The major work performed by the Remuneration Committee includes the review of the performance condition and approval of the vesting of share options granted under the Pre-IPO Share Option Scheme and the Post-IPO Share Option Scheme, the review of the policy and structure of the remuneration of the Directors and senior management, the remuneration package of the Executive Directors and senior management and the remuneration of the INEDs.

Nomination Committee

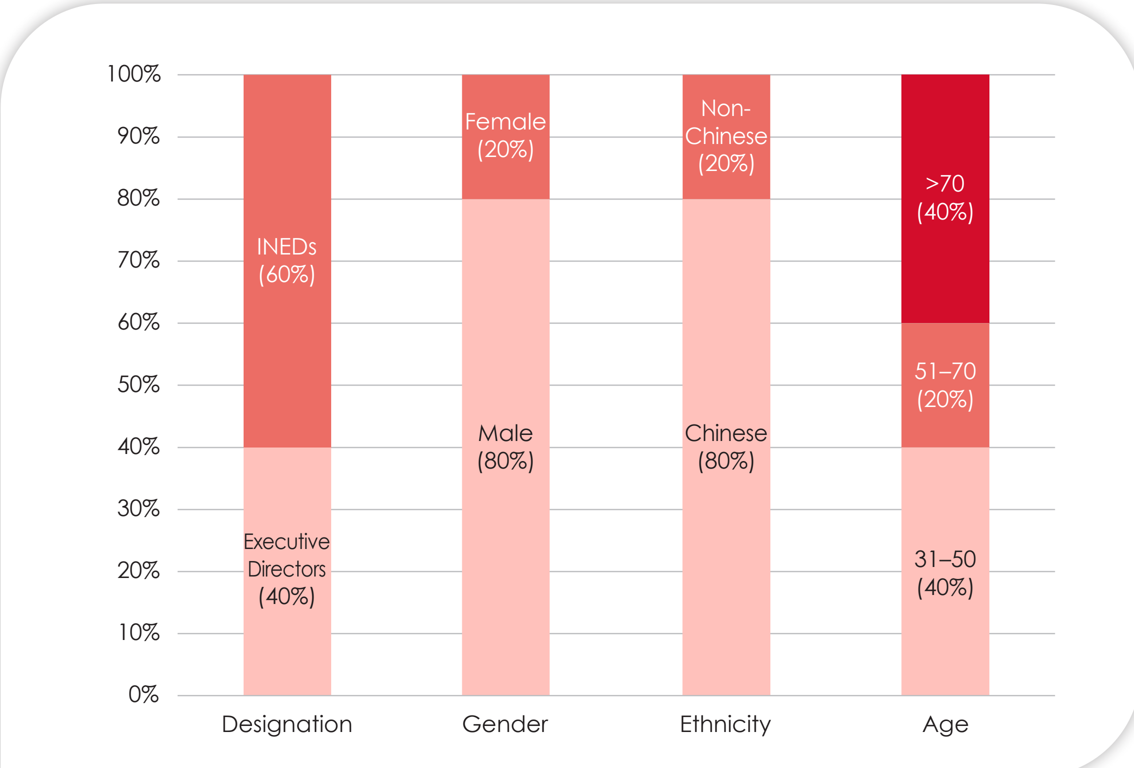
The Nomination Committee comprises one Executive Director, namely Dr. Yu Kai and two INEDs, namely Dr. Gerard A. Postiglione and Dr. Wu Kin Bing. The chairman of the Nomination Committee is Dr. Yu Kai and majority of the members are INEDs.

The principal duties of the Nomination Committee are to formulate and review the nomination and Board diversity policies, review the size, structure and composition of the Board, assess the independence of INEDs, and to make recommendations to the Board on appointment or re-appointment of Directors and Board succession planning. The Committee also assists the Board in maintaining a board skills matrix and makes recommendations on any proposed changes to the Board to complement the Company's corporate strategy.

Corporate Governance Report

The Company's Board diversity policy ensures that the Company will consider Board diversity in terms of, among other factors, gender, age, cultural and educational background, ethnicity, professional experience, skills and knowledge, when determining the composition of the Board, although Board appointment will be ultimately based on merit and contribution that the selected candidates will bring to the Board. The Nomination Committee monitors the implementation of the Board diversity policy and will review the policy from time to time to ensure its continued effectiveness.

The following chart shows the diversity profile of the Board as at the date of this annual report:



As at the date of this report, the Board comprises one female Director and four male Directors. The Board considers that the gender diversity in respect of the Board is satisfactory and will continue to maintain a diverse Board. For details of gender diversity at the workforce level, please refer to the "Environmental, Social and Governance Report" section from pages 18 to 75 of this annual report. If additional or replacement Director is required, the Nomination Committee will select appropriate candidates through multiple channels and make recommendation to the Board based on the Company's Board diversity policy and nomination policy.

The Company's nomination policy sets out the key selection criteria and nomination procedures. Nomination shall be made in accordance with the nomination policy and take into account the diversity aspects as set out under the Board diversity policy. In assessing the suitability of a candidate, factors including but not limited to the reputation for integrity, accomplishment and experience in the education industry, commitment in respect of sufficient time and relevant interest, diversity in all aspects, etc. will be considered. When the need to select or nominate Director arises, the Nomination Committee shall identify the suitable candidate and make recommendation to the Board for consideration and approval. In case of re-appointment of a retiring Director who, being eligible, offers himself/herself for re-election, the Nomination Committee will consider and, if appropriate, make recommendation to the Board for consideration.

Corporate Governance Report

During the year ended 31 August 2025, two Nomination Committee meetings were held to review the structure, size and composition of the Board, assess the independence of each INED, recommend to the Board on the re-election of the Directors retiring at the annual general meeting of the Company and consider and approve the terms of reference of the nomination committee of the Board. The appointment was subject to nomination process in accordance with the Company's Board diversity policy and nomination policy.

The Nomination Committee also reviewed the implementation and effectiveness of mechanisms to ensure independent views and input are available to the Board. The Board comprises three INEDs out of five Directors, representing more than one-third of the Board. All INEDs have devoted sufficient time to attend all the Board meetings and all the committee meetings which he/she is a member and have shared their views and opinions through the meetings. The Co-chairmen also have a private meeting with INEDs without the presence of other Directors to listen the independent views on issues concerning the Group. Upon reasonable request, independent professional advice would be provided to the INEDs to assist them to perform their duties to the Company. Taking into account of the above channels, the Nomination Committee considered that the mechanisms remain effective.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The remuneration package of the Directors is backed up by formal and transparent policy. Directors are fairly paid and their remunerations are commensurate with their experiences, responsibilities, workloads, performances, as well as Group's performance. No Director is involved in deciding his/her own remuneration. While the Company maintains a competitive remuneration level to attract and retain Directors to run the Company successfully, it strictly enforces the Director remuneration policy and budgets carefully without paying the Directors more than necessary.

Details of the emoluments paid or payable to the Directors for the year ended 31 August 2025 are set out in note 11 to the consolidated financial statements.

The remuneration paid or payable to the senior management (excluding the Directors) by band for the year ended 31 August 2025 is set out below:

Remuneration Bands	Number of Employees
HK$500,001 – HK$1,000,000	0
HK$1,000,001 – HK$1,500,000	3
HK$1,500,001 – HK$2,000,000	0

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as the Group's code of conduct to regulate the securities transactions of the Directors. Having made specific enquiries, all Directors confirmed that they have complied with the required standards set out in the Model Code throughout the year ended 31 August 2025. The Company has also established written guidelines no less exacting than the Model Code (the "Employees Written Guidelines") for securities transactions by employees who are likely to be in possession of inside information of the Company.

No incident of non-compliance with the Employees Written Guidelines by the employees was noted by the Company during the year.

Corporate Governance Report

CONTINUOUS TRAINING AND PROFESSIONAL DEVELOPMENT

The Company periodically organises training courses and/or provides reading materials for the Directors, senior management and staff to develop and refresh their knowledge in areas which are relevant to the performance of their daily duties and the growth of the business of the Group under the changing economic environment. Newly appointed Director is provided with induction materials to ensure that he/she has a proper understanding of his/her responsibilities under the relevant laws, rules and regulations.

During the year ended 31 August 2025, the Company organised training courses and/or provided reading materials to the Directors, senior management and the staff of the Group. The training received by the Directors during the year is as follows:

Name of Directors	Training on directors' duties, risk management and internal control, corporate governance and regulatory update
Executive Directors	
Yu Kai *(Co-chairman and Chief Executive Officer)*	✓
Wang Rui *(Co-chairman)*	✓
INEDs	
Gerard A. Postiglione	✓
Rui Meng	✓
Wu Kin Bing	✓

DIRECTORS' AND AUDITOR'S ACKNOWLEDGEMENT

The Board is responsible for presenting a balanced, clear and understandable assessment of the annual and interim reports, price sensitive announcements and other disclosures required under the Listing Rules and other regulatory requirements. The management has provided such explanation and information to the Board as necessary to enable the Board to make an informed assessment of the financial information and position of the Group put forward to the Board for approval.

The Directors have acknowledged their responsibilities for preparing the financial statements of the Company for the year ended 31 August 2025.

Corporate Governance Report

Deloitte Touche Tohmatsu, the auditor of the Company, has acknowledged its responsibilities in the independent auditor's report on the consolidated financial statements for the year ended 31 August 2025.

There are no material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

AUDITOR'S REMUNERATION

For the year ended 31 August 2025, professional fees paid or payable to Deloitte Touche Tohmatsu, the auditor of the Company, for audit and non-audit services provided to the Group are approximately RMB5.4 million and RMB1.9 million respectively. The non-audit services mainly comprised interim review, contractual arrangement review, preliminary announcement review and tax compliance services.

COMPANY SECRETARY

Mr. Chan Yuen Fung ("Mr. Chan") is currently the company secretary of the Company. Mr. Chan is a full-time employee of the Company and reports to the Co-chairmen and the Chief Executive Officer of the Company on corporate governance issues.

Mr. Chan is a member of The Hong Kong Institute of Certified Public Accountants. Mr. Chan meets the qualification requirements under Rule 3.28 of the Listing Rules.

Mr. Chan confirmed that he had taken no less than 15 hours of relevant professional training for the year ended 31 August 2025.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for maintaining and reviewing the risk management and internal control systems to ensure operational compliance of schools, accurate financial reporting, asset security and enhanced operational efficiency. The internal control review covers major financial, operational, compliance control and risk management. Major decisions such as the expansion of school networks are subject to the approval of the Board.

The Audit Committee reviews the financial controls, risk management and internal control systems of the Group, including major investigation findings and response of the management. The Committee also reviews the work of external auditors and communicates with the management before reporting to the Board.

The internal audit team of the Group assesses the effectiveness of the risk management and internal control systems independently and reports to the Audit Committee and the Board. The Group provides guidance to schools on the development of internal control manuals covering governance, operations, management, law, finance and audit, and manages the approval and audit process. The Group also formulates policies on property acquisition and leasing and purchases insurance policies aligning with industry practices.

Corporate Governance Report

The Group is committed to improving the internal control and risk management systems, optimising process controls and effectively preventing risks. The Group provides continuous guidance and supervision on the internal control system of schools and has established a three-level inspection mechanism to ensure the effective operation of the internal control system. Through internal audits, the Group assesses the effectiveness of school activities and risk management and makes recommendations for improvement. Where necessary, external experts are engaged and training is provided to ensure that Directors and employees are up-to-date with the latest regulations.

The Group enhances internal control and risk management through comprehensive budget management and information technology. Member schools strengthen their financial risk control, clarify their approval processes and make use of information technology to carry out comprehensive budget management. With its "digital strategy", the Group aims to build three core platforms, namely the Cloud Data Centre, Application Cloud and Data Cloud platforms, to enhance management efficiency. Through the SaaS cloud platform, facial recognition and intelligent service platform, the Group has enhanced its information technology and intelligent management.

The internal control system of the Group comprises the three lines of defence, a clear authority and responsibility structure and the ERP system. A president accountability system under the leadership of the Board has been adopted across our schools, with the president responsible for day-to-day management under the assistance of the vice president. The board of directors of each school is responsible for the overall management and decision-making of the school, and reports to the Group on a regular basis. Each school has a dedicated person to oversee the compliance with regulations and has a contingency mechanism in place as well.

A teaching management and quality supervision organisation has been set up in our schools for the development of quality supervision mechanism and promotion of teaching reform to improve student skills. Besides, a feedback mechanism has been developed for student assessment and teacher evaluation in order to realise continuous improvement.

There are counsellors in our schools providing assistance in all aspects of education and life of students, and inspecting dormitories on a regular basis. The establishment of a complaint channel is aimed to address complaints from students by the working group.

The Group manages the processing of information in accordance with the "Guidelines on Disclosure of Inside Information" to ensure confidentiality. The Group also strengthens the building of a culture of integrity by formulating anti-fraud policies to improve integrity awareness.

The Board reviews the effectiveness of the internal control and risk management systems and assesses the adequacy of resources, employee qualifications, training and budget annually. The Audit Committee has confirmed that the systems are effective and the resources and budget are adequate as at 31 August 2025. The Board has through the Audit Committee reviewed the effectiveness of the Group's risk management and internal control systems during the Year.

Corporate Governance Report

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company believes that effective communication with Shareholders is essential for enhancing investor relations and investors' understanding of the Group's business performance and strategies. The Group also recognises the importance of transparency and timely disclosure of its corporate information, which enables Shareholders and investors to make the best investment decision. The Company has adopted a Shareholders' Communication Policy and will review the implementation and effectiveness of the Shareholders' Communication Policy conducted at least once in a financial year.

The Company's website serves as a communication platform with Shareholders and investors, where information and updates on the Company's business developments and operations and other information are available for public access. To facilitate communication between the Company and the investment community, the Company conducts briefings and meetings with institutional investors and analysts on a regular basis as well as media interviews and roadshows to provide up-to-date and comprehensive information of the Company. The Company also values the annual general meeting which is an important annual event for the Directors to have face-to-face interaction with the Shareholders. All the Board members and the representative of the external auditor attend the meeting and answer questions raised by the Shareholders.

Subsequent to the publication of the annual and interim results announcements, the Group arranges press conferences, analyst briefings, roadshows and media interviews, which our Chief Executive Officer, Chief Financial Officer and investor relations team provide briefing on the operating results and development of the Group and address to the queries of the investors and analysts. In addition to the investor relations' activities held immediately after the publication of the annual and interim results announcements, the Group also conducts face-to-face and virtual meetings, including one-on-one calls with investors and analysts and investor calls with group of investors, attend investor conference arranged by banks/brokers and publish press release and corporate communications from time to time during the financial year.

The Board has reviewed the Group's shareholders and communication activities conducted during the year ended 31 August 2025 and is satisfied with the implementation and effectiveness of the Shareholders' Communication Policy.

SHAREHOLDERS' RIGHTS

Propose a Person for Election as a Director

Pursuant to Article 113 of the Company's Articles of Associations, no person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been lodged at the principal office of the Company. The period for lodgement of the notices will commence no earlier than the day after the dispatch of the notice of the general meeting appointed for such election and end no later than seven days prior to the date of such general meeting and the minimum length of the period during which such notices to the Company may be given will be at least seven days.

If a Shareholder wishes to propose a person (the "Candidate") for election as a Director at a general meeting, he/she shall deposit a written notice (the "Notice") at the Company's principal office in Hong Kong. The Notice must: (i) include the personal information of the Candidate as required by Rule 13.51(2) of the Listing Rules; and (ii) be signed by the Shareholder concerned and signed by the Candidate indicating his/her willingness to be elected and consent of publication of his/her personal information.

Corporate Governance Report

The period for lodgement of the Notice shall commence on the day after the dispatch of the notice of general meeting and end no later than seven days prior to the date of such general meeting. In order to allow the Shareholders to have sufficient time to consider the proposal of election of the Candidate as a Director, Shareholders who wish to make the proposal are urged to submit and lodge the Notice as early as practicable.

Convene an Extraordinary General Meeting

Pursuant to Article 64 of the Company's Articles of Association, any one or more Shareholders 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, on a one vote per Share basis in the share capital of the Company shall at all times have the right, by written requisition and sent to the Board or the company secretary at the Company's principal office in Hong Kong, 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 months after the deposit of such requisition.

If within 21 days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself/herself (themselves) may convene a physical meeting at only one location which will be the Principal Meeting Place, 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. The requisitionist(s) may add resolutions to a general meeting agenda.

Put Forward Proposals at General Meetings

Shareholders who wish to move a resolution may request the Company to convene a general meeting in accordance with the procedures set out in the preceding paragraphs to consider the business specified in the requisition.

Put Enquiries to the Board

Shareholders may send any comments or inquiries to the Board by email to investor@chinaeducation.hk or in writing to the company secretary at the Company's principal office in Hong Kong.

CONSTITUTIONAL DOCUMENT

No change has been made to the memorandum and articles of association of the Company during the year under review.

Directors and Senior Management

As at the date of this report, the Board consists of two Executive Directors and three Independent Non-Executive Directors. Set out below are the biographical details of the Directors and senior management of the Group during the reporting period and up to the date of this report.

EXECUTIVE DIRECTORS

YU KAI (喻愷), aged 40, was appointed as an Executive Director and the Chief Executive Officer of the Company in August 2017 and is a member of the Remuneration Committee. He was appointed as the Co-chairman and also chairman of the Nomination Committee in June 2024. He has over 16 years of experience in the education industry.

Dr. Yu is a director of certain subsidiaries and consolidated affiliated entities of the Company. He is also the chairman of the board of directors of Jiangxi School.

Dr. Yu served as an educational consultant to the World Bank. He also provided research services to the Degrees Commission of the State Council of the PRC, the MOE Higher Education Department, the MOE Degree Management and Graduate Education Department and the Research Office of the Jiangxi People's Government. Dr. Yu has published 10 books in China, the US, Germany, Switzerland and Singapore and authored over 30 journal articles covering topics ranging from policy, learning, financing, and investment in education. Dr. Yu served as a reviewer of textbooks for Cambridge University Press.

Key awards received by Dr. Yu include:

Date	Awards	Awarding Authority
June 2010	Shanghai Municipal Pujiang Talent Award (上海市浦江人才)	Shanghai Municipal Human Resources and Social Security Bureau (上海市人力資源和社會保障局) and Shanghai Municipal Science and Technology Commission (上海市科學技術委員會)
December 2010	Outstanding Research and Consultation Report in Philosophy and Social Sciences Award (教育部高校哲學社會科學研究優秀諮詢報告)	MOE Department of Social Sciences (教育部社會科學司)
December 2010	Shanghai Municipal Outstanding Achievement in Philosophy and Social Sciences Award Second Class Award for Papers (上海市哲學社會科學優秀成果獎論文類二等獎)	Shanghai Municipal Award Selection Committee for Outstanding Achievement in Philosophy and Social Sciences (上海市哲學社會科學優秀成果評獎委員會)
September 2011	National Outstanding Achievement in Educational Sciences Research Award Second Class Award (全國教育科學研究優秀成果獎二等獎)	MOE
December 2012	Elected to join the New Century Outstanding Talent Support Plan (入選教育部新世紀優秀人才支持計劃)	MOE

Directors and Senior Management

Date	Awards	Awarding Authority
December 2014	Jiangxi Provincial Outstanding Achievement in Teaching Award First Class Award (江西省教學成果獎一等獎)	Jiangxi Provincial Department of Education
November 2015	Jiangxi Provincial Outstanding Achievement in Educational Sciences Award First Class Award (江西省教育科學優秀成果獎一等獎)	Jiangxi Provincial Department of Education

Dr. Yu is an Adviser for PhD students and Post-docs at Shanghai Jiao Tong University in the field of Economics and Administration of Education.

Dr. Yu received his Bachelor of Engineering degree in Computer Science (First Class Honours) from the Queen's University of Belfast, his Master of Science degree and Doctor of Philosophy degree in Educational Studies from the University of Oxford. Dr. Yu received his Master of Business Administration degree in Finance from China Europe International Business School. Dr. Yu holds Corporate Director Certificate from Harvard Business School.

Dr. Yu is the son of Mr. Yu Guo, one of the controlling shareholders. Dr. Yu is a director of Blue Sky, a substantial shareholder of the Company within the meaning of Part XV of the SFO.

WANG RUI (王睿), aged 36, was appointed as an Executive Director in September 2022 and was appointed as the Co-chairman in June 2024.

Mr. Wang is the chairman of the board of directors of Zhaoqing School and has about 12 years of experience in the private higher education industry. Mr. Wang has been an investment manager for strategic investments of the Company since February 2018. Mr. Wang graduated from Kean University in the United States with a Bachelor degree in Computer Science in 2012 and a Master degree in Computer Information Science in 2013.

Mr. Wang is the nephew of Mr. Xie Ketao, one of the controlling shareholders.

INDEPENDENT NON-EXECUTIVE DIRECTORS

GERARD A. POSTIGLIONE, aged 74, was appointed as an Independent Non-Executive Director in December 2017. Dr. Postiglione is the chairman of the Remuneration Committee, a member of the Audit Committee and a member of the Nomination Committee.

Dr. Postiglione has been an Emeritus Professor of The University of Hong Kong (HKU) since May 2020 and an Honorary Professor from July 2017 in the Faculty of Education, where he has been a member of the board of The University of Hong Kong's Faculty of Education (formally known as The University of Hong Kong's Academic Board of the School of Education) since 1981. At the Southern University of Science and Technology (南方科技大學), he is a member of the academic committee at the Center for Higher Education Research since August 2018. Dr. Postiglione was Chair Professor in Higher Education of The University of Hong Kong Faculty of Education until June 2017, and was Associate Dean for Research of The University of Hong Kong Faculty of Education from December 2013 to July 2016. He was the Director of the Wah Ching Centre for Research on Education in China, The University of Hong Kong from July 2002 to March 2005, and from 2008 to 2015. He is Coordinator of the Consortium for Higher Education Research in Asia, The University of Hong Kong since 2016.

Directors and Senior Management

Dr. Postiglione has been a consultant on higher education policy to the Asian Development Bank from 2009 to 2011, 2017 to 2018, 2018 to 2019, 2019 to 2020, 2020 to 2021 and October 2024 to March 2025. He was a visiting fellow at Yale University from September to December 2003. Dr. Postiglione's academic books include *Crossing Borders in East Asian Higher Education*, *Asian Higher Education*, *Education and Social Change in China*, *Mass Higher Education Development in East Asia: Strategy, Quality and Challenges*, *Rural Education in China's Social Transition*, *Improving Transitions from School to University to Workplace*, and *Education, Social Change, and Regional Development: Mainland China, Taiwan, and Hong Kong*.

Dr. Postiglione received his Bachelor of Science degree in 1972 and his Doctor of Philosophy Degree in 1980, both from the State University of New York.

RUI MENG (芮萌), aged 58, was appointed as an Independent Non-Executive Director in December 2017. Dr. Rui is the chairman of the Audit Committee and a member of the Remuneration Committee.

Dr. Rui has been Professor of Finance and Accounting at China Europe International Business School since January 2012, and has held the title of Parkland Chair in Finance at China Europe International Business School since May 2019. Dr. Rui has been professionally designated as a Certified Financial Analyst (CFA) by the Association for Investment Management and Research since September 2000 and a Financial Risk Manager (FRM) by the Global Association of Risk Professionals since April 2010.

Dr. Rui is an independent non-executive director of Country Garden Services Holdings Company Limited (碧桂園服務控股有限公司), a company listed on the Stock Exchange, and an independent non-executive director of Dexin Services Group Limited (德信服務集團有限公司), a company listed on the Stock Exchange. Dr. Rui was an independent director of Midea Group Co., Ltd. (美的集團股份有限公司), a company listed on the Shenzhen Stock Exchange, from September 2015 to September 2018, an independent director of Shanghai Winner Information Technology Co., Inc. (上海匯納信息科技股份有限公司), a company listed on the Shenzhen Stock Exchange, from November 2014 to May 2020, an independent director of COSCO Shipping Energy Transportation Co., Ltd. (中遠海運能源運輸股份有限公司), a company listed on both the Stock Exchange and Shanghai Stock Exchange, from June 2015 to June 2021, an independent non-executive director of Sichuan Languang Justbon Services Group Co., Ltd. (四川藍光嘉寶服務集團股份有限公司), a company then listed on the Stock Exchange and delisted in August 2021, from June 2021 to August 2021, an independent director of Shang Gong Group Co., Ltd. (上工申貝（集團）股份有限公司), a company listed on the Shanghai Stock Exchange from June 2017 to May 2023, and an independent non-executive director of Landsea Green Management Limited (formerly known as Landsea Green Properties Co., Ltd.) (朗詩綠色管理有限公司（前稱：朗詩綠色地產有限公司）), a company listed on the Stock Exchange from May 2019 to June 2025.

Dr. Rui received a Bachelor of Economics degree in International Economics from the Institute of International Relations in Beijing in 1990 and a Master of Science degree in Economics from Oklahoma State University in 1993. Dr. Rui also received a Master of Business Administration degree in 1996 and a Doctor of Philosophy degree in Business Administration from the University of Houston in 1997.

Directors and Senior Management

WU KIN BING (鄔健冰), aged 74, was appointed as an Independent Non-Executive Director in December 2017. Dr. Wu is a member of the Audit Committee and a member of the Nomination Committee.

Dr. Wu was a staff member at the World Bank from September 1994 to October 2012. As Lead Education Specialist, she had worked on all subsectors of education, from early childhood education, to primary, secondary and tertiary education. She led in policy analysis, lending appraisal, and project supervision in East Asia, South Asia and Latin America and the Caribbean Region. Her World Bank and academic publications have dealt with the finance and efficiency of the education systems and public policies towards education.

After retirement from the World Bank, Dr. Wu helped found the UNICEF USA Northwest Regional Board in January 2014 to raise fund and to advocate for the work of UNICEF for children around the world. She is currently a member of UNICEF's International Council.

Dr. Wu received from Indiana University a Bachelor of Arts degree in 1972, a Master of Science degree in 1974 and a Master of Arts degree in 1976. Dr. Wu received a Doctor of Education degree from Harvard University in 1995. Dr. Wu served on the Editorial Board of Harvard Educational Review from 1987 to 1988, and then as Co-Chairperson of the Board from 1988 to 1989.

SENIOR MANAGEMENT

LAN Gongcheng (蘭功成), aged 53, was appointed as the Chief Financial Officer of the Group in May 2023.

Mr. Lan has 31 years experience in accounting and financial management within the Group. Mr. Lan joined the Group in 1994. Formerly, Mr. Lan served as the Group's Director of Finance, the Director of Internal Control and Audit of the Group and as the Director of Finance of a member school of the Group. Mr. Lan is certified as a Professor-level Senior Accountant (教授級正高級會計師). Mr. Lan is also a Certified Management Accountant (CMA) of the Institute of Management Accountants (IMA). Mr. Lan holds Board Secretary Qualification and Independent Director Qualification from the Shenzhen Stock Exchange. Mr. Lan has passed the Securities Practitioner Qualification Examinations of the Securities Association of China and the Fund Practitioner Qualification Examinations of the Asset Management Association of China. Mr. Lan is a Guest Professor at Jiangxi University of Finance and Economics, an advisor for master's students majoring in accounting at Nanchang University, Jiangxi University of Finance and Economics and Jiangxi Normal University, and a Reviewer for the Senior Professional Titles in Accounting in Jiangxi Province. Mr. Lan obtained Master of Business Administration degree from Jiangxi University of Finance and Economics.

LI RENYI (李仁毅), aged 40, joined the Group as vice president for strategic investments in May 2017.

Mr. Li has 17 years of experience in investment. Before joining the Group, Mr. Li worked at Prax Capital (普凱投資), a private equity firm, from June 2013 to April 2017 where he held various positions including vice president of investments, senior manager of investments and manager of investments. Mr. Li also worked as an investment manager at Shenzhen Oriental Fortune Capital Co., Ltd. (深圳市東方富海投資管理股份有限公司), a venture capital firm, from March 2012 to May 2013 and at China Renaissance (華興資本), a financial services provider, from June 2008 to May 2011 where he was financing manager and analyst.

Mr. Li received his Bachelor of Engineering degree in Information Security from Shanghai Jiao Tong University in 2008. Mr. Li received his Master of Business Administration degree in Finance from China Europe International Business School in 2017. Mr. Li has passed the Fund Practitioner Qualification Examinations (基金從業資格考試) held by the Asset Management Association of China (中國證券投資基金業協會) in 2016.

Directors and Senior Management

HU JIANFENG (胡劍鋒), aged 49, joined the Group in 2002. He is currently vice president for operation and is responsible for the operations of the Group.

Dr. Hu is a professor and supervisor for Master's research students. Dr. Hu has over 22 years' experience in higher education. His prior appointments include Dean, Director of Teaching Affairs, Director of Education Quality, Director of Research, and Vice President of a university in the Group.

Dr. Hu is an expert on the Panel of University Education Evaluation of the Ministry of Education, PRC.

Dr. Hu led research projects sponsored by National Natural Science Foundation, Emerging Engineering Education Projects of Ministry of Education, University-Industry Collaborative Education Projects of Ministry of Education, and Humanities and Social Sciences Projects of Ministry of Education. He has published about 200 journal articles and has about 30 patents. He has been awarded the Jiangxi Provincial Outstanding Achievement in Teaching Award First Class Award.

CHANGES TO DIRECTORS' INFORMATION

Save as disclosed herein, the Directors confirm that in relation to their profile, no information is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Report of the Directors

The Directors have pleasure in presenting their report and the audited consolidated financial statements of the Group for the year ended 31 August 2025.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The Group mainly engages in the provision of vocational education services. Details of the activities of the principal subsidiaries and consolidated affiliated entities are set out in note 39 to the consolidated financial statements.

RESULTS AND BUSINESS REVIEW

The results of the Group for the year ended 31 August 2025 are set out in the consolidated statement of profit or loss and other comprehensive income on page 129.

A fair review of the business of the Group during the year and its likely future development and outlook, important events affecting the Company that have occurred since the end of the financial year, an analysis of the Group's performance during the year using financial key performance indicators, discussions on the Group's environmental policies and performance, details regarding the Group's compliance with the relevant laws and regulations that have a significant impact on the Group, and the Group's key relationships with stakeholders who have a significant impact on the Group and on which the Group's success depends as required under Schedule 5 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) are set out in "Co-Chairmen's Statement", "Management Discussion and Analysis", "Environmental, Social and Governance Report" and "Corporate Governance Report" of this annual report and all such discussions constitute part of this report.

PRINCIPAL RISKS AND UNCERTAINTIES

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

- our business and results of operations depend on the level of tuition fees and boarding fees we are able to charge and our ability to maintain and raise the level of tuition fees and boarding fees.

- our business is heavily dependent on our reputation and any damage to our reputation would materially and adversely affect our business. Negative publicity concerning our schools or our Group may adversely affect our reputation, business, growth prospect and our ability to recruit qualified teachers and staff.

- we face competition from existing players and industry consolidation in the PRC higher education industry, which could lead to adverse pricing pressure, reduced operating margins, loss of market share, departures of qualified employees and increased capital expenditures.

- unauthorised disclosure or manipulation of sensitive personal data, whether through breach of our network security or otherwise, could expose us to litigation or could adversely affect our reputation.

- we may expand our school network through acquisitions or cooperation with third party partners and may not be able to successfully execute such expansion strategy.

- we are subject to uncertainties brought by various laws and regulations which are applicable to private higher education industry in the PRC, in particular the Law for Promoting Private Education of the PRC. Relevant laws and regulations could be changed from time to time to accommodate the development of the education industry in the PRC.

The above is not an exhaustive list. Investors are advised to make their own judgement or consult their own investment advisors before making any investment in the Shares.

DIVIDEND POLICY

As we are a holding company, our ability to declare and pay dividends will depend on receipt of sufficient funds from our subsidiaries and, particularly, our consolidated affiliated entities, which are incorporated in the PRC. Our consolidated affiliated entities must comply with their respective constitutional documents and the laws and regulations of the PRC in declaring and paying dividends to us. Pursuant to the laws applicable to the PRC's Foreign Investment Enterprises, our Company's subsidiaries must make appropriations from after-tax profit to non-distributable reserve funds as determined by the board of directors of each relevant entity prior to payment of dividends. These reserves include a general reserve and a development fund. Subject to certain cumulative limits, the general reserve requires annual appropriations of 10% of after-tax profits as determined under PRC laws and regulations at each year-end until the balance reaches 50% of the relevant PRC entity's registered capital. PRC laws and regulations require private schools where the school sponsors require reasonable returns to make annual appropriations of 10% of net income to its development fund prior to payments of reasonable returns. Such appropriations are required to be used for the construction or maintenance of the school or for the procurement or upgrading of educational equipment. In the case of a private school where the school sponsors do not require reasonable returns, the school is required to make annual appropriations equivalent to no less than 10% of the annual increase of net assets of the school as determined in accordance with generally accepted accounting principles in the PRC. Sponsor of each of our schools does not require reasonable returns.

Except for that, we do not have any other dividend policy. Any amount of dividends we pay will be at the discretion of our Directors and will depend on our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors which our Directors consider relevant. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the relevant laws. Our Board intends to recommend at the relevant shareholder meetings an annual dividend of no less than 30% of our profits available for distribution generated in each financial year. Our Shareholders in a general meeting may approve any declaration of dividends, which must not exceed the amount recommended by our Board. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Our future declarations of dividends may or may not reflect our historical declarations of dividends and will be at the absolute discretion of the Board.

Report of the Directors

DIVIDEND

The Board does not declare a final dividend for the year ended 31 August 2025 (for the year ended 31 August 2024: RMB10.28 cents).

ANNUAL GENERAL MEETING

The forthcoming annual general meeting will be held on Monday, 26 January 2026. Notice convening the forthcoming annual general meeting will be published and dispatched to the Shareholders by post or by electronic means.

CLOSURE OF REGISTER OF MEMBERS

For the Forthcoming Annual General Meeting

The register of members of the Company will be closed from Wednesday, 21 January 2026 to Monday, 26 January 2026, both days inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the forthcoming annual general meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 20 January 2026.

SHARE CAPITAL

On 26 March 2025, 86,521,644 new Shares were issued pursuant to the scrip dividend scheme of the Company in relation to the final dividend for the year ended 31 August 2024.

Details of changes in the share capital of the Company during the year ended 31 August 2025 are set out in note 31 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group during the year ended 31 August 2025 are set out in note 14 to the consolidated financial statements.

DISTRIBUTABLE RESERVES OF THE COMPANY

Movements in reserves of the Company during the year ended 31 August 2025 are set out on pages 215 and 216 in note 40 to the consolidated financial statements.

Our reserves available for distribution to the Shareholders consist of share premium and retained profits. Under the Companies Act of the Cayman Islands and subject to compliance with the Company's Articles of Association, the share premium account may be applied by the Company for paying distributions or dividends to the Shareholders if immediately following the date on which the distribution or dividend is proposed to be paid, we will be able to pay off our debts as they fall due in the ordinary course of business. As of 31 August 2025, the Company's reserve available for distribution to equity holders amounted to approximately RMB6,114 million.

Report of the Directors

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on pages 217 and 218.

DIRECTORS

The Directors during the year ended 31 August 2025 and up to the date of this report were:

Executive Directors

Dr. Yu Kai *(Co-chairman and Chief Executive Officer)*
Mr. Wang Rui *(Co-chairman)*

Independent Non-Executive Directors

Dr. Gerard A. Postiglione
Dr. Rui Meng
Dr. Wu Kin Bing

Each of the Executive Directors has entered into a service contract with the Company for a term of three years. Such appointment shall, subject to retirement and re-election as and when required under the Company's Articles of Association, be automatically renewed for successive periods of three years until terminated in accordance with the terms and conditions of the service contract or by either party giving to the other not less than three months' prior notice in writing.

Each of our INEDs is engaged by an appointment letter with a specific term of three years, subject to retirement and re-election as and when required under the Company's Articles of Association. The appointment letter may be terminated in accordance with the terms and conditions of the appointment letter or by either party giving to the other not less than three months' prior notice in writing.

Under the Company's Articles of Association, all the Directors are subject to retirement by rotation and re-election at the annual general meeting. Pursuant to Article 108 of the Company's Articles of Association, Dr. Rui Meng and Dr. Wu Kin Bing shall retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

None of the Directors offering themselves for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

The Company has received from each of the INEDs an annual written confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all the INEDs are independent.

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

As at 31 August 2025, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Interests and Short Positions in Shares and Underlying Shares

Name of Director	Number of Shares/Underlying Shares			Approximate % of all Shares in Issue[1]
	Personal Interests	Other Interests	Total	
Yu Kai	(L)6,500,000[2]	(L)879,883,348[3]	(L)886,383,348	(L)31.65%

L — long position

Notes:

1. The calculation is based on the total number of 2,800,312,865 Shares in issue as at 31 August 2025.

2. These are long position interests in underlying Shares and represent the maximum number of share options which may be vested with the Directors under the Pre-IPO Share Option Scheme of the Company. Details of each of their share options are set out in the section headed "SHARE OPTION SCHEMES AND SHARE AWARD SCHEME" in this report.

3. Blue Sky, a company wholly owned by Passionate Jade Holding Limited and which in turn is wholly owned by Cantrust (Far East) Limited as the trustee of Blue Sky Trust (a discretionary trust with Mr. Yu as the settlor), is the beneficial owner of 879,883,348 Shares of the Company. Dr. Yu Kai is a beneficiary of the Blue Sky Trust.

Directors' Interest in Associated Corporations

Name of Director	Nature of Interest	Name of Associated Corporations	Percentage of Shareholding in the Associated Corporations
Yu Kai	Beneficial owner	Nanchang Jiangke	99%

Save as disclosed above, as at 31 August 2025, none of the Directors or the chief executives of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save for the share options granted to the Directors under the Pre-IPO Share Option Scheme and the Post-IPO Share Option Scheme of the Company, at no time during the period was the Company, or its holding companies, subsidiaries or fellow subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

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

As at 31 August 2025, so far as the Directors are aware, the following persons (other than the Directors and the chief executives of the Company) had interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of Substantial Shareholders	Capacity	Total Number of Shares	Approximate % of all Shares in Issue(1)
Mr. Yu	Beneficial Owner(2)	(L)6,500,000(3)	(L)0.23%
	Founder of a discretionary trust	(L)879,883,348	(L)31.42%
	Other interest(5)	(L)886,383,348	(L)31.65%
		(L)1,772,766,696	(L)63.31%
Mr. Xie	Beneficial Owner(2)	(L)6,500,000(3)	(L)0.23%
	Founder of a discretionary trust	(L)879,883,348	(L)31.42%
	Other interest(5)	(L)886,383,348	(L)31.65%
		(L)1,772,766,696	(L)63.31%
Blue Sky	Beneficial Owner(3)	(L)879,883,348	(L)31.42%
	Other interest(5)	(L)892,883,348	(L)31.89%
		(L)1,772,766,696	(L)63.31%
White Clouds	Beneficial Owner(4)	(L)879,883,348	(L)31.42%
	Other interest(5)	(L)892,883,348	(L)31.89%
		(L)1,772,766,696	(L)63.31%
Passionate Jade Holding Limited	Interests in controlled corporation(3)	(L)879,883,348	(L)31.42%
Shimmery Diamond Holding Limited	Interests in controlled corporation(4)	(L)879,883,348	(L)31.42%
Cantrust (Far East) Limited	Trustee(3)(4)	(L)1,759,766,696	(L)62.84%

L — long position

Report of the Directors

Notes:

1. The calculation is based on the total number of 2,800,312,865 Shares in issue as at 31 August 2025.

2. These are long position interests in underlying Shares and represent the maximum number of share options which may be vested with the Directors under the Pre-IPO Share Option Scheme of the Company. Details of each of their share options are set out in the section headed "SHARE OPTION SCHEMES AND SHARE AWARD SCHEME" in this report.

3. Blue Sky is the beneficial owner of the long position interests in 879,883,348 Shares. Blue Sky is a company wholly-owned by Passionate Jade Holding Limited and which in turn is wholly owned by Cantrust (Far East) Limited as the trustee of a discretionary trust, namely Blue Sky Trust. Mr. Yu is the settlor and a beneficiary of the Blue Sky Trust.

4. White Clouds is the beneficial owner of the long position interests in 879,883,348 Shares. White Clouds is a company wholly-owned by Shimmery Diamond Holding Limited and which in turn is wholly owned by Cantrust (Far East) Limited as the trustee of a discretionary trust, namely White Clouds Trust. Mr. Xie is the settlor and a beneficiary of the White Clouds Trust.

5. Mr. Yu, Mr. Xie, Blue Sky and White Clouds entered into the concert party agreement to align their shareholding interests in the Company. Accordingly, each of Mr. Yu, Mr. Xie, Blue Sky and White Clouds is deemed to be interested in the Shares/underlying Shares held by the other parties to the concert party agreement. The interests of Blue Sky and White Clouds were duplicated with the interests of Mr. Yu and Mr. Xie as disclosed under the section headed "DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES" in this report.

Save as disclosed above, as at 31 August 2025, the Directors were not aware of any other persons (other than the Directors and the chief executives of the Company) who had an interest or short position in the Shares or the underlying Shares as recorded in the register required to be kept by the Company under section 336 of the SFO.

Report of the Directors

SHARE OPTION SCHEMES AND SHARE AWARD SCHEME

The Company has adopted Share Option Schemes (Pre-IPO Share Option Scheme and Post-IPO Share Option Scheme) and Share Award Scheme for the purpose of incentivising eligible participants for their contribution to the Group.

Pre-IPO Share Option Scheme

The following is a summary of the principal terms of the Pre-IPO Share Option Scheme which was adopted and effective on 27 November 2017. The terms of the Pre-IPO Share Option Scheme are not subject to the provisions of Chapter 17 of the Listing Rules as no share options would be granted under the Pre-IPO Share Option Scheme after the Listing.

Purpose

The purpose of the Pre-IPO Share Option Scheme is to provide selected participants with the opportunity to acquire proprietary interests in the Company and to encourage selected participants to work towards enhancing the value of the Company and its Shares for the benefit of the Company and its Shareholders as a whole. The Pre-IPO Share Option Scheme provides the Company with a flexible means of retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to selected participants.

Participants

Under the Pre-IPO Share Option Scheme, the Board may determine any directors and employees of any member of the Group, who the Board considers, in its sole discretion, have contributed or will contribute to the Group, to take up share options to subscribe for the Shares.

Maximum Number of Shares Available for Issue

The overall limit on the number of Shares which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the Pre-IPO Share Option Scheme at any time shall not exceed 45,500,000 Shares, which represents approximately 1.62% of the total issued Shares as at the date of this annual report.

Maximum Entitlement of Each Participant

Under the Pre-IPO Share Option Scheme, the Board shall be entitled to make an offer to any participant for the grant of an share option for the subscription of such number of Shares as the Board may determine.

Report of the Directors

Vesting and Exercising Period

The Board may in its absolute discretion makes an offer to a selected participant for the grant of an share option to subscribe for such number of Shares and on such terms as determined by the Board. The terms of the offer may include but are not limited to, any minimum period(s) for which an share option must be held and/or any minimum performance target(s) that must be achieved, before the share option can be exercised in whole or in part, and may include at the discretion of the Board such other terms either on a case by case basis or generally.

A share option may be exercised in accordance with the terms of the Pre-IPO Share Option Scheme at any time during a period to be determined and notified by the Directors to each grantee which period shall not expire later than 10 years from the Listing Date.

Amount Payable on Application or Acceptance of Share Option

A share option may be accepted by a participant within ten business days from the date of the offer of grant of the share option. A nominal consideration of RMB1.00 is payable upon acceptance of the grant of a share option.

Exercise Price

The price for the subscription of Shares in relation to each share option granted under the Pre-IPO Share Option Scheme shall be such price as may be determined by the Board. A share option may be exercised in whole or in part by the grantee and the subscription price of the Shares shall be fully paid by the grantee to the Company upon exercise of the share option.

Life of the Pre-IPO Share Option Scheme

The Pre-IPO Share Option Scheme was adopted and effective on 27 November 2017 and valid up to 27 November 2017 (the "Pre-IPO Share Option Scheme Period"). After the expiry of the Pre-IPO Share Option Scheme Period, no further share options shall be offered or granted, but in all other respects the provisions of the Pre-IPO Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any share options granted prior thereto.

Report of the Directors

Movements in Share Options Granted under the Pre-IPO Share Option Scheme

Movements in the share options granted under the Pre-IPO Share Option Scheme during the year are as follows:

	Date of grant (dd/mm/yyyy)	Exercise price (HK$)	Vesting date (dd/mm/yyyy)	Exercise period (dd/mm/yyyy)	Number of share options				
					At 01/09/2024[1]	Granted	Exercised	Lapsed	At 31/08/2025[1]
Director									
Yu Kai	14/12/2017	6.45	15/12/2018	15/12/2018 – 14/12/2027	2,000,000	–	–	–	2,000,000
			15/12/2020	15/12/2020 – 14/12/2027	500,000	–	–	–	500,000
			15/12/2021	15/12/2021 – 14/12/2027	2,000,000	–	–	–	2,000,000
			15/12/2022	15/12/2022 – 14/12/2027	2,000,000	–	–	–	2,000,000
Employees	14/12/2017	6.45	15/12/2018	15/12/2018 – 14/12/2027	2,200,000	–	–	–	2,200,000
			15/12/2020	15/12/2020 – 14/12/2027	775,000	–	–	–	775,000
			15/12/2021	15/12/2021 – 14/12/2027	3,100,000	–	–	–	3,100,000
			15/12/2022	15/12/2022 – 14/12/2027	3,100,000	–	–	–	3,100,000
Total					15,675,000	–	–	–	15,675,000

Notes:

1. These figures (except those relating to the vested share options) represent the maximum number of underlying Shares that may be vested with the grantee on vesting of his/her relevant share options. The actual number of underlying Shares that will finally vest with each relevant grantee may range from zero to such maximum number subject to the satisfaction of performance condition.

2. No share option was cancelled during the year ended 31 August 2025.

Save and except as disclosed above, no other share options have been granted or agreed to be granted by the Company under the Pre-IPO Share Option Scheme.

Post-IPO Share Option Scheme

The following is a summary of the principal terms of the Post-IPO Share Option Scheme adopted by the resolutions in writing of the Shareholders passed on 29 November 2017.

Report of the Directors

Purpose

The purpose of the Post-IPO Share Option Scheme is to provide selected participants with the opportunity to acquire proprietary interests in the Company and to encourage selected participants to work towards enhancing the value of the Company and its Shares for the benefit of the Company and Shareholders as a whole. The Post-IPO Share Option Scheme will provide the Company with a flexible means of retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to selected participants.

Participants

Any individual, being an employee, director, officer, consultant, advisor, distributor, contractor, customer, supplier, agent, business partner, joint venture business partner or service provider of any member of the Group or any affiliate who the Board or its delegate(s) considers, in its sole discretion, to have contributed or will contribute to the Group is entitled to be offered and granted share options.

Maximum Number of Shares Available for Issue

The total number of Shares which may be issued upon exercise of all share options to be granted under the Post-IPO Share Option Scheme and any other schemes is 200,000,000, being no more than 10% of the Shares in issue on the Listing Date (the "Post-IPO Share Option Scheme Mandate Limit") and represents approximately 7.14% of the total issued Shares as at the date of this annual report. Share options which have lapsed in accordance with the terms of the Post-IPO Share Option Scheme (or any other share option schemes of the Company) shall not be counted for the purpose of calculating the Post-IPO Share Option Scheme Mandate Limit.

The overall limit on the number of Shares which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the Post-IPO Share Option Scheme and any other share option schemes of the Company at any time (and to which the provisions of Chapter 17 of the Listing Rules are applicable) must not exceed 30% of the Shares in issue from time to time (the "Post-IPO Share Option Scheme Limit"). No share options may be granted under any schemes of the Company if this will result in the Post-IPO Share Option Scheme Limit being exceeded.

The Post-IPO Share Option Scheme Mandate Limit may be refreshed at any time by obtaining prior approval of the Shareholders in general meeting. However, the refreshed Post-IPO Share Option Scheme Mandate Limit cannot exceed 10% of the Shares in issue as at the date of such approval.

The Company may also grant share options in excess of the Post-IPO Share Option Scheme Mandate Limit, provided such grant is to specifically identified selected participant and is first approved by Shareholders in general meeting.

Maximum Entitlement of Each Participant

Unless approved by the Shareholders, the total number of Shares issued and to be issued upon exercise of the share options granted and to be granted under the Post-IPO Share Option Scheme and any other share option scheme(s) of the Company to each selected participant (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the total number of Shares in issue (the "Individual Limit"). Any further grant of share options to a selected participant which would result in the aggregate number of Shares issued and to be issued upon exercise of all share options granted and to be granted to such selected participant (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such further grant exceeding the Individual Limit shall be subject to separate approval of our Shareholders.

Report of the Directors

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

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

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

such further grant of share options must also be first approved by the Shareholders in a general meeting.

Vesting and Exercising Period

The Post-IPO Share Option Scheme does not set out any performance targets that must be achieved before the share options may be exercised. However, the Board may at its sole discretion specify, as part of the terms and conditions of any share option, such performance conditions that must be satisfied before the share option can be exercised.

The period during which a share option may be exercised is determined and notified by the Board to each grantee at the time of making an offer for the grant of the share option and such period shall not expire later than ten years from the date of grant of the share option.

Amount Payable on Application or Acceptance of Share Option

A share option may be accepted by a participant within 20 business days from the date of the offer of grant of the share option. A nominal consideration of HK$1.00 is payable upon acceptance of the grant of a share option.

Exercise Price

The amount payable for each Share to be subscribed for under a share option shall be determined by the Board but shall be not less than the greater of:

(i) the closing price of a Share as stated in the daily quotations sheet issued by the Stock Exchange on the date of grant;

(ii) the average closing price of the Shares as stated in the daily quotations sheet issued by the Stock Exchange for the five business days immediately preceding the date of grant; and

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

Life of the Post-IPO Share Option Scheme

The Post-IPO Share Option Scheme shall be valid and effective for the period of ten years commencing from the Listing Date (after which, no further share options shall be offered or granted under the Post-IPO Share Option Scheme), but in all other respects the provisions of the Post-IPO Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any share options granted prior thereto. The remaining life of the Share Award Scheme is approximately 2 years as at the date of this annual report.

Report of the Directors

Movements in Share Options Granted under the Post-IPO Share Option Scheme

Movements in the share options granted under the Post-IPO Share Option Scheme during the year are as follows:

					Number of share options					
	Date of grant (dd/mm/yyyy)	Exercise price (HK$)	Vesting date (dd/mm/yyyy)	Exercise period (dd/mm/yyyy)	At 01/09/2024[1]	Granted	Exercised	Lapsed	Cancelled	At 31/08/2025[1]
Employees	08/03/2019	12.48	08/03/2020	08/03/2020 – 07/03/2029	315,000	–	–	–	–	315,000
			08/03/2021	08/03/2021 – 07/03/2029	492,500	–	–	–	–	492,500
			08/03/2022	08/03/2022 – 07/03/2029	610,000	–	–	–	–	610,000
			08/03/2023	08/03/2023 – 07/03/2029	762,500	–	–	–	–	762,500
			08/03/2024	08/03/2024 – 07/03/2029	915,000	–	–	–	–	915,000
	16/12/2019	10.76	16/12/2020	16/12/2020 – 15/12/2029	20,000	–	–	–	–	20,000
			16/12/2021	16/12/2021 – 15/12/2029	30,000	–	–	–	–	30,000
			16/12/2022	16/12/2022 – 15/12/2029	40,000	–	–	–	–	40,000
			16/12/2023	16/12/2023 – 15/12/2029	50,000	–	–	–	–	50,000
			16/12/2024	16/12/2024 – 15/12/2029	60,000	–	–	–	–	60,000
Total					3,295,000	–	–	–	–	3,295,000

Note:

1. These figures (except those relating to the vested share options) represent the maximum number of underlying Shares that may be vested with the grantee on vesting of his/her relevant share options. The actual number of underlying Shares that will finally vest with each relevant grantee may range from zero to such maximum number subject to the satisfaction of performance condition.

As at the beginning of the year (i.e. 1 September 2024), the number of share options available for future grant (which represents the scheme mandate limit less total share options granted and adding back total share options lapsed) under the Post-IPO Share Option Scheme, were 196,505,000 shares of the Company ("Shares").

As at the end of the year (i.e. 31 August 2025), the number of share options available for future grant under the Post-IPO Share Option Scheme, were 196,505,000 Shares.

No Post-IPO share options have been granted or agreed to be granted by the Company during the year. As at 31 August 2025, the total number of Shares available for issue (which represents the aggregate of all outstanding share options (i.e. granted and not yet exercised, cancelled nor lapsed) and the share options available for future grant) under the Post-IPO Share Option Scheme, were 199,800,000 Shares which represent approximately 7.13% of the total issued Shares (excluding treasury shares) as at 31 August 2025.

SHARE AWARD SCHEME

The following is a summary of the principal terms of the Share Award Scheme conditionally adopted by the resolutions in writing of our Shareholders on 29 November 2017.

The issuance of new Shares pursuant to the Share Award Scheme is subject to the application by the Company and the granting by the Listing Committee of the Stock Exchange for the listing of and permission to deal in such new Shares.

Purpose

The purpose of the Share Award Scheme is to align the interests of the eligible participants of the scheme with those of the Group through ownership of Shares, dividends and other distributions paid on Shares and/or the increase in value of the Shares, and to encourage and retain the eligible participants to make contributions to the long-term growth and profits of the Group.

Participants

Any individual, being an employee, director, officer, consultant, adviser, distributor, contractor, customer, supplier, agent, business partner, joint venture business partner or service provider of any member of the Group or any affiliate (including nominees and/or trustees of any employee benefit trust established for them) who the Board or its delegate(s) considers, in its sole discretion, to have contributed or will contribute to the Group.

Maximum Number of Shares to be Granted

An award (the "Award") granted under the Share Award Scheme gives a selected participant a conditional right, when the Shares are vested, to obtain the Shares or, if in the absolute discretion of the Board or its delegate(s), it is not practicable for the selected participant to receive the Award in Shares, the cash equivalent from the sale of the Shares. An Award includes all cash income from dividends in respect of those Shares from the date the Award is granted to the date the Award is vested. The Board at its discretion may from time to time determine that any dividends declared and paid by the Company in relation to the Shares be paid to the selected participant even though the Shares have not yet vested.

Save that the Board at its discretion may from time to time determine that any dividends declared and paid by the Company in relation to the Shares be paid to the selected participants even though the Shares have not yet vested, the selected participant only has a contingent interest in the Shares underlying an Award unless and until such Shares are actually transferred to the selected participant.

The maximum aggregate number of Shares underlying all grants made under the Share Award Scheme (excluding Shares which have been forfeited in accordance with the Share Award Scheme) is 40,000,000 Shares, being 2% of issued Shares of the Company as of the Listing Date (i.e. 2% of 2,000,000,000 Shares) (the "Share Award Scheme Limit") and represents approximately 1.43% of the total issued Shares as at the date of this annual report.

Maximum Entitlement of Each Participant

Save as otherwise restricted by the Share Award Scheme Limit or the Listing Rules, there shall be no limit on the total number of non-vested Shares that may be granted to a selected participant under the Share Award Scheme.

Report of the Directors

Each grant of an Award to any Director or the chief executive officer shall be subject to the prior approval of the INEDs (excluding any INED who is a proposed recipient of the grant of an Award). The Company will comply with the relevant requirements under Chapter 14A of the Listing Rules for any grant of Award to any connected persons of the Company.

Vesting

The Board may from time to time determine such vesting criteria and conditions or periods for the Awards to be vested under the scheme.

Life of the Share Award Scheme

The Share Award Scheme shall be valid and effective for the period of ten years commencing from the Listing Date, i.e. from 15 December 2017 to 14 December 2027. The remaining life of the Share Award Scheme is approximately 2 years as at the date of this annual report.

Awards Granted Available for Future Grant under the Share Award Scheme

As at the beginning of the year (i.e. 1 September 2024), the number of share awards available for future grant pursuant to the scheme mandate limit under the Share Award Scheme, were 40,000,000 Shares.

As at the end of the year (i.e. 31 August 2025), the number of share awards available for future grant pursuant to the scheme mandate limit under the Share Award Scheme both were 40,000,000 Shares.

No share awards have been granted or agreed to be granted by the Company since the conditional adoption of the Share Award Scheme. As at 31 August 2025, the total number of Shares available for issue (which represents the share awards available for future grant) under the Share Award Scheme, were 40,000,000 Shares which represent approximately 1.43% of the total issued Shares (excluding treasury shares) as at 31 August 2025.

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

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

BORROWINGS

As at 31 August 2025, the Group has bank and other borrowings and bonds of approximately RMB10,233 million (31 August 2024: approximately RMB10,237 million). Details of which were disclosed in note 30 to the consolidated financial statements.

Report of the Directors

TOP-UP PLACING AND SUBSCRIPTION

January 2021

The net proceeds amounted to approximately HK$2,012.6 million (net of related costs, professional fees and out-of-pocket expenses) from the subscription completed on 3 February 2021 have been partly utilised, and are expect to be fully utilised for (1) potential acquisitions; and/or (2) expansion and development of the Group's new campuses in the Greater Bay Area. The Group did not have material acquisition during the financial year ended 31 August 2025, and therefore results in delay in the use of proceeds. The Company expects that such unutilised proceeds shall be fully utilised by April 2026. The purposes for the use of proceeds are consistent with the intentions previously disclosed in the Company's announcements.

The following sets forth a summary of the utilisation of the net proceeds during the year ended 31 August 2025:

Purpose	Percentage to total amount	Net proceeds amount *RMB (million)*	Unutilised proceeds as at 1 September 2024 *RMB (million)*	Utilised proceeds during the year *RMB (million)*	Unutilised proceeds as at 31 August 2025 *RMB (million)*	Expected timeline for using the unutilised proceeds
Expansion and development of the Group's new campuses in the Greater Bay Area	70%	1,177.0	–	–	–	–
Potential acquisitions	30%	504.4	93.3	–	93.3	By April 2026
	100%	1,681.4	93.3	–	93.3	By April 2026

Further details of the top-up placing and the subscription are set out in the Company's announcements dated 26 January 2021 and 3 February 2021.

October 2021

The net proceeds amounted to approximately HK$1,170.0 million (net of related costs, professional fees and out-of-pocket expenses) from the subscription completed on 27 October 2021 are expect to be fully utilised for potential acquisitions in the modern-vocational education space. The Group did not have material acquisition during the financial year ended 31 August 2025, and therefore results in delay in the use of proceeds. The Company expects that such unutilised proceeds shall be fully utilised by April 2026. The purposes for the use of proceeds are consistent with the intentions previously disclosed in the Company's announcements. As at 31 August 2025, none of the net proceeds has been utilised.

Further details of the top-up placing and the subscription are set out in the Company's announcements dated 19 October 2021 and 27 October 2021.

Report of the Directors

EQUITY-LINKED AGREEMENTS

Save for the Share Option Schemes and Share Award Scheme as set out in the section headed "SHARE OPTION SCHEMES AND SHARE AWARD SCHEME" above in this report, the placing agreement and subscription agreement both dated 26 January 2021 and the Placing Agreement and the Subscription Agreement as mentioned in the section headed "TOP-UP PLACING AND SUBSCRIPTION" above, and the acquisition agreement (as mentioned in below paragraph), no equity-linked agreements were entered into by the Company during or subsisted at the end of the financial year.

The Group had entered into an acquisition agreement dated 26 July 2021 in respect of the acquisition of 100% shares in Long Link Investment Limited at a total consideration of RMB2,445,800,000. The consideration shall be satisfied (i) as to RMB1,675,800,000 in cash; and (ii) as to approximately RMB770,000,000 by the allotment and issue of 58,996,455 consideration shares at issue price of HK$15.6880 per Share. Certain conditions have to be fulfilled or waived before the Company issues the consideration shares. As at the date of this report, 38,309,387 Shares have been allotted and issued. Please refer to the Company's announcements dated 26 July 2021, 10 August 2021 and 14 September 2021 for details of the transaction and conditions.

DIRECTORS' INTERESTS IN TRANSACTION, ARRANGEMENT OR CONTRACT OF SIGNIFICANCE

Save as disclosed in this report, no transaction, arrangement or contract of significance in relation to the business of the Group to which the Company or any of its subsidiaries was a party and in which a Director or his/her connected entity was materially interested, whether directly or indirectly, subsisted at any time during or at the end of the financial year.

MANAGEMENT CONTRACT

Save as disclosed in this report, no contracts concerning the management and administration of the whole or any substantial part of the Group's business were entered into or existed during the year ended 31 August 2025.

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

During the year, save as disclosed in the section headed "Continuing Connected Transactions" in this report, no contracts of significance to which the Company or any of its subsidiaries was a party and in which any controlling shareholder (as defined in the Listing Rules) of the Company or any of its subsidiaries had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

MAJOR CUSTOMERS AND SUPPLIERS

Our customers are primarily our students. For the year ended 31 August 2025, the percentage of revenue attributable to the Group's five largest customers combined were less than 30% of our revenue.

Our suppliers primarily comprise book suppliers, teaching equipment vendors, human resources services providers, equipment and materials vendors. For the year ended 31 August 2025, the percentage of purchases attributable to the Group's five largest suppliers combined were less than 30% of our cost of revenue.

Report of the Directors

CONTINUING CONNECTED TRANSACTIONS

Non-Exempt Continuing Connected Transactions — Contractual Arrangements

Reasons for entering into the Contractual Arrangements

Currently PRC laws and regulations restrict the operation of higher education institutions to Sino-Foreign ownership. The Company operates the business through the consolidated affiliated entities in the PRC. In order to comply with the PRC laws and regulations while availing ourselves to international capital markets and maintaining effective control over all of our operations, the Company through its wholly-owned subsidiary, WFOE, entered into various agreements that together constitute the Contractual Arrangements with, among others, Mr. Yu, Mr. Xie and Dr. Yu Kai ("Dr. Yu") and the relevant consolidated affiliated entities.

The Company does not hold any equity interests in the consolidated affiliated entities which are held directly or indirectly by Mr. Yu, Mr. Xie and Dr. Yu. However, through the Contractual Arrangements, the Company effectively controls these consolidated affiliated entities and is able to derive substantially all of their economic benefits. The Contractual Arrangements enable the Company to (i) receive substantially all the economic benefits from the consolidated affiliated entities in consideration for the services provided by WFOE; (ii) exercise effective control over the consolidated affiliated entities; and (iii) hold an exclusive option to purchase all or part of the sponsor interests in our PRC operating schools when and to the extent permitted by the PRC laws.

Contractual Arrangements In Place

The Contractual Agreements that were in place as at 31 August 2025 are as follows:

Business Cooperation Agreements

Pursuant to (i) the business cooperation agreement entered into by and among WFOE, Guangdong Baiyun University (廣東白雲學院) ("Guangdong School") and Mr. Xie dated 30 June 2017, (ii) the business cooperation agreement entered into by and among WFOE, Guangzhou Baiyun Technician College of Business (廣州市白雲工商技師學院) ("Guangzhou Technician School"), Huafang Education, Lihe Education, Mr. Yu and Mr. Xie dated 14 August 2017, (iii) the business cooperation agreement entered into by and among WFOE, Zhengzhou Urban Rail Transit School (鄭州城軌交通中等專業學校) ("Henan School"), Shuren Education, Junshi Education, Huafang Education, Mr. Yu and Mr. Xie dated 27 February 2019, (iv) the business cooperation agreement entered into by and among WFOE, Xi'an Railway Technician College (西安鐵道技師學院) ("Shaanxi School"), Shangzhi Education, Ganzhou Xitie Education, Shaanxi Xitie Education, Huafang Education, Mr. Yu and Mr. Xie dated 27 February 2019, (v) the business cooperation agreement entered into by and among WFOE, Guangzhou College of Applied Science and Technology (廣州應用科技學院) ("Zhaoqing School"), Guangzhou Songtian Polytechnic College (廣州松田職業學院) ("Guangzhou Polytechnic School"), Lishang Education, Youxin Education, Bangrui Education, Songtian Company, Huafang Education, Mr. Yu and Mr. Xie dated 27 February 2019, (vi) the business cooperation agreement entered into by and among WFOE, Yantai Institute of Science and Technology (烟台科技學院) ("Shandong School"), Shandong Dazhong Cultural, Renjing Education, Huafang Education, Mr. Yu and Mr. Xie dated 27 November 2019, (vii) the business cooperation agreement entered into by and among WFOE, Jiangxi University of Technology (江西科技學院) ("Jiangxi School"), Nanchang Jiangke, Mr. Yu and Dr. Yu dated 16 August 2021, and (viii) the business cooperation agreement entered into by and among WFOE, Chongqing Institute of Foreign Studies (重慶外語外事學院) (the "Chongqing School"), Lexian Education, Huafang Education, Mr. Yu and Mr. Xie dated 5 May 2023 (collectively, the "Business Cooperation Agreements"), WFOE has the exclusive right to provide each of the relevant consolidated affiliated entities with technical services, management support services, consulting services, intellectual property licences and other additional services as the parties may mutually agree from time to time, and in return, our relevant PRC operating schools and other consolidated affiliated entities shall make payments accordingly.

Report of the Directors

Substantially similar exclusive management consultancy and business cooperation agreement dated 15 September 2020 (the "Management Agreement") has been entered into by and among WFOE, Hainan Cyber Education, Haikou University of Economics (海口經濟學院) ("Hainan School"), Affiliated Art School of Haikou University of Economics (海口經濟學院附屬藝術學校) ("Hainan Art School"), Shuzhi Education and other relevant parties pursuant to which WFOE has been engaged as the exclusive service provider to provide Hainan Cyber Education, Hainan School and Hainan Art School with corporate management consultancy services, education management consultancy services, intellectual property licensing services as well as technical and business support services in return for service fees.

Exclusive Technical Services And Management Consultancy Agreements

Pursuant to (i) the exclusive technical services and management consultancy agreement entered into by and between WFOE and Guangdong School dated 30 June 2017, (ii) the exclusive technical services and management consultancy agreement entered into by and among WFOE, Lihe Education, Huafang Education and Guangzhou Technician School dated 14 August 2017, (iii) the exclusive technical services and management consultancy agreement entered into by and among WFOE, Henan School, Shuren Education, Junshi Education and Huafang Education dated 27 February 2019, (iv) the exclusive technical services and management consultancy agreement entered into by and among WFOE, Shaanxi School, Shangzhi Education, Ganzhou Xitie Education, Shaanxi Xitie Education and Huafang Education dated 27 February 2019, (v) the exclusive technical services and management consultancy agreement entered into by and among WFOE, Zhaoqing School, Guangzhou Polytechnic School, Lishang Education, Youxin Education, Bangrui Education, Songtian Company and Huafang Education dated 27 February 2019, (vi) the exclusive technical services and management consultancy agreement entered into by and among WFOE, Shandong School, Shandong Dazhong Cultural, Renjing Education and Huafang Education dated 27 November 2019, (vii) the exclusive technical services and management consultancy agreement entered into by and among WFOE, Jiangxi School and Nanchang Jiangke dated 16 August 2021, and (viii) the exclusive technical services and management consultancy agreement entered into by and among WFOE, Chongqing School, Lexian Education and Huafang Education dated 5 May 2023 (collectively, the "Exclusive Technical Services and Management Consultancy Agreements"), WFOE has the exclusive right to provide, or designate any third party to provide technical services and management consultancy services to each of our relevant PRC operating schools and the relevant consolidated affiliated entities.

Furthermore, the Group has entered into the Management Agreement with respect to the provision of management consultancy services and technical services to Hainan School and Hainan Art School, see "Business Cooperation Agreements" in this section.

Exclusive Call Option Agreements

Under (i) the exclusive call option agreement entered into by and among WFOE, Guangdong School and Mr. Xie dated 30 June 2017, (ii) the exclusive call option agreement entered into by and among WFOE, Guangzhou Technician School, Mr. Yu, Mr. Xie, Huafang Education and Lihe Education dated 14 August 2017, (iii) the exclusive call option agreement entered into by and among WFOE, Henan School, Shuren Education, Junshi Education, Huafang Education, Mr. Yu and Mr. Xie dated 27 February 2019, (iv) the exclusive call option agreement entered into by and among WFOE, Shaanxi School, Shangzhi Education, Ganzhou Xitie Education, Shaanxi Xitie Education, Huafang Education, Mr. Yu and Mr. Xie dated 27 February 2019, (v) the exclusive call option agreement entered into by and among WFOE, Zhaoqing School, Guangzhou Polytechnic School, Lishang Education, Youxin Education, Bangrui Education, Songtian Company, Huafang Education, Mr. Yu and Mr. Xie dated 27 February 2019, (vi) the exclusive call option agreement entered into by and among WFOE, Shandong School, Shandong Dazhong Cultural, Renjing Education, Huafang Education, Mr. Yu and Mr. Xie dated 27 November 2019, (vii) the exclusive call option agreement entered into by and among WFOE, Jiangxi School, Nanchang Jiangke, Mr. Yu and Dr. Yu on 16 August 2021, and (viii) the exclusive call option agreement entered into by and among WFOE, Chongqing School, Lexian Education, Huafang Education, Mr. Yu and Mr. Xie dated 5 May 2023 (collectively, the "Exclusive Call Option Agreements"), Mr. Yu, Mr. Xie, Dr. Yu and the relevant consolidated affiliated entities have irrevocably granted WFOE or its designated purchaser the right to purchase all or part of the interests in our relevant PRC operating schools and the relevant consolidated affiliated entities (as the case may be). The purchase price payable by WFOE in respect of the transfer of such sponsor interest upon exercise of the call option shall be the lowest price permitted under the PRC laws and regulations. WFOE or its designated purchaser shall have the right to purchase such proportion of the sponsor interest in our relevant PRC operating schools or the equity interests in the relevant consolidated affiliated entities as it decides at any time.

Substantially similar exclusive call option agreement dated 15 September 2020 has been entered into by and among WFOE, Hainan Cyber Education, Hainan School, Hainan Art School, Shuzhi Education, Hainan Shenzheng Industrial Group Co., Ltd., and other relevant parties. Pursuant to which Shuzhi Education granted WFOE an exclusive, unconditional and irrevocable option to purchase from them all or part of their respective equity interests and their respective shares of the assets in Hainan Cyber Education.

School Sponsors' and Directors' Rights Entrustment Agreements And Shareholders' Rights Entrustment Agreements

Pursuant to (i) the school sponsors' and directors' rights entrustment agreement entered into by and among WFOE, Mr. Xie and each director of Guangdong School dated 30 June 2017, (ii) the school sponsors' and directors' rights entrustment agreement entered into by and among WFOE, Lihe Education and each director of Guangzhou Technician School dated 14 August 2017, (iii) the school sponsors' and directors' rights entrustment agreement entered into by and among WFOE, Shuren Education and each director of Henan School appointed by the Group dated 27 February 2019, (iv) the school sponsors' and directors' rights entrustment agreement entered into by and among WFOE, Shaanxi Xitie Education and each director of Shaanxi School appointed by the Group dated 27 February 2019, (v) the school sponsors' and directors' rights entrustment agreement entered into by and among WFOE, Songtian Company and each director of Zhaoqing School and Guangzhou Polytechnic School appointed by the Group dated 27 February 2019, (vi) the school sponsors' and directors' rights entrustment agreement entered into by and among WFOE, Shandong Dazhong Cultural and each director of Shandong School appointed by the Group dated 27 November 2019, (vii) the school sponsors' and directors' rights entrustment agreement entered into by and among WFOE, Nanchang Jiangke and the directors of Jiangxi School dated 16 August 2021, and (viii) the school sponsors' and directors' rights entrustment agreement entered into by and among WFOE, Lexian Education and each director of Chongqing School appointed by the Group dated 5 May 2023 (collectively, the "School Sponsors' and Directors' Rights Entrustment Agreements"), the relevant registered school sponsors have irrevocably authorised and entrusted WFOE to exercise all its rights as school sponsor of each of our relevant PRC operating schools and the directors of each relevant school has irrevocably authorised and entrusted WFOE to exercise all his/her rights as directors of our relevant PRC operating schools to the extent permitted by the PRC laws.

Pursuant to (i) the shareholders' rights entrustment agreement entered into by and among WFOE, Huafang Education, Mr. Yu and Mr. Xie dated 14 August 2017, (ii) the shareholders' rights entrustment agreement entered into by and among WFOE, Lihe Education and Huafang Education dated 14 August 2017, and (iii) the shareholders' rights entrustment agreement entered into by and among WFOE, Mr. Yu, Dr. Yu and Nanchang Jiangke dated 16 August 2021 (collectively, the "Shareholders' Rights Entrustment Agreements"), Mr. Yu, Mr. Xie, Dr. Yu and Huafang Education have irrevocably authorised and entrusted WFOE to exercise all his or its rights as shareholders of the relevant consolidated affiliated entities to the extent permitted by the PRC laws.

Report of the Directors

Powers of Attorney

Pursuant to the school sponsors' powers of attorney executed by the registered school sponsors of each of Guangdong School, Guangzhou Technician School, Jiangxi School, Henan School, Shaanxi School, Zhaoqing School, Guangzhou Polytechnic School, Shandong School and Chongqing School in favour of WFOE, each of the registered school sponsors authorised and appointed WFOE as its agents to act on its behalf to exercise or delegate the exercise of all its rights as school sponsor of each of our relevant PRC operating schools. WFOE shall have the right to further delegate the rights so delegated to the directors of WFOE or other designated person. Each of the school sponsors' powers of attorney shall constitute a part and incorporate terms of the relevant School Sponsors' and Directors' Rights Entrustment Agreement.

Pursuant to the directors' powers of attorney executed by the directors of each of Guangdong School, Guangzhou Technician School, Jiangxi School, Henan School, Shaanxi School, Zhaoqing School, Guangzhou Polytechnic School, Shandong School and Chongqing School in favour of WFOE, the directors of each of the schools authorised and appointed WFOE as his/her agent to act on his/her behalf to exercise or delegate the exercise of all of his/her rights as directors of our relevant PRC operating schools. WFOE shall have the right to further delegate the rights so delegated to the directors of WFOE or other designated person. Each of the directors' powers of attorney shall constitute a part of and embody the terms of the relevant School Sponsors' and Directors' Rights Entrustment Agreement.

Pursuant to the shareholders' powers of attorney executed by each of Mr. Yu, Mr. Xie, Dr. Yu and Huafang Education in favour of WFOE, each of Mr. Yu, Mr. Xie, Dr. Yu and Huafang Education authorised and appointed WFOE, as his or its agent to act on his or its behalf to exercise or delegate the exercise of all his or its rights as shareholders of Huafang Education and Lihe Education and Nanchang Jiangke. Each of the shareholders' powers of attorney shall constitute a part of and embody the terms of the relevant Shareholders' Rights Entrustment Agreement.

With respect to Hainan School and Hainan Art School, powers of attorney have been executed on 15 September 2020 by Shuzhi Education appointing WFOE (or any person designated by WFOE) as its attorney-in-fact to appoint directors and act on its behalf to exercise all its rights as shareholder of Hainan Cyber Education under its articles of association and under the relevant PRC laws and regulations.

Receivables Pledge Agreement

Pursuant to the receivables pledge agreement entered into by and among WFOE, Guangdong School and Mr. Xie dated 30 June 2017 (the "Receivables Pledge Agreement"), each of Mr. Xie and Guangdong School unconditionally and irrevocably pledged and granted first priority security interests over all of his or its interest in (i) receivables from the schools' boarding and tuition fees, (ii) rent from the school's properties, (iii) receivables from services provided by the school and (iv) any proceeds from the sale or transfer of the sponsor interests in Guangdong School by Mr. Xie, together with all related rights thereto to WFOE as security for performance of the Contractual Arrangements and all direct, indirect or consequential damages and foreseeable loss of interest incurred by WFOE as a result of any event of default on the part of Mr. Xie or Guangdong School and all expenses incurred by WFOE as a result of enforcement of the obligations of Mr. Xie and/or Guangdong School under the Contractual Arrangements.

Pursuant to the Receivables Pledge Agreement, without the prior written consent of WFOE, Guangdong School shall not transfer the receivables or create further pledge or encumbrance over the pledged interest in the receivables.

Report of the Directors

Account Supervision Agreement

Pursuant to the account supervision agreement entered into by and among WFOE, Guangdong School, Mr. Xie and China Construction Bank Holdings Company Limited Guangzhou Baiyun Branch (中國建設銀行股份有限公司廣州白雲支行) ("Guangdong Bank") dated 28 August 2017 (the "Account Supervision Agreement"), Guangdong School and Mr. Xie shall each set up a bank account at Guangdong Bank (together, the "Designated Accounts"), for the purpose of safeguarding the WFOE's interests under the Receivables Pledge Agreement. Mr. Xie and Guangdong School shall only use the Designated Accounts in the ordinary course of business except otherwise used with WFOE's prior consent. WFOE shall have the right to supervise the daily operation of the Designated Accounts.

Each of Mr. Xie and Guangdong School shall deposit all of his or its proceeds from receivables or the sale or transfer of sponsor interest (as the case may be) subject to the Receivables Pledge Agreement into his or its Designated Account. Under the Account Supervision Agreement, the daily operation of the Designated Accounts shall be under the supervision of Guangdong Bank on behalf of WFOE.

Equity Pledge Agreements

There are no equity pledge arrangements in relation to Guangdong School. Nevertheless, there are equity pledge agreements in relation to Guangzhou Technician School, which was entered into by and among WFOE, Mr. Yu, Mr. Xie, Huafang Education and Lihe Education dated 14 August 2017 and has been supplemented by a supplemental agreement (the "Supplemental Agreement"), (together, the "Equity Pledge Agreements"). The Supplemental Agreement has been entered into with respect to Henan School, Shaanxi School, Zhaoqing School, Guangzhou Polytechnic School and all other schools acquired by the Group after the date of this supplemental agreement by and among WFOE, Mr. Yu, Mr. Xie, Huafang Education and Lihe Education dated 27 February 2019. Pursuant to the Equity Pledge Agreements, Mr. Yu, Mr. Xie, Dr. Yu and Huafang Education shall unconditionally and irrevocably pledge and grant first priority security interests over all of his or its equity interest in Lihe Education, Huafang Education and Nanchang Jiangke, as the case may be, together with all related rights thereto to WFOE as security for performance of the Contractual Arrangements and for payment of all direct, indirect or consequential damages and foreseeable loss of interest incurred by WFOE as a result of any event of default on the part of among others, Mr. Yu, Mr. Xie, Dr. Yu, the relevant consolidated affiliated entities, Guangzhou Technician School, Jiangxi School, Henan School, Shaanxi School, Zhaoqing School, Guangzhou Polytechnic School and/or all other schools acquired by the Group after the supplemental agreement dated 27 February 2019 and all expenses incurred by WFOE as a result of enforcement of the obligations of among others, Mr. Yu, Mr. Xie, Dr. Yu, the relevant consolidated affiliated entities, Guangzhou Technician School, Jiangxi School, Henan School, Shaanxi School, Zhaoqing School, Guangzhou Polytechnic School and/or all other schools acquired by the Group after the date of the supplemental agreement dated 27 February 2019 under the Contractual Arrangements.

Pursuant to the Equity Pledge Agreements, without the prior written consent of WFOE, Mr. Yu, Mr. Xie, Dr. Yu and Huafang Education shall not transfer the equity interest or create further pledge or encumbrance over the pledged equity interest.

Report of the Directors

Listing Rules Implications

Mr. Yu and Mr. Xie are substantial shareholders of the Company, and therefore each of them is a connected person of the Company under Rule 14A.07(1) of the Listing Rules. Mr. Yu is founder of the Company and Dr. Yu is the executive Director which control WFOE and hold 1% and 99% equity interests in Nanchang Jiangke, respectively, Nanchang Jiangke is a connected person of the Company pursuant to Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the Contractual Arrangements constitute continuing connected transactions of our Company under the Listing Rules.

Waiver from the Stock Exchange and Annual Review

The Stock Exchange has granted a specific waiver to the Company from strict compliance with the connected transactions requirements of Chapter 14A of the Listing Rules in respect of the transactions contemplated under the Contractual Arrangements, including (i) the announcement and independent Shareholders' approval requirements pursuant to Rule 14A.105 of the Listing Rules, (ii) the requirement of setting an annual cap under Rule 14A.53 of the Listing Rules, and (iii) the requirement of limiting the term of the Contractual Arrangements to three years or less under Rule 14A.52 of the Listing Rules. The specific waiver granted by the Stock Exchange is subject to various conditions as disclosed in the "Connected Transactions" section of the Company's prospectus and which include, among others, disclosure in our annual reports of the Contractual Arrangements in place during each financial period, engagement of the Company's auditor to report on the transactions carried out pursuant to the Contractual Arrangements in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants and issue of letter in respect of the above continuing connected transactions in accordance with Rule 14A.56 of the Listing Rules, and annual review by the INEDs of the Contractual Arrangements and their confirmation in our annual report for the relevant year.

Confirmation from INEDs

Our INEDs have reviewed the Contractual Arrangements and confirmed that during the year ended 31 August 2025 (i) the transactions carried out have been entered into in accordance with the relevant provisions of the Contractual Arrangements and 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 holders of its equity interests which are not otherwise subsequently assigned or transferred to the Group, (iii) save as disclosed in the section headed "Continuing Connected Transactions" in this report, no contracts were entered into, renewed or reproduced between the Group and the consolidated affiliated entities, and (iv) the transactions contemplated under the Contractual Arrangements were entered into in the ordinary and usual course of business of the Group and are fair and reasonable and in the interests of the Shareholders as a whole.

Confirmation from the Company's Independent Auditor

Deloitte Touche Tohmatsu, the Company's independent auditor, was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants.

Report of the Directors

For the purpose of Rule 14A.56 of the Listing Rules, Deloitte Touche Tohmatsu has provided a letter to the Board, confirming that the transactions contemplating under the Contractual Arrangements:

(a) have been approved by the Board;

(b) have been entered into, in all material respects, in accordance with the relevant Contractual Arrangements;

(c) no dividends or other distributions have been made by the consolidated affiliated entities to the holders of its equity interests which are not otherwise subsequently assigned or transferred to the Group.

During the year ended 31 August 2025, no related party transactions disclosed in note 38 to the consolidated financial statements constituted a connected transaction or continuing connected transaction which should be disclosed pursuant to the Listing Rules. The Directors confirmed that the Company has complied with the disclosure requirements of Chapter 14A of the Listing Rules in respect of all of its continuing connected transactions.

Risks relating to the Contractual Arrangements

The PRC government may find that the agreements that establish the structure for operating our business in China do not comply with applicable PRC laws and regulations, which may subject us to severe penalties and our business may be materially and adversely affected, and additional tax may be imposed, which may materially and adversely affect our results of operations.

The Contractual Arrangements may not be as effective in providing us with control over our consolidated affiliated entities as direct ownership. The beneficial owners of our consolidated affiliated entities may have conflicts of interest with us, which may materially and adversely affect our business and financial condition. The sponsor interests in Guangdong School held by Mr. Xie are not capable of being pledged in favour of our WFOE under the PRC laws. Our Contractual Arrangements with respect to this university contain alternative arrangements that may not achieve the level of protection equivalent to typical contractual arrangements with equity pledge arrangements.

Our exercise of the option to acquire the sponsor interests or equity interests of our consolidated affiliated entities may be subject to certain limitations and we may incur substantial costs. Any failure by our consolidated affiliated entities or their respective school sponsors/shareholders to perform their obligations under our Contractual Arrangements would potentially lead to the incurrence of additional costs and the expending of substantial resources on our part to enforce such arrangements, temporary or permanent loss of control over our primary operations or loss of access to our primary sources of revenue.

We rely on dividend and other payments from WFOE to pay dividends and other cash distributions to our Shareholders and any limitation on the ability of WFOE to pay dividends to us would materially and adversely limit our ability to pay dividends to our Shareholders. If any of our consolidated affiliated entities becomes subject to winding up or liquidation proceedings, we may lose the ability to use and enjoy certain important assets held by our consolidated affiliated entities, which could negatively impact our business and materially and adversely affect our ability to generate revenue.

The Board will review the Contractual Arrangements at least once a year to ensure the effective implementation of the Contractual Arrangements and compliance with the relevant terms.

Report of the Directors

LOAN AGREEMENTS WITH COVENANT RELATING TO SPECIFIC PERFORMANCE OF THE CONTROLLING SHAREHOLDERS

2018 IFC Loan

On 31 May 2018, the Company and certain of its wholly-owned subsidiaries as borrowers entered into a loan agreement and related financing documents (the "2018 IFC Loan Agreement") with International Finance Corporation ("IFC"), a member of the World Bank Group, as lender in relation to a long-term loan facility up to US$200,000,000 (the "2018 IFC Loan") and with a term of up to seven years. The 2018 IFC Loan Agreement imposes, among other things, specific performance obligations on the controlling shareholders of the Company, namely Mr. Yu Guo and Mr. Xie Ketao (together with their families and/or affiliate(s), collectively referred to as the "Controlling Shareholders").

Pursuant to the 2018 IFC Loan Agreement, so long as any of the 2018 IFC Loan remains available or outstanding, the Controlling Shareholders shall collectively maintain:

(i) at all times, effective control of the Company; and

(ii) directly or indirectly, at all times (a) on or before 15 December 2018, at least 60%; and (b) after 15 December 2018, at least 50% of the beneficial ownership of the issued Shares.

Failure of the Controlling Shareholders to comply with the aforesaid obligations could constitute an event of default under the 2018 IFC Loan Agreement. Nevertheless, it will not be an event of default in respect of the above shareholding requirement to the extent that the failure to comply is not a result of a direct or indirect transfer of the Shares by the Controlling Shareholders.

In addition, it is also an event of default should there be a change of control of the Company or any of its relevant subsidiaries or consolidated affiliated entities, to the extent (amongst other things) any person other than the Controlling Shareholders obtains effective control (including such person having obtained directly or indirectly ownership of 20% or more of the voting share or equity in such entities) of any of them. Nevertheless, if the Controlling Shareholders collectively (whether directly or indirectly) remain as the single largest shareholder of such entity, it would not be a change of control in the context of the above requirement.

If an event of default under the 2018 IFC Loan Agreement occurs and is continuing, the lender may, by notice to the borrowers, require the borrowers to immediately repay the 2018 IFC Loan (or such part of the 2018 IFC Loan) and any other payments pursuant to the 2018 IFC Loan Agreement.

Facility Agreement

On 6 September 2021, Admiral One International Limited (an indirect wholly-owned subsidiary of the Company) as borrower, the Company as guarantor and certain wholly-owned subsidiaries of the Company entered into a facility agreement (the "Facility Agreement") with certain banks as lenders, pursuant to which the lenders agreed to provide a term loan facility of US$189,500,000 (the "Facility") with a term up to seven years.

Pursuant to the terms of the Facility Agreement, Mr. Yu and Mr. Xie shall remain the single largest direct or indirect Shareholder. A breach of such undertaking will constitute an event of default under the Facility Agreement and the agent of the lenders may, by notice to the borrower, declare that all or part of the outstanding loan, together with accrued interest and all other amounts accrued or outstanding under the Facility Agreement be immediately due and payable by the borrower.

Report of the Directors

2021 IFC Loan

On 13 September 2021, the Company and certain of its wholly-owned subsidiaries as borrowers entered into a loan agreement and related financing documents (the "2021 IFC Loan Agreement") with IFC as lender in relation to a long-term loan facility up to US$150,000,000 (the "2021 IFC Loan") and with a term of up to seven years. The 2021 IFC Loan Agreement imposes, among other things, specific performance obligations on the Controlling Shareholders.

Pursuant to the 2021 IFC Loan Agreement, so long as the 2021 IFC Loan remains available or outstanding, the Controlling Shareholders shall collectively maintain at all times:

(1) directly or indirectly at least 50% of the beneficial ownership of the Shares; and

(2) effective control of the Company.

Failure of the Controlling Shareholders to comply with the aforesaid obligations could constitute an event of default under the 2021 IFC Loan Agreement.

In addition, it could also constitute an event of default should there be a change of control of the Company or any of its relevant subsidiaries or consolidated affiliated entities, to the extent (amongst other things) any person other than the Controlling Shareholders obtains effective control (including such person having obtained directly or indirectly ownership of 50% or more of the voting shares or equity in such entities) of any of them.

If an event of default under the 2021 IFC Loan Agreement occurs and is continuing, the Lender may, by notice to the borrowers, require the borrowers to immediately repay the 2021 IFC Loan (or such part of the 2021 IFC Loan) and any other payments pursuant to the 2021 IFC Loan Agreement.

2024 ADB Facilities

On 28 November 2024, the Company as borrower entered into a loan agreement and related financing documents (collectively, the "ADB Finance Documents") with Asian Development Bank ("ADB") as lender in relation to a facility of up to RMB284,900,000 (the "ADB Loan") with a term of up to 60 months; and Yantai Institute of Science and Technology ("Yantai Institute"), a subsidiary of the Company, as borrower entered into a loan agreement and related financing documents (collectively, the "ADB Yantai Finance Documents") with ADB as lender in relation to a facility of up to RMB569,800,000 (the "ADB Yantai Loan") with a term of up to 84 months. The ADB Finance Documents and the ADB Yantai Finance Documents impose, among others, specific performance obligations on the Controlling Shareholders.

Pursuant to the ADB Finance Documents, the Controlling Shareholders shall:

(i) directly or indirectly maintain control over 50% or more of the Shares of the Company; and

(ii) collectively remain the single largest shareholder of the Company; and

(iii) directly or indirectly maintain 100% shareholding over the sole sponsor of Yantai Institute (collectively, the"Specific Performance Obligations").

Report of the Directors

Failure to observe any of these obligations would entitle ADB to cancel the ADB Loan and declare the whole or any part of the outstanding ADB loan together with accrued interest and any other amounts accrued under the ADB Finance Documents immediately due and payable.

Pursuant to the ADB Yantai Finance Documents, the Controlling Shareholders shall observe the Specific Performance Obligations and also directly or indirectly maintain control over Yantai Institute (together with the Specific Performance Obligations, the "Yantai Specific Performance Obligations"), and failure to observe any of such obligations would entitle ADB to cancel the ADB Yantai Loan and declare the whole or any part of the outstanding ADB Yantai Loan together with accrued interest and any other amounts accrued under the ADB Yantai Finance Documents immediately due and payable.

2024 AIIB Facility

On 28 November 2024, Yantai Institute as borrower entered into a loan agreement and related financing documents (collectively, the "AIIB Yantai Finance Documents") with Asian Infrastructure Investment Bank ("AIIB") as lender in relation to a facility of up to RMB574,728,000 (the "AIIB Yantai Loan") with a term of up to 84 months. The AIIB Yantai Finance Documents impose, among others, specific performance obligations on the Controlling Shareholders, i.e., the Yantai Specific Performance Obligations, and failure to observe any of such obligations would entitle AIIB to cancel the AIIB Yantai Loan and declare the whole or any part of the outstanding AIIB Yantai Loan together with accrued interest and any other amounts accrued under the AIIB Yantai Finance Documents immediately due and payable.

UPDATES IN RELATION TO QUALIFICATION REQUIREMENT

On 6 September 2024, National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會) and Ministry of Commerce of the PRC (中華人民共和國商務部) jointly promulgated the Special Administrative Measures for Access of Foreign Investment (Negative List) (2024) (《外商投資准入特別管理措施（負面清單）》(2024年版), the "Negative List"), which became effective on 1 November 2024. Pursuant to the Negative List, higher education in the PRC is a "restricted" industry. In particular, the Negative List explicitly restricts higher education institutions to Sino-Foreign cooperation, meaning that foreign investors may only operate higher education institutions through cooperating with PRC incorporated entities that are in compliance with the Regulations on Sino-Foreign Cooperative Education of the PRC (《中華人民共和國中外合作辦學條例》, which was promulgated by the State Council on 1 March 2003, taking effect as from 1 September 2003, amended on 18 July 2013, and further amended on 2 March 2019, the "Sino-Foreign Regulation"). In addition, the Negative List also provides that the domestic party shall play a dominant role in the Sino-Foreign cooperation, meaning that (a) the principal or other chief executive officer of the schools shall be a PRC national, and (b) the representative of the domestic party shall account for no less than 50% of the total members of the board of directors, the executive council or the joint administration committee of the Sino-Foreign cooperative educational institution. Pursuant to the Negative List, vocational education in the PRC is the "permitted" industry. However, the Administrative Measures for the Sino-Foreign Cooperative Education on Vocational Skills Training (《中外合作職業技能培訓辦學管理辦法》) (the "Sino-Foreign Vocational Skills Training Measures") explicitly restrict vocational education to Sino-Foreign cooperation, meaning that foreign investors may only operate vocational training schools through joint ventures with PRC incorporated entities that are in compliance with the Sino-Foreign Regulation.

Report of the Directors

In relation to the interpretation of Sino-Foreign cooperation, pursuant to the Implementing Rules for the Regulations on Operating Sino-Foreign Schools (《中華人民共和國中外合作辦學條例實施辦法》, issued by the MOE on 2 June 2004 and became effective on 1 July 2004) (the "Implementing Rules"), the foreign investor in a Sino-Foreign Joint Venture Private Higher Education School must be a foreign educational institution with relevant qualification and high quality of education (the "Higher Education Qualification Requirement"). Similarly, pursuant to the Sino-Foreign Vocational Skills Training Measures, the foreign investor in a Sino-Foreign Joint Venture Private Vocational Education School must be a foreign education institution with relevant qualification and high quality of education (the "Vocational Education Qualification Requirement") (Higher Education Qualification Requirement and Vocational Education Qualification Requirement are collectively referred as "Qualification Requirement"). Furthermore, pursuant to the Implementation Opinions of the MOE on Encouraging and Guiding the Entry of Private Capital in the Fields of Education and Promoting the Healthy Development of Private Education (《教育部關於鼓勵和引導民間資金進入教育領域促進民辦教育健康發展的實施意見》)(the "Implementation Opinions"), which was issued by the MOE on 28 June 2012, the foreign portion of the total investment in a Sino-Foreign School should be below 50% (the "Foreign Ownership Restriction") and the establishment of these schools is subject to approval of education authorities at the provincial or national level.

Currently, laws and regulations are uncertain as to what specific criteria must be met by a foreign investor (such as length of experience and form and extent of ownership in the foreign jurisdiction) in order to demonstrate to the relevant authority that it meets the Qualification Requirement. Notwithstanding the foregoing, the Company is committed to working towards meeting the Qualification Requirement and has implemented a business plan to ensure our compliance with Qualification Requirement and with a view to expanding our education operations overseas. In 2019, the Company acquired King's Own Institute in Sydney, Australia, a higher education institute that is accredited in Australia to award both bachelor's and master's degrees and is recognised by the MOE. We will continue to disclose our progress in the implementation of our overseas expansion plans and updates to the Qualification Requirement in our annual and interim reports.

LAND USE RIGHT CERTIFICATE, BUILDING OWNERSHIP CERTIFICATES AND FIRE CONTROL ASSESSMENT REQUIREMENTS

As disclosed in the section headed "Business — Properties" in the prospectus of the Company dated 5 December 2017, land use right certificate for a parcel of land has not been obtained (the "Land Issue"), and building ownership certificates for certain buildings have not been obtained and the relevant fire control assessment requirements have not been complied with (the "Building and Fire Control Issues"). We have been in discussion with the relevant parties and in the process of applying for re-compliance of the relevant certificates, permits and fire control assessment procedures (the "Rectification"). Such rectification would involve protracted discussions with various government authorities and time-consuming government administrative processes. As at the date of this report, the application is in progress and we have not obtained any formal approvals from the relevant government authorities for the submissions that we made in relation to the Rectification.

We commissioned qualified independent third parties to undertake a seismic resistance assessment and fire safety assessment on the buildings that do not have building ownership certificates. According to the assessment reports, no material safety issues were identified and the relevant buildings had passed the assessments; buildings can be operated normally as long as they maintain their existing safety conditions.

Report of the Directors

Furthermore, as disclosed in the prospectus, we acquired the land use right certificate for the first phase of the site of Zhongluotan Land with a site area of 188,666 sq.m. which would be developed into a new campus of Guangdong School. The new campus would have ample capacity to accommodate the expansion of the school and to facilitate the relocation of the existing operations of the buildings (the "Old Buildings") affected by the Land Issue, and the Building and Fire Control Issues. The new campus commenced operation in the 2019/2020 academic year and the operations in the Old Buildings would also be gradually relocated to the new campus. We will continue to disclose our progress in the rectification and the relocation of the existing operations of the Old Buildings in our annual and interim report.

In view of the mitigating actions that have been taken by the Group, the Directors considered that the Land Issue, and the Building and Fire Control Issues of the Old Buildings would not have a material adverse effect on the operation of the schools.

INTERESTS OF DIRECTORS IN COMPETING BUSINESS

None of the Directors or any of their respective associates has engaged in any business that competes or is likely to compete, either directly or indirectly, with the business of the Group or has any other conflict of interests with the Group.

EMPLOYEES AND REMUNERATION POLICIES

Remuneration

As at 31 August 2025, the Group had 19,570 employees (31 August 2024: 18,677), a 5% increase from 2024's due to organic growth in employees in our existing schools and new campuses.

The remuneration packages of the employees of the Group are determined with reference to individual qualification, experience, performance, contribution to the Group and prevailing market rate.

Remuneration policy of our schools is formulated under the guidance of the relevant laws and regulations of the local jurisdictions of our member schools and is also based on the industry characteristics as well as various market factors. Our schools determine their respective compensation standards based on the employment by function (teachers, teaching assistants, administrative personnel and workers, etc.) and position. Schools participate in social insurance plans (pension, housing provident fund, medical, unemployment, work injury and maternity insurance) under the guidance of relevant national, provincial, and municipality policies and provide a variety of benefits for employees.

Our employees are members of retirement benefits schemes administrated by their respective jurisdictions. Employers and employees are required to contribute to the retirement benefits scheme in accordance with the respective local laws and regulations.

Recruitment

The Group follows the Labour Law, Labour Contract Law, Employment Promotion Law, Labour Dispute Mediation and Arbitration Law as well as other relevant laws and regulations of its respective local jurisdictions in the recruitment process. We prohibit discrimination of staff by age, sex, race, nationality, religion or disability, ensuring everyone has equal employment opportunities and respects.

Our schools recruit talents based on business development and operational needs, as well as candidate's integrity and professionalism. Our talent selection policy does not only focus on candidate's academic qualification, relevant work experience, past performance and professionalism, but also on candidate's morality, professional ethics and discipline. All candidates with employment offer will have to sign the employment contract as soon as reporting to work, and we stipulate the probation period according to law. Near the end of the probation period, human resources department will work with the candidates' respective departments to conduct comprehensive assessments on new employees' performance and personality fit during the probation period according to job responsibilities and employment conditions, to decide whether we should officially offer the position as scheduled or ahead of the schedule, or terminate the employment.

We actively attract talents through contacting the target colleges, participating in talent recruitment fairs and industry conferences, and encourage employee referral through social media or various means. In addition, we provide pre-employment and on-the-job trainings such as assigning coaches (experienced teachers) for newly hired teachers to ensure they have faster and smoother transitions and integrations.

REMUNERATION OF DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

The Remuneration Committee is responsible for making recommendations to the Board on the Company's policy and structure for the remuneration of all Directors and senior management, having regard to their relevant experience, duties and responsibilities, performance and achievement, and market rate. None of the Directors will determine their own remuneration. Details of the Directors' remuneration and the five highest paid individuals in the Group are set out in note 11 to the consolidated financial statements in this annual report.

PRE-EMPTIVE RIGHTS

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

PUBLIC FLOAT

As at the date of this report, based on the information publicly available to the Company and within the knowledge of the Directors, the Company continues to meet the prescribed public float under the Listing Rules.

TAX RELIEF AND EXEMPTION

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

Report of the Directors

PERMITTED INDEMNITY PROVISIONS

The company has in force permitted indemnity provisions for the benefit of the directors of the Company and other members of the Group during the financial year and up to the date of this report. There are permitted indemnity provisions in the Company's Articles of Association to provide indemnity to the Directors against any third party liability incurred by them in discharging their duty. The Company has also maintained a directors and officers liability insurance to cover against legal actions and potential liability to third parties.

DONATION

During the year ended 31 August 2025, the Group made RMB1.22 million of charitable donation to public welfare and charitable organizations.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

During the year ended 31 August 2025, 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.

AUDITOR

The consolidated financial statements of the Group for the year ended 31 August 2025 have been audited by Deloitte Touche Tohmatsu. A resolution will be proposed at the forthcoming AGM for the re-appointment of Deloitte Touche Tohmatsu as the independent auditor of the Company.

On behalf of the Board

Yu Kai **Wang Rui**
Co-Chairmen

Hong Kong, 26 November 2025

Independent Auditor's Report

Deloitte.

德勤

TO THE SHAREHOLDERS OF
CHINA EDUCATION GROUP HOLDINGS LIMITED
中國教育集團控股有限公司
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of China Education Group Holdings Limited (the "Company") and its subsidiaries (collectively referred to as "the Group") set out on pages 129 to 216, which comprise the consolidated statement of financial position as at 31 August 2025, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 August 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB") 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") as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independent Auditor's Report

KEY AUDIT MATTER

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. The matter was 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 this matter.

Key audit matter	How our audit addressed the key audit matter
Impairment assessments of goodwill and intangible assets with indefinite useful life of certain cash-generating units ("CGUs")	
We identified the impairment assessments of goodwill and intangible assets with indefinite useful life of certain CGUs as at 31 August 2025 as a key audit matter due to the complexity and significant estimates involved in the assessment process by the management of the Group. As at 31 August 2025, the carrying amounts of the Group's goodwill and intangible assets with indefinite useful life are RMB909 million and RMB3,938 million, respectively, as disclosed in note 16 to the consolidated financial statement. As disclosed in note 17 to the consolidated financial statements, for the purpose of assessing impairment of goodwill and intangible assets with indefinite useful as at 31 August 2025, recoverable amounts of the respective CGUs have been determined by the management of the Group based on calculation of value in use, using financial budgets with reference to the relevant CGUs' past performances and management's expectations for the market development, where the key assumptions and estimates included the discount rates, growth rates for student number, tuition fee, cost of revenue in the value in use calculations. Based on the management's assessment, an aggregate amount of impairment loss of RMB1,706 million in relation to goodwill and intangible assets with indefinite useful life of certain CGUs has been recognised for the year ended 31 August 2025.	Our procedures in relation to the impairment assessments of goodwill and intangible assets with indefinite useful life of certain CGUs included: • Checking the arithmetical accuracy of the calculations underlying the impairment assessments; • Evaluating the competence, capabilities and objectivity of the independent valuer engaged by the management in calculating the value in use for impairment assessments as at 31 August 2025; • Involving our internal valuation expert to assist the reviews of the valuations performed by the independent valuer in respect of the value in use calculations as at 31 August 2025; • Assessing the appropriateness of the key assumptions adopted in the value in use calculations for impairment assessments, by checking historical budgets against historical results and management's expectations for growth rates for student number, tuition fee, cost of revenue and other sources of external information; and • Testing source data, on a sample basis, to supporting evidence, such as approved budgets.

Independent Auditor's Report

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 IFRS Accounting Standards as issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Independent Auditor's Report

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 judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

Independent Auditor's Report

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

- 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.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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 partner on the audit resulting in this independent auditor's report is Chung Chi Man (practising certificate number: P06557).

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
26 November 2025

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 August 2025

	NOTES	Year ended 31 August **2025** ***RMB million***	 2024 *RMB million*
Revenue	*5*	**7,363**	6,579
Cost of revenue		**(3,437)**	(2,935)
Gross profit		**3,926**	3,644
Investment income	*6(a)*	**99**	101
Other income	*6(b)*	**500**	357
Other gains and losses	*7*	**(1,850)**	(1,975)
Selling expenses		**(203)**	(190)
Administrative expenses		**(1,159)**	(965)
Finance costs	*8*	**(487)**	(472)
Profit before taxation		**826**	500
Taxation	*9*	**(320)**	2
Profit for the year	*10*	**506**	502
Other comprehensive income for the year, net of tax			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**1**	3
Total comprehensive income for the year, net of tax		**507**	505
Profit (loss) for the year attributable to:			
— owners of the Company		**977**	418
— non-controlling interests		**(471)**	84
		506	502
Total comprehensive income (expense) for the year attributable to:			
— owners of the Company		**978**	421
— non-controlling interests		**(471)**	84
		507	505
Earnings per share	*13*		
Basic and diluted (RMB cents)		**35.51**	16.13

Consolidated Statement of Financial Position

At 31 August 2025

	NOTES	At 31 August 2025 RMB million	2024 RMB million
NON-CURRENT ASSETS			
Property, plant and equipment	*14*	**23,362**	21,706
Right-of-use assets	*15*	**2,996**	2,476
Goodwill	*16*	**909**	2,494
Other intangible assets	*16*	**3,938**	4,084
Deposits paid for acquisition of property, plant and equipment/right-of-use assets	*18*	**141**	210
Contract costs	*19*	**53**	59
Deferred tax asset	*29*	**20**	18
Restricted bank deposits	*22*	**40**	12
		31,459	31,059
CURRENT ASSETS			
Trade receivables, deposits, prepayments and other receivables	*20*	**1,146**	1,092
Financial assets at fair value through profit or loss ("FVTPL")	*21*	**879**	295
Contract costs	*19*	**52**	58
Restricted bank deposits	*22*	**28**	81
Cash and cash equivalents	*22*	**5,797**	6,238
		7,902	7,764
CURRENT LIABILITIES			
Trade payables	*23*	**32**	41
Contract liabilities	*24*	**4,610**	4,635
Other payables and accrued expenses	*25*	**2,780**	2,787
Deferred income	*26*	**51**	52
Provisions	*27*	**324**	278
Lease liabilities	*28*	**29**	19
Income tax payable		**86**	79
Bank and other borrowings and bonds	*30*	**2,412**	2,497
		10,324	10,388
NET CURRENT LIABILITIES		**(2,422)**	(2,624)
TOTAL ASSETS LESS CURRENT LIABILITIES		**29,037**	28,435

Consolidated Statement of Financial Position

At 31 August 2025

	NOTES	At 31 August 2025 RMB million	2024 RMB million
NON-CURRENT LIABILITIES			
Other payables	25	**743**	597
Deferred income	26	**66**	70
Lease liabilities	28	**93**	109
Deferred tax liabilities	29	**1,356**	1,386
Bank and other borrowings and bonds	30	**7,821**	7,740
		10,079	9,902
NET ASSETS		**18,958**	18,533
CAPITAL AND RESERVES			
Share capital	31	**–***	–*
Reserves		**16,744**	15,848
Equity attributable to owners of the Company		**16,744**	15,848
Non-controlling interests		**2,214**	2,685
TOTAL EQUITY		**18,958**	18,533

* Less than RMB1 million.

The consolidated financial statements on pages 129 to 216 were approved and authorised for issue by the Board of Directors on 26 November 2025 and are signed on its behalf by:

Dr. Yu Kai
DIRECTOR

Mr. Wang Rui
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 August 2025

	Attributable to owners of the Company										
	Share capital RMB million	**Share premium** RMB million	**Merger reserve** RMB million (Note i)	**Other reserve** RMB million (Note ii)	**Share options reserve** RMB million	**Statutory surplus reserve** RMB million (Note iii)	**Exchange reserve** RMB million	**Retained profits** RMB million	**Sub-total** RMB million	**Non-controlling interests** RMB million	**Total** RMB million
At 1 September 2023	–*	6,411	182	(339)	109	2,443	(44)	6,812	15,574	2,730	18,304
Profit for the year	–	–	–	–	–	–	–	418	418	84	502
Other comprehensive income for the year	–	–	–	–	–	–	3	–	3	–	3
Total comprehensive income for the year	–	–	–	–	–	–	3	418	421	84	505
Dividends recognised as distribution *(note 12)*	–	(833)	–	–	–	–	–	–	(833)	–	(833)
Issue of shares *(note 31)*	–*	594	–	–	–	–	–	–	594	–	594
Acquisition of additional interest in a subsidiary	–	–	–	5	–	–	–	87	92	(129)	(37)
Transfer	–	–	–	–	–	333	–	(333)	–	–	–
Recognition of equity-settled share-based payments	–	–	–	–	–*	–	–	–	–	–	–
At 31 August 2024	**–***	**6,172**	**182**	**(334)**	**109**	**2,776**	**(41)**	**6,984**	**15,848**	**2,685**	**18,533**
Profit (loss) for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**977**	**977**	**(471)**	**506**
Other comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**–**	**1**	**–**	**1**	**–**	**1**
Total comprehensive income (expense) for the year	**–**	**–**	**–**	**–**	**–**	**–**	**1**	**977**	**978**	**(471)**	**507**
Dividends recognised as distribution *(note 12)*	**–**	**(279)**	**–**	**–**	**–**	**–**	**–**	**–**	**(279)**	**–**	**(279)**
Issue of shares *(note 31)*	**–***	**197**	**–**	**–**	**–**	**–**	**–**	**–**	**197**	**–**	**197**
Transfer	**–**	**–**	**–**	**–**	**–**	**305**	**–**	**(305)**	**–**	**–**	**–**
Recognition of equity-settled share-based payments	**–**	**–**	**–**	**–**	**–***	**–**	**–**	**–**	**–**	**–**	**–**
At 31 August 2025	**–***	**6,090**	**182**	**(334)**	**109**	**3,081**	**(40)**	**7,656**	**16,744**	**2,214**	**18,958**

* Less than RMB1 million.

Consolidated Statement of Changes in Equity

For the year ended 31 August 2025

Notes:

i. Amounts represent the transfer of the combined paid-in capital of the subsidiaries comprising the Group to the merger reserve upon the Company became the holding company of the Group upon the reorganisation in 2017.

ii. The other reserve represents (i) the difference between the principal amounts of consideration paid and the relevant share of carrying value of the subsidiary's net assets acquired from/disposed to the non-controlling interests in current and prior years; (ii) the deemed distribution to equity holders which represents the differences between the fair value of the lower-than-market interest rate advances to Mr. Yu Guo ("Mr. Yu") and Mr. Xie Ketao ("Mr. Xie"), the Controlling Equity Holders (as defined in note 1), and an entity controlled by Mr. Xie and the principal amounts of the advances at initial recognition in prior years; (iii) the deemed distributions to equity holders which represents the differences between the carrying amounts of the lower-than-market interest rate advances to Mr. Yu and Mr. Xie and the amounts received for the settlement in prior years; (iv) capital contribution from Mr. Yu through a company controlled by him in prior years; (v) the difference between the fair value of consideration paid for further acquisition of subsidiaries in prior years and the amount by which the non-controlling interests are adjusted, after reattribution of relevant reserve.

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

   For PRC subsidiaries with limited liability, they are required to make annual appropriations to general reserve of 10% of after-tax profits as determined under the PRC laws and regulations at each year-end until the balance reaches 50% of the relevant Mainland China entity's registered capital.

   According to the relevant PRC laws and regulations, for private school of which the school sponsor does not require reasonable return, it is required to appropriate to development fund of not less than 10% (2024: 10%) of the annual increase in non-restricted net assets of the relevant school as determined in accordance with generally accepted accounting principles in the PRC. The development fund shall be used for the construction or maintenance of the schools or procurement or upgrading of educational equipment.

Consolidated Statement of Cash Flows

For the year ended 31 August 2025

	Year ended 31 August	
	2025	2024
	RMB million	*RMB million*
OPERATING ACTIVITIES		
Profit before taxation	**826**	500
Adjustments for:		
Share-based payment expenses	**–***	–*
Depreciation of property, plant and equipment	**982**	793
Depreciation of right-of-use assets (net of capitalised as cost of construction in progress)	**100**	76
Finance costs	**487**	472
Impairment loss recognised under expected credit loss model, net of reversal	**13**	19
Impairment loss recognised in respect of goodwill	**1,583**	1,139
Impairment loss recognised in respect of other intangible assets	**123**	772
Fair value change on financial assets at FVTPL	**(12)**	(11)
Fair value change on construction cost payables for school premises	**51**	39
Asset-related government grants	**(12)**	(23)
Interest income from banks and loan receivables	**(99)**	(101)
Loss on disposal of property, plant and equipment, net	**22**	26
Foreign exchange losses (gains), net	**17**	(26)
Operating cash flows before movements in working capital	**4,081**	3,675
Decrease in contract costs	**12**	3
Decrease in trade receivables, deposits, prepayments and other receivables	**36**	131
(Decrease) increase in deferred income	**(14)**	2
Decrease in trade payables	**(9)**	(11)
Increase in other payables and accrued expenses	**103**	140
Increase (decrease) in provisions	**46**	(47)
(Decrease) increase in contract liabilities	**(25)**	814
Cash generated from operations	**4,230**	4,707
Income tax paid	**(345)**	(192)
NET CASH FROM OPERATING ACTIVITIES	**3,885**	4,515

Consolidated Statement of Cash Flows

For the year ended 31 August 2025

	Year ended 31 August	
	2025 **RMB million**	2024 RMB million
INVESTING ACTIVITIES		
Payments/deposits paid for acquisition of property, plant and equipment/right-of-use assets	**(2,952)**	(4,434)
Purchase of structured deposits	**(2,402)**	(1,037)
Settlement of consideration payables	**(96)**	(21)
Loans advanced to a third party	**(62)**	(62)
Placement of restricted bank deposits	**(20)**	(53)
Government grants received	**21**	21
Withdrawal of restricted bank deposits	**45**	15
Interest received from banks	**57**	69
Redemption of structured deposits	**1,830**	1,061
Purchase of money market funds	**–**	(640)
Withdrawal of money market funds	**–**	902
NET CASH USED IN INVESTING ACTIVITIES	**(3,579)**	(4,179)
FINANCING ACTIVITIES		
Repayment of bank borrowings	**(1,501)**	(1,227)
Repayment of other borrowings	**(695)**	(742)
Interest paid	**(577)**	(551)
Repayment of guaranteed bonds	**(500)**	–
Dividend paid	**(82)**	(243)
Settlement of long-term construction cost payables for school premises	**(51)**	(39)
Repayment of lease liabilities	**(31)**	(29)
New other borrowings raised	**740**	1,056
New bank borrowings raised	**1,954**	2,549
Payment for additional interest in a subsidiary	**–**	(37)
Repayment to connected entities of a non-controlling interest	**–**	(5)
Redemption of convertible bonds	**–**	(3)
NET CASH (USED IN) FROM FINANCING ACTIVITIES	**(743)**	729
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(437)**	1,065
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**6,238**	5,177
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**(4)**	(4)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	**5,797**	6,238

* Less than RMB1 million.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2025

1. GENERAL INFORMATION

China Education Group Holdings Limited (the "Company") was incorporated in the Cayman Islands and registered as an exempted company with limited liability under the Companies Law Chapter 22 of the Cayman Islands on 19 May 2017. Its ultimate controlling parties are Mr. Yu and Mr. Xie (Mr. Yu and Mr. Xie collectively referred to as the "Controlling Equity Holders"). The shares of the Company had been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 15 December 2017 (the "Listing"). The address of the registered office of the Company is Walkers Corporate Limited, 190 Elgin Avenue, George Town, Grand Cayman KY1–9008, Cayman Islands and the address of principal place of business of the Company is Unit 1202, 12/F, Standard Chartered Bank Building, 4–4A Des Voeux Road Central, Central, Hong Kong.

The Company is an investment holding company. The principal activities of its subsidiaries are engaged in the operation of private higher vocational and secondary vocational education institutions.

The Company and its subsidiaries (collectively referred to as the "Group") conducts a substantial portion of the business through Consolidated Affiliated Entities under Contractual Arrangements (as detailed and defined in note 39) in the Mainland China.

The consolidated financial statements are presented in Renminbi ("RMB"), which is also the functional currency of the Company.

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

Amendments to IFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to IFRS Accounting Standards issued by the International Accounting Standards Board for the first time, which are mandatorily effective for the Group's annual period beginning on 1 September 2024 for the preparation of the consolidated financial statements:

Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

The application of the amendments to IFRS Accounting Standards in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2025

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS (Continued)

New and amendments to IFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to IFRS Accounting Standards that have been issued but are not yet effective:

Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to IAS 21	Lack of Exchangeability[2]
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments[3]
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity[3]
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards — Volume 11[3]
Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency[4]
IFRS 18	Presentation and Disclosure in Financial Statements[4]

1 Effective for annual periods beginning on or after a date to be determined.
2 Effective for annual periods beginning on or after 1 January 2025.
3 Effective for annual periods beginning on or after 1 January 2026.
4 Effective for annual periods beginning on or after 1 January 2027.

Except for the new IFRS Accounting Standard mentioned below, the directors of the Company anticipate that the application of all other amendments to IFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

IFRS 18 "Presentation and Disclosure in Financial Statements"

IFRS 18 Presentation and Disclosure in Financial Statements ("IFRS 18"), which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 "Presentation of Financial Statements" ("IAS 1"). This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" and IFRS 7 "Financial Instruments: Disclosures" are also applicable. Minor amendments to IAS 7 "Statement of Cash Flows" and IAS 33 "Earnings per Share" are also made.

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of IFRS 18 on the Group's consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(a) Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements, include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and by the Hong Kong Companies Ordinance.

In preparing the consolidated financial statements, the directors of the Company have given careful consideration of the future liquidity of the Group in light of the fact that its current liabilities exceeded its current assets of RMB2,422 million as at 31 August 2025. The directors of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The directors of the Company consider that after taking into account the internal fund resources, the Group will have sufficient working capital to satisfy its present requirements for at least twelve months from the end of the reporting period. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the 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 the consolidated financial statements are determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 "Share-based Payment", leasing transactions that are accounted for in accordance with IFRS 16 "Leases", and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 "Inventories" or value in use in IAS 36 "Impairment of Assets".

Notes to the Consolidated Financial Statements

For the year ended 31 August 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(a) Basis of preparation of consolidated financial statements (Continued)

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 asset or liability.

(b) Material accounting policy information

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including the Consolidated Affiliated Entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

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

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.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(b) Material accounting policy information (Continued)

Basis of consolidation (Continued)

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 reporting period 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 in line with the Group's accounting policies.

All intragroup assets and 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.

Business combination

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognised in profit or loss as incurred. Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis.

Indemnification assets

Indemnification assets are recognised at acquisition dates upon business combination as assets and on the same basis as the indemnified items which are recognised as liabilities of the acquired subsidiaries, and are subject to impairment assessment at the end of the reporting period based on the evaluation of collectability. Indemnification assets are only derecognised when collected, disposed or when rights to it are lost.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(b) Material accounting policy information (Continued)

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

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

A CGU (or a group of CGUs) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the CGU (or group of CGUs) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of CGUs).

Revenue from contract with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligations, representing tuition, boarding and ancillary services, are transferred to the students.

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.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(b) Material accounting policy information (Continued)

Revenue from contract with customers (Continued)

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

Contract liabilities represent the Group's obligation to transfer goods or services to the students for which the Group has received tuition fees, boarding fees and fees for ancillary services from the students.

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

Input method

The progress towards complete satisfaction of a performance obligation is measured based on input method, which is to recognise revenue on the basis of the Group's efforts or inputs (mainly representing teaching staff costs, rental expenses and depreciation of school premises) to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depict the Group's performance in transferring control of goods or services.

Incremental costs of obtaining a contract

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained.

The Group recognises such costs (mainly representing commissions to agents for successful referral of students) as an asset if it expects to recover these costs. The asset so recognised is subsequently amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate.

Leases

The Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Short-term leases

The Group applies the short-term lease recognition exemption to leases of network servers that have a lease term of twelve months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(b) Material accounting policy information (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Right-of-use assets

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

Lease liabilities

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

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

The Group as a seller-lessee

Sale and leaseback transactions

The Group applies the requirements of IFRS 15 "Revenue from Contracts with Customers" ("IFRS 15") to assess whether sale and leaseback transaction constitutes a sale by the Group. For a transfer that does not satisfy the requirements as a sale, the Group as a seller-lessee continues to recognise the assets and accounts for the transfer proceeds as other borrowings within the scope of IFRS 9 "Financial Instruments" ("IFRS 9").

Foreign currencies

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 August 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(b) Material accounting policy information (Continued)

Borrowing costs

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

Any specific borrowing that remains outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

Share-based payment arrangements

Equity-settled share-based payment transactions

Share options granted to employees

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

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

When share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium.

Taxation

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

In assessing any uncertainty over income tax treatments, the Group considers whether it is probable that the relevant tax authority will accept the uncertain tax treatment used, or proposed to be use by individual group entities in their income tax filings. If it is probable, the current and deferred taxes are determined consistently with the tax treatment in the income tax filings. If it is not probable that the relevant taxation authority will accept an uncertain tax treatment, the effect of each uncertainty is reflected by using the most likely amount or the expected value.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(b) Material accounting policy information (Continued)

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the supply of goods or services, or for administrative purposes (other than construction in progress as described below). Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Properties in the course of construction for supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of the manner intended by management including professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are 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 assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment 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.

Intangible assets

Intangible assets acquired in a business combination

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

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

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(b) Material accounting policy information (Continued)

Impairment on property, plant and equipment, right-of-use assets, contract costs and intangible assets other than goodwill (see the accounting policy in respect of goodwill above)

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets, intangible assets with finite useful lives and contract costs 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 relevant asset is estimated in order to determine the extent of the impairment loss (if any). Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

Before the Group recognises an impairment loss for assets capitalised as contract costs under IFRS 15, the Group assesses and recognises any impairment loss on other assets related to the relevant contracts in accordance with applicable standards. Then, impairment loss, if any, for assets capitalised as contract costs is recognised to the extent the carrying amounts exceeds the remaining amount of consideration that the Group expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services that have not been recognised as expenses. The assets capitalised as contract costs are then included in the carrying amount of the CGU to which they belong for the purpose of evaluating impairment of that CGU.

Recoverable amount is the higher of fair value less costs of disposal and value in use.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a CGU, the Group compares the carrying amount of a group of CGUs, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of CGUs, with the recoverable amount of the group of CGUs. 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 or the group of CGUs. 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 or the group of CGUs. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU or the group of CGUs) 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 CGU or the group of CGUs) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(b) Material accounting policy information (Continued)

Cash and cash equivalents

Cash and cash equivalents presented on the Group's consolidated statement of financial position include (i) cash, which comprises of cash on hand and demand deposits; and (ii) cash equivalents, which comprises of short-term deposits (generally with original maturity of three months or less). Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

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 hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset 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.

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired.

Financial assets at FVTPL

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

Notes to the Consolidated Financial Statements

For the year ended 31 August 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(b) Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

The Group always recognises lifetime ECL for trade receivables and receivables from educational bureaus arising from revenue from contracts with customers.

For all other instruments, the Group measures the loss allowance equal to 12-month ECL ("12m ECL"), unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL.

The 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.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments through a loss allowance account.

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, 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 debt or equity

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

Equity instruments

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

Notes to the Consolidated Financial Statements

For the year ended 31 August 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(b) Material accounting policy information (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Financial liabilities

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

Financial liabilities at amortised cost

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

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination to which IFRS 3 "Business Combinations" applies, (ii) held for trading or (iii) it is designated as at FVTPL.

Derecognition of financial liabilities

The Group derecognises financial liability 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.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2025

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, management of the Group is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and 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.

(a) Critical judgments in applying accounting policies

The following are the critical judgments, apart from those involving estimations (see below), that the management of the Group 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.

(i) Contractual Arrangements

The Group conducts a substantial portion of the business through the Consolidated Affiliated Entities (as detailed and defined in note 39) in the Mainland China due to regulatory restrictions on foreign ownership in the Group's schools in the Mainland China. The Group does not have any equity interest in the Consolidated Affiliated Entities. The management of the Group 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 management of the Group concluded that the Group has control over the Consolidated Affiliated Entities as a result of the Contractual Arrangements (as detailed and defined in note 39) and other measures and accordingly, the assets, liabilities and their operating results of the Consolidated Affiliated Entities are included in the consolidated financial statements throughout the year or since the respective dates of incorporation/establishment/acquisition, whichever is the shorter period.

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 operating results, assets and liabilities of the Consolidated Affiliated Entities. The management of the Group, based on the advice of its legal counsel, consider that the Contractual Arrangements are in compliance with the relevant PRC laws and regulations and are legally enforceable.

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

(a) Critical judgments in applying accounting policies (Continued)

(ii) Intangible assets (other than goodwill) with indefinite useful lives

The management of the Group considers that the brand names, as set out in note 16, for all practical purposes have indefinite useful lives and are therefore not amortised until their useful lives are determined to be finite. The brand names are tested for impairment annually.

(b) Key sources of estimation uncertainty

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

(i) Impairment assessment of goodwill and other intangible assets with indefinite useful life

Determining whether goodwill and other intangible assets with indefinite useful life (representing brand names) is impaired requires an estimation of the recoverable amount of the CGU (or group of CGUs) to which these assets has been allocated, which is the higher of the value in use or fair value less costs of disposal. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the CGU (or a group of CGU) and a suitable discount rate in order to calculate the present value. Key assumptions and estimates include the discount rates, growth rates for student number, tuition fee and cost of revenue in the value in use calculations. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash flows, a material impairment loss may arise. In estimating the recoverable amount of the CGU (or group of CGUs), the Group engaged an independent qualified external valuer to perform the valuation and worked with the independent qualified external valuer to establish inputs to the valuation.

As at 31 August 2025, the carrying amounts of goodwill and brand names were RMB909 million (2024: RMB2,494 million) and RMB3,938 million (2024: RMB4,084 million), respectively, of which certain CGUs were impaired. Details of the recoverable amounts' calculation are disclosed in note 17.

(ii) Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives and the depreciation method in determining the related depreciation charges for its property, plant and equipment. This estimate is based on the management's experience of the actual useful lives of property, plant and equipment of similar nature and functions. The management will increase the depreciation charge where useful lives are estimated to be shorter than previously estimated, or will write off or write down assets that have been abandoned or impaired. As at 31 August 2025, the carrying amount of property, plant and equipment was RMB23,362 million (2024: RMB21,706 million). Any changes in these estimates may have a material impact on the results of the Group.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2025

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

(b) Key sources of estimation uncertainty (Continued)

(iii) Income taxes

Management estimation is required in interpreting the relevant tax rules and regulation so as to determine whether the Group is subject to PRC Enterprise Income Tax ("EIT") as disclosed in note 9. New information may become available that causes the Group to change its estimation regarding the adequacy of the tax liabilities. Such changes to tax liabilities will impact tax expense in the period in which the new information are available based on the executions and local practices of the relevant provisions of the Law for Promoting Private Education and the relevant implementation rules issued from time to time, as well as other relevant tax rules and regulation.

As at 31 August 2025, the Group submitted the applications for the election for three (2024: three) schools in the Mainland China for the conversion into for-profit private schools (the "Conversion") in accordance with these laws and regulations.

As at 31 August 2025, the Conversion of the three (2024: three) schools was still in process and their tax positions have not been changed. During the year ended 31 August 2025, except for one (2024: one) school which is chargeable at the standard EIT rate based on the local practice of the region where the school is located, all other schools, including the three in the process of Conversion, followed previous EIT preferential treatments for the tuition and certain related incomes according to the current tax practice.

Should any school elected and be approved to be for-profit upon completion of the Conversion, the relevant school may not be able to follow previous EIT preferential treatments for the tuition and certain related incomes. Consequently, the discontinuation of the preferential tax treatment would cause an increase in the tax expense in the future. The Group has considered all relevant facts and circumstances, including the executions and local practices of the relevant provisions of the Law for Promoting Private Education and the relevant implementation rules issued from time to time; the plans for election, progress and results of the Conversion for individual schools of the Group; as well as other relevant tax rules and regulations, when assessing the effect of the estimation uncertainty by using the most likely amounts.

In addition, as at 31 August 2025, a deferred tax asset of RMB20 million (2024: RMB18 million) in relation to unused tax losses for certain operating subsidiaries has been recognised in the Group's consolidated statement of financial position. The realisability of the deferred tax asset mainly depends on whether sufficient future profits will be available against which those deductible temporary differences can be utilised in the foreseeable future. In cases where the actual future taxable profits generated are less or more than expected, or change in facts and circumstances which result in revision of future taxable profits estimation, a material reversal or further recognition of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal or further recognition takes place.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2025

5. REVENUE AND SEGMENT INFORMATION

The Group mainly engages in the provision of vocational education services. Revenue represents services income from education services (including tuition fees and boarding fees) and ancillary services in the domestic and international markets.

Information reported to the Group's chief operating decision maker ("CODM"), being the directors of the Company, for the purpose of resource allocation and assessment of segment performance, was based on the geographical locations of the customers, namely domestic market and international market. A number of operating segments under the Domestic Market segment are aggregated to give rise to the below reportable segment. Specifically, the Group's reportable segments under IFRS 8 "Operating Segments" are as follows:

- Domestic Market segment focuses in the domestic Mainland China market, comprising education services (including tuition fees and boarding fees) delivered by higher vocational education institutions and secondary vocational education institutions as well as ancillary services; and

- International Market segment focuses in the international market, comprising education services (including tuition fees and boarding fees) delivered by institutions outside of the Mainland China.

Segment revenues and results

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

	Domestic Market *RMB million*	International Market *RMB million*	Total *RMB million*
For the year ended 31 August 2025			
Revenue	**7,083**	**280**	**7,363**
Segment results	**2,950**	**46**	**2,996**
Investment income			**99**
Other gains and losses			**(1,850)**
Finance costs			**(487)**
Unallocated corporate income and expenses			**68**
Profit before taxation			**826**
For the year ended 31 August 2024			
Revenue	6,335	244	6,579
Segment results	2,822	51	2,873
Investment income			101
Other gains and losses			(1,975)
Finance costs			(472)
Unallocated corporate income and expenses			(27)
Profit before taxation			500

Notes to the Consolidated Financial Statements

For the year ended 31 August 2025

5. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenues and results (Continued)

	Domestic Market *RMB million*	International Market *RMB million*	Unallocated *RMB million*	Total *RMB million*
For the year ended 31 August 2025				
Depreciation of property, plant and equipment	**972**	**4**	**6**	**982**
Depreciation of right-of-use assets (net of capitalised as cost of construction in progress)	**73**	**25**	**2**	**100**
Impairment losses on goodwill and other intangible assets recognised in profit or loss (not included in segment results)	**1,706**	**–**	**–**	**1,706**
For the year ended 31 August 2024				
Depreciation of property, plant and equipment	785	5	3	793
Depreciation of right-of-use assets (net of capitalised as cost of construction in progress)	57	16	3	76
Impairment losses on goodwill and other intangible assets recognised in profit or loss (not included in segment results)	1,720	191	–	1,911

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3. Segment results represent the profit earned by each segment without allocation of investment income, other gains and losses, finance costs and unallocated corporate income and expenses. This is the measure reported to the CODM of the Group for the purpose of resource allocation and performance assessment. No analysis of segment assets or segment liabilities is presented as they are not regularly provided to the CODM.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2025

5. REVENUE AND SEGMENT INFORMATION (Continued)

Revenue from major services

The following is an analysis of the Group's revenue by types of services:

	Domestic Market *RMB million*	International Market *RMB million*	Total *RMB million*
Year ended 31 August 2025			
Education services recognised over time	**7,040**	**280**	**7,320**
Ancillary services recognised over time	**43**	**–**	**43**
	7,083	**280**	**7,363**
Year ended 31 August 2024			
Education services recognised over time	6,299	244	6,543
Ancillary services recognised over time	36	–	36
	6,335	244	6,579

The Group's contracts with students in the Mainland China are normally with duration of 1 year and renewed up to total duration of 3–5 years depending on the education programmes while for Australia are normally with duration of 4 months and renewed up to total duration of 1–3 years. Contract period for boarding fees is normally with duration of 1 year. Tuition and boarding fees are fixed, determined and paid by the students before the start of each school year or trimester, while the ancillary services are charged based on students' usage at a fixed rate.

Geographical information

The Group mainly operates in the Mainland China and Australia.

Information about the Group's revenue from customers is presented based on the location of operations. Information about the Group's non-current assets is presented based on the geographical location of the assets.

	Revenue from customers Year ended 31 August		Non-current assets *(Note)* At 31 August	
	2025 ***RMB million***	2024 *RMB million*	**2025** ***RMB million***	2024 *RMB million*
Mainland China	**7,083**	6,335	**30,654**	30,291
Australia	**280**	244	**743**	736
Hong Kong, China	**–**	–	**2**	2
	7,363	6,579	**31,399**	31,029

Note: Non-current assets exclude financial instruments and deferred tax asset.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2025

5. REVENUE AND SEGMENT INFORMATION (Continued)

Revenue from major services (Continued)

Information about major customers

No single customer contributes over 10% or more of total revenue of the Group during the years ended 31 August 2025 or 2024.

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

The contracts for education services and ancillary services are for periods of one year or less. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

6. INVESTMENT AND OTHER INCOME

(a) Investment income

	Year ended 31 August	
	2025 **RMB million**	2024 RMB million
Banks interest income	**57**	69
Loan receivables interest income	**42**	32
	99	101

(b) Other income

	Year ended 31 August	
	2025 **RMB million**	2024 RMB million
Income from on-campus management and service to venders	**148**	132
Government grants *(Note)*	**74**	74
Other service income	**176**	58
Others	**102**	93
	500	357

Note: Government grants mainly represent subsidies for procurement of laboratory apparatus and equipment and conducting educational programmes in the Mainland China.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2025

7. OTHER GAINS AND LOSSES

	Year ended 31 August	
	2025	2024
	RMB million	*RMB million*
Foreign exchange (losses) gains, net	**(17)**	26
Impairment loss recognised in respect of		
— goodwill *(note 17)*	**(1,583)**	(1,139)
— other intangible assets *(note 17)*	**(123)**	(772)
Impairment loss under ECL model, net of reversal, recognised in respect of trade and other receivables *(note 20)*	**(13)**	(19)
Loss on disposal of property, plant and equipment, net	**(22)**	(26)
Fair value gains (losses) on/of		
— financial assets at FVTPL	**12**	11
— construction cost payables for school premises	**(51)**	(39)
Others	**(53)**	(17)
	(1,850)	(1,975)

8. FINANCE COSTS

	Year ended 31 August	
	2025	2024
	RMB million	*RMB million*
Interest expenses on		
— bank and other borrowings and bonds	**536**	553
— lease liabilities	**12**	7
Imputed interest on fees payable for conversion of certain independent colleges into private universities	**1**	2
	549	562
Less: amounts capitalised in the cost of property, plant and equipment	**(62)**	(90)
	487	472

Borrowing costs capitalised during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of 4.67% per annum (2024: 5.36% per annum), to expenditure on construction in progress (included in property, plant and equipment).

Notes to the Consolidated Financial Statements

For the year ended 31 August 2025

9. TAXATION

	Year ended 31 August	
	2025	2024
	RMB million	*RMB million*
Income tax charge (credit):		
Current tax		
— EIT	**348**	170
— Australian Corporate Income Tax	**13**	8
Overprovision in prior years — EIT	**(9)**	(3)
Deferred tax *(note 29)*	**(32)**	(177)
	320	(2)

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

	Year ended 31 August	
	2025	2024
	RMB million	*RMB million*
Profit before taxation	**826**	500
Tax at PRC EIT rate of 25%	**207**	125
Tax effect of income not taxable for tax purposes	**(1,614)**	(1,445)
Tax effect of expenses not deductible for tax purposes	**1,723**	1,302
Overprovision in respect of prior years	**(9)**	(3)
Others	**13**	19
Tax charge (credit) for the year	**320**	(2)

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the Group had no assessable profit subject to Hong Kong Profits Tax for both years.

All group entities incorporated in Australia are subject to corporate income tax rate of 30% for both years.

Pursuant to the Enterprise Income Tax Law and Implementation Regulations of the Law of the PRC (the "EIT Law of PRC"), the statutory tax rate of the Mainland China subsidiaries is 25% for both years, except for 華教教育科技（江西）有限公司 (Huajiao Education Technology (Jiangxi) Company Limited) ("Huajiao Education"), which was granted concessionary tax rate of 15% for the 10 calendar years ending 31 December 2030 from tax authority and certain subsidiaries of the Company operating in the Mainland China are eligible for concessionary tax rates of 5% for being small profit enterprises.

According to the relevant provisions of the Law for Promoting Private Education and the relevant implementation rules issued from time to time, private schools providing academic qualification education for which the school sponsors do not require reasonable returns or schools elected to be not-for-profit are eligible to enjoy the same preferential tax treatment as public schools.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2025

9. TAXATION (Continued)

As at 31 August 2025, the Group submitted the applications for the Conversion which were still in process for three (2024: three) schools and their tax positions have not been changed. Other eight (2024: eight) schools have not yet elected to be for-profit or not-for-profit since it was not compulsory to elect up to the end of the current reporting period. During the year ended 31 August 2025, except for one (2024: one) school which is chargeable at the standard EIT rate based on the local practice of the region where the school is located, all other schools, including the three schools in the process of Conversion, followed previous EIT preferential treatment for the tuition and certain related incomes according to the current tax practice.

During the year ended 31 August 2025, the non-taxable services income from education amounted to RMB6,384 million (2024: RMB5,708 million), and the related non-deductible expenses amounted to RMB4,775 million (2024: RMB3,796 million). If the schools elected and were approved to be for-profit, the schools may not be able to follow previous EIT preferential treatment for the tuition and certain related incomes upon completion of the Conversion. Consequently, the discontinuation of the preferential tax treatment would cause an increase in the tax expense in the future.

The Group is operating in certain jurisdictions where the Global Anti-base Erosion Rules ("Pillar Two Rules") has been effective. Based on management's best estimates, as the Group's estimated effective tax rates of all these jurisdictions are higher than 15% after taking into account the adjustments or qualified for transitional country-by-country reporting safe harbor under Pillar Two Rules, the management of the Group considers the top-up tax under the Pillar Two Rules for the year ended 31 August 2025 borne by the Group is remote. The Group will continue to assess its tax exposures to the Pillar Two Rules and the impacts on its consolidated financial statements accordingly.

10. PROFIT FOR THE YEAR

	Year ended 31 August	
	2025	2024
	RMB million	*RMB million*
Profit for the year has been arrived at after charging:		
Staff costs, including directors' remuneration *(note 11)*		
— salaries and other allowances	**2,057**	1,764
— retirement benefit scheme contributions	**331**	292
— share-based payments	**–***	–*
Total staff costs	**2,388**	2,056
Depreciation of property, plant and equipment	**982**	793
Depreciation of right-of-use assets (net of capitalised as cost of construction in progress)	**100**	76
Auditor's remuneration	**5**	5

* Less than RMB1 million.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2025

11. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

Directors and chief executive

Details of the emoluments paid or payable by the Group to the directors and chief executive of the Company (including emoluments for services as employees/directors of the group entities) for the year are as follows:

	Directors' fee, salaries and allowances *RMB'000*	Retirement benefit scheme contributions *RMB'000*	Total *RMB'000*
For the year ended 31 August 2025			
Executive directors:			
Dr. Yu Kai ("Dr. Yu") *(Note)*	**2,540**	**162**	**2,702**
Mr. Wang Rui	**2,432**	**17**	**2,449**
Independent non-executive directors:			
Dr. Gerard A. Postiglione	**275**	**–**	**275**
Dr. Rui Meng	**275**	**–**	**275**
Dr. Wu Kin Bing	**275**	**–**	**275**
	5,797	**179**	**5,976**
For the year ended 31 August 2024			
Executive directors:			
Mr. Yu (retired with effect from 27 June 2024)	960	16	976
Mr. Xie (retired with effect from 27 June 2024)	1,040	110	1,150
Dr. Yu *(Note)*	2,517	162	2,679
Mr. Wang Rui	2,413	16	2,429
Independent non-executive directors:			
Dr. Gerard A. Postiglione	273	–	273
Dr. Rui Meng	273	–	273
Dr. Wu Kin Bing	273	–	273
	7,749	304	8,053

The executive directors' emoluments shown above were paid for their services in connection with the management of affairs and for their services as directors of the Company and the Group for the year. The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

Note: Dr. Yu, son of Mr. Yu, is also the chief executive of the Company and his emoluments disclosed above included those for services rendered by him as the chief executive of the Group.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2025

11. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (Continued)

Employees

The five highest paid individuals of the Group included 2 (2024: 2) directors for the year ended 31 August 2025 whose emoluments are included in the disclosures above. The emoluments of the remaining 3 (2024: 3) individuals for the year ended 31 August 2025 are as follows:

	Year ended 31 August	
	2025	2024
	RMB million	*RMB million*
Salaries and other benefits	**3**	4
Discretionary bonus	**–***	–*
Equity-settled share-based payments	**–**	–*
	3	4

* Less than RMB1 million.

The number of the highest paid individuals other than directors of the Company, whose emoluments fell within the following band, is as follows:

	Year ended 31 August	
	2025	2024
	Number of employee	*Number of employee*
Hong Kong dollars ("HK$") 1,000,001 to HK$1,500,000	**3**	3

During the years ended 31 August 2025 and 2024, no emoluments was paid by the Group to the directors of the Company or the five highest paid employees as an inducement to join or upon joining the Group or as compensation for loss of office.

None of the directors of the Company or the chief executive of the Company waived or agreed to waive any emoluments during both years.

During the years ended 31 August 2025 and 2024, certain non-director and non-chief executive employees were granted share options, in respect of their services to the Group under the Post-IPO Share Option Schemes (as defined in note 33) of the Company. Details of the share option schemes are set out in note 33.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2025

12. DIVIDENDS

During the year, the Company recognised the following dividend as distribution:

	Year ended 31 August	
	2025	2024
	RMB million	*RMB million*
Final dividend for the year ended 31 August 2024 of RMB10.28 cents (2024: RMB13.53 cents final dividend for the year ended 31 August 2023) per ordinary share	**279**	342
Interim dividend for the six months ended 28 February 2025 of nil (2024: RMB18.77 cents interim dividend for the six months ended 29 February 2024) per ordinary share	**–**	491
	279	833

The 2024 final dividend was settled in cash, with an alternative to receive the dividend (or part thereof) in form of scrip shares. The 2024 final dividend had been settled by cash of HK$89 million (equivalent to RMB82 million) and the issue of 86,521,644 ordinary shares of the Company.

No dividend has been proposed since the end of the reporting period ended 31 August 2025.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2025

13. EARNINGS PER SHARE

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

	Year ended 31 August	
	2025	2024
	RMB million	*RMB million*
Earnings:		
Profit for the year attributable to owners of the Company for the purpose of calculating basic earnings per share	**977**	418
Effect of dilutive potential ordinary shares:		
Fair value change on convertible bonds	**–**	–*
Profit for the year attributable to owners of the Company for the purpose of calculating diluted earnings per share	**977**	418

	Year ended 31 August	
	2025	2024
	million	*million*
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per share	**2,751**	2,592

* Less than RMB1 million.

The computation of diluted earnings per share for the years ended 31 August 2025 and 2024 did not assume the exercise of the Company's share options granted under the Pre-IPO Share Option Scheme and Post-IPO Share Option Scheme as defined in note 33 as the adjusted exercise prices of those share options were higher than the average market price of the shares of the Company for both years.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2025

14. PROPERTY, PLANT AND EQUIPMENT

	Owned properties *RMB million*	Leasehold improvements *RMB million*	Motor vehicles *RMB million*	Furniture, fixtures and office equipment *RMB million*	Construction in progress *RMB million*	Total *RMB million*
COST						
At 1 September 2023	16,567	1,092	36	1,936	708	20,339
Additions	–	83	5	489	4,280	4,857
Transfer	3,769	53	–	43	(3,865)	–
Disposals	(42)	(1)	(1)	(37)	–	(81)
At 31 August 2024	**20,294**	**1,227**	**40**	**2,431**	**1,123**	**25,115**
Additions	**–**	**226**	**7**	**493**	**1,934**	**2,660**
Transfer	**2,545**	**119**	**–**	**37**	**(2,701)**	**–**
Disposals	**(11)**	**–**	**(2)**	**(65)**	**–**	**(78)**
At 31 August 2025	**22,828**	**1,572**	**45**	**2,896**	**356**	**27,697**
DEPRECIATION						
At 1 September 2023	1,365	397	21	888	–	2,671
Provided for the year	351	111	5	326	–	793
Eliminated on disposals	(16)	(1)	(1)	(37)	–	(55)
At 31 August 2024	**1,700**	**507**	**25**	**1,177**	**–**	**3,409**
Provided for the year	**431**	**116**	**5**	**430**	**–**	**982**
Eliminated on disposals	**(4)**	**–**	**(2)**	**(50)**	**–**	**(56)**
At 31 August 2025	**2,127**	**623**	**28**	**1,557**	**–**	**4,335**
CARRYING VALUE						
At 31 August 2025	**20,701**	**949**	**17**	**1,339**	**356**	**23,362**
At 31 August 2024	18,594	720	15	1,254	1,123	21,706

The above items of property, plant and equipment, other than construction in progress, after taking into account their estimated residual value, are depreciated on a straight-line basis at the following useful life:

Owned properties	Over the shorter of 50 years or the terms of the leases
Leasehold improvements	Over the shorter of 10 years or the terms of the leases
Motor vehicles	4–5 years
Furniture, fixtures and office equipment	4–5 years

At 31 August 2025, the Group is in the process of obtaining the property certificates for the owned properties with carrying value of RMB4,656 million (2024: RMB3,825 million) which are located in the Mainland China. In the opinion of the management of the Group, the absence of formal title does not impair the value of the relevant owned properties and the Group shall use its best endeavours to obtain the formal title of these owned properties.

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For the year ended 31 August 2025

15. RIGHT-OF-USE ASSETS

	At 31 August	
	2025	2024
	RMB million	*RMB million*
Leasehold lands	**2,893**	2,358
Leased properties	**103**	118
	2,996	2,476
Expense relating to short-term leases	**6**	6
Total cash outflow for leases	**623**	184
Depreciation charge for		
— leasehold lands	**66**	59
— leased properties	**37**	25
	103	84
Additions to right-of-use assets from		
— new leases of lands in the Mainland China	**604**	142
— new leases of properties in the Mainland China	**21**	–
— new leases of properties in Australia	**4**	82
— new leases of properties in Hong Kong	**–**	2

The above items of right-of-use assets are depreciated on a straight-line basis over the terms of the leases.

The Group leases school premises, office premises, student dormitories and staff quarters for its operations. At 31 August 2025, lease contracts are entered into for fixed term of 2 years to 25 years (2024: 3 years to 13 years), but may have extension option as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2025

15. RIGHT-OF-USE ASSETS (Continued)

In addition, the Group owns several school buildings. The Group is the registered owner of these property interests, including the underlying leasehold lands. Lump sum payments were made upfront to acquire these property interests. The leasehold land components of these owned properties are presented separately only if the payments made can be allocated reliably.

At 31 August 2025 and 2024, none of the leasehold lands was allocated by various governments in the Mainland China, which have no definite lease term stated in the relevant land use rights certificates.

During the year, the Group entered into new lease agreements for the use of certain leased properties. On the lease commencement, the Group recognised right-of-use assets of RMB25 million (2024: RMB84 million) and lease liabilities of RMB25 million (2024: RMB84 million).

The Group regularly entered into short-term leases for network servers. As at 31 August 2025, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.

The Group has extension options in several leases. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. These extension options held are exercisable only by the Group and not by the lessor.

In addition, the Group reassesses whether it is reasonably certain to exercise an extension option which has been included in determination of lease term at lease commencement date, upon the occurrence of either a significant event or a significant change in circumstances that is within the control of the lessee. During the years ended 31 August 2025 and 2024, there is no such triggering event.

In addition, lease liabilities as set out in note 28 are recognised with related leased properties as set out above as at 31 August 2025 and 2024. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as securities for borrowing purposes.

To better manage the Group's capital structure and financing needs, the Group would consider entering into sale and leaseback arrangements in relation to lease improvements and furniture, fixtures and office equipment. These legal transfer does not satisfy the requirements of IFRS 15 to be accounted for as a sale of certain plant and equipment amounting to RMB1,027 million (2024: RMB879 million) as collaterals. As at 31 August 2025, other borrowings (as set out in note 30) amounting to RMB1,033 million (2024: RMB741 million) were raised in respect of such sale and leaseback arrangements.

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For the year ended 31 August 2025

16. GOODWILL AND OTHER INTANGIBLE ASSETS

		Other intangible assets		
	Goodwill *RMB million* *(Note (i))*	**Brand names** *RMB million* *(Note (ii))*	**Student rosters** *RMB million* *(Note (iii))*	**Total** *RMB million*
COST				
At 1 September 2023	3,962	5,092	102	5,194
Exchange realignment	6	16	–	16
At 31 August 2024	3,968	5,108	102	5,210
Exchange realignment	(9)	(23)	–	(23)
At 31 August 2025	3,959	5,085	102	5,187
AMORTISATION AND IMPAIRMENT				
At 1 September 2023	335	252	102	354
Impairment loss recognised in the year	1,139	772	–	772
At 31 August 2024	1,474	1,024	102	1,126
Impairment loss recognised in the year	1,583	123	–	123
Exchange realignment	(7)	–	–	–
At 31 August 2025	3,050	1,147	102	1,249
CARRYING VALUES				
At 31 August 2025	909	3,938	–	3,938
At 31 August 2024	2,494	4,084	–	4,084

Notes:

i. Particulars regarding impairment testing on goodwill are disclosed in note 17.

ii. Brand name is considered by the management of the Group as having an indefinite useful life because it is expected to contribute to net cash inflows indefinitely. The brand name will not be amortised until its useful life is determined to be finite. Instead, it will be tested for impairment annually and whenever there is an indication that it may be impaired. Particulars of the impairment testing are disclosed in note 17.

iii. Student rosters have finite estimated useful lives and are amortised based on expected usage of student rosters.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2025

17. IMPAIRMENT TEST ON GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES

For the purposes of impairment testing, goodwill and brand names with indefinite useful lives set out in note 16 have been allocated to seven individual CGUs (2024: seven) and two groups of CGUs (2024: two), comprising of eight (2024: eight) CGUs in the domestic market and one CGU (2024: one) in the international market. The carrying amounts of goodwill and brand names (net of accumulated impairment losses, if any) as at 31 August 2025 and 2024 allocated to these units are as follows:

	Goodwill At 31 August		Brand names with indefinite useful life At 31 August	
	2025 **RMB million**	2024 RMB million	**2025** **RMB million**	2024 RMB million
Domestic Market				
CGU A *(Note (i))*	**367**	367	**410**	410
CGU B *(Note (ii))*	**111**	111	**115**	115
CGU C *(Note (iii))*	**172**	172	**222**	222
CGU D *(Note (iv))*	**31**	1,492	**955**	955
CGU E *(Note (v))*	**–**	–	**1,419**	1,419
CGU F *(Note (vi))*	**204**	326	**200**	200
CGU G *(Note (vii))*	**–**	–	**7**	130
CGU H *(Note (viii))*	**–**	–	**50**	50
International Market				
CGU J *(Note (ix))*	**24**	26	**560**	583
	909	2,494	**3,938**	4,084

In addition to goodwill and brand names with indefinite useful life above, property, plant and equipment, intangible assets and right-of-use assets (including allocation of corporate assets thereto) that generate cash flows together with the related goodwill and brand names with indefinite useful life are also included in the respective CGUs (representing respective schools) for the purpose of the impairment assessment.

During the year ended 31 August 2025, the Group estimated the value in use of the CGU D, F and G (2024: CGU E, H and J) and concluded that carrying amounts of the relevant assets of the relevant CGUs were impaired to their recoverable amounts as at 31 August 2025. Except for CGU D, F and G (2024: CGU E, H and J), the management of the Group determines that the recoverable amount of each of other CGUs exceeds the respective carrying value as at both 31 August 2025 and 2024 (i.e. positive headroom), and consequently no impairment of any other CGUs or group of CGUs containing goodwill and brand names with indefinite useful lives during the years ended 31 August 2025 and 2024 has been made.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2025

17. IMPAIRMENT TEST ON GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES (Continued)

The recoverable amount of all of the Group's CGUs or group of CGUs containing goodwill and brand names with indefinite useful lives as at 31 August 2025 and 2024 have been determined based on a value in use calculation. The Group engages an independent qualified external valuer, Avista Business Consulting (Shenzhen) Co., Ltd. (2024: Asset Appraisal Limited), to perform the value in use calculation. The management of the Group works closely with the independent qualified external valuer to establish the appropriate valuation techniques and inputs to these models. That calculation uses cash flow projections based on financial budgets approved by the management covering a five-year period, and discount rates specific to the respective CGUs or group of CGUs in the range of 11.3% to 21.7% as at 31 August 2025 (2024: ranging from 12.5% to 22.7%). The cash flows beyond the five-year period of the respective CGUs or group of CGUs are extrapolated using steady growth rates in the range of 2.0% to 2.5% as at 31 August 2025 (2024: ranging from 2.0% to 2.5%). These growth rates of respective CGUs or group of CGUs are based on the relevant industry growth forecasts and do not exceed the average long-term growth rate for the relevant industry. The compound annual growth rates of revenue in the next five years (which mainly reflect the combined effects of growth rates of student number and tuition fee) were in the range of -2.2% to 29.8% as at 31 August 2025 (2024: ranging from 1.4% to 21.8%). Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows, which include growth rates of cost of revenue, based on the past performance of the respective CGUs or group of CGUs and the management's expectations for the market developments. These value in use calculations as at 31 August 2025 and 2024 have been assessed carefully by management of the Group taking into consideration the multiple uncertainties and challenges in the post-pandemic era.

The sensitivity analyses below for the respective CGUs or group of CGUs have been determined based on a multiple on discount rates by 105% (2024: 105%) underpinning further possible changes of discount rates underlying the calculation of value in use of respective CGU or group of CGU, and drops in student intakes in the forecast period by 10% (2024: 10%) in relevant CGUs or group of CGUs where applicable.

Notes:

i. CGU A operates two schools, Guangzhou College of Applied Science and Technology and Guangzhou Songtian Polytechnic College, to provide education services in Guangdong Province, the PRC. If the discount rate changed by a multiple on discount rate by 105% (2024: 105%) while other parameters remain constant, the aggregate carrying amounts of this group of CGUs as at 31 August 2025 and 2024 would not exceed the aggregate recoverable amounts. Save for the above scenario, the management of the Group believes that any reasonably possible change in any of the key assumptions in the value in use calculation other than discount rate would not cause the aggregate carrying amounts of this group of CGUs to materially exceed its aggregate recoverable amounts.

ii. CGU B operates a school, Yantai Institute of Science and Technology, to provide education services in Shandong Province, the PRC. If the discount rate changed by a multiple on discount rate by 105% (2024: 105%) while other parameters remain constant, the carrying amount of this CGU as at 31 August 2025 would exceed its recoverable amount by RMB84 million (2024: RMB13 million). Save for the above scenario, the management of the Group believes that any reasonably possible change in any of the key assumptions in the value in use calculation other than discount rate would not cause the carrying amount of this CGU to materially exceed its recoverable amount.

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17. IMPAIRMENT TEST ON GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES (Continued)

Notes: (Continued)

iii. CGU C operates a school, Chongqing Institute of Foreign Studies, to provide education services in Chongqing municipality, the PRC. If the discount rate changed by a multiple on discount rate by 105% (2024: 105%) while other parameters remain constant, the carrying amounts of this CGU as at 31 August 2025 and 2024 would not exceed its respective recoverable amounts. Save for the above scenario, the management of the Group believes that any reasonably possible change in any of the key assumptions in the value in use calculation other than discount rate would not cause the carrying amount of this CGU to materially exceed its recoverable amount.

iv. CGU D operates two schools, Haikou University of Economics and Affiliated Art School of Haikou University of Economics, to provide education services in Hainan Province, the PRC. During the year ended 31 August 2025, the management of the Group noted an increase in the supply of higher education as several public providers in the region expanded their intakes. These developments have created more affordable alternatives. Additionally, prevailing weak macroeconomic conditions have increased affordability pressures on customers. As a result of these factors, certain programs offered by CGU D's schools have become less attractive and competitive, leading to a significant decrease in new customer acquisition for the 2025/26 financial year compared to previous years. The management of the Group expects customer acquisition pressures to persist in the foreseeable future due to these market changes. Consequently, the directors of the Company have revised its revenue projections downward for the forecast period, which resulted in recognition of impairment of goodwill directly related to the CGU D amounting to RMB1,461 million (2024: nil).

The impairment loss has been included in profit or loss in the "other gains and losses" line item for the year ended 31 August 2025. No write-down of other assets of the CGU D is considered necessary for any of the years ended 31 August 2025 or 2024. The recoverable amount of the CGU D amounted to RMB1,912 million (2024: RMB3,131 million) as at 31 August 2025.

If the discount rate of CGU D changed by a multiple on discount rate by 105% (2024: 105%) while other parameters remain constant, a further impairment of other assets of this group of CGUs by RMB268 million would be recognised (2024: the aggregate carrying amounts of this group of CGUs would not exceed its aggregate recoverable amounts).

If the number of student intakes in the subsequent years of the forecast period dropped by 10% (2024: 10%) while other parameters remain constant, a further impairment of other assets of this group of CGUs by RMB463 million would be recognised (2024: the aggregate carrying amounts of this group of CGUs would exceed its aggregate recoverable amounts by RMB355 million).

Save for the above scenarios, the management of the Group believes that any reasonably possible change in any of the key assumptions in the value in use calculation other than discount rate and student intakes in subsequent years would not cause the carrying amount of this group of CGUs to materially exceed its aggregate recoverable amounts.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2025

17. IMPAIRMENT TEST ON GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES (Continued)

Notes: (Continued)

v. CGU E operates a school, Chengdu Jincheng College, to provide education services in Sichuan Province, the PRC. During the year ended 31 August 2024, it came to the attention of the management of the Group that a regulatory change affecting this CGU. In particular, the implementation of a cap on new student tuition fees in the region where the school of this CGU is located takes effect from Autumn 2024. According to the regulation issued by the relevant regional authority in 2020, the tuition fees for private colleges and universities in the region where the school of this CGU is located are market-regulated, with the specific charging standards determined autonomously by the schools based on a comprehensive consideration of factors such as educational costs, market demand, local economic conditions, and the affordability of the population. The new cap released by the regional authority during the year ended 31 August 2024 and set to be implemented for the 2024/25 academic year immediately was not previously anticipated by the management of the Group until its release. This limitation is expected to constrain the growth of tuition fee levels, which are much lower than previously expected by the management of the Group, for the foreseeable future, thus directly impacting the revenue of this CGU. The directors of the Company have therefore reassessed the cash flow projection and other input parameters in the value in use calculation, which resulted in recognition of impairments of goodwill and brand names with indefinite useful life directly related to the CGU E amounting to RMB693 million and RMB466 million, respectively, for the year ended 31 August 2024.

   The impairment loss has been included in profit or loss in the "other gains and losses" line item for the year ended 31 August 2024. No write-down of other assets of the CGU E is considered necessary for any of the years ended 31 August 2025 or 2024. The recoverable amount of the CGU E amounted to RMB3,793 million (2024: RMB3,528 million) as at 31 August 2025.

   If the discount rate changed by a multiple on discount rate by 105% (2024: 105%) while other parameters remain constant, the carrying amount of this CGU would exceed its recoverable amount by RMB88 million (2024: a further impairment of other assets of this CGU by RMB182 million would be recognised). Save for the above scenario, the management of the Group believes that any reasonably possible change in any of the key assumptions in the value in use calculation other than discount rate would not cause the carrying amount of this CGU to materially exceed its recoverable amount.

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For the year ended 31 August 2025

17. IMPAIRMENT TEST ON GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES (Continued)

Notes: (Continued)

vi. CGU F operates a school, Baiyun Technician College, to provide education services in Guangdong Province, the PRC. During the year ended 31 August 2025, a government policy aimed at expanding high-school education resources in the region was introduced. As a result, public high-school capacity for the 2025/26 financial year increased. This development has reduced the appeal of this CGU as an alternative pathway. The management of the Group expects customer acquisition pressures to persist in the foreseeable future due to these market changes. As a result, the directors of the Company have revised its revenue projections downward for the forecast period, which resulted in recognition of impairment of goodwill directly related to the CGU F amounting to RMB122 million (2024: nil).

The impairment loss has been included in profit or loss in the "other gains and losses" line item for the year ended 31 August 2025. No write-down of other assets of the CGU F is considered necessary for any of the years ended 31 August 2025 or 2024. The recoverable amount of the CGU F amounted to RMB1,276 million (2024: RMB1,368 million) as at 31 August 2025.

If the discount rate changed by a multiple on discount rate by 105% (2024: 105%) while other parameters remain constant, a further impairment of other assets of this CGU by RMB31 million would be recognised (2024: the carrying amount of this CGU would exceed its recoverable amount by RMB13 million).

If the number of student intakes in the subsequent years of the forecast period dropped by 10% (2024: 10%) while other parameters remain constant, a further impairment of other assets of this CGU by RMB49 million would be recognised (2024: the carrying amount of this CGU would exceed its recoverable amount by RMB46 million).

Save for the above scenarios, the management of the Group believes that any reasonably possible change in any of the key assumptions in the value in use calculation other than discount rate and student intakes in subsequent years would not cause the carrying amount of this CGU to materially exceed its recoverable amount.

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For the year ended 31 August 2025

17. IMPAIRMENT TEST ON GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES (Continued)

Notes: (Continued)

vii. CGU G operates a school, Zhengzhou Urban Transit School, to provide education services in Henan Province, the PRC. During the year ended 31 August 2025, a government policy was introduced to expand high-school education resources. The management of the Group observed an immediate increase in enrollment capacities at several public high schools in this region for the 2025/26 financial year and student preference shifted more strongly toward traditional high schools over secondary vocational schools. The management of the Group considers that these factors have created customer acquisition challenges for CGU G. The management of the Group expects these challenges to continue in the near term. Consequently, the directors of the Company have revised its revenue projections downward for the forecast period, which resulted in recognition of impairments of brand names with indefinite useful life directly related to the CGU G amounting to RMB123 million (2024: nil).

The impairment loss has been included in profit or loss in the "other gains and losses" line item for the year ended 31 August 2025. No write-down of other assets of the CGU G is considered necessary for any of the years ended 31 August 2025 or 2024. The recoverable amount of the CGU G amounted to RMB761 million (2024: RMB923 million) as at 31 August 2025.

If the discount rate changed by a multiple on discount rate by 105% (2024: 105%) while other parameters remain constant, a further impairment of other assets of this CGU by RMB47 million would be recognised (2024: the carrying amount of this CGU would exceed its recoverable amount by RMB10 million).

If the number of student intakes in the subsequent years of the forecast period dropped by 10% (2024: 10%) while other parameters remain constant, a further impairment of other assets of this CGU by RMB78 million would be recognised (2024: the carrying amount of this CGU would exceed its recoverable amount by RMB53 million).

Save for the above scenarios, the management of the Group believes that any reasonably possible change in any of the key assumptions in the value in use calculation other than discount rate and student intakes in subsequent years would not cause the carrying amount of this CGU to materially exceed its recoverable amount.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2025

17. IMPAIRMENT TEST ON GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES (Continued)

Notes: (Continued)

viii. CGU H operates a school, Xi'an Railway Technician College, to provide education services in Shaanxi Province, the PRC. During the year ended 31 August 2024, the management of the Group noticed shifts in customer preferences and increased market competition for this CGU. The combined effects of these unfavorable factors started to negatively impact the enrolments of new students for Autumn 2024 for this CGU. During the student recruitment process for Autumn 2024, the management of the Group observed that prospective students are showing increased interest in alternative categories of institutions, such as public schools, which offer programmes comparable to those provided by the school of this CGU. The management of the Group anticipates that the disappointing intakes of new students for Autumn 2024 will ineluctably affect new student recruitments of the school of this CGU in the foreseeable future. The directors of the Company have therefore reassessed the cash flow projection and other input parameters in the value in use calculation, which resulted in recognition of impairments of goodwill and brand names with indefinite useful life directly related to the CGU H amounting to RMB255 million and RMB306 million, respectively, for the year ended 31 August 2024.

The impairment loss has been included in profit or loss in the "other gains and losses" line item for the year ended 31 August 2024. No write-down of other assets of the CGU H is considered necessary for any of the years ended 31 August 2025 or 2024. The recoverable amount of the CGU H amounted to RMB1,173 million (2024: RMB1,029 million) as at 31 August 2025.

If the discount rate changed by a multiple on discount rate by 105% (2024: 105%) while other parameters remain constant, the carrying amount of this CGU as at 31 August 2025 would not exceed its recoverable amount (2024: a further impairment of other assets of this CGU by RMB27 million would be recognised). Save for the above scenario, the management of the Group believes that any reasonably possible change in any of the key assumptions in the value in use calculation other than discount rate would not cause the carrying amount of this CGU to materially exceed its recoverable amount.

ix. CGU J operates a school, King's Own Institute, to provide education services in Australia. During the year ended 31 August 2024, the Group's management observed that the country where the school of this CGU is located may implement measures to limit the number of international students entering the country. There was no such limitation previously. The bill regarding the aforementioned policy changes was proposed in the second half of the year and is expected to be implemented in 2025 according to the government. The Group's management believes that these potential changes in migration policy and the potential subsequent implementations could negatively impact new student enrolments at the school within this CGU in the upcoming academic year. The directors of the Company have therefore reassessed the cash flow projection and other input parameters in the value in use calculation, which resulted in recognition of impairment of goodwill directly related to the CGU J amounting to RMB191 million for the year ended 31 August 2024.

The impairment loss has been included in profit or loss in the "other gains and losses" line item for the year ended 31 August 2024. No write-down of other assets of the CGU J is considered necessary for any of the years ended 31 August 2025 or 2024. The recoverable amount of the CGU J amounted to RMB561 million (2024: RMB517 million) as at 31 August 2025.

If the discount rate changed by a multiple on discount rate by 105% (2024: 105%) while other parameters remain constant, the carrying amount of this CGU as at 31 August 2025 would not exceed its recoverable amounts (2024: a further impairment of other assets of this CGU by RMB22 million would be recognised). Save for the above scenario, the management of the Group believes that any reasonably possible change in any of the key assumptions in the value in use calculation other than discount rate would not cause the carrying amount of this CGU to materially exceed its recoverable amount.

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18. DEPOSITS PAID FOR ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT/RIGHT-OF-USE ASSETS

The deposits were paid for acquisition of property, plant and equipment and leasehold lands located in the Mainland China.

19. CONTRACT COSTS

Contract costs capitalised as at 31 August 2025 and 2024 relate to the incremental commission fees paid to agents for successful referral of students entering into contracts for the tuition services. Contract costs are recognised as selling expenses in the consolidated statement of profit or loss and other comprehensive income in the period in which revenue from the related tuition services are recognised. The amount of capitalised costs recognised in profit or loss during the year ended 31 August 2025 was RMB30 million (2024: RMB81 million). There was no impairment in relation to the costs capitalised during the years ended 31 August 2025 and 2024.

The contract costs are amortised over the duration of the tuition programmes ranging from 3 to 5 years (2024: 3 to 5 years).

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20. TRADE RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	At 31 August	
	2025	2024
	RMB million	*RMB million*
Trade receivables *(Notes (i) and (v))*	**72**	60
Less: allowance for credit losses	**(36)**	(28)
	36	32
Receivables from educational bureaus *(Note (i))*	**38**	31
Loan receivables, net of allowance *(Notes (ii) and (v))*	**420**	318
Indemnification assets *(Note (iii))*	**225**	250
Amounts due from a vendor of acquired schools *(Note (iv))*	**73**	187
Deposits	**55**	70
Other prepayments and receivables, net of allowance *(Note (v))*	**299**	204
	1,146	1,092

Notes:

i. For schools in the Mainland China, the students are required to pay tuition fees and boarding fees in advance for the upcoming school year, which normally commences in September except for adult education which normally commences in January, February or March. Meanwhile, for higher education institutions of the Group outside the Mainland China, the students are required to pay tuition fees in advance for the upcoming trimesters, which normally commences in March, July and November. The outstanding receivables represent amounts related to students who have applied for delayed payments of tuition fees and boarding fees. There is no fixed term for delayed payments. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of individual students, there is no significant concentration of credit risk. The Group does not hold any collaterals or other credit enhancements over its trade receivable balances.

The following is an analysis of trade receivables and receivables from education bureaus, net of allowance for credit losses, by age, presented based on debit notes.

	At 31 August	
	2025	2024
	RMB million	*RMB million*
0–90 days	**31**	28
91–120 days	**1**	8
Over 120 days	**42**	27
	74	63

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20. TRADE RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES (Continued)

Notes: (Continued)

ii. The loan receivables are non-trade in nature, interest bearing at 12% (2024: 12%) per annum, unsecured and repayable within twelve months from the end of the reporting period. As at 31 August 2025 and 2024, the entire balance of the loan commitment granted by the Group has been drawn down by the counterparty.

iii. Indemnification assets are recognised upon business combination as assets of the Group and on the same basis as the indemnified items, representing provisions for certain compliance matters as detailed in note 27, which are recognised as liabilities of certain acquisition targets in prior years. The indemnification assets are subject to impairment assessment at the end of the reporting period based on the evaluation of collectability.

iv. The amounts represent payments made by the Group for settlement of litigation of acquired schools that are recoverable from a vendor pursuant to an acquisition agreement. The amounts are interest free, unsecured and the management of the Group expects that the amounts would be settled together with deferred consideration payable to the vendor.

v. The movements in the allowance for credit losses (not credit-impaired) in respect of trade receivables, other receivables and loan receivables during the years ended 31 August 2025 and 2024 are as follows:

	Trade receivables *RMB million*	Other receivables *RMB million*	Loan receivables *RMB million*	Total *RMB million*
At 1 September 2023	14	15	10	39
Impairment loss recognised during the year *(note 7)*	15	2	2	19
Write off during the year	(1)	–	–	(1)
At 31 August 2024	**28**	**17**	**12**	**57**
Impairment loss recognised during the year *(note 7)*	**8**	**3**	**2**	**13**
Write off during the year	**–**	**(3)**	**–**	**(3)**
At 31 August 2025	**36**	**17**	**14**	**67**

The credit risk management policy and ECL assessment process of the Group are detailed in note 35(b).

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21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	At 31 August	
	2025	2024
	RMB million	*RMB million*
Structured deposits	**879**	295

Details of the fair value measurement for the financial assets at FVTPL are set out in note 35. Except for the structured deposits of carrying amount of RMB35 million as at 31 August 2025 (2024: the structured deposits of carrying amount of RMB35 million) which are denominated in United States Dollars ("US$"), all of the financial assets at FVTPL are denominated in currencies which are the same as the functional currencies of the relevant group entities.

As at 31 August 2025 and 2024, the structured deposits were issued by banks and financial institutions in the Mainland China and Hong Kong. The expected rates of return (not guaranteed) of the structured deposits depend on the foreign exchange rates and market price of underlying financial instruments, including listed shares, bonds, debentures and other financial assets, are 1.13% to 4.60% (2024: 1.50% to 4.60%) per annum.

At 31 August 2025, structured deposits of carrying amount of RMB476 million (2024: RMB221 million) are restricted to redeem from 90 to 152 days (31 August 2024: from 35 to 360 days) from the relevant dates of issuances. Other than these amounts, all of the other structured deposits are redeemable at any time with prior notice.

22. CASH AND CASH EQUIVALENTS/RESTRICTED BANK DEPOSITS

Cash and cash equivalents comprise cash and short-term deposits held by the Group with an original maturity of three months or less. As at 31 August 2025, the Group's bank deposits carried weighted-average interest rates of 0.50% per annum (2024: 0.49% per annum). As at 31 August 2025 and 2024, certain amounts of restricted bank deposits are placed as securities for the Group's long-term construction contracts and lease contracts. These restricted bank deposits carried weighted-average interest rates of 0.11% (2024: 0.13%) per annum.

Except for bank balances as set out below, all of the other bank balances and cash, restricted bank deposits and short-term deposits are denominated in currencies which are the same as the functional currencies of the relevant group entities.

	At 31 August	
	2025	2024
	RMB million	*RMB million*
HK$	**34**	34
US$	**81**	337
Great Britain Pound ("GBP")	**–**	3
Australian Dollar ("AUD")	**5**	29
	120	403

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23. TRADE PAYABLES

The credit period granted by suppliers for payables on purchase of consumables and provision of services ranged from 30 days to 60 days.

The following is an aged analysis of trade payables presented based on invoice date at the end of each reporting period.

	At 31 August	
	2025	2024
	RMB million	*RMB million*
0–30 days	**9**	5
31–90 days	**23**	31
Over 90 days	**–**	5
	32	41

24. CONTRACT LIABILITIES

The Group has recognised the following revenue-related contract liabilities:

	At 31 August	
	2025	2024
	RMB million	*RMB million*
Education services	**4,599**	4,627
Ancillary services	**11**	8
	4,610	4,635

As at 1 September 2023, contract liabilities amounted to RMB3,821 million.

Revenue amounting to RMB4,635 million (2024: RMB3,821 million) recognised during the year ended 31 August 2025 relates to carried-forward contract liabilities. No revenue recognised during the year ended 31 August 2025 (2024: nil) relates to performance obligation that were satisfied in prior periods.

Typical payment terms which impact on the amount of contract liabilities recognised related to tuition fees, boarding fees and services fees for ancillary services are set out below.

When the Group receives the prepayments before commencement of school year/trimesters, tuition courses or provision of ancillary services, this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the relevant contract exceeds the amount of the prepayments. The Group typically receives the amounts in full before relevant services commence.

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For the year ended 31 August 2025

25. OTHER PAYABLES AND ACCRUED EXPENSES

	At 31 August	
	2025 **RMB million**	2024 RMB million
Discretionary government subsidies receipt in advance *(Note (i))*	**293**	204
Receipt on behalf of ancillary services providers	**414**	420
Long term construction cost payables for school premises *(Note (ii))*	**746**	564
Construction cost payables and retention money payables for school premises	**1,131**	1,132
Accrued staff benefits and payroll	**217**	177
Fees payable for conversion of certain independent colleges into private universities *(Note (iii))*	**50**	59
Deferred cash consideration *(Note (iv))*	**270**	366
Other tax payables	**23**	4
Amounts due to connected entities of a non-controlling interest *(Note (v))*	**56**	14
Other payables and accruals *(Note (vi))*	**323**	444
	3,523	3,384
Current	**2,780**	2,787
Non-current	**743**	597
	3,523	3,384
Financial liabilities at amortised cost	**2,478**	2,586
Accruals and others	**299**	234
Financial liabilities at FVTPL	**746**	564
	3,523	3,384

Notes:

i. The amounts represent scholarships and government subsidies to be distributed from time to time or upon demand to eligible students and teachers of the schools based mainly on the financial conditions or academic achievements of students and teachers, on behalf of the government.

ii. Long term construction cost payables for school premises arose from arrangements between the Group and other constructors for building student dormitories and academic building, pursuant to which the constructors are entitled to future cash payments with payment terms ranging from 8 to 42 years (2024: 39 to 42 years) after completion of construction, typically with guaranteed amounts and variable premium proportionate to boarding fees and tuition fees earned by respective buildings they constructed and are designated as at FVTPL calculated by discounting the expected future cash flow, with change in fair value recognised in profit or loss. Included in long term construction cost payables for school premises are amounts of RMB666 million (2024: RMB512 million) which are payable beyond twelve months after the end of the reporting period and are presented as non-current liabilities as at 31 August 2025 and 2024.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2025

25. OTHER PAYABLES AND ACCRUED EXPENSES (Continued)

Notes: (Continued)

iii. The amount includes fees payable for conversions of two schools from independent colleges into full private universities. Included in the amount is RMB10 million (2024: RMB20 million) which is payable beyond twelve months after the end of the reporting period and is presented as non-current liabilities as at 31 August 2025 and 2024.

iv. The amounts represent consideration payables for the acquisitions of certain schools in prior years.

v. The entire amounts as at 31 August 2025 and 2024 represent payables to entities controlled by a substantial shareholder of a non-controlling interest of a subsidiary of the Company, and are interest free, unsecured and repayable within twelve months from the end of the reporting period.

vi. Other payables include an amount of RMB67 million (2024: RMB65 million) payable beyond twelve months after the end of the reporting period and is therefore presented as non-current liabilities as at 31 August 2025.

26. DEFERRED INCOME

	At 31 August	
	2025	2024
	RMB million	*RMB million*
Government grants		
— current portion	**51**	52
— non-current portion	**66**	70
	117	122

The above amounts represent subsidies receipt in advance from government mainly for procurement of laboratory apparatus and equipment, conducting educational programmes and certain infrastructure constructions in the Mainland China.

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For the year ended 31 August 2025

27. PROVISIONS

The amount of provisions assumed through acquisitions of businesses, representing (a) provisions for compliance matters, mainly on social insurance benefit, housing provident fund, lack of building ownership certificates for certain school premises and idle lands and (b) provision for legal cases, is the best estimate of the considerations required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Certain of the aforementioned compliance matters and legal cases are indemnified by respective vendors. Indemnification assets as set out in note 20 are recognised upon acquisitions of businesses in prior years and adjusted according to subsequent development of the indemnified matters.

	Compliance matters *RMB million*	**Legal cases** *RMB million*	**Total** *RMB million*
At 1 September 2024	253	25	278
Adjustments due to change of estimation	71	(25)	46
At 31 August 2025	**324**	**–**	**324**

28. LEASE LIABILITIES

	At 31 August	
	2025 *RMB million*	2024 *RMB million*
Lease liabilities payable:		
Within one year	**29**	19
Within a period of more than one year but not more than two years	**13**	16
Within a period of more than two years but not more than five years	**40**	85
Within a period of more than five years	**40**	8
	122	128
Less: Amount due for settlement with 12 months shown under current liabilities	**(29)**	(19)
Amount due for settlement after 12 months shown under non-current liabilities	**93**	109

Except for lease liabilities of RMB1 million (2024: RMB2 million) as at 31 August 2025 which is denominated in HK$, all of the lease liabilities are denominated in currencies which are the same as the functional currencies of the relevant group entities.

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For the year ended 31 August 2025

29. DEFERRED TAXATION

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	At 31 August	
	2025	2024
	RMB million	*RMB million*
Deferred tax asset	**(20)**	(18)
Deferred tax liabilities	**1,356**	1,386
	1,336	1,368

The following are the deferred tax (asset) liabilities recognised and movements thereon during the current and prior years:

	Tax losses	**Accelerated tax depreciation**	**Fair value adjustments of intangible assets, right-of-use assets and property, plant and equipment on business combinations**	**Total**
	RMB million	*RMB million*	*RMB million*	*RMB million*
At 1 September 2023	(27)	125	1,447	1,545
Charge (credit) to profit or loss *(note 9)*	9	7	(193)	(177)
At 31 August 2024	**(18)**	**132**	**1,254**	**1,368**
(Credit) charge to profit or loss *(note 9)*	**(2)**	**1**	**(31)**	**(32)**
At 31 August 2025	**(20)**	**133**	**1,223**	**1,336**

Under the EIT Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by subsidiaries in the Mainland China from 1 January 2008 onwards. As at 31 August 2025, no deferred taxation regarding such withholding tax has been provided as the subsidiaries in the Mainland China have accumulated losses and have no retained profits available for distribution (2024: nil).

Notes to the Consolidated Financial Statements

For the year ended 31 August 2025

30. BANK AND OTHER BORROWINGS AND BONDS

	At 31 August	
	2025	2024
	RMB million	*RMB million*
Bank borrowings		
— secured	**6,290**	5,898
— unsecured	**1,764**	1,703
Other borrowings		
— secured	**1,672**	1,542
— unsecured	**3**	89
Guaranteed Bonds (defined below)		
— guaranteed and unsecured	**504**	1,005
Total	**10,233**	10,237
Variable-rate borrowings	**7,961**	7,294
Fixed-rate borrowings	**2,272**	2,943
	10,233	10,237

The other borrowings represent loans from independent financial institutions.

At 31 August 2025, bonds in a principal amount of RMB500 million issued by the Company due in 2026 (2024: an aggregate principal amounts of RMB1,000 million, of which RMB500 million and RMB500 million are due in 2026 and 2025, respectively), bearing interest at the rate of 4% (2024: 4%) per annum and are guaranteed by Credit Guarantee and Investment Facility ("CGIF") (the "Guaranteed Bonds"). The Guaranteed Bonds are listed on the Singapore Exchange Securities Trade Limited.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2025

30. BANK AND OTHER BORROWINGS AND BONDS (Continued)

At 31 August 2025 and 2024, secured bank borrowings are secured by tolling rights of revenue of certain schools of the Group and equity interest of several subsidiaries and certain consolidated affiliated entities of the Company while secured other borrowings are secured by tolling rights of revenue of certain schools of the Group and plant and equipment under sale and leaseback arrangements and equity interest of a subsidiary of the Company.

	Bank borrowings		Other borrowings		Guaranteed Bonds		Total	
	2025 RMB million	2024 RMB million	**2025 RMB million**	2024 RMB million	**2025 RMB million**	2024 RMB million	**2025 RMB million**	2024 RMB million
The carrying amounts of the above borrowings are repayable*:								
Within one year	**1,473**	1,352	**435**	640	**504**	505	**2,412**	2,497
Within a period of more than one year but not exceeding two years	**1,711**	887	**355**	217	**–**	500	**2,066**	1,604
Within a period of more than two years but not exceeding five years	**2,463**	2,998	**794**	492	**–**	–	**3,257**	3,490
Within a period of more than five years	**2,407**	2,364	**91**	282	**–**	–	**2,498**	2,646
	8,054	7,601	**1,675**	1,631	**504**	1,005	**10,233**	10,237
Less: Amounts due within one year shown under current liabilities	**(1,473)**	(1,352)	**(435)**	(640)	**(504)**	(505)	**(2,412)**	(2,497)
Amounts shown under non-current liabilities	**6,581**	6,249	**1,240**	991	**–**	500	**7,821**	7,740

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

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30. BANK AND OTHER BORROWINGS AND BONDS (Continued)

The variable-rate bank and other borrowings as at 31 August 2025 and 2024 carried interest with reference to the Benchmark Borrowing Rate of The People's Bank of the PRC, Loan Prime Rate of The People's Bank of the PRC or the Secured Overnight Financing Rate ("SOFR"). The range of effective interest rates on the Group's borrowings are as follows.

	At 31 August	
	2025	2024
Effective interest rate:		
Fixed-rate borrowings	**2.70% to 10.47%**	3.45% to 10.47%
Variable-rate borrowings	**2.35% to 9.11%**	2.70% to 9.64%

Except for bank and other borrowings of carrying amount of RMB1,496 million as at 31 August 2025 (2024: RMB1,830 million) which is denominated at US$, all of the bank and other borrowings are denominated in RMB which is the same as the functional currency of the relevant group entities.

31. SHARE CAPITAL

Details of movements of authorised and issued capital of the Company up to 31 August 2025 are as follow:

	Number of shares	**Share capital** *HK$* *(Note (ii))*
Ordinary shares of HK$0.00001 each		
Authorised		
At 1 September 2023, 31 August 2024 and 31 August 2025	50,000,000,000	500,000
Issued and fully paid		
At 31 August 2023	2,551,540,490	25,515
Issue of new shares as scrip dividends *(Note i)*	162,250,731	1,623
At 31 August 2024	**2,713,791,221**	**27,138**
Issue of new shares as scrip dividends *(Note i)*	**86,521,644**	**865**
At 31 August 2025	**2,800,312,865**	**28,003**

Notes:

(i) During the year ended 31 August 2025, 86,521,644 (2024: 162,250,731) ordinary shares of the Company were issued in form of scrip shares as an alternative for the owners of the Company to receive the dividend (or part thereof).

(ii) Each of the movement of the issued capital of the Company during the years ended 31 August 2025 and 2024 and their balances as at 1 September 2023, 31 August 2024 and 31 August 2025 are less than RMB1 million.

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32. RETIREMENT BENEFIT PLANS

The Group participated in the Mandatory Provident Fund Scheme (the "MPF Scheme") for its employees in Hong Kong. The MPF Scheme is registered with the Mandatory Provident Fund Schemes Authority under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the rule of the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at rates specified in the rules. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions under the scheme.

The employees of the Group in the Mainland China are members of a state-managed retirement benefits scheme operated by the various governments in the Mainland China. 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 only obligation of the Group with respect to the retirement benefits scheme is to make the specified contributions under the scheme.

In accordance with the relevant rules and regulations in Australia, the Group's Australian subsidiaries are required to contribute a minimum of 10.5% for both years, of the employee's ordinary time earnings for all qualifying employees in Australia to any complying superannuation funds of employees' own choice.

The Group's contribution to the retirement benefit schemes for its employees in Hong Kong, the Mainland China and Australia are fully and immediately vested in the employees once the contributions are made. Accordingly, there are no forfeited contributions under the retirement benefit schemes that may be used by the Group to reduce the existing level of contributions as described in paragraph 26(2) of Appendix D2 of the Listing Rules.

The amounts of contributions made by the Group in respect of the retirement benefit scheme during the year are disclosed in note 10.

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33. SHARE-BASED PAYMENTS

(a) Share option schemes of the Company

The Company has adopted two share option schemes, namely pre initial public offering share option scheme (the "Pre-IPO Share Option Scheme") and post initial public offering share option scheme (the "Post-IPO Share Option Scheme").

Pre-IPO Share Option Scheme

The Pre-IPO Share Option Scheme was adopted pursuant to a resolution passed on 27 November 2017 for the primary purpose of providing incentives to directors and eligible employees. Under the Pre-IPO Share Option Scheme, the directors of the Company may grant options to eligible directors and employees to subscribe for shares in the Company, up to a total of 45,500,000 shares on such terms as determined by the directors of the Company. The terms of the offer may include but are not limited to, any minimum period(s) for which an option must be held and/or any minimum performance target(s) that must be achieved, before the option can be exercised in whole or in part, and may include at the discretion of the board of directors such other terms either on a case by case basis or generally.

Pursuant to the Pre-IPO Share Option Scheme, on every anniversary of the Listing (from the first anniversary to the fifth anniversary), a maximum of 20% of the underlying shares in respect of the options may be vested to the grantee, subject to the satisfaction of performance condition as determined by the remuneration committee at its discretion. In determining whether the performance condition is satisfied, the remuneration committee will assess the overall financial position and operating conditions of the Group on each vesting date, with a focus on growth, reputation, closing price of the Company's shares on the Stock Exchange, return to shareholders, dividend paid and industry ranking. In particular, the remuneration committee will also benchmark the Group's key performance metrics that it considers appropriate against comparable companies in the education industry and listed on a recognised stock exchange.

An option may be exercised in accordance with the terms of the Pre-IPO Share Option Scheme at any time during a period to be determined and notified by the directors of the Company to each grantee which period shall not expire later than 10 years from the date of Listing.

The price for the subscription of ordinary shares in relation to each option granted under the Pre-IPO Share Option Scheme shall be such price as may be determined by the directors of the Company. An option may be exercised in whole or in part by the grantee and the subscription price of the ordinary shares shall be fully paid by the grantee to the Company upon exercise of the option.

At 31 August 2025, the number of shares in respect of which options had been granted and outstanding under the Pre-IPO Share Option Scheme was 28,675,000 (2024: 28,675,000), representing 1.02% (2024: 1.06%) of the shares of the Company in issue at that date.

33. SHARE-BASED PAYMENTS (Continued)

(a) Share option schemes of the Company (Continued)

Pre-IPO Share Option Scheme (Continued)

Details of specific categories of the options are as follows:

	Date of grant	Vesting period	Exercise period	Exercise price HK$	Number of options as at 31 August 2025	Number of options as at 31 August 2024
Pre-IPO Share Option	14 December 2017	15 December 2017 – 14 December 2018	15 December 2018 – 14 December 2027	6.45	**8,200,000**	8,200,000
	14 December 2017	15 December 2017 – 14 December 2020	15 December 2020 – 14 December 2027	6.45	**2,275,000**	2,275,000
	14 December 2017	15 December 2017 – 14 December 2021	15 December 2021 – 14 December 2027	6.45	**9,100,000**	9,100,000
	14 December 2017	15 December 2017 – 14 December 2022	15 December 2022 – 14 December 2027	6.45	**9,100,000**	9,100,000
					28,675,000	28,675,000

The following table discloses movements of options under the Company's Pre-IPO Share Option Scheme held by the directors of the Company and employees during the year:

Option type	Outstanding at 1 September 2023	Reclassified during the year ended 31 August 2024	Outstanding at 31 August 2024 and 2025
Directors			
Mr. Yu	6,500,000	(6,500,000)	–
Mr. Xie	6,500,000	(6,500,000)	–
Dr. Yu	6,500,000	–	6,500,000
Directors in aggregate	19,500,000	(13,000,000)	6,500,000
Employees in aggregate *(Note)*	9,175,000	13,000,000	22,175,000
Total	28,675,000	–	28,675,000
Weighted average exercise price	HK$6.45	N/A	HK$6.45

Note: Both Mr. Yu and Mr. Xie ceased to be executive directors of the Company with effect from 27 June 2024, but remains as employees of the Group. The aggregate 13,000,000 options entitled by Mr. Yu and Mr. Xie are included in "employees in aggregate" above as at 31 August 2024.

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33. SHARE-BASED PAYMENTS (Continued)

(a) Share option schemes of the Company (Continued)

Pre-IPO Share Option Scheme (Continued)

The number of options under the Company's Pre-IPO Share Option Scheme exercisable as at 31 August 2025 is 28,675,000 (2024: 28,675,000).

The weighted average remaining contractual lives of the Company's Pre-IPO share options as at 31 August 2025 is 2.29 years (2024: 3.29 years).

No expense has been recognised during the years ended 31 August 2025 and 2024 under the Company's Pre-IPO Share Option Scheme.

No share option has been granted, cancelled, lapsed, expired or exercised during the years ended 31 August 2025 and 2024 under the Company's Pre-IPO Share Option Scheme.

Post-IPO Share Option Scheme

The Post-IPO Share Option Scheme was adopted pursuant to a resolution passed on 29 November 2017 for the primary purpose of providing incentives to employee, director, officer, consultant, advisor, distributor, contractor, customer, supplier, agent, business partner, joint venture business partner or service provider of any member of the Group or any affiliate who the directors of the Company consider, in their sole discretion, to have contributed or will contribute to the Group is entitled to be offered and granted options, and will expire no later than 10 years from the date of the Listing. Under the Post-IPO Share Option Scheme, the total number of ordinary shares which may be issued upon exercise of all options to be granted under the Post-IPO Share Option Scheme and any other schemes is 200,000,000, being no more than 10% of the ordinary shares in issue on the date of Listing. The overall limit on the number of ordinary shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Post-IPO Share Option Scheme and any other share option schemes of the Company at any time must not exceed 30% of the ordinary shares in issue from time to time (the "Post-IPO Option Scheme Limit"). Post-IPO Option Scheme Limit may be refreshed at any time by obtaining prior approval of the shareholders of the Company in general meeting. However, Post-IPO Option Scheme Limit cannot exceed 10% of the ordinary shares in issue as at the date of such approval.

Unless approved by the shareholders of the Company, the total number of ordinary shares issued and to be issued upon exercise of the options granted and to be granted under the Post-IPO Share Option Scheme and any other share option scheme(s) of the Company to each selected participant (including both exercised and outstanding options) in any twelve-month period shall not exceed 1% of the total number of ordinary shares in issue (the "Individual Limit"). Any further grant of options to a selected participant which would result in the aggregate number of Shares issued and to be issued upon exercise of all options granted and to be granted to such selected participant (including exercised, cancelled and outstanding options) in the twelve-month period up to and including the date of such further grant exceeding the Individual Limit shall be subject to separate approval of shareholders of the Company.

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33. SHARE-BASED PAYMENTS (Continued)

(a) Share option schemes of the Company (Continued)

Post-IPO Share Option Scheme (Continued)

Where any grant of options to a substantial shareholder or independent non-executive directors of the Company (or any of their respective associates) would result in the number of ordinary shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the twelve-month period up to and including the date of such grant: (i) representing in aggregate over 0.1% (or such other higher percentage as may from time to time be specified by the Stock Exchange) of the ordinary shares in issue; and (ii) having an aggregate value, based on the closing price of the ordinary shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of grant, in excess of HK$5 million (or such other higher amount as may from time to time be specified by the Stock Exchange), such further grant of options must also be first approved by the shareholders of the Company in a general meeting.

The Post-IPO Share Option Scheme does not set out any performance targets that must be achieved before the options may be exercised. However, the directors of the Company may at their sole discretion specify, as part of the terms and conditions of any option, such performance conditions that must be satisfied before the option can be exercised.

The period during which an option may be exercised is determined and notified by the directors of the Company to each grantee at the time of making an offer for the grant of the option and such period shall not expire later than 10 years from the date of grant of the option.

The exercise price shall be determined by the directors of the Company, but shall be not less than the greater of (i) the closing price of an ordinary share as stated in the daily quotations sheet issued by the Stock Exchange on the date of grant; (ii) the average closing price of the ordinary shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant; and (iii) the nominal value of a share on the date of grant.

At 31 August 2025, the number of shares in respect of which options had been granted and remained outstanding under the Post-IPO Share Option Scheme was 3,295,000 (2024: 3,295,000), representing 0.12% (2024: 0.12%) of the ordinary shares of the Company in issue at that date.

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33. SHARE-BASED PAYMENTS (Continued)

(a) Share option schemes of the Company (Continued)

Post-IPO Share Option Scheme (Continued)

Details of specific categories of options are as follows:

	Date of grant	Vesting period	Exercise period	Exercise price HK$	Number of options as at 31 August 2025	Number of options as at 31 August 2024
Post-IPO Share Option (Batch 1)	8 March 2019	8 March 2019 – 7 March 2020	8 March 2020 – 7 March 2029	12.48	**315,000**	315,000
	8 March 2019	8 March 2019 – 7 March 2021	8 March 2021 – 7 March 2029	12.48	**492,500**	492,500
	8 March 2019	8 March 2019 – 7 March 2022	8 March 2022 – 7 March 2029	12.48	**610,000**	610,000
	8 March 2019	8 March 2019 – 7 March 2023	8 March 2023 – 7 March 2029	12.48	**762,500**	762,500
	8 March 2019	8 March 2019 – 7 March 2024	8 March 2024 – 7 March 2029	12.48	**915,000**	915,000
					3,095,000	3,095,000
Post-IPO Share Option (Batch 2)	16 December 2019	16 December 2019 – 15 December 2020	16 December 2020 – 15 December 2029	10.76	**20,000**	20,000
	16 December 2019	16 December 2019 – 15 December 2021	16 December 2021 – 15 December 2029	10.76	**30,000**	30,000
	16 December 2019	16 December 2019 – 15 December 2022	16 December 2022 – 15 December 2029	10.76	**40,000**	40,000
	16 December 2019	16 December 2019 – 15 December 2023	16 December 2023 – 15 December 2029	10.76	**50,000**	50,000
	16 December 2019	16 December 2019 – 15 December 2024	16 December 2024 – 15 December 2029	10.76	**60,000**	60,000
					200,000	200,000

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33. SHARE-BASED PAYMENTS (Continued)

(a) Share option schemes of the Company (Continued)

Post-IPO Share Option Scheme (Continued)

The vesting of share options will be conditional on completion of specified periods of services by the grantees on the respective vesting dates.

The following table discloses movements of the Company's Post-IPO Share Option Scheme held by the employees during the year:

Option type	Outstanding at 1 September 2023	Lapsed/ cancelled during the year ended 31 August 2024	Outstanding at 31 August 2024	Outstanding at 31 August 2025
Batch 1	3,500,000	(405,000)	3,095,000	**3,095,000**
Batch 2	200,000	–	200,000	**200,000**
Employees in aggregate	3,700,000	(405,000)	3,295,000	**3,295,000**
Weighted average exercise price	HK$12.39	HK$12.48	HK$12.38	**HK$12.38**
Exercisable at the end of the year	2,435,000		3,235,000	**3,295,000**

The weighted average remaining contractual lives of the Company's Post-IPO share options as at 31 August 2025 is 3.56 years (2024: 4.56 years).

Share-based payment expenses recognised during the year ended 31 August 2025 and 2024 under the Company's Post-IPO Share Option Scheme is insignificant.

Except for the above, no share option has been granted, cancelled, lapsed, expired or exercised during the years ended 31 August 2025 and 2024 under the Company's Post-IPO Share Option Scheme.

(b) Share award scheme of the Company

The Company's share award scheme (the "Share Award Scheme") was adopted pursuant to a resolution passed on 29 November 2017. The objective of the Share Award Scheme is for the primary purpose of providing incentives to employee, director, officer, consultant, advisor, distributor, contractor, customer, supplier, agent, business partner, joint venture business partner or service provider of any member of the Group or any affiliate who the directors of the Company considers, in their sole discretion, to have contributed or will contribute to the Group is entitled to be offered and granted options, and will expire no later than 10 years from the date of the Listing.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2025

33. SHARE-BASED PAYMENTS (Continued)

(b) Share award scheme of the Company (Continued)

A share award includes all cash income from dividends in respect of those ordinary shares from the date the share award is granted to the date the share award is vested. The directors of the Company at their discretion may from time to time determine that any dividends declared and paid by the Company in relation to the ordinary shares be paid to the selected participant even though the ordinary shares have not yet vested.

Save that the directors of the Company at their discretion may from time to time determine that any dividends declared and paid by the Company in relation to the ordinary shares be paid to the selected participants even though the shares have not yet vested, the selected participant only has a contingent interest in the shares underlying an award unless and until such shares are actually transferred to the selected participant.

The maximum aggregate number of ordinary shares underlying all grants made pursuant to the Share Award Scheme (excluding ordinary shares which have been forfeited in accordance with the Share Award Scheme) is conditionally set at 40,000,000, being 2% of issued shares of the Company as of the date of the Listing (i.e. 2% of 2,000,000,000 shares) (the "Share Award Scheme Limit"). The Share Award Scheme Limit is subject to further shareholders' approval.

The directors of the Company may from time to time determine such vesting criteria and conditions or periods for the awards to be vested under the Share Award Scheme.

Save as otherwise restricted by the Share Award Scheme Limit or the Listing Rules, there shall be no limit on the total number of non-vested ordinary shares that may be granted to a selected participant under the Share Award Scheme.

Each grant of an award to any director of the Company or the chief executive officer shall be subject to the prior approval of the independent non-executive directors (excluding any independent non-executive directors who is a proposed recipient of the grant of share award). The Company will comply with the relevant requirements under Chapter 14A of the Listing Rules for any grant of shares to connected persons of the Company.

No share award has been granted since the adoption of the Share Award Scheme.

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34. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that it will be able to continues as a going concern while maximising the return to equity holders 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 net debt, which includes bank and other borrowings and bonds disclosed in note 30 and lease liabilities disclosed in note 28, net of cash and cash equivalent, structured deposits and equity attributable to the owners of the Group, comprising share capital, reserves and retained profits.

The management of the Group reviews the capital structure on a continuous basis taking into account the cost of capital and the risks associated with each class of capital. Based on recommendations of the management of the Group, the Group will balance its overall capital structure through the payment of dividend, new share issues, the issue of new debts as well as the repayment of the existing debts.

35. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	At 31 August	
	2025	2024
	RMB million	*RMB million*
Financial assets		
Mandatorily measured at FVTPL	**879**	295
Amortised cost	**6,706**	7,098
	7,585	7,393
Financial liabilities		
Amortised cost	**12,743**	12,864
At FVTPL	**746**	564
	13,489	13,428

Notes to the Consolidated Financial Statements

For the year ended 31 August 2025

35. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade receivables, deposits and other receivables, restricted bank deposits, bank balances and cash, financial assets at FVTPL, trade payables, other payables, bank and other borrowings and bonds and lease liabilities. Details of these financial instruments are disclosed in the respective notes.

The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The directors of the Company manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner. These risks include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

(i) Market risk

Currency risk

The Group has certain foreign currency bank balances, structured deposits, bank and other borrowings and lease liabilities denominated in HK$, US$, GBP and AUD, currencies other than the functional currencies of the group entities ("foreign currencies"), which expose the Group to foreign currency risk. In addition, the Group has intra-group balances with several subsidiaries denominated in foreign currencies which also expose the Group to foreign currency risk.

The carrying amounts of the Group's monetary assets and monetary liabilities and intra-group balances at the reporting date that are denominated in foreign currencies are as follows:

	Assets At 31 August		Liabilities At 31 August	
	2025 RMB million	2024 RMB million	**2025 RMB million**	2024 RMB million
HK$	**34**	34	**1**	2
US$	**116**	372	**1,496**	1,830
GBP	**–***	3	**–**	–
AUD	**5**	29	**–**	–
Intra-group balances				
GBP	**435**	331	**–**	–
AUD	**597**	584	**–**	–

* Less than RMB1 million.

The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure when the need arises.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2025

35. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

(i) *Market risk* (Continued)

Currency risk (Continued)

Sensitivity analysis

The Group is mainly exposed to the fluctuation of relevant foreign currency against RMB.

The following table details the Group's sensitivity to a 5% (2024: 5%) increase and decrease in the relevant foreign currency against the functional currency of the relevant group entities. 5% (2024: 5%) represents the reasonably possible change in foreign exchange rates if currency risk is to be assessed by key management. The sensitivity analysis includes only outstanding relevant foreign currency denominated monetary items. The sensitivity analysis adjusts their translation at the year end for a 5% (2024: 5%) change in foreign currency rates. A positive (negative) number below indicates an increase (a decrease) in post-tax profit where the relevant foreign currency strengthens 5% (2024: 5%) against RMB. For a 5% (2024: 5%) weakening of the relevant foreign currency against RMB, there would be an equal and opposite impact on the profit.

	At 31 August	
	2025 ***RMB million***	2024 *RMB million*
HK$ impact	**2**	2
US$ impact	**(59)**	(73)
GBP impact	**18**	17
AUD impact	**25**	31

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

Interest rate risk

The Group's fair value interest rate risk relates primarily to its fixed-rate bank balances, fixed-rate bank and other borrowings and bonds and lease liabilities. The Group is exposed to cash flow interest rate risk through the impact of rate changes on variable interest-bearing financial assets and liabilities, mainly variable-rate bank balances, variable-rate bank and other borrowings.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2025

35. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

(i) ***Market risk*** (Continued)

Interest rate risk (Continued)

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for variable-rate bank and other borrowings, bank balances at the end of the reporting period and assumed that the amount outstanding at the end of the reporting period was outstanding for the whole year. A 10 basis point increase or decrease for variable-rate bank balances, while 50 basis point increase or decrease for variable-rate bank and other borrowings are used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 10 or 50 basis points higher/lower for bank balances and bank and other borrowings, respectively, and all other variables were held constant, the Group's post-tax profit for the year would decrease/increase by RMB26 million (2024: RMB23 million). This is mainly attributable to the Group's exposure to interest rates on its bank balances, short-term deposits and bank and other borrowings with variable rate.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent interest rate risk as the year end exposure does not reflect the exposure during the year.

Other price risk

The Group's exposure of price risk on structured deposits was limited because maturity periods of these investments are short and corresponding fluctuations are minimal.

(ii) ***Credit risk and impairment assessment***

As at 31 August 2025 and 2024, 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 does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

In order to minimise the credit risk on restricted bank deposits, bank balances, trade receivables, deposits and other receivables and loan receivables, management makes periodic collective assessments as well as individual assessment on the recoverability of receivables based on historical settlement records and past experience. In addition, the Group performs impairment assessment under ECL model on the trade receivables from students based on provision matrix, while assesses the ECL of receivables from educational bureaus individually. In this regard, the directors of the Company believe there is no material credit risk inherent in the Group's outstanding balances of trade receivables and deposits and other receivables.

Other than concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings, the Group does not have any other significant concentration of credit risk. Trade receivables consist of a large number of students.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2025

35. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

(ii) Credit risk and impairment assessment (Continued)

Impairment assessment on trade receivables from students and receivables from educational bureaus

The Group applies the simplified approach to provide for ECL prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for not credit-impaired trade receivables. Trade receivables from students are considered to be credit-impaired when the students drop out from the tuition programmes and are assessed individually for lifetime ECL provision.

Management assessed the expected loss on trade receivables from students grouped based on the ageing of the trade receivables, taking into account the historical default experience and forward-looking information, as appropriate.

The Group assessed the loss allowances for receivables from educational bureaus with gross carrying amount as set out in note 20 on lifetime ECL basis individually. In determining the ECL for receivables from educational bureaus, the management of the Group has taken into account the historical default experience and forward-looking information, as appropriate, for example, the Group has considered the consistently low historical default rate in connection with payments, and concluded that credit risk inherent in the Group's outstanding receivables from educational bureaus are insignificant.

In addition, the directors of the Company are of the opinion that there has no default occurred for (i) trade receivables aged over 90 days for students that are not dropped out from schools as the tuition fees and boarding fees will be fully received upon the graduation of the students by reference to past experience, and (ii) receivables from educational bureaus overdue over 90 days are not default as payment from educational bureaus may take long administrative process based on historical experience.

As part of the Group's credit risk management, the Group uses debtors' ageing to assess the impairment for students in relation to its private higher vocational education and secondary vocational education because these customers consist of a large number of students with common risk characteristics that are representative of the students' abilities to pay all amounts due in accordance with the contractual terms. The exposure to credit risk for trade receivables (gross carrying amount) are assessed collectively based on provision matrix within lifetime ECL (not credit-impaired). The estimated average loss rates are based on historical observed default rates over the expected life of the trade receivables and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by the management to ensure relevant information about trade receivables is updated.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2025

35. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

(ii) *Credit risk and impairment assessment* (Continued)

Impairment assessment on deposits and other receivables/restricted bank deposits/bank balances/loan receivables

The Group assessed the loss allowances for the following items on 12m ECL basis:

	Gross carrying amount At 31 August	
	2025	2024
	RMB million	*RMB million*
Deposits and other receivables *(note 20)*	**313**	216
Loan receivables *(note 20)*	**434**	330
Amounts due from a vendor of acquired schools *(Note 20)*	**73**	187
Restricted bank deposits *(note 22)*	**68**	93
Bank balances *(note 22)*	**5,797**	6,238

The management of the Group considers the restricted bank deposits and most of the bank balances that are deposited with the financial institutions with high credit rating to be low credit risk financial assets. The management of the Group considers these restricted bank deposit and bank balances are short-term in nature and the probability of default is negligible on the basis of high-credit-rating issuers, and accordingly, loss allowance was considered as insignificant.

At 31 August 2025, the Group provided impairment allowance on other receivables and loan receivables and loan commitment on 12m ECL individually.

In determining the ECL for deposits and other receivables and those bank balances deposited at financial institutions other than graded in the top credit rating agencies, the management of the Group has taken into account the historical default experience and forward-looking information, as appropriate. There had been no significant increase in credit risk since initial recognition and the Group provided impairment based on 12m ECL.

In determining the ECL for loan receivables, the management of the Group has taken into account the default rates benchmarking equivalent instruments from independent data sources and forward-looking information, as appropriate. There had been no significant increase in credit risk since initial recognition. The Group has considered the consistently low historical default rate in connection with payments, and concluded that credit risk inherent in the Group's outstanding loan receivables is insignificant.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2025

35. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

(iii) Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains levels of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Group relies on bank and other borrowings and bonds as a significant source of liquidity.

The following table details the Group's remaining contractual maturity for its financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities and lease liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest rates are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

	Weighted average effective interest rate	On demand or less than 1 month	1–3 months	3 months to 1 year	1–5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	%	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*
At 31 August 2025								
Non-derivative financial liabilities								
Trade payables	–	32	–	–	–	–	32	32
Other payables	–	2,159	10	30	10	–	2,209	2,208
Long term construction cost payables for school premises	–	4	7	35	321	1,907	2,274	746
Deferred cash consideration	3.94	270	–	–	–	–	270	270
Bank borrowings								
— fixed-rate	5.09	96	2	132	563	–	793	731
— variable-rate	4.13	271	196	1,025	4,014	2,686	8,192	7,323
Other borrowings								
— fixed-rate	7.30	106	171	173	587	–	1,037	1,037
— variable-rate	6.98	19	–	19	665	93	796	638
Guaranteed Bonds								
— fixed-rate	4.00	–	13	510	–	–	523	504
Lease liabilities	6.73	3	5	23	56	55	142	122
Total		2,960	404	1,947	6,216	4,741	16,268	13,611

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For the year ended 31 August 2025

35. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

(iii) Liquidity risk (Continued)

	Weighted average effective interest rate %	On demand or less than 1 month *RMB million*	1–3 months *RMB million*	3 months to 1 year *RMB million*	1–5 years *RMB million*	Over 5 years *RMB million*	Total undiscounted cash flows *RMB million*	Carrying amount *RMB million*
At 31 August 2024								
Non-derivative financial liabilities								
Trade payables	–	41	–	–	–	–	41	41
Other payables	–	2,187	10	30	20	–	2,247	2,220
Long term construction cost payables for school premises	–	1	3	14	248	1,598	1,864	564
Deferred cash consideration	4.09	366	–	–	–	–	366	366
Bank borrowings								
— fixed-rate	5.40	154	16	354	789	–	1,313	1,196
— variable-rate	4.58	7	277	771	3,348	3,594	7,997	6,405
Other borrowings								
— fixed-rate	8.72	129	54	280	325	–	788	742
— variable-rate	8.22	43	107	128	560	296	1,134	889
Guaranteed Bonds								
— fixed-rate	4.00	13	13	523	523	–	1,072	1,005
Lease liabilities	6.97	2	3	15	100	11	131	128
Total		2,943	483	2,115	5,913	5,499	16,953	13,556

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35. FINANCIAL INSTRUMENTS (Continued)

(c) Fair value measurements of financial instruments

(i) Fair value of the Group's financial assets and liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial instruments	Fair value At 31 August		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	2025 *RMB million*	2024 *RMB million*				
Financial assets						
Financial assets at FVTPL (Structured deposits)	**879**	295	Level 3	Discounted cash flow — Future cash flows are estimated based on estimated return and discounted at a rate that reflects the credit risk of various counterparties.	Estimated return and discount rate	The higher the estimated return, the higher the fair value, vice versa *(Note (i))* The higher the discount rate, the lower the fair value, vice versa *(Note (i))*
Financial liabilities						
Long term construction cost payables for school premises	**746**	564	Level 3	Discounted cash flow — Future cash flows are estimated based on estimated cash outflow and discounted at an appropriate rate.	Expected cash outflow and discount rate	The higher the expected cash outflow, the higher the fair value, vice versa *(Note (ii))* The higher the discount rate, the lower the fair value, vice versa *(Note (iii))*

Notes:

i. No sensitivity analysis has been presented as changes in fair values due to changes in the unobservable inputs above are insignificant.

ii. As at 31 August 2025, if the expected variable cash outflow was 5% higher/lower and the other variables were held constant, the total carrying amount of long term construction cost payables for school premises would increase/decrease by RMB17 million/RMB17 million (31 August 2024: RMB8 million/RMB8 million), respectively.

iii. As at 31 August 2025, if the discount rate was 5% higher/lower and the other variables were held constant, the total carrying amount of long term construction cost payables for school premises would decrease/increase by RMB29 million/RMB31 million (31 August 2024: RMB24 million/RMB25 million), respectively.

There were no transfers into or out of Level 3 during both years.

Notes to the Consolidated Financial Statements

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35. FINANCIAL INSTRUMENTS (Continued)

(c) Fair value measurements of financial instruments (Continued)

(ii) Reconciliation of Level 3 Measurements

The following table presents the reconciliation of Level 3 measurements of the financial assets (liabilities) during both years:

	Structured deposits *RMB million*	Convertible bonds *RMB million*	Long-term construction cost payables for school premises *RMB million*	Total *RMB million*
At 1 September 2023	307	(3)	(385)	(81)
Addition of long-term construction cost payables for school premises	–	–	(179)	(179)
Settlement of long-term construction-cost payables for school premises	–	–	39	39
Fair value change	–	–*	(39)	(39)
Redemption of convertible bonds	–	3	–	3
Purchase of structured deposits	1,037	–	–	1,037
Redemption of structured deposits	(1,061)	–	–	(1,061)
Net gain on structured deposits	12	–	–	12
At 31 August 2024	**295**	**–**	**(564)**	**(269)**
Addition of long-term construction cost payables for school premises	**–**	**–**	**(182)**	**(182)**
Settlement of long-term construction-cost payables for school premises	**–**	**–**	**51**	**51**
Fair value change	**–**	**–**	**(51)**	**(51)**
Purchase of structured deposits	**2,402**	**–**	**–**	**2,402**
Redemption of structured deposits	**(1,830)**	**–**	**–**	**(1,830)**
Net gain on structured deposits	**12**	**–**	**–**	**12**
At 31 August 2025	**879**	**–**	**(746)**	**133**

* Less than RMB1 million.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2025

35. FINANCIAL INSTRUMENTS (Continued)

(c) Fair value measurements of financial instruments (Continued)

(ii) Reconciliation of Level 3 Measurements (Continued)

Fair value changes on structured deposits and long-term construction cost payables for school premises are presented in "other gains and losses" line item in the consolidated statement of profit or loss and other comprehensive income.

The board of directors of the Company designates a team headed by the chief financial officer of the Company to determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset or a liability, the Group uses market observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuer to perform the valuation. The finance team of the Group works closely with the qualified external valuer to establish the appropriate valuation techniques and inputs to the model. The chief financial officer reports to the board of directors of the Company when needed to explain the cause of fluctuations in the fair value of the assets and liabilities.

Information about the valuation techniques and inputs used in determining the fair value of various assets are disclosed above.

(iii) Fair value of the Group's financial assets and liabilities that are recorded at amortised cost

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 their fair values at the end of the reporting period.

36. CAPITAL COMMITMENTS

	At 31 August	
	2025 *RMB million*	2024 *RMB million*
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of the acquisition of property, plant and equipment and right-of-use assets	**348**	1,044

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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.

	Deferred cash consideration *RMB million*	Dividends payable *RMB million*	Guaranteed Bonds *RMB million*	Bank borrowings *RMB million*	Other borrowings *RMB million*	Interest payable *RMB million*	Convertible bonds *RMB million*	Lease liabilities *RMB million*	Long-term construction cost payables for school premises *RMB million*	Amount due to connected entities of a non-controlling interest *RMB million*	Total *RMB million*
At 1 September 2023	387	–	996	6,289	1,318	41	3	73	385	19	9,511
Financing cash flows *(Note)*	(37)	(243)	(52)	1,322	314	(492)	(3)	(36)	(39)	(5)	729
New leases entered	–	–	–	–	–	–	–	84	–	–	84
Capitalisation of finance cost	–	–	–	–	–	90	–	–	–	–	90
Dividend recognised as distribution	–	833	–	–	–	–	–	–	–	–	833
Consideration payable on further acquisition of interest in a subsidiary	37	–	–	–	–	–	–	–	–	–	37
Exchange difference recognised in profit or loss	–	4	–	(10)	(1)	–	–	–	–	–	(7)
Settlement of deferred consideration	(21)	–	–	–	–	–	–	–	–	–	(21)
Issue of shares	–	(594)	–	–	–	–	–	–	–	–	(594)
Fair value loss	–	–	–	–	–	–	–	–	39	–	39
New recognition of construction cost payables	–	–	–	–	–	–	–	–	179	–	179
Finance cost recognised	–	–	61	–	–	402	–	7	–	–	470
At 31 August 2024	**366**	**–**	**1,005**	**7,601**	**1,631**	**41**	**–**	**128**	**564**	**14**	**11,350**
Financing cash flows *(Note)*	**–**	**(82)**	**(505)**	**453**	**45**	**(560)**	**–**	**(43)**	**(51)**	**–**	**(743)**
New leases entered	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**25**	**–**	**–**	**25**
Capitalisation of finance cost	**–**	**–**	**–**	**–**	**–**	**62**	**–**	**–**	**–**	**–**	**62**
Dividend recognised as distribution	**–**	**279**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**279**
Exchange difference recognised in profit or loss	**–**	**–**	**–**	**–**	**(1)**	**–**	**–**	**–**	**–**	**–**	**(1)**
Settlement of deferred consideration	**(96)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(96)**
Payables to connected entities of a non-controlling interest	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**42**	**42**
Issue of shares	**–**	**(197)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(197)**
Fair value loss	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**51**	**–**	**51**
New recognition of construction cost payables	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**182**	**–**	**182**
Finance cost recognised	**–**	**–**	**4**	**–**	**–**	**470**	**–**	**12**	**–**	**–**	**486**
At 31 August 2025	**270**	**–**	**504**	**8,054**	**1,675**	**13**	**–**	**122**	**746**	**56**	**11,440**

Note: The cash flows for (i) bank and other borrowings represent the addition and repayment of borrowings, (ii) guaranteed bonds represent the addition and repayment of bonds and (iii) convertible bonds represent the redemption of convertible bonds during the year.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2025

38. RELATED PARTIES DISCLOSURES

Compensation of key management personnel

The remuneration of directors of the Company and other members of key management of the Group during the year are as follows:

	Year ended 31 August	
	2025 *RMB million*	2024 *RMB million*
Short-term benefits	**8**	10
Share-based payments	**–**	–*
	8	10

The remuneration of directors and key executives is determined having regard to the performance of individuals and market trends.

* Less than RMB1 million.

39. SUBSIDIARIES AND CONSOLIDATED AFFILIATED ENTITIES

(a) Particulars of the Company's principal subsidiaries and consolidated affiliated entities

Name of subsidiaries	Date and place of incorporation/ establishment/ operation	Issued and fully paid share capital/ registered capital	Equity interests attributable to the Group As at 31 August 2025	2024	Principal activities
Directly owned					
China Education Group Holdings (BVI) Limited	17 May 2017 British Virgin Islands ("BVI")	US$100	**100%**	100%	Investment holding
Indirectly owned					
China Education Group (Hong Kong) Limited	25 May 2017 Hong Kong	HK$100	**100%**	100%	Investment holding
Huajiao Education (Note i)	13 June 2017 The PRC	HK$2,700,000,000	**100%**	100%	Provision of educational consultancy services
Incentive Elite (Hong Kong) Limited	17 December 2018 Hong Kong	HK$100	**100%**	100%	Investment Holding
King's Own Institute	7 August 2008 Australia	AUD7,000	**100%**	100%	Provision of education services in international market

Notes to the Consolidated Financial Statements

For the year ended 31 August 2025

39. SUBSIDIARIES AND CONSOLIDATED AFFILIATED ENTITIES (Continued)

(a) Particulars of the Company's principal subsidiaries and consolidated affiliated entities (Continued)

Name of subsidiaries	Date and place of incorporation/ establishment/ operation	Issued and fully paid share capital/ registered capital	Equity interests attributable to the Group As at 31 August 2025	2024	Principal activities
Indirectly owned (Continued)					
Aspen Higher Education Pty Ltd	5 May 2015 Australia	AUD1,000	**100%**	100%	Investment holding
Admiral One International Limited	18 May 2021 BVI	US$1	**100%**	100%	Investment holding
London Education Group Limited	19 February 2020 BVI	US$1	**100%**	100%	Investment holding
China Education Group (UK) Limited	19 February 2020 United Kingdom	HK$100	**100%**	100%	Investment holding
Saipolo HK Limited	20 August 2020 Hong Kong	HK$10,000	**100%**	100%	Investment holding
Saipolo Limited	9 July 2020 BVI	US$50,000	**100%**	100%	Investment holding
Long Link	17 September 1991 Hong Kong	HK$10,000	**100%**	100%	Investment holding
Sichuan Jincheng Industrial Development Co., Ltd. 四川錦城實業發展有限公司 ("Sichuan Jincheng") *(Note ii)*	2 November 2004 The PRC	RMB73,640,000	**51%**	51%	Provision of education consulting services
Chengdu Jincheng College 成都錦城學院 *(Note ii)*	9 March 2005 The PRC	RMB70,000,000	**51%**	51%	Provision of education services in domestic market
Sichuan Jincheng Jiachuang Enterprise Management Co., Ltd. 四川錦城佳創企業管理有限公司 *(Note ii)*	26 January 2021 The PRC	RMB2,000,000	**51%**	51%	Provision of education consulting services

Notes to the Consolidated Financial Statements

For the year ended 31 August 2025

39. SUBSIDIARIES AND CONSOLIDATED AFFILIATED ENTITIES (Continued)

(a) Particulars of the Company's principal subsidiaries and consolidated affiliated entities (Continued)

Name of subsidiaries	Date and place of incorporation/ establishment/ operation	Issued and fully paid share capital/ registered capital	Equity interests attributable to the Group As at 31 August 2025	2024	Principal activities
Indirectly owned and controlled through contractual arrangement *(Note iv)*					
Jiangxi University of Technology 江西科技學院 *(Note iii)*	26 July 1999 The PRC	RMB51,680,000	100%	100%	Provision of education services in domestic market
Guangdong Baiyun University 廣東白雲學院 *(Note iii)*	12 March 1999 The PRC	RMB130,000,000	100%	100%	Provision of education services in domestic market
Baiyun Technician College 廣州市白雲工商技師學院 *(Note iii)*	9 April 1996 The PRC	RMB60,000,000	100%	100%	Provision of education services in domestic market
Huafang Education Investment Group (Ganzhou) Company Limited 華方教育投資集團(贛州)有限公司 *(Note ii)*	2 August 2017 The PRC	RMB60,000,000	100%	100%	Provision of education consulting services
Lihe Education Consulting (Ganzhou) Company Limited 禮和教育諮詢(贛州)有限公司 *(Note ii)*	26 July 2017 The PRC	RMB60,000,000	100%	100%	Provision of education consulting services
Lishang Education Consulting (Ganzhou) Company Limited *(Note ii)*	22 December 2017 The PRC	RMB4,800,000	100%	100%	Provision of education consulting services
Youxin Education Consulting (Guangzhou) Company Limited 有信教育諮詢(廣州)有限公司 *(Note ii)*	4 June 2018 The PRC	RMB50,000,000	100%	100%	Provision of education consulting services
Guangzhou Bangrui Education Investment Company Limited 廣州邦瑞教育投資有限公司 *(Note ii)*	9 January 2017 The PRC	RMB50,000,000	100%	100%	Investment holding

Notes to the Consolidated Financial Statements

For the year ended 31 August 2025

39. SUBSIDIARIES AND CONSOLIDATED AFFILIATED ENTITIES (Continued)

(a) Particulars of the Company's principal subsidiaries and consolidated affiliated entities (Continued)

Name of subsidiaries	Date and place of incorporation/ establishment/ operation	Issued and fully paid share capital/ registered capital	Equity interests attributable to the Group As at 31 August 2025	2024	Principal activities
Indirectly owned and controlled through contractual arrangement *(Note iv)* (Continued)					
Zengcheng Songtian Enterprise Company Limited 增城市松田實業有限公司 *(Note ii)*	20 January 1994 The PRC	RMB20,000,000	100%	100%	Investment holding
Guangzhou College of Applied Science and Technology 廣州應用科技學院 *(Note iii)*	14 June 2007 The PRC	RMB20,000,000	100%	100%	Provision of education services in domestic market
Guangzhou Songtian Polytechnic College 廣州松田職業學院*(Note iii)*	6 September 2007 The PRC	RMB20,000,000	100%	100%	Provision of education services in domestic market
Junshi Education Consulting (Ganzhou) Company Ltd. 君時教育諮詢(贛州)有限公司 *(Note ii)*	22 December 2017 The PRC	RMB50,000,000	100%	100%	Provision of education consulting services
Shuren Education Management Company Limited 樹仁教育管理有限公司 *(Note ii)*	6 December 2017 The PRC	RMB150,000,000	100%	100%	Investment holding
Zhengzhou Urban Transit School 鄭州城軌交通中等專業學校 *(Note iii)*	25 October 2010 The PRC	RMB100,000,000	100%	100%	Provision of education services in domestic market
Shangzhi Education Consulting (Ganzhou) Company Ltd. 上智教育諮詢(贛州)有限公司 *(Note ii)*	21 December 2017 The PRC	RMB200,000,000	100%	100%	Provision of education consulting services
Ganzhou Xitie Education Consulting Company Limited (贛州西鐵教育諮詢有限公司) ("Ganzhou Xitie") *(Note ii)*	5 March 2018 The PRC	RMB6,450,000	100%	100%	Provision of education consulting services

Notes to the Consolidated Financial Statements

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39. SUBSIDIARIES AND CONSOLIDATED AFFILIATED ENTITIES (Continued)

(a) Particulars of the Company's principal subsidiaries and consolidated affiliated entities (Continued)

Name of subsidiaries	Date and place of incorporation/ establishment/ operation	Issued and fully paid share capital/ registered capital	Equity interests attributable to the Group As at 31 August 2025	2024	Principal activities
Indirectly owned and controlled through contractual arrangement *(Note iv)* (Continued)					
Shaanxi Xitie Education Investing Company Limited 陝西西鐵教育諮詢有限公司 *(Note ii)*	12 August 2011 The PRC	RMB6,450,000	**100%**	100%	Investment holding
Xi'an Railway Technician College 西安鐵道技師學院*(Note iii)*	24 July 2007 The PRC	RMB50,000,000	**100%**	100%	Provision of education services in domestic market
Huajiao Education Investing Management (Ganzhou) Company Limited *(Note ii)*	21 December 2017 The PRC	RMB20,000,000	**100%**	100%	Investment holding
Renjing Education Consulting (Ganzhou) Company Limited *(Note ii)*	18 April 2018 The PRC	RMB100,000,000	**100%**	100%	Investment holding
Yantai Institute of Science and Technology 烟台科技學院 *(Note iii)*	23 August 2005 The PRC	RMB18,244,300	**100%**	100%	Provision of education services in domestic market
Lexian Education Consulting (Ganzhou) Company Limited *(Note ii)*	18 April 2018 The PRC	RMB200,000,000	**100%**	100%	Investment holding
Chongqing Institute of Foreign Studies 重慶外語外事學院*(Note iii)*	25 July 2003 The PRC	RMB80,000,000	**100%**	100%	Provision of education services in domestic market
Yantai Haijun Property Limited *(Note ii)*	7 December 2009 The PRC	RMB142,582,000	**100%**	100%	Investment holding

Notes to the Consolidated Financial Statements

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39. SUBSIDIARIES AND CONSOLIDATED AFFILIATED ENTITIES (Continued)

(a) Particulars of the Company's principal subsidiaries and consolidated affiliated entities (Continued)

Name of subsidiaries	Date and place of incorporation/ establishment/ operation	Issued and fully paid share capital/ registered capital	Equity interests attributable to the Group As at 31 August 2025	2024	Principal activities
Indirectly owned and controlled through contractual arrangement *(Note iv)* (Continued)					
Hainan Cyber Education Group Company Limited 海南賽伯樂教育集團有限公司 ("Hainan Cyber Education") *(Note ii)*	21 October 1999 The PRC	RMB300,000,000	**60%**	60%	Investment holding
Haikou University of Economics 海口經濟學院 *(Note iii)*	20 June 2008 The PRC	RMB300,000,000	**60%**	60%	Provision of education services in domestic market
Affiliated Art School of Haikou University of Economics 海口經濟學院附屬藝術學校 *(Note iii)*	10 August 2005 The PRC	RMB1,500,000	**60%**	60%	Provision of education services in domestic market
Hainan Zhengyuan Property Service Co., Limited 海南正元物業服務有限公司 *(Note ii)*	14 January 2009 The PRC	RMB2,000,000	**60%**	60%	Provision of management services
Hainan Cyber Education Services Co., Limited 海南賽伯樂教育服務有限公司 *(Note ii)*	29 December 2008 The PRC	RMB300,000,000	**60%**	60%	Provision of education consulting services

Notes to the Consolidated Financial Statements

For the year ended 31 August 2025

39. SUBSIDIARIES AND CONSOLIDATED AFFILIATED ENTITIES (Continued)

(a) Particulars of the Company's principal subsidiaries and consolidated affiliated entities (Continued)

Notes:

i. This subsidiary is a wholly foreign owned enterprise established in the Mainland China.

ii. These subsidiaries are limited liability companies established in the Mainland China.

iii. These subsidiaries are schools established in the Mainland China.

iv. Due to regulatory restrictions on foreign ownership in the schools in the Mainland China, the Company does not have any equity interest in these entities (collectively known as "Consolidated Affiliated Entities"). However, as a result of the contractual arrangements entered by a wholly-owned subsidiary of the Company, Huajiao Education, with the Consolidated Affiliated Entities, the Controlling Equity Holders and other relevant parties (collectively the "Contractual Arrangements"), 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 is therefore considered to have control over the Consolidated Affiliated Entities. Consequently, the Company regards the Consolidated Affiliated Entities as indirect subsidiaries and their financial positions and results are included in the consolidated financial statements for the years ended 31 August 2025 and 2024.

The following balances and amounts of the Consolidated Affiliated Entities were included in the consolidated financial statements:

	Year ended 31 August	
	2025	2024
	RMB million	*RMB million*
Revenue	**6,418**	5,733
Profit before taxation	**895**	1,917

	At 31 August	
	2025	2024
	RMB million	*RMB million*
Non-current assets	**27,123**	26,533
Current assets	**6,603**	5,962
Current liabilities	**8,905**	9,533
Non-current liabilities	**7,595**	7,068

The above table lists the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

None of the subsidiaries had issued any debt securities during the year or at the end of the year.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2025

39. SUBSIDIARIES AND CONSOLIDATED AFFILIATED ENTITIES (Continued)

(b) Non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of non-wholly-owned subsidiaries of the Group that have material non-controlling interests.

Name of subsidiaries	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests At 31 August		Accumulated non-controlling interests At 31 August	
		2025	2024	**2025 RMB million**	2024 RMB million
Hainan Cyber Education and its subsidiaries (collectively "Hainan Education Group")	Mainland China	**40%**	40%	**379**	920
Sichuan Jincheng and its subsidiaries (collectively "Sichuan Education Group")	Mainland China	**49%**	49%	**1,835**	1,765
				2,214	2,685

Summarised financial information in respect of the Group's subsidiary that has material non-controlling interest is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	Hainan Education Group At 31 August		Sichuan Education Group At 31 August	
	2025 RMB million	2024 RMB million	**2025 RMB million**	2024 RMB million
Non-current assets	**5,227**	4,286	**4,015**	4,027
Current assets	**978**	807	**823**	755
Current liabilities	**(2,113)**	(1,756)	**(584)**	(623)
Non-current liabilities	**(2,210)**	(1,801)	**(579)**	(627)
Equity attributable to owners of the Company	**1,503**	616	**1,840**	1,767
Non-controlling interests	**379**	920	**1,835**	1,765

	Hainan Education Group Year ended 31 August		Sichuan Education Group Year ended 31 August	
	2025 RMB million	2024 RMB million	**2025 RMB million**	2024 RMB million
Revenue	**1,256**	1,138	**664**	602
Net cash inflow (outflow) from:				
— operating activities	**690**	870	**217**	487
— investing activities	**(1,079)**	(770)	**(369)**	(395)
— financing activities	**326**	63	**(59)**	1
	(63)	163	**(211)**	93

Notes to the Consolidated Financial Statements

For the year ended 31 August 2025

40. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	At 31 August	
	2025	2024
	RMB million	*RMB million*
NON-CURRENT ASSETS		
Investment in a subsidiary	**4,920**	4,920
Amounts due from subsidiaries	**2,147**	2,552
	7,067	7,472
CURRENT ASSETS		
Amount due from a subsidiary	**577**	710
Other receivables	**8**	–
Bank balances and cash	**17**	9
	602	719
CURRENT LIABILITIES		
Other payables	**7**	8
Other borrowings and bonds	**571**	667
Amounts due to subsidiaries	**13**	13
	591	688
NET CURRENT ASSETS	**11**	31
TOTAL ASSETS LESS CURRENT LIABILITIES	**7,078**	7,503
NON-CURRENT LIABILITY		
Other borrowings and bonds	**855**	1,139
	855	1,139
NET ASSETS	**6,223**	6,364
CAPITAL AND RESERVES		
Share capital	**–***	–*
Reserves	**6,223**	6,364
	6,223	6,364

* Less than RMB1 million.

Notes to the Consolidated Financial Statements

For the year ended 31 August 2025

40. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (Continued)

Movement in the Company's reserves

	Share premium *RMB million*	Share options reserve *RMB million*	Retained profits *RMB million*	Total *RMB million*
At 1 September 2023	6,411	109	80	6,600
Profit and total comprehensive income	–	–	3	3
Dividends recognised as distribution *(note 12)*	(833)	–	–	(833)
Issue of shares *(note 31)*	594	–	–	594
Recognition of equity-settled share-based payments	–	–*	–	–
At 31 August 2024	**6,172**	**109**	**83**	**6,364**
Loss and total comprehensive expense	**–**	**–**	**(59)**	**(59)**
Dividends recognised as distribution *(note 12)*	**(279)**	**–**	**–**	**(279)**
Issue of shares *(note 31)*	**197**	**–**	**–**	**197**
Recognition of equity-settled share-based payments	**–**	**–***	**–**	**–**
At 31 August 2025	**6,090**	**109**	**24**	**6,223**

* Less than RMB1 million.

Financial Summary

RESULTS

	Year ended 31 August				
	2021 *RMB million*	2022 *RMB million*	2023 *RMB million*	2024 *RMB million*	**2025** ***RMB million***
Revenue	3,682	4,756	5,616	6,579	**7,363**
Cost of revenue	(1,507)	(2,002)	(2,452)	(2,935)	**3,437**
Gross profit	2,175	2,754	3,164	3,644	**3,926**
Profit before taxation	1,511	1,969	1,561	500	**826**
Profit for the year	1,472	1,936	1,541	502	**506**

OPERATIONAL DATA

	Year ended 31 August				
	2021	2022	2023	2024	**2025**
Total student enrollment	240,004	304,487	319,824	307,924	**303,073**
Total number of schools	13	14	14	14	**14**
Estimated total capacity for students	261,962	317,131	350,562	378,205	**385,442**

Financial Summary

ASSETS AND LIABILITIES

	At 31 August				
	2021 *RMB million*	2022 *RMB million*	2023 *RMB million*	2024 *RMB million*	**2025** ***RMB million***
Non-current assets	20,870	27,401	28,781	31,059	**31,459**
Current assets	5,876	6,175	6,973	7,764	**7,902**
Current liabilities	(8,492)	(7,613)	(8,232)	(10,388)	**(10,324)**
Net current liabilities	(2,616)	(1,438)	(1,259)	(2,624)	**(2,422)**
Total assets less current liabilities	18,254	25,963	27,522	28,435	**29,037**
Equity attributable to owners of the Company	10,920	14,008	15,574	15,848	**16,744**
Non-controlling interests	837	2,569	2,730	2,685	**2,214**
Total equity	11,757	16,577	18,304	18,533	**18,958**
Non-current liabilities	6,497	9,386	9,218	9,902	**10,079**
Total equity and non-current liabilities	18,254	25,963	27,522	28,435	**29,037**

	At 31 August				
Selected Major Items	2021 *RMB million*	2022 *RMB million*	2023 *RMB million*	2024 *RMB million*	**2025** ***RMB million***
Property, plant and equipment	12,126	15,700	17,668	21,706	**23,362**
Goodwill and other intangible assets	6,432	8,935	8,467	6,578	**4,847**
Bank balances and cash	3,327	4,793	5,177	6,238	**5,797**
Bank and other borrowings and bonds	6,091	8,888	8,603	10,237	**10,233**
Convertible bonds	2,244	3	3	–	**–**
Contract liabilities	2,266	3,178	3,821	4,635	**4,610**

	At 31 August				
Indicator	2021	2022	2023	2024	**2025**
Debt to asset ratio *(Note)*	31.2%	26.5%	24.1%	26.4%	**26.0%**

Note: The debt to asset ratio was calculated on the basis of total amount of bank and other borrowings and bonds and convertible bonds to total assets of the Group.

Glossary

"affiliate"	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Bangrui Education"	Guangzhou Bangrui Education Investment Company Limited (廣州邦瑞教育投資有限公司), a company established in the PRC with limited liability and one of our consolidated affiliated entities
"Blue Sky"	Blue Sky Education International Limited (藍天教育國際有限公司), a controlling shareholder of the Company
"Board"	the board of directors of the Company
"CG Code"	Corporate Governance Code contained in Appendix C1 to the Listing Rules
"China" or "PRC"	the People's Republic of China and for the purposes of this document only, except where the context requires otherwise, references to China or the PRC exclude Hong Kong, Macau and Taiwan
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
"Company"	China Education Group Holdings Limited (中國教育集團控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"consolidated affiliated entities" or "consolidated affiliated entity"	the entities we control through the Contractual Arrangements
"Contractual Arrangements"	the series of contractual arrangements entered into by, among others, Huajiao Education, Mr. Yu, Mr. Xie, Dr. Yu Kai and the relevant consolidated affiliated entities
"controlling shareholders"	has the meaning ascribed to it under the Listing Rules
"Director(s)"	the director(s) of the Company
"Ganzhou Xitie Education"	Ganzhou Xitie Education Consulting Company Limited (贛州西鐵教育諮詢有限公司), a company established in the PRC with limited liability and one of our consolidated affiliated entities

Glossary

"Group", "we", "us", or "our"	the Company, its subsidiaries and its consolidated affiliated entities from time to time
"Hainan Cyber Education"	Hainan Cyber Education Group Co., Ltd. (海南賽伯樂教育集團有限公司), a company incorporated in the PRC with limited liability and a 60% owned consolidated affiliated entity of the Company
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Hong Kong dollars" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Huafang Education"	Huafang Education Investment Group (Ganzhou) Company Limited (華方教育投資集團(贛州)有限公司), one of our consolidated affiliated entities
"Huajiao Education" or "WFOE"	Huajiao Education Technology (Jiangxi) Company Limited (華教教育科技(江西)有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
"independent third party(ies)"	any entity(ies) or persons who is not a connected person of the Company within the meaning ascribed thereto under the Listing Rules
"INED"	independent non-executive directors
"Junshi Education"	Junshi Education Consulting (Ganzhou) Company Limited (君時教育諮詢(贛州)有限公司), a company established in the PRC with limited liability and one of our consolidated affiliated entities
"King's Own Institute" or "KOI"	Australian Institute of Business and Management Pty Ltd (trading as King's Own Institute), a company incorporated in New South Wales, Australia and our member school in Australia
"Lexian Education"	Lexian Education Consulting (Ganzhou) Company Limited (樂賢教育諮詢(贛州)有限公司), a company established in the PRC with limited liability and one of our consolidated affiliated entities
"Lihe Education"	Lihe Education Consulting (Ganzhou) Company Limited (禮和教育諮詢(贛州)有限公司), a company established in the PRC with limited liability and one of our consolidated affiliated entities
"Lishang Education"	Lishang Education Consulting (Ganzhou) Company Limited (禮尚教育諮詢(贛州)有限公司), a company established in the PRC with limited liability and one of our consolidated affiliated entities
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange on the Listing Date

Glossary

"Listing Date"	15 December 2017, the date on which the Shares were listed and on which dealings in the Shares were first permitted to take place on the Main Board of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules
"MOE"	the Ministry of Education of the PRC (中華人民共和國教育部)
"Mr. Xie"	Mr. Xie Ketao (謝可滔), a controlling shareholder of the Company
"Mr. Yu"	Mr. Yu Guo (于果), a controlling shareholder of the Company
"Nanchang Jiangke"	Nanchang Jiangke Education Investment Co., Ltd. (南昌江科教育投資有限公司), a company established in the PRC with limited liability and one of our consolidated affiliated entities
"Renjing Education"	Renjing Education Consulting (Ganzhou) Company Limited (仁敬教育諮詢(贛州)有限公司), a company established in the PRC with limited liability and one of our consolidated affiliated entities
"RMB" or "Renminbi"	Renminbi, the lawful currency of China
"Securities and Futures Ordinance" or "SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Shaanxi Xitie Education"	Shaanxi Xitie Education Investment Company Limited (陜西西鐵教育投資有限公司), a company established in the PRC with limited liability and one of our consolidated affiliated entities
"Shandong Dazhong Cultural"	Shandong Dazhong Cultural Industry Investment Limited (山東大眾文化產業投資有限公司), a company established in the PRC with limited liability and one of our consolidated affiliated entities
"Shangzhi Education"	Shangzhi Education Consulting (Ganzhou) Company Limited (上智教育諮詢(贛州)有限公司), one of our consolidated affiliated entities
"Shareholder(s)"	holder(s) of our Share(s)
"Shares"	ordinary shares in our Company of par value HK$0.00001 each

Glossary

"Shuren Education"	Shuren Education Management Company Limited (樹仁教育管理有限公司), a company established in the PRC with limited liability and one of our consolidated affiliated entities
"Shuzhi Education"	Shuzhi Education Consulting (Ganzhou) Co., Ltd. (術智教育諮詢(贛州)有限公司), a company established in the PRC with limited liability and one of our consolidated affiliated entities
"Songtian Company"	Zengcheng Songtian Enterprise Company Limited (增城市松田實業有限公司), a company established in the PRC with limited liability and one of our consolidated affiliated entities
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed thereto in section 15 of the Companies Ordinance (Chapter 622 of the laws of Hong Kong)
"United States" or "US"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"US dollars" or "US$"	United States dollars, the lawful currency of the United States
"White Clouds"	White Clouds Education International Limited (白雲教育國際有限公司), a controlling shareholder of the Company
"Youxin Education"	Youxin Education Consulting (Guangzhou) Company Limited (有信教育諮詢(廣州)有限公司), a company established in the PRC with limited liability and one of our consolidated affiliated entities
"%"	per cent

The English names of the PRC entities, PRC laws or regulations, PRC awards/accreditations, and the PRC governmental authorities referred to in this annual report are merely translations from their Chinese names and are for identification purposes. If there is any inconsistency, the Chinese names shall prevail.