VIRSCEND EDUCATION COMPANY LIMITED

成實外教育有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1565

A Profound Chinese Foundation,
A Panoramic Global Outlook,
An Innovative Future

2025 ANNUAL REPORT

CONTENTS

COMPANY PROFILE

The Group is a leading provider of formal private education services. The Group conducted its business primarily through 15 entities providing high school, higher education and non-formal education services in five cities in Sichuan Province, China, Hong Kong SAR and Irvine, the United States. For academic year 2025-2026, the total student enrolment of the Group's self-operated schools was 34,518, with 9,551 students enrolled in the high-schools, 24,967 students enrolled in Chengdu International Studies University (the "**University**") and 13,895 students enrolled in our network schools, and we employed an aggregate of 1,736 teachers in China. In addition, the Group operates the Virscend University located in Irvine, California, the United States. In March 2024, Virscend University received full accreditation from WASC Senior College & University Commission (WSCUC). Virscend University currently offers Master of Business Administration and Bachelor of Science in Business Administration program.

We currently operate 8 high schools and one university in five cities in Sichuan Province, China. Through these schools, we offer formal education with comprehensive education programs. We are one of the few private education companies in Southwest China that offer high school and university education. The Group aspires to provide a pathway to first-tier universities in China and reputable colleges and universities abroad for interested students.

All the standalone high schools within the Group and the schools providing compulsory education being deconsolidated since 31 August 2021 (collectively as "**Chengshiwai Schools**") are stand-alone legal entities but still operating with the same brands as "branch campus" of Chengdu Foreign Languages School and Chengdu Experimental Foreign Languages School which are the two Flagship Schools.

For Gaokao administered in 2025 (the "**2025 Gaokao**"), approximately 90.1% (2024: 89.2%) of graduates from the Flagship Schools who achieved scores that allowed them to apply for and be accepted by first-tier universities in China. 34 of their graduating high school students received offers from Peking University or Tsinghua University (2024: 27) and 82 of their graduating high school students were recommended for admission into first-tier universities without taking the Gaokao (2024: 82). A student from the Group's Flagship Schools secured the highest score in the 2025 Gaokao Science (Physics) stream of Sichuan Province. Meanwhile, another student from the Flagship Schools ranked among the top 5 in 2025 Gaokao Arts (History) stream of Sichuan Province.

Other than the Flagship Schools, for 2025 Gaokao, approximately 80.4% (2024: 80.9%) of graduates from the rest Chengshiwai Schools achieved scores that allow them to apply for University admission. Such a ratio well exceeded the average University admission rate of schools in Sichuan Province of approximately 41.9% (2024: 36.5%). Notably, three students from the Group's newly founded high schools have been admitted to Tsinghua University and Peking University with remarkable Gaokao achievements respectively.

For students who are interested in attending colleges and universities overseas, the Group established international programs at various schools under which PRC/overseas standard high-school curriculum, overseas standardised college entrance examinations, language testing examinations or Advanced Placement ("**AP**") courses and General Certificate of Education Advanced Level ("**A Level**") courses are offered to them. Such programs allow students to take overseas high-school curriculum taught by foreign teachers as well as PRC high-school curriculum taught by PRC teachers. In 2025, the Group's international program continues to demonstrate solid results in University placements. The Class of 2025 has achieved unprecedented result to securing four Ivy League admissions offers while maintaining the Group's provincial leadership position in international education. Notably, over 70% of graduates from the Group's AP/A-Level program gained admission to institutions ranked within the top 50 universities in the QS World University Rankings, marking the highest achievement rate among all international schools/departments in Sichuan Province. In 2025 and 2024, 184 and 130 of students received offers from the top 100 universities in the QS World University Rankings respectively.

The University currently offers 34 undergraduate programs and 35 diploma programs. In the 2025 edition of Wu Shulian's "China's Independent Colleges and Private Universities Rankings", benefiting from improved academic strength, its ranking rose by two positions to the 2nd place in the liberal arts category among all participating independent colleges and private universities nationwide.

Through over 20 years of operating private schools in Sichuan Province, we believe that we have established a strong reputation, which helps us attract high-quality students and teachers and pave the way for our success. We intend to maintain and strengthen our market position in the private education industry in China.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Ms. Wang Xiaoying *(Chairwoman of the Board)*
Mr. Yan Yude *(Chief Executive Officer)*
Mr. Ye Jiayu
Mr. Deng Bangkai

Independent Non-executive Directors

Mr. Sit Chiu Wing
Mr. Chan Kim Sun
Mr. Yin Dajia (appointed on 16 January 2025)

AUDIT COMMITTEE

Mr. Chan Kim Sun *(Chairman)*
Mr. Sit Chiu Wing
Mr. Yin Dajia (appointed on 16 January 2025)

REMUNERATION COMMITTEE

Mr. Sit Chiu Wing *(Chairman)*
Mr. Yan Yude
Mr. Yin Dajia (appointed on 16 January 2025)

NOMINATION COMMITTEE

Mr. Sit Chiu Wing *(Chairman)*
Ms. Wang Xiaoying
Mr. Yin Dajia (appointed on 16 January 2025)

AUTHORISED REPRESENTATIVES

Ms. Wang Xiaoying
Mr. Deng Bangkai

COMPANY SECRETARY

Mr. Deng Bangkai

LEGAL ADVISORS

As to Hong Kong law:
Morgan, Lewis & Bockius
19/F, Edinburgh Tower
The Landmark
15 Queen's Road Central
Hong Kong

As to Cayman Islands law:
Conyers Dill & Pearman
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

AUDITOR

KTC Partners CPA Limited
Certified Public Accountant
1305-07, 13/F., New East Ocean Centre
9 Science Museum Road
Tsimshatsui East
Kowloon
Hong Kong

CORPORATE INFORMATION

REGISTERED OFFICE

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

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

No. 18 Sandongqiao Road
Jinniu District
Chengdu
The PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 2207B, 22/F.,
Kodak House II
No. 39 Healthy Street East
Quarry Bay
Hong Kong

CAYMAN ISLANDS SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG SHARE REGISTRAR

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

PRINCIPAL BANK

Industrial and Commercial Bank of China

INVESTOR RELATIONS

Mr. Chen Keyu
Investor Relations Manager
Email: ir@virscendeducation.com
Address: No. 18 Sandongqiao Road, Jinniu District,
Chengdu, the PRC

COMPANY'S WEBSITE

www.virscendeducation.com

STOCK CODE

1565

DATE OF LISTING

15 January 2016

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

FIVE YEARS COMPARISON OF KEY FINANCIAL FIGURES

Result of operation

	For the eight months ended 31 December 2021 RMB'000	For the year ended 31 August 2022 RMB'000	For the year ended 31 August 2023 RMB'000	For the year ended 31 August 2024 RMB'000	**For the year ended 31 August 2025 RMB'000**
Revenue	253,546	551,118	762,268	955,107	**1,083,741**
Gross profit/(loss)	(656)	167,607	251,775	312,806	**338,617**
Profit/(loss) for the year/period	(198,855)	3,891	38,561	53,956	**57,601**
Adjusted net profit/(loss) *(note)*	(107,051)	12,091	57,221	69,913	**71,543**
Adjusted net profit/(loss) attributable to owners of the parent *(note)*	(102,908)	19,886	50,923	60,966	**71,638**
Basic earning per share (RMB)	(0.58)	0.00	0.01	0.02	**0.02**

Note: The adjustment represented 1) exchange gains or loss, 2) one-off settlement payment arising from converting the University from independent college to a private higher education institution, 3) amortization of intangible assets arising from the acquisition of school, and 4) gain on disposal of an associate.

Financial ratio

	For the eight months ended 31 December 2021	For the year ended 31 August 2022	For the year ended 31 August 2023	For the year ended 31 August 2024	**For the year ended 31 August 2025**
Gross profit/(loss) margin (%)	-0.3%	30.4%	33.0%	32.8%	**31.2%**
Net profit/(loss) margin (%)	-78.4%	0.7%	5.1%	5.6%	**5.3%**
Adjusted net profit/(loss) margin (%)	-42.2%	2.2%	7.5%	7.3%	**6.6%**

FINANCIAL HIGHLIGHTS

Assets and liabilities

	As at 31 August 2021 RMB'000	As at 31 August 2022 RMB'000	As at 31 August 2023 RMB'000	As at 31 August 2024 RMB'000	**As at 31 August 2025 RMB'000**
Non-current assets	3,559,905	3,494,838	3,510,881	3,499,467	**3,351,481**
Current assets	1,358,869	471,301	1,024,382	968,577	**1,073,199**
Current liabilities	3,083,102	1,294,850	1,755,561	1,649,370	**1,805,428**
Net current liabilities	(1,724,233)	(823,549)	(731,179)	(680,793)	**(732,229)**
Total assets less current liabilities	1,835,672	2,671,289	2,779,702	2,818,674	**2,619,252**
Non-current liabilities	974,816	1,872,947	1,936,936	1,978,331	**1,759,690**
Total equity	860,856	798,342	842,766	840,343	**859,562**
Property, plant and equipment	2,360,938	2,448,030	2,643,837	2,427,683	**2,357,705**
Cash and cash equivalents	631,735	389,265	756,413	813,180	**954,998**
Contract liabilities	428,516	580,495	753,100	731,527	**743,217**
Interest-bearing bank and other borrowings	1,334,360	1,426,687	2,117,208	2,099,943	**2,140,155**

Financial ratio

	As at 31 August 2021	As at 31 August 2022	As at 31 August 2023	As at 31 August 2024	**As at 31 August 2025**
Current ratio	0.44	0.36	0.58	0.59	**0.59**
Gearing ratio *(note)*	155.0%	178.7%	251.2%	249.9%	**249.0%**

Note: Gearing ratio equals total debt divided by total equity as of the end of the year. Total debt means all interest-bearing bank and other borrowings.

Cash flows

	For the eight months ended 31 December 2021 RMB'000	For the year ended 31 August 2022 RMB'000	For the year ended 31 August 2023 RMB'000	For the year ended 31 August 2024 RMB'000	**For the year ended 31 August 2025 RMB'000**
Net cash from operating activities	819,347	256,774	251,651	471,428	**429,716**

CHAIRWOMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board, I hereby present the annual report of the Group for the year ended 31 August 2025.

RESULTS AND DIVIDENDS

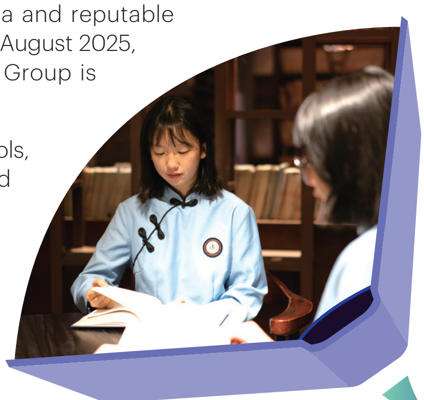
The Group's audited adjusted net profit for the year ended 31 August 2025 was RMB71.5 million representing an increase of RMB1.6 million compared to the corresponding year ended 31 August 2024. Revenue for the year ended 31 August 2025 increased to RMB1,083.7 million representing an increase rate of 13.5%.

Besides payment of an interim dividend of HKD0.8 cents per share, The Board has resolved to recommend the payment of a final dividend of HKD0.2 cents per share and a special dividend of HKD0.3 cents per share in respect of the year ended 31 August 2025.

BUSINESS HIGHLIGHTS

Fundamental Education

Through over 20 years of operating private schools in Sichuan Province, the Group has established a strong reputation and believes that the schools are highly recognizable in China, particularly Chengdu, Sichuan Province and are often viewed by students and their parents as a pathway to first-tier universities in China and reputable colleges and universities abroad. For the year ended 31 August 2025, the total number of the high school students of the Group is 9,609, representing a growth rate of 13.6%.



Leveraged on the Group's credential in operating schools, the Group provided educational management and consultation services to thirteen schools including seven kindergartens, two K9 schools, one K12 school, two compound middle and high schools, and one high school.

Higher Education

The University currently offers 34 undergraduate programs and 35 diploma programs. In the 2025 edition of Wu Shulian's "China's Independent Colleges and Private Universities Rankings", benefiting from improved academic strength, its ranking rose by two positions to the 2nd place in the liberal arts category among all participating independent colleges and private universities nationwide. For the year ended 31 August 2025, the total number of university students is 24,698, representing an increase rate of 12.9%.

In March 2024, Vriscend University received full accreditation from WSCUC representing a key milestone of our overseas development and recognition of education quality and development future by reputable United States education body.

CHAIRWOMAN'S STATEMENT

PROSPECTS

The "2021 Implementation Rules" brought significant impact on the Group's current business operation as well as future development plan. The Group will focus of following three business aspects of providing: non-compulsory formal education services to students through its boarding students, educational management services to third party owned preK-12 schools and non-educational students related services.

The formal education services offered to higher education and high school students: the Group will seek opportunity of setting up new high-schools, further increase the campus utilization of existing high schools and universities and increase the tuition fees gradually.

Non-formal education services offered to third party owned preK-12 schools: the demand for such service is growing because the network preK-12 schools delivered significant improvement in operation and education quality which was attributed to many public and private schools joining the network.

Non-educational students related services: although the Group will no longer consolidate the Affected Entities, the Group is still seeking business opportunity by providing to students enrolled in schools of the Affected Entities non-educational services such as student's local life services, after-class non-subject based activities, overseas study consultancy services and etc.

APPRECIATION

On behalf of the Board, I would like to thank all our Shareholders and stakeholders for their continued trust and confidence. I would also like to extend our sincere gratitude to the management and the staff to carry out the Group's strategies with outstanding professionalism, integrity and dedication. The Group will strive to continue to expedite the development of our business and focus on maximizing returns to Shareholders.

Wang Xiaoying
Chairwoman
Hong Kong, 27 November 2025

BUSINESS REVIEW

The Group primarily engages in provision of formal private education services. PRC formal education industry primarily consists of fundamental education and higher education. The PRC fundamental education market can be further divided into four phases: pre-school, primary school, middle school and high school. Among the four phases of fundamental education, primary school and middle school constitute the nine-year compulsory education, while pre-school and high school constitute the non- compulsory education.

As at 31 August 2025, the Group conducted its business primarily through 15 entities providing high school, higher education and non-formal education services in five cities in Sichuan Province, China, Hong Kong SAR and Irvine, the United States. Those 15 entities are categorized based on the table disclosed on page 16 of this report. Through these schools, the Group primarily offers formal education with comprehensive education programs.

Besides, in 2024/2025, the Group offered educational management and consultation service to thirteen schools including seven kindergartens, two K9 schools, one K12 school, two compound middle and high schools, and one high school.

For academic year 2025-2026, the total student enrolment of the Group's self-operated schools was 34,518, with 9,551 students enrolled in the high schools and 24,967 students enrolled in University.

High School Student Placement

All the standalone high schools within the Group and the schools providing compulsory education being deconsolidated since 31 August 2021 (collectively as "Chengshiwai Schools") are stand-alone legal entities but still operating with the same brands as "branch campus" of Chengdu Foreign Languages School and Chengdu Experimental Foreign Languages School which are the two Flagship Schools.

For Gaokao administered in 2025 (the "**2025 Gaokao**"), approximately 90.1% (2024: 89.2%) of graduates from the Flagship Schools who achieved scores that allowed them to apply for and be accepted by first-tier universities in China. 34 of their graduating high school students received offers from Peking University or Tsinghua University (2024: 27) and 82 of their graduating high school students were recommended for admission into first-tier universities without taking the Gaokao (2024: 82). A student from the Group's Flagship Schools secured the highest score in the 2025 Gaokao Science (Physics) stream of Sichuan Province. Meanwhile, another student from the Flagship Schools ranked among the top 5 in 2025 Gaokao Arts (History) stream of Sichuan Province.

Other than the Flagship Schools, for 2025 Gaokao, approximately 80.4% (2024: 80.9%) of graduates from the rest Chengshiwai Schools achieved scores that allow them to apply for University admission. Such a ratio well exceeded the average University admission rate of schools in Sichuan Province of approximately 41.9% (2024: 36.5%). Notably, three students from the Group's newly founded high schools have been admitted to Tsinghua University and Peking University with remarkable Gaokao achievements respectively.

In 2025, the Group's international program continues to demonstrate solid results in University placements. The Class of 2025 has achieved unprecedented result to securing four Ivy League admissions offers while maintaining the Group's provincial leadership position in international education. Notably, over 70% of graduates from the Group's AP/A-Level program gained admission to institutions ranked within the top 50 universities in the QS World University Rankings, marking the highest achievement rate among all international schools/departments in Sichuan Province. In 2025 and 2024, 184 and 130 of students received offers from the top 100 universities in the QS World University Rankings respectively.

Besides, in 2025, 53 students from Chengshiwai Schools (2024: 58) won first prize in provincial academic contests including mathematics, physics, chemistry, biology and information science ("Five Academic Contests"). 6 of Chengshiwai Schools students (2024: 14) were elected into the Sichuan provincial contests teams. Furthermore, 3 of Chengshiwai Schools students (2024: 7) won the gold medal in national Five Academic Contests, 2 of Chengshiwai Schools students (2024: 5) were elected into the national team.

Chengdu International Studies University

Currently, the University offers 34 undergraduate programs and 35 diploma programs. In the 2025 edition of Wu Shulian's "China's Independent Colleges and Private Universities Rankings", benefiting from improved academic strength, its ranking rose by two positions to the 2nd place in the liberal arts category among all participating independent colleges and private universities nationwide.

Boasting strong strength in foreign language programs, the University has 30 foreign language-related majors covering 16 foreign languages ranked no. 1 in terms of number in Sichuan Province. In addition, the University also provides 35 (2024: 28) other language-related programs. It enrolls students from 27 provinces (2024: 27), municipalities directly under the Central Government and autonomous regions across the country, with a total of 24,967 full-time students as at 31 August 2025 (2024: 24,698).

In 2025, the University's key teaching developments are as follows: two of its courses were officially approved as National First-Class Undergraduate Courses, and another two courses were recognized as Sichuan Provincial Application-Oriented Brand Courses.

Tuition and other ancillary education fee

During the year ended 31 August 2025, the Group has witnessed growth of the schools operated by the Group in terms of revenue. Revenue increased from RMB955.1 million for the year ended 31 August 2024 to RMB1,083.7 million for the year ended 31 August 2025. The Group generated its revenue from student fees. Student fees are typically comprised of tuition fees, boarding fees and consultation services fees for overseas studies.

The following table sets forth the breakdown of the revenue of the Group:

	For the year ended 31 August 2025 RMB'000	For the year ended 31 August 2024 RMB'000	Change RMB'000	Percentage Change
Tuition fees	**874,810**	760,118	+114,692	+15.1%
Boarding fees	**59,346**	52,582	+6,764	+12.9%
School canteen operations fees	**90,731**	80,662	+10,069	+12.5%
Educational management and consultation service fees	**21,610**	21,747	-137	-0.6%
Non-formal education services	**24,236**	22,492	+1,744	+7.8%
Consultation services fees for overseas studies	**10,218**	14,496	-4,278	-29.5%
Others	**2,790**	3,010	-220	-7.3%
	1,083,741	955,107	+128,634	+13.5%

The following table sets forth the revenue generated by each of the categories of the schools:

	For the year ended 31 August 2025 RMB'000	For the year ended 31 August 2024 RMB'000	Change RMB'000	Percentage Change
High school	**453,717**	393,360	+60,357	+15.3%
University	**421,093**	366,758	+54,335	+14.8%
Total tuition fees	**874,810**	760,118	+114,692	+15.1%

The rise of the total revenue of the Group was mainly attributable to the combined effects: (i) the increase in tuition fees, boarding fees and canteen operations fees in line with the increase of the Group's student enrolment; and (ii) the increase in non-formal education service fees.

The following table sets forth the average tuition fees of each of the categories of the schools operated by the Group:

Categories of the schools	**2025/2026 Average Tuition Fees RMB**	2024/2025 Average Tuition Fees RMB	2023/2024 Average Tuition Fees RMB
High school – domestic program	**45,869**	44,101	44,020
High school – international program	**143,484**	141,769	133,374
University	**17,298**	17,028	16,767

Student Enrollment

The table below sets forth information relating to the student enrollment for each of the categories of schools operated by the Group:

	2025/2026	2024/2025	2023/2024
High school students – domestic program	**9,003**	9,080	8,019
High school students – international program	**548**	529	436
University students	**24,967**	24,698	21,884
Total number of students	**34,518**	34,307	30,339

Teachers

	2024/2025	2023/2024
Total number of teachers	**1,736**	1,513

The Group believes the quality of education provided is strongly tied to the quality of its teachers. The Group considers that teachers who are capable of and are dedicated to teaching will be instrumental in shaping the learning habits of students, which will be crucial to the Group's success and educational philosophy. The Group seeks to hire teachers who (i) demonstrate outstanding teaching track records; (ii) hold necessary academic credentials (i.e. bachelor and above); (iii) are passionate about education and improving students' academic performance and overall well-being; (iv) demonstrate competence in their subject areas; (v) possess strong communication and interpersonal skills; and (vi) are able to effectively use a variety of teaching tools and methods tailored to their students.

For academic year 2024/2025, the Group had 1,736 teachers, of which all hold a bachelor's degree or above, and approximately 54.6% hold a master's degree or above. Most of our teachers are full-time teachers. The Group also values the recognition bestowed upon teachers who have achieved teaching excellence. Approximately 19.8% of our teachers held the advanced teaching qualification, and 63 of our teachers were recognised as exceptional teachers. The Group offers mandatory and continuing training courses and seminars to our teachers and offers mandatory professional teaching technique training courses for newly hired teachers.

Future Development

The Group is optimistic about the strong demand for high-quality private education in Southwest China backed by the strong brand reputation and recognition of our schools. In order to solidify and strengthen its market-leading position in the region, the Group intends to achieve future growth by means of multiple expansion strategies. Specifically, the Group plans to undertake the following strategies:

(i) establishment of new high schools (primarily under asset-light model) by collaborating with third-party business partners;

(ii) increasing of utilisation rate of our existing school network and tuition fee;

(iii) establishment of international education programs within the Group's schools or third party owned schools and provision of overseas studies consulting services;

(iv) provision of non-formal education services:

  a. provide educational management and consultation services to K-12 schools and pre-schools;

  b. collaborate with certain commercial property owners to establish one-stop comprehensive education program; and

  c. student's local life services, after-class non-subject based activities and etc.

(i) Establishment of new high schools (primarily under asset-light model) by collaborating with third-party business partners

No new high school was established during the Reporting Period. The Group continuously evaluates potential business opportunity in setting up new high school in various cities.

(ii) Increase in utilisation rate of our existing school network and tuition fee

School Utilisation

Utilisation rate is calculated as total the number of students enrolled divided by the estimated capacity for a given school either already commenced operation or under construction. The Group's schools are generally boarding schools.

	2025/2026	2024/2025
Total number of students enrolled	**34,518**	34,307
Total student capacity	**46,520**	48,020
Overall utilisation rate	**74.2%**	71.4%

Tuition Fee

On 15 May 2020, the Education Department of Sichuan Province and two other departments issued the "Notice on Improving the Price Management of Private Higher Education Institution and Strengthening Operational and Post-operational Oversight in our Province" (《關於完善我省民辦高校價格管理方式加強事中事後監督的通知》), which set out opinions and requirements in respect of determining tuition fee of higher education institutions and permitted such institutions to adjust the tuition fee and related fees every three years since September 2020. Based on the new policies, the tuition fees for new undergraduate and diploma students of University increased to RMB18,000 and RMB15,900 since 2024/2025 academic year.

The following table sets forth the standard of current tuition fee:

Category of schools	Current tuition fee standard
High school	Range from RMB30,000 to RMB59,800
University	Range from RMB15,000 to RMB20,000 (diploma)
	Range from RMB17,000 to RMB20,000 (bachelor)
High-school international program	Range from RMB96,000 to RMB148,000

(iii) Establishment of international education programs within our schools and provision of overseas studies consulting services

In addition to traditional high-school programs, the Group also established the international department. Through nearly six years' development, the international department has managed several programs with elite international partners, mainly operating Advanced Placement (AP)/A-Level center.

The AP/A-Level Center claimed top honors in Southwest China in both of the 2022 and 2023 editions of the KingLead "China International School Competitiveness Ranking" — which covers admissions to universities in the UK and the US. Sustaining its outstanding performance, the Center retained its regional leading position by securing first place once again in 2025. Additionally, per the recently released Yixiao 2025 High School Rankings for Overseas Study, it has made ranked as the national top 100, ranking 34th nationwide and achieving the remarkable feat of topping the list in Sichuan Province.

Since 2022, the Group has expanded its layout of educational products. Beyond the traditional Anglo-American international programs, it has further extended its international education programs into Europe and Asia. Meanwhile, based on the school curriculum, the Group has developed matrix-based academic expansion projects and social practice projects. In addition, the Group provides diversified further education placement services, enabling students to secure offers from universities across the globe.

The international department also expanded its business by offering overseas study consulting services to our own students since later 2019 and recorded revenue of RMB10.2 million in 2024/2025 school year.

(iv) Provision of non-formal education services

a. Educational management and consultation services

Since 2019, the Group entered into school management cooperation agreements with certain K-12 public schools and kindergartens to provide education management and consultation services including, among others, education quality control, curriculum development, daily operation, teachers recruitment and training, branding, teaching methodology support and campus design. As at 31 August 2025, the Group provided education management and consultation services to totally thirteen schools including seven kindergartens, two K9 schools, one K12 school, two compound middle and high schools, and one high school.

In 2025, the Group has entered into cooperation agreements with two new kindergartens and one compound middle and high school.

MANAGEMENT DISCUSSION AND ANALYSIS

b. *One stop comprehensive education program*

The Group has been cooperating with certain commercial property owners to establish one-stop comprehensive education program in commercial complex with a floor area of approximately 5,000 to 10,000 square meters where various types of tailor-made education services will be offered to both the parents and their children simultaneously. In addition, it provides curriculum and management output services for institutions and individuals who intend to invest in the education program. The high-quality education courses independently developed and iterated by the Group offered among others, Chinese traditional culture, STEAM (Science, Technology, Engineer, Arts and Mathematics), and sports. The daily management of enrollment, recruitment, teaching and research of all educational projects implements the operation mode of unified scheduling of the complex but relatively independently operation of sub-projects. The Group recorded revenue of RMB24.2 million in 2024/2025 academic year.

Building on this positive momentum, the Group has finalized plans to expand its presence in the district by opening a second site in 2025. This strategic expansion will effectively double the Group's service capacity while maintaining the proven operational model of the Group's flagship store, complemented by select new enhancements.

c. *Student's local life services, after-class non-subject based activities*

The Group is still seeking business opportunity to providing non-educational student's local life service such as accommodation, canteen and after-class caring to the students enrolled in schools within the affected entities that the Group lost control since 31 August 2021.

The following table shows a summary of the number of our schools by category as of the dates indicated:

Category of schools	**Self-owned schools established as at 31 August 2025**	Schools under education management service established as at 31 August 2025
High school	**8**	1
Kindergarten	**—**	7
University (China)	**1**	—
University (United States)	**1**	—
Schools providing non-formal education services	**5**	—
K9 schools	**—**	2
K12 schools	**—**	1
Compound middle and high school	**—**	2
	15	13

Category of schools	Self-owned schools established 2025/2026	Schools under education management service established 2025/2026
High school	**7**	1
Kindergarten	**—**	7
University (China)	**1**	—
University (United States)	**1**	—
Schools providing non-formal education services	**5**	—
K9 schools	**—**	2
K12 schools	**—**	1
Compound middle and high school	**—**	2
	14	13

Risk Management

The Group is exposed to various risks in the operations of the Group's business and the Group believes that risk management is important to the Group's success. Key operational risks faced by the Group include, among others, changes in general market conditions and perceptions of private education, changes in the regulatory environment in the PRC education industry, the ability of the Group to offer quality education to students, the ability of the Group to increase student enrollment and/or raise tuition fees, the potential expansion of the Group into other regions in Southwest China, availability of financing to fund the Group's expansion and business operations and competition from other school operators that offer similar quality of education and have similar scale.

In addition, the Group also faces numerous market risks, such as interest rate and liquidity risks that arise in the normal course of the Group's business.

Interest Rate Risk

The Group's fair value interest rate risk relates primarily to its fixed-rate bank borrowings. The Group is also exposed to cash flow interest rate risk through the impact of rate changes on interest bearing financial assets and liabilities, mainly bank balances and bank borrowings which carry interest at prevailing market interest rates. It is the Group's policy to keep certain borrowings at floating rates of interest so as to minimize the fair value interest rate risk. The Group currently does not use any derivative contracts to hedge its exposure to interest rate risk. However, the Directors will consider hedging significant interest rate risk should the need arise.

Liquidity Risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank borrowings. The Group regularly reviews its major funding positions to ensure that it has adequate financial resources in meeting its financial obligations.

To properly manage these risks, the Group has established the following risk management structures and measures:

- the Board is responsible and has the general power to manage the Group's operations of the schools, and is in charge of managing the overall risks of the Group. It is responsible for considering, reviewing and approving any significant business decisions involving material risk exposures, such as the Group's decisions to expand its school network into new geographic areas, to raise the Group's tuition fees, and to enter into cooperative business relationships with third parties to establish new schools;
- the Group maintains insurance coverage, which the Group believes is in line with customary practice in the PRC education industry, including school liability insurance; and
- the Group has made arrangements with the Group's lenders to ensure that the Group will be able to obtain credit to support its business operation and expansion.

Environment, Health and Safety

The businesses of the Group are not in violation of the applicable PRC environmental laws and regulations in any material aspects.

The Group is dedicated to protecting the health and safety of the students. The Group has on-site medical staff or health care personnel at each of the schools the Group operates to handle routine medical situations involving students. In certain serious and medical emergency situations, the Group promptly sends the students to local hospitals for treatment. With respect to school safety, the Group engaged a qualified property management company to provide property security services at the Group's school premises.

As far as the Board and management of the Company are aware, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the Reporting Period, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

FINANCIAL REVIEW

Revenue

Revenue, which is also the Group's turnover, represents the value of services rendered, made to its students during the year ended 31 August 2025 and 2024. Revenue of the Group is primarily derived from tuition fees, boarding fees, school canteen operation fees and consultation services fees for overseas studies the Group's schools collected from students, as well as educational management and consultation service fees received by the Group from private schools and government owned schools.

For the year ended 31 August 2025, revenue of the Group amounted to RMB1,083.7 million. This represents an increase of RMB128.6 million or 13.5%, as compared with revenue of the Group for the year ended 31 August 2024. This increase was primarily attributed to the increase in revenue from tuition fees, school canteen operation fees and boarding fees, being the increase of RMB114.7 million, or 15.1% in revenue from tuition fees to RMB874.8 million for the year ended 31 August 2025, and the increase of RMB10.1 million, or 12.5% in revenue from school canteen operations fees to RMB90.7 million for the year ended 31 August 2025, and the increase of RMB6.8 million, or 12.9% in revenue from boarding fees to RMB59.3 million for the year ended 31 August 2025. The tuition fees, school canteen operation fees and boarding fees which the Group received increase mainly attributable to (i) the increase in the number of students enrolled in 2024/2025 school year, and (ii) the increase in the average tuition fee of schools of the Group.

Cost of Sales

Cost of sales primarily consists of staff costs, depreciation and amortization, utilities, cost of repairs, office expense, property management service fee, rent costs, student subsidies, student scholarship costs and other costs.

For the year ended 31 August 2025, cost of sales of the Group amounted to RMB745.1 million. This represents an increase of RMB102.8 million or 16.0%, as compared with cost of sales of the Group for the year ended 31 August 2024. This increase was primarily attributable to:

(1) staff costs increased by RMB26.4 million, or 9.7%, compared with that of the last year, which was attributable to the increase in the number of teachers recruited in 2024/2025 school year. The increase in the number of students enrolled in existed schools gave rise to the increase in the number of teachers recruited;

(2) direct material costs of canteen operation costs increased by RMB9.0 million, or 13.3%, compared with that of the last year, which was mainly due to the increase in the number of students and continuous improvements in quality of catering service in the year ended 31 August 2025; and

(3) student scholarship costs increased by RMB16.8 million, or 29.4%, compared with that of the last year, which was mainly due to in the increase in the number of students enrolled in 2024/2025 school year.

Gross Profit and Gross Profit Margin

For the year ended 31 August 2025, gross profit of the Group amounted to RMB338.6 million, with gross profit margin of 31.2%. For the year ended 31 August 2024, gross profit of the Group amounted to RMB312.8 million, with gross profit margin of 32.7%.

The gross profit margin of the Group has maintained a steady level, reflecting the Group's stable profitability.

Selling and Distribution Expenses

Selling and distribution expenses primarily consist of advertising expenses, student admission expenses and business entertainment expenses.

For the year ended 31 August 2025, selling and distribution expenses of the Group amounted to RMB8.5 million. This represents a decrease of RMB2.5 million or 22.5%, as compared with selling and distribution expenses of the Group for the year ended 31 August 2024. The decrease in selling and distribution expenses was primarily due to cost control measures.

Administrative Expenses

Administrative expenses primarily consist of the salaries and other benefits for general and administrative staff, consultation service fees for legal, audit, business development and evaluation services, office-related expenses, depreciation of office buildings and equipment, travel expenses, business advisory service fees and other expenses.

For the year ended 31 August 2025, administrative expenses of the Group amounted to RMB148.0 million. This represents an increase of RMB29.5 million or 24.9%, as compared with administrative expenses of the Group for the year ended 31 August 2024. This increase was primarily attributable to more expenses incurred with the increase in the number of students in the existing school.

Other Income and Gains

Other income and gains primarily consist of foreign exchange gain, bank interest income, other interest income, government grants and rental income from leasing certain of the Group's properties to independent third parties.

For the year ended 31 August 2025, other income and gains of the Group amounted to RMB19.7 million. Other income and gains were broadly in line with that of the last year.

Other Expenses and Other Losses

Other expenses and other losses consist primarily of allowance for credit losses on financial assets, foreign exchange loss, and disposal of various fixed assets.

For the year ended 31 August 2025, other expenses of the Group amounted to RMB22.0 million. This represents an increase of RMB3.3 million or 17.6%, as compared with other expenses of the Group for the year ended 31 August 2024. This increase was primarily attributable to the change in fair value of loss allowance related to financial guarantee contracts.

Finance Costs

Finance costs primarily consist of the interest expenses for bank and other borrowings.

For the year ended 31 August 2025, finance costs of the Group amounted to RMB118.9 million. This represents a decrease of RMB7.4 million or 5.9%, as compared with finance costs of the Group for the year ended 31 August 2024. The decrease was primarily attributable to the interest expenses for the bank and other borrowings of RMB118.0 million for the year ended 31 August 2025, representing a decrease of RMB8.0 million as compared to the interest expenses of RMB126.0 million for the year ended 31 August 2024.

Capital Commitments

The following table sets forth a summary of capital commitments as at the dates indicated:

	2025 **RMB'000**	2024 RMB'000
Contracted, but not provided for:		
Land and buildings, equipment	**31,080**	197,241

Gearing Ratio

The gearing ratio of the Group, which was calculated as total bank and other borrowings divided by total equity as at the end of the period, decrease from approximately 249.9% as at 31 August 2024 to approximately 249.0% as at 31 August 2025, primarily due to the decrease in the Group's interest-bearing other loans.

Exposure to Fluctuations in Exchange Rates and Any Related Hedges

Almost all of the income and expenditure of the Group were denominated in Hong Kong Dollar and Renminbi. In view of the stability of the exchange rates among these two currencies, the Group has not been subject to exchange rate fluctuation exposure and thus no financial instruments have been adopted for hedging purpose.

Contingent Liabilities

As at 31 August 2025, the Group had no material contingent liabilities (31 August 2024: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Significant Investments, Acquisitions and Disposals

There were no significant investments held as at 31 August 2025, nor other material acquisitions and disposals of subsidiaries and associated companies during the Reporting Period.

Pledge of Assets

As at 31 August 2025, RMB44.3 million (2024: RMB49.9 million) were paid to third party leasing companies as pledged deposits for certain borrowings, which will be repaid after settling those borrowings in 4 years.

Human Resources

As at 31 August 2025, the Group had 2,365 employees (2024: 2,000).

The remuneration policy and package of the Group's employees are periodically reviewed in accordance with industry practice and results performance of the Group. The Group provides external and internal training programs to its employees. The Group also participates in various employee social security plans for its employees that are administered by local governments, including housing, pension, medical insurance, occupational injury insurance, maternity insurance and unemployment insurance.

The total remuneration cost incurred by the Group for the year ended 31 August 2025 was approximately RMB375.3 million (2024: RMB335.1 million).

DIRECTORS

Executive Directors

Ms. Wang Xiaoying (王小英), aged 64, was appointed as the Chairwoman of the Board and an executive Director on 31 August 2015. Ms. Wang has more than 20 years of experience in business management and is responsible for the overall management and strategic development of the Group. Ms. Wang has been a director of certain of the PRC Operating Entities since Ms. Wang joined the Group and has been responsible for the overall business strategy and development and management of the PRC Operating Entities in her capacity serving as the general manager of the education sector of Sichuan Derui. Ms. Wang was the general manager of Sichuan Derui in charge of the education sector and has since been responsible for the overall management and strategic development of the PRC Operating Entities. Ms. Wang is the spouse of Mr. Yan Yude, the chief executive officer and an executive Director of the Company and one of the Controlling Shareholders.

Mr. Ye Jiayu (葉家郁), aged 66, was appointed as an executive Director on 31 August 2015. Mr. Ye has more than 30 years of experience in business management and is responsible for the campus safety management of all schools operated by the Group. Mr. Ye is also a supervisor of Tibet Huatai. Mr. Ye joined the Group as a director of certain of the PRC Operating Entities since September 2000. Since January 1993, Mr. Ye has joined Sichuan Derui and currently serves as an executive director of Sichuan Derui and is responsible for the overall management of Sichuan Derui. Mr. Ye obtained his diploma in mechanics from Sichuan Radio and TV University* (四川廣播電視大學) in the PRC in August 1985.

Mr. Yan Yude (嚴玉德), aged 64, was appointed as a Director on 13 March 2015, was designated as an executive Director on 31 August 2015, and appointed as the chief executive officer of the Company with effect from 15 November 2018. Mr. Yan is also one of the Controlling Shareholders and a director of certain of the subsidiaries of the Group. Mr. Yan has over 20 years of experience in education management and is responsible for the overall strategic development of the Group. Mr. Yan has been a director of the PRC Operating Entities since September 2000. In January 1993, Mr. Yan made the investment in Sichuan Derui and remained as the controlling shareholder of Sichuan Derui since then. Mr. Yan joined Sichuan Derui in 1993 after he invested into Sichuan Derui and was involved in the overall management and strategic development of Sichuan Derui. Mr. Yan obtained his graduation certificate for postgraduate studies in criminology from the Sichuan University* (四川大學) in the PRC in July 1999. Mr. Yan is the husband of Ms. Wang Xiaoying, an executive Director and chairwoman of the Board.

Mr. Deng Bangkai (鄧幫凱), aged 44, was appointed as the executive Director and chief operating officer on 15 November 2018 and as the company secretary of the Company on 31 March 2023. Mr. Deng is currently responsible for the daily operations, business development, external investment, financing, M&A, and investor relations of the Group. Mr. Deng has more than 20 years of professional experience in accounting, financial management, corporate governance, and capital market transactions. Mr. Deng started his career in Ernst & Young Hua Ming LLP Shenzhen Office in August 2005 and worked in Ernst & Young UK from September 2010 to March 2012. In July 2017, Mr. Deng was appointed as Partner of Ernst & Young. Mr. Deng obtained his bachelor degree in computer science from Shanghai University of Electric Power in the PRC in June 2003 and his master of science degree with commendation in management science from University of Hertfordshire in Great Britain in October 2004. Mr. Deng is a member of the Hong Kong Institute of Certified Public Accountants and a member of The Chinese Institute of Certified Public Accountants. Mr. Deng also serves as guest mentor of postgraduate from public finance and taxation school of Southwestern University of Finance and Economics.

DIRECTORS AND SENIOR MANAGEMENT

Independent Non-executive Directors

Mr. Sit Chiu Wing (薛超穎), aged 75, was appointed as an independent non-executive Director on 28 December 2015 and is responsible for providing independent opinion and judgement to the Board. Prior to joining the Group, in December 1981, Mr. Sit worked at Shaws Brothers (Hong Kong) Company Limited (邵氏兄弟(香港)有限公司). Mr. Sit worked at Chuang's (Holdings) Limited (莊士集團有限公司) from 1984 to 1996. Mr. Sit has been appointed as the honorary president of Hong Kong Quanzhou Associations Limited since March 2001. Mr. Sit graduated from the Fujian Normal University* (福建師範大學) of the PRC with a bachelor's degree in history in July 1976.

Mr. Chan Kim Sun (陳劍燊), aged 44, was appointed as an independent non-executive Director on 28 December 2015 and is responsible for providing independent opinion and judgement to the Board. Mr. Chan is currently a non-practicing member of the Hong Kong Institute of Certified Public Accountants and is a fellow of the Association of Chartered Certified Accountants. Mr. Chan graduated from the Hong Kong University of Science and Technology with a bachelor's degree in business administration majoring in accounting and finance. Prior to joining the Group, Mr. Chan joined an international accounting firm with his latest position as an audit manager. Since January 2019, Mr. Chan has been the company secretary of WMCH Global Investment Limited, the shares of which are listed on GEM of the Stock Exchange (stock code: 8208). Mr. Chan was an independent non-executive director of Vision International Holdings Limited (now renamed as Ficus Technology Holdings Limited), the shares of which are listed on GEM of the Stock Exchange (stock code: 8107) from 16 April 2018 to 15 September 2023. Mr. Chan was an independent non-executive director of Hong Kong Resources Holdings Company Limited (now renamed as 3DG Holdings (International) Limited), the shares of which are listed on the Stock Exchange (stock code: 2882) from 19 February 2021 to 9 February 2024.

Mr. Yin Dajia (尹大家), aged 79, was appointed as an independent non-executive Director on 16 January 2025. He has over 50 years of experience in the education industry. Mr. Yin had been teaching at middle schools in Sichuan Province from July 1971 to March 1984. From April 1984 to November 1995, Mr. Yin worked at the Neijiang City Education Science Research Institute* (內江市教育科學研究所) as a foreign language researcher and supervisor of the middle school education research division. From November 1995 to July 2000, Mr. Yin served as the supervisor of the recruitment division and the secondary school division of the Sichuan Foreign Language Institute* (四川外語學院) (currently known as Sichuan International Studies University (四川外國語大學)). Mr. Yin joined the Group and served as the Dean of Chengdu Institute Sichuan International Studies University (四川外國語大學成都學院) (currently known as Chengdu International Studies University) (成都外國語學院) from April 2004 to September 2020. Mr. Yin was accredited as an Excellent Educator in the Education System in Sichuan Province (四川省教育系統優秀教育工作者) granted by the Education Department of Sichuan Province* (四川省教育廳) and the Human Resource Department of Sichuan Province* (四川省人事廳) in September 2007. Mr. Yin was also accredited as the National Outstanding Independent College Educator (全國優秀獨立學院教育工作者) by the China Independent Institute Association* (中國獨立學院協會) in July 2010. Mr. Yin graduated from the Sichuan Foreign Language Institute* (四川外語學院) (currently known as Sichuan International Studies University (四川外國語大學)) with a bachelor's degree in English in July 1969.

Senior Management

Mr. Gu Daili (古代禮), aged 53, joined the Group in November 2018 and was appointed as a vice president of the Company on 21 November 2018. Mr. Gu is primarily responsible for supervising management of education and teaching of all schools operated by the Group. Prior to joining the Group, Mr. Gu has over 25 years of experience in education. Mr. Gu has excellent teaching ability and abundant work experience in education management. Mr. Gu served successively as teacher, dean of students affairs and principal at Ningnan County Liucheng Middle School* (寧南縣六城中學) from July 1992 to November 1997, from November 1997 to September 1998 and from September 1998 to April 2003. He served as the principal of Ningnan County national middle school* (寧南縣民族中學) and Ningnan County Middle School* (寧南縣初級中學) from April 2003 to April 2005 and from April 2005 to August 2009. He served as deputy director and director of Ningnan County Education Bureau* (寧南縣教育局) from August 2009 to March 2012 and from March 2012 to May 2015 respectively. During the same period, he was also the principal at Ningnan High School* (寧南中學) and dean of education supervision department of Ningnan county government. He served as director of Ningnan County Bureau of Education, Science, Technology and Intellectual property* (寧南縣教育和科學技術知識產權局) and dean of education supervision department of Ningnan county government from May 2015 to November 2016. He served as the standing committee member and municipal propaganda minister of Ningnan County Committee of the Communist Party of China* (中共寧南縣委) from November 2016 to November 2018. Besides, he served as chairman of social science union of Ningnan County from November 2016 to November 2018. Mr. Gu obtained his diploma in teaching from Mianning Normal School* (冕寧師範學校) in July 1992. He received bachelor degree in administration management from the Party College of Sichuan Provincial Party Committee* (中共四川省委黨校) in December 2002.

Dr. Yan Hongjia (嚴弘佳), aged 39 and a member of the Jiusan Society, assumed the role of Vice President at the Company on November 21, 2018. Dr. Yan's primary responsibilities encompass overseeing international education, preschool education, and non-subject-based tutoring services. Additionally, she holds a key role in the Company's business development, mergers & acquisitions, and related activities. Before joining the Company, Dr. Yan served as a lecturer at York University in the United Kingdom.

Dr. Yan's academic journey includes earning a Bachelor's degree in Statistics and Operations Research from Hong Kong Baptist University in 2009. She subsequently pursued a Master's degree in Operations Research and Business Statistics from the same university in 2010. Dr. Yan furthered her education by obtaining a Doctorate in Mathematics from York University in 2014, where she received a full scholarship.

In addition to her corporate role, Dr. Yan is actively engaged in various academic and organizational capacities. She serves as a guest professor and mentor for postgraduate students at Southwest Jiaotong University. Dr. Yan is also a delegate to the 13th National Women's Congress, and a committee member of Chengdu Municipal Political Consultative Conference, Sichuan Federation of Industry and Commerce and the Sichuan Youth Federation. Recognizing her outstanding contributions, Dr. Yan was honored as the Sichuan Woman Pace-setter (四川省三八紅旗手) for the year 2021 in March 2022. At the same time, Dr. Yan is also a member of the 16th Executive Committee of the Chengdu Women's Federation, Director of the Education and Psychology Committee of the Chengdu Municipal Committee of the Jiu San Society, and the chair of the Sichuan Silk-Road Youth International Communication Center.

It is noteworthy that Dr. Yan is the daughter of Mr. Yan Yude, who holds the positions of executive Director and chief executive officer within the Company and is one of the Controlling Shareholders.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Liao Jiejun (廖傑駿), aged 37, assumed the role of Vice President of the Company in January 2024. His primary responsibilities include overseeing the arts and sports education sector, curriculum development, and business innovation across the Group's schools. Mr. Liao plays a pivotal role in advancing the integration of arts and sports into K-12 education while providing strategic organizational support for innovative initiatives in this field.

After obtaining his Bachelor's degree from the University of California, Los Angeles (UCLA) in 2012, Mr. Liao gained extensive experience in business operations and negotiations. He led a team in executing multiple acquisitions of hotel businesses in the United States and spearheaded significant negotiations with state governments regarding land use terms, showcasing his expertise in strategic leadership and high-stakes business dealings.

Mr. Liao further enhanced his academic credentials by earning a Master of Business Administration from the Business Institute of Pennsylvania in 2017. His career also includes noteworthy contributions to professional sports event operations and talent exchange platforms in North America, including collaborations with North American League Champion Series LLC to establish and refine event systems for the emerging eSports industry.

In 2012, Mr. Liao founded Lolclass LLC, an innovative Internet platform for sports skill education and interactive learning, which achieved considerable recognition in the North American market. Upon returning to China in 2018, he served as Chief Executive Officer of a leading K-12 tutoring institution in Chengdu, successfully transforming its focus from subject-based to competency-based education and incubating multiple independent brands in areas such as arts, foreign languages, STEAM, and physical fitness, all of which were highly regarded by the market.

Since joining the Group in 2020, Mr. Liao has been instrumental in establishing the Group's digital education and management platform, introducing premier external sports events, and integrating innovative sports training systems. A notable achievement under his leadership was the collaboration with a K-12 school under the Junior NBA initiative, resulting in the construction of the first air-membrane indoor stadium for a school in Southwest China, the development of a robust curriculum for elite student-athletes, and the enrollment of top-tier global athletes into the Group's schools.

Notably, one of the Group's graduates, Su Yiming (蘇翊鳴), achieved remarkable success, winning a gold medal at the 2022 Beijing Winter Olympics and gaining admission to Tsinghua University in 2023. Mr. Liao has also established a comprehensive system for sports and arts events, fostering the holistic development of students, teachers, and staff by optimizing resource allocation and event organization.

It is noteworthy that Mr. Liao is the son of Ms. Wang Xiaoying, the Chairwoman of the Board and an executive Director of the Company, and step-son of Mr. Yan Yude, an executive Director and the Chief Executive Officer of the Company.

The Board is pleased to present its report together with the audited consolidated financial statements of the Group for the Reporting Period.

GLOBAL OFFERING

The Company was incorporated on 13 March 2015 as an exempted company with limited liability under the laws of the Cayman Islands. The Company's shares were listed on the Main Board of the Stock Exchange on 15 January 2016.

PRINCIPAL ACTIVITIES

The Company is the leading provider of high school and university private education services in Southwest China. Analysis of the principal activities of the Group during the year ended 31 August 2025 is set out in note 1 to the financial statements.

SUBSIDIARIES

Details of the principal subsidiaries of the Company as at 31 August 2025 are set out in note 1 to the financial statements.

RESULTS

The results of the Group for the year ended 31 August 2025 are set out in the consolidated statement of profit or loss on page 83 of this annual report.

BUSINESS REVIEW

A review of the business of the Group during the year ended 31 August 2025 and analysis by using financial key performance indicators, the Company's environmental policies and performance and a discussion on the Group's future business development are contained in the Management Discussion and Analysis on pages 9 to 22 of this annual report.

RISKS AND UNCERTAINTIES

The principal risks and uncertainties that may cause the Group's financial conditions or results materially different from the expected or historical results are set out in note 38 to the financial statements and in the section headed "Management Discussion and Analysis" of this annual report. The relevant risk management and control measures are set out in the paragraph headed "Risk Management and Internal Controls" in the corporate governance report.

ENVIRONMENT, HEALTH AND SAFETY

The businesses of the Group are not in violation of the applicable PRC environmental laws and regulations in any material aspects.

The Group is dedicated to protecting the health and safety of the students. The Group has on-site medical staff or health care personnel at each of the schools the Group operates to handle routine medical situations involving students. In certain serious and medical emergency situations, the Group promptly sends the students to local hospitals for treatment. With respect to school safety, the Group engaged a qualified property management company to provide property security services at the Group's school premises.

As far as the Board and management of the Company are aware, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the Reporting Period, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

FINAL DIVIDEND AND SPECIAL DIVIDEND

The Board recommended the payment of a final dividend of HKD0.2 cents per share and a special dividend of HKD0.3 cents per share in respect of the year ended 31 August 2025. The final dividend and special dividend are subject to the approval of the shareholders of the Company (the "Shareholders") at the forthcoming annual general meeting of the Company to be held on Friday, 23 January 2026 (the "AGM") and the final dividend and special dividend will be payable on Tuesday, 10 February 2026 to the Shareholders whose names appear on the register of members of the Company on Friday, 30 January 2026.

DIVIDEND POLICY

When determining distribution of dividends, the Board adopted such policy to share the profits of the Company with the Shareholders, while preserving sufficient reserves for the Company's future development.

The Company shall assess its dividend policy and distribution in any given year based on its financial condition, the current economic environment and expectations of future macroeconomic environment and business performance. The Board must take into account the following factors before any declaration of distribution or dividend recommendation:

- the actual and expected financial results of the Company;
- retained earnings and distributable reserves of the Company and its subsidiaries;
- expected working capital requirements, capital expenditure requirements and future expansion plans of the Group;
- liquidity position of the Group;
- any legal restrictions and restrictions under the financing agreements of the Company, including any financing agreements that may be entered into by the Company in the future; and
- other factors that the Board considers relevant.

The Company's payment of dividends is also subject to applicable laws and regulations, including the Cayman Islands Laws and the Articles of Association. The Board will review this dividend policy from time to time and does not guarantee that any particular amount of dividend will be paid in any given period.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 20 January 2026 to Friday, 23 January 2026, both days inclusive, in order to determine the identity of the Shareholders who are entitled to attend the AGM to be held on Friday, 23 January 2026, during which period no share transfers will be registered. To be eligible to attend the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration 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 not later than 4:30 p.m. on Monday, 19 January 2026.

The register of members of the Company will also be closed from Thursday, 29 January 2026 to Friday, 30 January 2026, both days inclusive, in order to determine the entitlement of the Shareholders to receive the final dividend and special dividend, during which period no share transfers will be registered. To qualify for the final dividend and special dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration 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 not later than 4:30 p.m. on Wednesday, 28 January 2026.

FINANCIAL SUMMARY

A summary of the Group's results, assets and liabilities for the last five financial years is set out in the section headed "Financial Highlights" on pages 5 to 6 of this annual report. This summary does not form part of the audited consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

Major Customers

For the year ended 31 August 2025, the Group's customers primarily consist of the Group's students and their parents. The Group did not have any single customer who accounted for more than 5% of the Group's revenue.

Major Suppliers

For the year ended 31 August 2025, the Group's five largest suppliers accounted for 27.0% of the Group's total purchases and the Group's single largest supplier accounted for 8.7% of the Group's total purchases.

For the year ended 31 August 2025, none of the Directors or any of their close associates or any Shareholders (which, to the best knowledge of the Directors, own more than 5% of the number of issued Shares of the Company) had any interest in the Group's five largest suppliers.

RELATIONSHIP WITH EMPLOYEES, SUPPLIERS AND CUSTOMERS

The Group understands the importance of maintaining a good relationship with its employees, suppliers and customers to meet its immediate and long-term goals. The Group maintains a good relationship with employees, suppliers and customers. During the year ended 31 August 2025, the Group strived to satisfy both the students and their parents by continuing to provide better education services. The Group also maintained ongoing communication with suppliers to shorten the delivering cycle and to obtain better payment terms. There was no material and significant dispute between the Group and its employees, suppliers and/or customers during the Reporting Period.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year ended 31 August 2025 are set out in note 13 to the financial statements.

SHARE CAPITAL

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

RESERVES

Details of movements in the reserves of the Group and the Company during the year ended 31 August 2025 are set out in the consolidated statement of changes in equity on page 87 of this annual report and note 32 to the financial statements.

CHARITABLE DONATIONS

During the Reporting Period, no charitable donations have been made by the Group.

DISTRIBUTABLE RESERVES

As at 31 August 2025, the Company's reserve available for distribution was nil (as at 31 August 2024: nil).

INTEREST BEARING BANK BORROWINGS

Particulars of interest-bearing bank borrowings of the Group as at 31 August 2025 are set out in note 28 to the financial statements.

DIRECTORS

The Directors during the Reporting Period and up to the date of this annual report are:

Executive Directors:

Ms. Wang Xiaoying *(Chairwoman of the Board)*
Mr. Yan Yude *(Chief Executive Officer)*
Mr. Ye Jiayu
Mr. Deng Bangkai

Independent Non-executive Directors:

Mr. Sit Chiu Wing
Mr. Chan Kim Sun
Mr. Yin Dajia (appointed on 16 January 2025)

In accordance with article 84 of the Articles of Association, one-third of the Directors shall retire from office by rotation at each annual general meeting of the Company and shall then be eligible for re-election. Accordingly, each of Mr. Yan Yude and Ms. Wang Xiaoying shall retire by rotation, and being eligible, will offer himself/herself for re-election at the AGM.

In accordance with article 83 of the Articles of Association, the Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the existing Board. Any Director so appointed shall hold office only until the first annual general meeting of the Company after his appointment and shall then be eligible for re-election. Mr. Yin Dajia was appointed as the independent non-executive director of the Company on 16 January 2025. Mr. Yin Dajia shall retire from office at the AGM and, being eligible, will offer himself for re-election at the AGM.

Details of the Directors to be re-elected at the AGM are set out in the circular to the Shareholders dated 24 December 2025.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and senior management of the Company are set out on pages 23 to 26 of this annual report.

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON EXECUTIVE DIRECTORS

The Company has received an annual confirmation of independence pursuant to rule 3.13 of the Listing Rules from each of the independent non-executive Directors and the Company considers such Directors to be independent throughout the year ended 31 August 2025 and remain so as of the date of this annual report.

DIRECTORS' SERVICE CONTRACTS AND LETTERS OF APPOINTMENT

Each of Ms. Wang Xiaoying, Mr. Ye Jiayu, Mr. Yan Yude and Mr. Deng Bangkai, being the executive Directors, has entered into a service contract with the Company for an initial fixed term of three years commencing from the Listing Date, Listing Date, Listing Date and 15 November 2018, respectively, and will continue thereafter until terminated by not less than three months' notice in writing served by either party on the other, which notice shall not expire until the end of the fixed term.

Each of Mr. Sit Chiu Wing and Mr. Chan Kim Sun, being the independent non-executive Directors, has entered into a letter of appointment with the Company for an initial fixed term of one year commencing from the Listing Date, and will continue thereafter until terminated by not less than three months' notice in writing served by either party on the other, which notice shall not expire until the end of the fixed term. Mr. Yin Dajia, an independent non-executive Director, has entered into a service contract with the Company with effect from 16 January 2025 for a term of three years, automatically renewable until terminated by not less than one month's notice in writing served by either party on the other.

Save as disclosed above, none of the Directors has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

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

Save as disclosed in the section headed "Continuing Connected Transactions and Connected Transactions" and otherwise disclosed in this annual report, no Directors or their connected entity (within the meaning in section 486 of the Companies Ordinance) had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company, or any of its subsidiaries or fellow subsidiaries was a party during the year ended 31 August 2025.

Save as disclosed in the section headed "Continuing Connected Transactions and Connected Transactions" and otherwise disclosed in this annual report, none of the Controlling Shareholders or any of their connected entity (within the meaning of section 486 of the Companies Ordinance) had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company, or any of its subsidiaries or fellow subsidiaries was a party during the year ended 31 August 2025.

No contract of significance for the provision of services to the Company or any of its subsidiaries or fellow subsidiaries by the Controlling Shareholders or any of their subsidiaries was entered into during the year ended 31 August 2025.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 August 2025.

EMOLUMENT POLICY

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

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

Details of the emoluments of the Directors, and five highest paid individuals during the Reporting Period are set out in notes 8 and 9 to the financial statements.

RETIREMENT AND EMPLOYEE BENEFITS SCHEME

Details of the retirement and employee benefits scheme of the Company are set out in note 2.3 to the financial statements.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 August 2025, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix C3 of the Listing Rules were as follows:

Name	Capacity/Nature of Interest	Number of Shares	Long/short position	Approximate Percentage of Shareholding in the Company (%)
Mr. Yan Yude[(1)]	Interest in a controlled corporation and, interest of spouse	1,390,798,045	Long position	45.03
Ms. Wang Xiaoying[(2)]	Interest of spouse and, interest in a controlled corporation	1,390,798,045	Long position	45.03
Mr. Deng Bangkai	Beneficial owner	1,100,000	Long position	0.04

Notes:

(1) Mr. Yan Yude is the sole shareholder and sole director of Virscend Holdings and he is therefore deemed to be interested in 1,320,632,045 Shares held by Virscend Holdings. Mr. Yan Yude also holds 42% of shares of 香港中藥材交易所有限公司 ("HKCME") and is a director of HKCME, and he is therefore deemed to be interested in 2,666,000 Shares held by HKCME. Mr. Yan Yude is also the husband of Ms. Wang Xiaoying and is therefore deemed to be interested in 67,500,000 Shares held by Ms. Wang Xiaoying through Smart Ally.

(2) Ms. Wang Xiaoying is the sole shareholder and director of Smart Ally and she is therefore deemed to be interested in 67,500,000 Shares held by Smart Ally. Ms. Wang Xiaoying is also the wife of Mr. Yan Yude and is therefore deemed to be interested in 1,323,298,045 Shares indirectly held by Mr. Yan Yude through Virscend Holdings and HKCME.

Save as disclosed above, as at 31 August 2025, none of the Directors or the chief executive of the Company had or was deemed to have any interest or short position in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or required to be recorded in the register required to be kept 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.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

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

As at 31 August 2025, to the best knowledge of the Directors, the following persons (other than being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name	Capacity/Nature of Interest	Number of Shares	Long/short position	Approximate Percentage of Shareholding in the Company (%)
Virscend Holdings	Beneficial owner	1,320,632,045	Long position	42.76
Bank of China Limited	Security interest	458,876,100	Long position	14.86
Happy Venus Limited[1]	Beneficial owner	183,144,129	Long position	5.93
Ms. Yan Hongjia[1]	Interest in a controlled corporation	183,144,129	Long position	5.93

Note:

(1) Ms. Yan Hongjia is the sole shareholder and sole director of Happy Venus Limited and she is therefore deemed to be interested in the Shares held by Happy Venus Limited.

Save as disclosed above, as at 31 August 2025, the Directors were not aware of any persons (who were not Directors or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

SHARE OPTION SCHEME

The Company has adopted the Share Option Scheme on 28 December 2015 ("**Adoption Date**") for the purpose of giving eligible persons an opportunity to have a personal stake in the Company and help motivate them to optimize their future contributions to the Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain on-going relationships with such eligible persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group, and additionally in the case of Executives (as defined below), to enable the Group to attract and retain individuals with experience and ability and/or to reward them for their past contributions.

Eligible persons include (a) any executive director of, manager of, or other employee holding an executive, managerial, supervisory or similar position in any member of our Group ("**Executive**"), any proposed employee, any full-time or parttime employee, or a person for the time being seconded to work full-time or part-time for any member of our Group ("**Employee**"); (b) a director or proposed director (including an independent non-executive director) of any member of our Group; (c) a direct or indirect shareholder of any member of our Group; (d) a supplier of goods or services to any member of our Group; (e) a customer, consultant, business or joint venture partner, franchisee, contractor, agent or representative of any member of our Group; (f) a person or entity that provides design, research, development or other support or any advisory, consultancy, professional or other services to any member of our Group; and (g) an associate of any of the persons referred to in paragraphs (a) to (f) above. Pursuant to the amendments to Listing Rules with effect from 1 January 2023, the eligible persons under the Share Option Scheme are subject to Rule 17.03A of the Listing Rules.

The maximum number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes of the Group shall not in aggregate exceed 10% of the Shares in issue as at the Listing Date, which is 300,000,000 Shares excluding Shares which may fall to be issued upon the exercise of the over-allotment option granted by the Company, representing approximately 9.71% of the issued shares as at the date of this annual report.

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

The Board shall be entitled at any time within 10 years from the Adoption Date to offer the grant of an option to any eligible person as the Board may in its absolute discretion select to subscribe at the subscription price for such number of Shares as the Board may (subject to the terms of the Share Option Scheme) determine (provided the same shall be a board lot for dealing in the Shares on the Stock Exchange or an integral multiple thereof). Subject to such terms and conditions as the Board may determine (including such terms and conditions in relation to their vesting, exercise or otherwise), there is no minimum period for which an option must be held before it can be exercised and no performance target which need to be achieved by the grantee before the option can be exercised.

An offer of the grant of an option shall remain open for acceptance by the eligible person concerned for a period of 28 days from the offer date provided that no such grant of an option may be accepted after the expiry of the effective period of the Share Option Scheme. An option shall be deemed to have been granted and accepted by the eligible person and to have taken effect when the duplicate offer letter comprising acceptance of the offer of the option duly signed by the grantee together with a remittance in favor of the Company of HK$1.00 by way of consideration for the grant thereof is received by the Company on or before the date upon which an offer of an option must be accepted by the relevant eligible person, being a date no later than 28 days after the offer date.

The subscription price in respect of any particular option shall be such price as the Board may in its absolute discretion determine at the time of grant of the relevant option (and shall be stated in the letter containing the offer of the grant of the option) but the subscription price shall not be less than whichever is the highest of: (a) the nominal value of a Share; (b) the closing price of a Share as stated in the Stock Exchange's daily quotations sheet on the offer date; and (c) the average closing price of a Share as stated in the Stock Exchange's daily quotations sheets for the 5 business days (as defined in the Listing Rules) immediately preceding the offer date.

The Share Option Scheme shall be valid and effective for a period of 10 years from the date on which it becomes unconditional, after which no further options will be granted or offered but the provisions of the Share Option Scheme shall remain in force and effect in all other respects. All options granted prior to such expiry and not then exercised shall continue to be valid and exercisable subject to and in accordance with the Share Option Scheme. The remaining life of the Share Option Scheme is around 1 month.

Since the Adoption Date, no options under the Share Option Scheme have been granted, exercised, lapsed or cancelled. As of the date of this annual report, no shares are available for issuance in relation to share options granted under the Share Option Scheme.

The number of options available for grant under the Share Option Scheme at the beginning and the end of the Reporting Period is 300,000,000.

SHARE AWARD SCHEME

The Company has adopted the Share Award Scheme on 9 October 2021 as a means to recognize the contributions of certain Directors, senior management and employees of the Company and its subsidiaries, or other eligible participant(s) and to retain and motivate them to strive for the future development and expansion of the Group by providing them with the opportunity to acquire equity interests in the Company.

The individuals eligible to be granted award(s) thereunder include any Director (whether executive or non-executive), senior management and employee of the Company and its subsidiaries and any other person whom the Board believes to have contribution or will contribute to the Group and has a direct or significant impact on the long-term development of the Group, but excluding the following persons: (i) any seconded employee, part-time employee or non-full time employee of the Group; (ii) any employee of the Group who at the relevant time has given or been given notice terminating his employment, office or directorship as the case may be; and (iii) any other person that the Board may determine from time to time. Pursuant to the amendments to Listing Rules with effect from 1 January 2023, the eligible persons under the Share Award Scheme are subject to Rule 17.03A of the Listing Rules.

The Board shall not make any further award which will result in the number of Shares administered under the Share Award Scheme to exceed in total 10% of the Company's issued share capital as at 9 October 2021, the date on which the Share Award Scheme is adopted by the Company, being 308,876,100 Shares, representing 10% of the Company's issued share capital as at the date of this annual report.

The Shares may be acquired by the trustee (the "**Trustee**") by way of allotment and issue of new Shares by the Company pursuant to the relevant general mandate or specific mandate granted to the Board by the Shareholders of the Company in general meetings of the Company from time to time, or purchase of Shares in the open market by the Trustee. The Share Award Scheme shall be subject to administration of the Board and the Trustee in accordance with the Share Award Scheme rules and the trust deed dated 10 October 2021. As at 29 November 2025 and the date of this annual report, 45,650,000 Shares have been purchased and held by the Trustee for the purpose of the Share Award Scheme.

Unless approved by the Shareholders in a general meeting, the maximum number of awarded shares which may be subject to an award or awards made to a single selected participant in any 12-month period shall not in aggregate exceed 1.0% of the issued share capital of the Company as at 9 October 2021, the date on which the Share Award Scheme is adopted by the Company.

Any awarded shares shall vest in the relevant selected participant(s) in accordance with the vesting schedule determined by the Board at its sole discretion, subject to (a) satisfaction of any vesting conditions specified in the grant letter; (b) the selected participant remaining an eligible participant at the time when the relevant awarded shares are scheduled to vest according to the relevant vesting schedule; and (c) the selected participant not having been summarily dismissed by the Group, not having been bankrupt or failed to pay his debts, not having been convicted for any criminal offence and not having been charged, convicted or held liable for any offence under the SFO or any other similar applicable laws or regulations in force from time to time.

The Share Award Scheme shall be valid and effective for a term of ten (10) years commencing on 9 October 2021, the date on which the Share Award Scheme is adopted by the Company, after which period no further awards shall be offered or granted but the provisions of the Share Award Scheme shall remain in full force and effect in all other respects. The Share Award Scheme shall terminate on the earlier of (i) the tenth (10th) anniversary date of the adoption date; and (ii) such date of early termination as determined by the Board of the Company, provided that such termination shall not affect any subsisting rights of any selected participant(s). The remaining life of the Share Award Scheme is around 5 years and 10 months.

No awards were granted to any selected participants in the Share Award Scheme since it was adopted and as at the date of this annual report.

The number of awards available for grant under the Share Award Scheme at the beginning and the end of the Reporting Period is 308,876,100.

The total number of new Shares available for issue under the Share Award Scheme utilising the general mandate granted by the Shareholders at the annual general meeting of the Company is 263,226,100, representing approximately 8.52% of the issued Shares as at the date of this annual report.

Since there was no grant of option or award under schemes of the Company, the number of Shares that may be issued in respect of options and awards granted under all schemes of the Company during the Reporting Period divided by weighted average number of Shares in issue for the Reporting Period is not applicable.

EQUITY LINKED AGREEMENTS

Save as disclosed in the sections headed "Share Option Scheme" and "Share Award Scheme" of this annual report, during the year ended 31 August 2025, neither the Company nor any of its subsidiaries had entered into (i) any agreement that will or may result in the Company issuing Shares; or (ii) any agreement requiring the Company to enter into any agreement specified in (i).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 August 2025, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (including the sale of treasury Shares).

PRE-EMPTIVE RIGHTS

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

NON-COMPETITION UNDERTAKING

As of 31 August 2025, save for the Waiver (as defined below) granted, the Controlling Shareholders do not have any other interest in any business that may, directly or indirectly, compete with the business of the Group.

Under the Structured Contracts, Mr. Yan Yude has provided certain non-competition undertaking in favor of the Company (the "**Non-competition Undertaking**"). For details of the Non-Competition Undertaking, please refer to the Prospectus.

The Company has received confirmations from the Controlling Shareholders confirming their compliance with the Non-Competition Undertaking during the Reporting Period for disclosure in this annual report.

The independent non-executive Directors have reviewed the compliance with the Non-Competition Undertaking during the Reporting Period based on the information and confirmation provided by or obtained from the Controlling Shareholders, and were satisfied that, save for the Waiver granted, the Controlling Shareholders have duly complied with the Non-Competition Undertaking.

DIRECTORS' INTEREST IN COMPETING BUSINESS

Save as disclosed in this annual report, during the year ended 31 August 2025, none of the Directors or their respective associates had engaged in or had any interest in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

CONTINUING CONNECTED TRANSACTIONS AND CONNECTED TRANSACTIONS

Continuing Connected Transactions

During the year, the Group conducted certain transactions with connected persons which constituted continuing connected transactions for the Group under the Listing Rules. Details of those continuing connected transactions which are subject to the reporting requirements pursuant to Chapter 14A of the Listing Rule are summarised below:

(1) Integrated Management Services Agreement

On 30 November 2022, Tibet Huatai, a wholly-owned subsidiary of the Group, entered into the Integrated Management Services Agreement with Tianren Hotel, pursuant to which Tianren Hotel agreed to provide integrated management services in relation to the certain properties for a term of three years from 1 December 2022 to 30 November 2025. For details of Integrated Management Services Agreement, please refer to the announcement dated 30 November 2022.

The table below sets out the details regarding the Integrated Management Services Agreement.

	Service Acceptor	Service Provider	Duration of the integrated management service	Description and use of the integrated management services	Annual amount paid for the year ended 31 August 2025 RMB'000
Integrated Management Services Agreement	Tibet Huatai	Tianren Hotel	For a term of three years commencing from 1 December 2022 to 30 November 2025	Tianren Hotel shall provide (i) management services in relation to the Property, including but not limited to the maintenance and management of the common parts of the property, the maintenance, management and repair of the common facilities, cleaning, security, and car parking; and (ii) catering services. (i) Management fee of RMB25/sq.m. per month, comprised of (a) property management fee of RMB12/sq.m. per month, to be increased by 5% per year starting from the second year; (b) central air conditioning fee of RMB10/sq.m. per month; and (c) utilities fee of RMB3/sq.m. per month, to be increased by 5% per year starting from the second year; and (ii) Catering service fee of RMB2,800 per meal, which is calculated based on RMB35/person per meal and assuming there will be 80 persons taking meals. Tibet Huatai paid Tianren Hotel a deposit of RMB100,000 on the date of the Integrated Management Services Agreement.	1,126

The integrated management service fees (including the management fee and the catering service fee) were arrived at after arm's length negotiation between Tibet Huatai and Tianren Hotel taking into consideration of the prevailing market conditions and the prices announced by the government in relation to energies, such as water and electricity. An independent property valuer Asia-Pacific Consulting and Appraisal Limited engaged by the Company has opined that management fees to be charged in the Integrated Management Services Agreement is reasonable.

Mr. Yan Yude is a Director and a Controlling Shareholder, and therefore a connected person of the Company under Rule 14A.07(1) of the Listing Rules. Tianren Hotel is owned as to 99.10% by Mr. Yan Yude and hence an associate of Mr. Yan Yude and a connected person of the Company.

(2) Structured Contracts

A. Overview

The Group currently conducts its private education business through the PRC Operating Entities in the PRC as PRC laws and regulations generally prohibit or restrict foreign ownership in the private education industry in the PRC. PRC laws and regulations currently prohibit foreign ownership of primary and middle schools in the PRC and restrict the operation of preschools, high schools and higher education institutions to Sino-foreign ownership, in addition to imposing qualification requirements on the foreign owners. The Company does not hold any equity interest in the PRC Operating Entities. The Structured Contracts, through which the Company obtains control over and derives the economic benefits from the PRC Operating Entities, have been narrowly tailored to achieve the Group's business purpose and minimize the potential conflict with relevant PRC laws and regulations. Since 1 September 2021, the 2021 Implementation Rules prohibits the service fee charge between related parties, therefore, the Group is unable to obtain control over PRC Operating Entities conducted primary and middle schools education business.

To comply with the above mentioned PRC laws and regulations, at the same time, advancing the Group's access to the international capital markets and effectively control of all of the operations, Tibet Huatai entered into various agreements that constitute the Structured Contracts with, among others, the PRC Operating Entities, under which all economic benefits arising from the business of the PRC Operating Entities are transferred to Tibet Huatai by means of services fees payable by the PRC Operating Entities to Tibet Huatai (subject to approval under PRC laws and regulations). Since the 2021 Implementation Rules became effective on 1 September, the economic benefit arising from the business of the Affected Entities are not longer transferred to Tibet Huatai.

B. Summary of the Material Terms of the Structured Contracts

(1) Business Cooperation Agreements

Pursuant to the Business Cooperation Agreements, Tibet Huatai shall provide technical service, management support and consulting service necessary for the private education business, and in return, the PRC Operating Entities shall make payments pursuant to the Structured Contracts. To ensure the due performance of the Structured Contracts, each of the PRC Operating Entities agreed to comply, and procure any of its subsidiaries to comply with, and Sichuan Derui and the Registered Shareholders agreed to procure the PRC Operating Entities to comply with the obligations as prescribed under in the Business Cooperation Agreements. The Registered Shareholders, Sichuan Derui and each of the PRC Operating Entities, had also made certain undertaking in favor of Tibet Huatai, including but not limited to undertaking not to engage in competing business.

(2) Exclusive Technical Service and Management Consultancy Agreements

Pursuant to the Exclusive Technical Service and Management Consultancy Agreements, Tibet Huatai agreed to provide exclusive technical services to the PRC Operating Entities, and Tibet Huatai shall have exclusive propriety rights to any technology and intellectual property developed and materials provided in the course of such provision of exclusive technical services. Furthermore, Tibet Huatai agreed to provide exclusive management consultancy services to the PRC Operating Entities.

In consideration of the technical and management consultancy services provided by Tibet Huatai, each of the PRC Operating Entities agreed to pay Tibet Huatai a service fee equal to all or portion (up to the percentage of school's sponsor interest held by Sichuan Derui) of their respective amount of net profit (after deducting all costs, expenses, taxes, losses from the previous year (if required by the law) and the legally compulsory development fund of the respective school (if required by the law)); PRC Operating Entities agreed to pay Tibet Huatai a service fee equal to the net profit attributable to Sichuan Derui's school sponsor interest (after deducting all costs, expenses, taxes, losses from the previous year (if required by the law) and legally compulsory development fund of the school (if required by the law)). The compulsory development fund is included as statutory surplus reserve at the Group's level and retained at schools' level. Tibet Huatai has the right (but not the obligation) to adjust the amount of such service fee by reference to the actual services provided and the actual business operations and needs of the PRC Operating Entities, provided that any adjusted amount shall not exceed the amount mentioned above. The PRC Operating Entities do not have any right to make any such adjustment.

(3) Exclusive Call Option Agreements

Under the Exclusive Call Option Agreements, Sichuan Derui has irrevocably granted Tibet Huatai or its designated purchaser the right to purchase all or part of the school sponsor's interest of Sichuan Derui in the PRC Operating Entities (the "**Equity Call Option**"). The purchase price payable by Tibet Huatai in respect of the transfer of such school sponsor's interest upon exercise of the Equity Call Option shall be the lowest price permitted under the PRC laws and regulations. Tibet Huatai or its designated purchaser shall have the right to purchase such proportion of the school sponsor's interest of the PRC Operating Entities as it decides at any time.

In the event that PRC laws and regulations allow Tibet Huatai or us to directly hold all or part of the equity interest in the PRC Operating Entities and operate private education business in the PRC, Tibet Huatai shall issue the notice of exercise of the Equity Call Option as soon as practicable, and the percentage of equity interest purchased upon exercise of the Equity Call Option shall not be lower than the maximum percentage then allowed to be held by Tibet Huatai or us under PRC laws and regulations.

(4) School Sponsors' and Directors' Rights Entrustment Agreements

Pursuant to the School Sponsors' and Directors' Rights Entrustment Agreements, Sichuan Derui has irrevocably authorised and entrusted Tibet Huatai to exercise all its rights as school sponsor of each of the PRC Operating Entities to the extent permitted by the PRC laws. Pursuant to the School Sponsors' and Directors' Rights Entrustment Agreement, each of the directors nominated by Sichuan Derui has irrevocably authorised and entrusted Tibet Huatai to exercise all his/her rights as directors of the PRC Operating Entities as appointed by Sichuan Derui and to the extent permitted by the PRC laws.

In addition, each of Sichuan Derui and the Appointees have irrevocably agreed that (i) Tibet Huatai may delegate its rights under the School Sponsors' and Directors' Rights Entrustment Agreements to the directors of Tibet Huatai or its designated person, without prior notice to or approval by Sichuan Derui and the Appointees; and (ii) any person as successor of civil rights of Tibet Huatai or liquidator by reason of subdivision, merger, liquidation of Tibet Huatai or other circumstances shall have authority to replace Tibet Huatai to exercise all rights under the School Sponsors' and Directors' Rights Entrustment Agreement.

(5) School Sponsors' Powers of Attorney

Pursuant to the School Sponsors' Powers of Attorney executed by Sichuan Derui in favor of Tibet Huatai, Sichuan Derui authorised and appointed Tibet Huatai, the sole director of which is Mr. Yi Yu (who is not a director of any of the PRC Operating Entities and does not give rise to any conflicts of interest), as its agent to act on its behalf to exercise or delegate the exercise of all its rights as school sponsor of each of the PRC Operating Entities.

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

(6) Directors' Powers of Attorney

Pursuant to the Directors' Powers of Attorney executed by each of the Appointees in favor of Tibet Huatai, each of the Appointees authorised and appointed Tibet Huatai, the sole director of which is Mr. Yi Yu (who is not a director of any of the PRC Operating Entities and does not give rise to any conflicts of interest), as his/her agent to act on his/her behalf to exercise or delegate the exercise of all his/her rights as directors of the PRC Operating Entities.

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

(7) Spouse Undertakings

Pursuant to the Spouse Undertakings, the respective spouse of each of the Registered Shareholders (if any) has irrevocably undertaken that:

(a) the spouse has full knowledge of and has consented to the entering into of the Structured Contracts by the relevant Registered Shareholder, and in particular, the arrangement as set out in the Structured Contracts in relation to the restrictions imposed on the equity interest in Sichuan Derui, pledge or transfer the equity interest in Sichuan Derui, or the disposal of the equity interest in Sichuan Derui in any other forms;

(b) the spouse has not, is not and shall not in the future participate in the operation, management, liquidation, dissolution and other matters in relation to Sichuan Derui and the PRC Operating Entities (except for Mr. Yan Yude and Ms. Wang Xiaoying);

(c) the spouse authorizes the respective Registered Shareholder and/or his/her authorised person to execute all necessary documents and perform all necessary procedures from time to time for and on behalf of the spouse in relation to the spouse's equity interest in Sichuan Derui in order to safeguard the interest of Tibet Huatai under the Structured Contracts and give effect to the fundamental purposes thereunder, and confirms and agrees to all such documents and procedures;

(d) any undertaking, confirmation, consent and authorization under the Spouse Undertakings shall not be revoked, prejudiced, invalidated or otherwise adversely affected by death, loss of or restriction on capacity of the spouse, divorce or other similar events; and

(e) all undertakings, confirmations, consents and authorizations under the Spouse Undertakings shall continue to be valid and binding until otherwise terminated by both Tibet Huatai and the spouse in writing.

The Spouse Undertakings shall have the same term as and incorporate the terms of the Business Cooperation Agreements.

(8) Equity Pledge Agreements

Pursuant to the Equity Pledge Agreements, each of the Registered Shareholders unconditionally and irrevocably pledged and granted first priority security interests over all of his/her equity interest in Sichuan Derui together with all related rights thereto to Tibet Huatai as security for performance of the Structured Contracts and all direct, indirect, consequential damages and foreseeable loss of interest incurred by Tibet Huatai as a result of the any event of default on the part of the Registered Shareholders, Sichuan Derui or each of the PRC Operating Entities and all expenses incurred by Tibet Huatai as a result of enforcement of the obligations of the Registered Shareholders, Sichuan Derui and/or each of the PRC Operating Entities under the Structured Contracts (the "**Secured Indebtedness**").

Pursuant to the Equity Pledge Agreements, without the prior written consent of Tibet Huatai, the Registered Shareholders shall not transfer the equity interest or create further pledge or encumbrance over the pledged equity interest. Any unauthorised transfer shall be invalid, and the proceeds of any transfer of the equity interest shall be first used in the payment of the Secured Indebtedness or deposited to such third party as agreed to by Tibet Huatai. The Registered Shareholders also waived any pre-emptive rights upon enforcement and agreed to any transfer of the pledged equity pursuant to the Equity Pledge Agreements. The pledge under the Equity Pledge Agreement was registered with the relevant Administration of Industry and Commerce of the PRC on 18 September 2015 and became effective on the same date.

Under the Structured Contracts, there is no equity pledge arrangement between the Company and Sichuan Derui over the school sponsor's interest in the PRC Operating Entities held by Sichuan Derui. As advised by the PRC Legal Advisors, if the Company were to make an equity pledge arrangement with Sichuan Derui where Sichuan Derui pledges its school sponsor's interest in each of the PRC Operating Entities in favor of us, such arrangement would be unenforceable under PRC laws and regulations given that school sponsor's interests in schools are not pledgeable under PRC laws and any equity pledge arrangements with respect to School Sponsor's interests in schools cannot be registered with the relevant PRC regulatory authorities.

(9) Loan Agreements

Pursuant to the Loan Agreements, Tibet Huatai agreed to provide interest-free loans to Sichuan Derui in accordance with the PRC laws and regulations and Sichuan Derui agreed to utilize the proceeds of such loans to contribute as capital of the PRC Operating Entities in its capacity as school sponsor of the schools operated by the Group in accordance with our instructions. Both parties agree that all such capital contribution will be directly settled by Tibet Huatai on behalf of Sichuan Derui.

The term of the Loan Agreements shall continue until all school sponsor's interest of the PRC Operating Entities are transferred to Tibet Huatai or its designee and the registration process required thereafter has been completed with the relevant local authorities. Each loan to be granted under the Loan Agreements will be for an infinite term until termination at the sole discretion of Tibet Huatai.

C. Business Activities of PRC Operating Entities

The consolidated affiliated entities of the Group include the PRC Operating Entities and their respective school sponsors and other investment holding companies which were consolidated to the Group by virtue of the Structured Contracts, as amended from time to time.

The primary business activities of PRC Operating Entities are to offer formal high-school and higher education services and non-formal culture and art training to students. All of the school sponsors are investment holding companies.

D. Significance and financial contributions of PRC Operating Entities to the Group

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

	Significances and financial contribution to the Group					
	Revenue		Net Profit*		Total assets	
	For the year ended 31 August 2025	For the year ended 31 August 2024	**For the year ended 31 August 2025**	For the year ended 31 August 2024	**For the year ended 31 August 2025**	For the year ended 31 August 2024
PRC Operating Entities	**97.8%**	96.7%	**198.7%**	146.6%	**81.7%**	86.1%

* Before service fee charged under Structured Contracts

E. Revenue and assets involved in Structured Contracts

The table below sets out (i) revenue; and (ii) assets involved in the PRC Operating Entities, they would be consolidated into the Group's financial statements pursuant to the Structural Contracts:

	Revenue RMB'000 For the year ended 31 August 2025	Assets RMB'000 For the year ended 31 August 2025
PRC Operating Entities	**1,059,818**	3,616,110

F. Regulatory Framework

The Group currently conducts its private education business through the PRC Operating Entities in the PRC as PRC laws and regulations generally prohibit or restrict foreign ownership in the private education industry in the PRC. PRC laws and regulations currently prohibit foreign ownership of primary and middle schools in the PRC and restrict the operation of preschools, high schools and higher education institutions to Sino- foreign ownership, in addition to imposing qualification requirements on the foreign owners. The Company does not hold any equity interest in the PRC Operating Entities. The Structured Contracts, through which the Company obtains control over and derive the economic benefits from the PRC Operating Entities, have been narrowly tailored to achieve the Group's business purpose and minimize the potential conflict with relevant PRC laws and regulations.

1. Primary School and Middle School Education

Pursuant to the Implementation Opinions on Encouraging and Guiding Private Fund's Entry into the Education Sector and Promoting Healthy Development of Private Education (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) promulgated by the MOE on 18 June 2012 (the "**Implementation Opinions**"), foreign-invested companies that engage in educational activities in the PRC should comply with the Foreign Investment Catalog. Under the Special Management Measures for Foreign Investment Access (Negative List) (2020 version) (外商投資准入特別管理措施(負面清單) (2020年版)) promulgated by the National Development and Reform Commission ("**NDRC**") and the Ministry of Commerce of the PRC ("**MOFCOM**") on June 23, 2020 and became effective from July 23, 2020, primary schools and middle schools offering compulsory education for students from grade one to nine fall within the "prohibited" category. As a result of the prohibition on such foreign ownership, foreign investors (including individuals, companies, partnerships, educational institution and any other entities) are prohibited from owning primary schools or middle schools in the PRC, whether through direct investments or through wholly-owned subsidiaries in the PRC.

2. Preschool, High School and Higher Education

Pursuant to the Special Management Measures for Foreign Investment Access (Negative List) (2020 version) (外商投資准入特別管理措施(負面清單) (2020年版)), the Sino- Foreign Regulation and its implementation rules, the foreign investor in a Sino-foreign joint venture school offering preschool, high school and higher education must be a foreign education institution with relevant qualification and high quality of education ("**Qualification Requirement**"), hold less than 50% of the capital in a Sino-foreign education institute ("**Foreign Ownership Restriction**") and the domestic party shall play a dominant role ("**Foreign Control Restriction**"), meaning (a) the principal or other chief executive officer of the schools shall be a PRC national (with which the Group had fully complied); and (b) the representative of the domestic party shall account for no less than half of the total members of the Board, the executive council or the joint administration committee of the Sino-foreign cooperative educational institution.

In relation to the interpretation of Sino-foreign cooperation, if the Company were to apply for any of the schools operated by the Group to be reorganized as a Sino-foreign joint venture private school for PRC students at a preschool, high school and schools offering higher education ("**Sino-Foreign Joint Venture Private School**"), in addition to the Qualification Requirements and the Foreign Ownership Restriction, pursuant to the Implementation Opinions, the establishment of these schools is subject to approval of education authorities at the provincial or national level.

The PRC Legal Advisors have advised that as at the date of this annual report, it is currently uncertain as to what specific criteria must be met by a foreign investor (such as length of experience and form and extent of ownership in the foreign jurisdiction) in order to demonstrate to the relevant educational authority that it meets the Qualification Requirement.

As advised by the PRC Legal Advisors, the Sichuan governmental authority has not promulgated any implementing measures or specific guidance in respect of the Qualification Requirement as at 31 August 2025 and up to the date of this annual report.

Given that as at 31 August 2025 and up to the date of this annual report, as advised by the PRC Legal Advisors, there is no implementing measures or specific guidance in respect of the Qualification Requirement, it is therefore not practicable for us to seek to apply to reorganize any of the PRC Operating Entities as a Sino-Foreign Joint Venture Private School or convert any of the University into a Sino-Foreign Joint Venture Private School.

3. Plan to Comply with the Qualification Requirement

Virscend University received full accreditation from WSCUC in March 2024 which is one of the most prestige accreditation inn the word.

Virscend University currently offers Master of Business Administration program with both online and face to face modality with 5 concentrations including Data Analytics, Semiconductor Manufacturing Management, Coffee Plantation Management, Hospitality Technology Management, and Applied AI.

The Group continuously seeks to expand educational services for overseas students by operating Virscend University outside mainland China.

Virscend University is authorized by US Homeland security to issue I-20 for international students. In addition, WASC approves Virscend University to offer Master of Science in Hospitality Technology Management in both online and face to face modality in October 2025.

4. Regulation Updates

(i) Impact of the "Law of the People's Republic of China on Foreign Investment"

On 15 March 2019, the "Law of the People's Republic of China on Foreign Investment" ("**Foreign Investment Law**") was passed and promulgated by the National People's Congress, and became effective from 1 January 2020. The Foreign Investment Law defines foreign investment as an investment activity conducted directly or indirectly by a foreign investor, and enumerates the situations that should be deemed as foreign investment. At the same time, the Foreign Investment Law stipulates that foreign investment activities are granted with the pre-establishment national treatment and shall follow the Negative List (as defined hereunder) management system. Foreign investors shall not invest in areas that are prohibited in the Negative List for the Access of Foreign Investment ("**Negative List**"). Foreign investors shall meet the conditions stipulated in the Negative List in order to invest into the areas that are categorized by the Negative List as restricted category. Foreign investors shall follow the same principle as domestic investment in order to invest in areas that are not on the Negative List. There are no provisions in the Foreign Investment Law that explicitly mention the "actual control" or the "contractual arrangements". Nevertheless, further laws and regulations on the above-mentioned are not ruled out. Therefore, there are still uncertainties on whether the structure under the contractual arrangements will be included in the scope of foreign investment supervision in the future, and on the supervision framework if it is included in the scope of supervision. As at the date of this annual report, the Company's operations have not been affected by the Foreign Investment Law. The Company will closely monitor the development of the Foreign Investment Law and the related laws and regulations.

(ii) Impact of the decision on the revision of the "Law of the People's Republic of China on the Promotion of Private Education"

On 7 November 2016, the decision on the revision of the "Law of the People's Republic of China on the Promotion of Private Education" (the "**Decision**") was passed by and promulgated by the National People's Congress, and has become effective since 1 September 2017. The Decision made certain amendments on the "Law of the People's Republic of China on the Promotion of Private Education". According to the Decision, the school sponsors of private schools can choose to set up non-profit or for-profit private schools, but schools offering compulsory education can only be established as non-profit private schools.

The Sichuan Implementation Regulations was promulgated by the Education Department of Sichuan Province and four other relevant government authorities on 2 May 2018 and has become effective since 1 June 2018, establishing certain framework procedures for the transformation of existing private school in Sichuan Province into for-profit private schools or non-profit private schools.

To the best knowledge of the Company, there is uncertainty on the interpretation and application of the Decision, especially having considered that no detailed regulations and rules were enacted for the financial liquidation, property ownership division and tax payment in relation to the transformation of schools into for-profit private schools under the Sichuan Implementation Regulation as at the date of this annual report, which can affect or may affect the entire industry or several of our schools. Hence, as at the date of this annual report, we were unable to measure the impact of the implementation of the Decision on the business operation of our Group.

(iii) Impact of the "Opinions of the Central Committee of the Communist Party of China on the Deepening Reform and Standardization of Preschool Education"

On 7 November 2018, the "Opinions of the Central Committee of the Communist Party of China on the Deepening Reform and Standardization of Preschool Education" was issued by the Central Committee of the Communist Party of China. Certain Opinions on the deepening reform and standardization of preschool education were put forward, including: (i) private capital shall not control non-profit kindergartens or kindergartens run by state-owned assets or collective assets through mergers and acquisitions, entrusted operations, franchise chains, use of variable interest entities, and agreement control; (ii) for-profit kindergartens participating in mergers and acquisitions, franchise agreement and chain operations shall report the agreements signed with relevant enterprises interested therein to the education department that are at or above the county level for publication to the public; (iii) private kindergartens are not allowed to be listed separately or as part of the listed assets. A listed company may not invest in a for-profit kindergarten through financing in the stock market, and may not purchase assets of the for-profit kindergartens by issue of shares or cash payment; and (iv) encouraging social force to operate kindergartens. The government has increased support, guiding social forces to operate more inclusive kindergartens. Before the end of June 2019, all provinces, including autonomous regions and municipalities directly under the Central Government, should further improve the recognition standards, subsidy standards and support policies for inclusive kindergartens private schools (普惠性民辦園). The development of inclusive private kindergartens is supported by among others, purchased of services, comprehensive awards, rent reduction, stationed public teachers, teachers training and guidance on teaching and research. The number of enrollment capacity in inclusive kindergartens and the quality of the inclusive kindergartens are the important indicators for incentives subsidies and support.

On 9 January 2020, the "Identification and management measures of inclusive private kindergartens in Sichuan Province" (《四川省普惠性民辦幼兒園認定和管理辦法》) was issued by the Education Department of Sichuan Province and two other relevant government authorities and has become effective since 10 February 2020, establishing identification procedures for inclusive private kindergartens, support policy and management measures.

After consulting our PRC legal advisor, we are of view that with experiences in managing and operating kindergartens over the past years, the Group is able to participate in the development of kindergarten business by delivering services and explore such participation in teachers training services market.

(iv) Impact of the Implementation Rules for the Law for Promoting Private Education of the PRC

On 14 May 2021, the PRC State Council promulgated the 2021 Implementation Rules, which has been implemented since 1 September 2021. The 2021 Implementation Rules stipulate that: (1) private schools may enjoy the preferential tax policies stipulated by the State, among which non-profit private schools may enjoy the same preferential tax policies as public schools; (2) for the construction or expansion of non-profit private schools, the local people's governments shall grant preferential treatments in terms of land use by means of allocation in accordance with the principle of treating non-profit private schools equally as public schools. For the land use of private schools that implement preschool education and education for academic credentials, the governments may provide lands by means of agreement, bidding, auction and etc. according to the laws. Lands may also be supplied by long-term lease, lease and assignment, and combination of sale and rental. Charges for the assignment or rental of land may be paid in instalments within the specified time limit as agreed in the contract. The 2021 Implementation Rules do not involve specific provisions on preferential taxation and land use policies. Therefore, there are still uncertainties as to what kind of tax and land use policies and other aspects of government supports the private schools under the Group will enjoy in the future.

The 2021 Implementation Rules further stipulate that: (1) private schools that provide compulsory education are not allowed to enter into transactions with their interested parties, and other private schools shall conduct transactions with their interested parties in a manner that is open, justified and fair, shall be reasonably priced, shall establish standardized decision-making for such transactions and shall not harm the interests of the State, schools and teachers and students. Private schools shall set up an information disclosure mechanism for dealing with their interested parties. The relevant governmental authorities, such as the education department, the human resources and social security departments and the financial departments, shall strengthen the supervision of the agreements entered into between non-profit private schools and their interested parties, and shall review the connected transactions annually; (2) if the sponsor is a legal person, its controlling shareholder and the actual controller shall meet the requirements stipulated by laws and administrative regulations for the establishment of a private school, and any change of the controlling shareholder or the actual controller, shall be reported to the competent department for record-filing and publicity; (3) any social organizations and individuals shall not control compulsory education private schools or non-profit private schools which implement preschool education through mergers or Structured Contracts; and (4) the start-up capital and registered capital of a private school shall be paid in full when it is formally established and shall be compatible with the type, level and scale of the school.

The Structured contracts may be considered as transactions with interested parties of private schools under the Group, and we may incur significant compliance costs due to the establishment of a disclosure mechanism. If the private school under the Group chooses to register as a non- profit private school, the competent government department shall review its relevant transactions annually. These processes may not be under our control and may be very complex and cumbersome, and may divert management attention. During the review process, government departments may require us to modify or terminate the structured contract, which may lead to penalties, resulting in a material adverse impact on the operation of the structured contract.

G. **Risks associated with the arrangements and the actions taken to mitigate the risks**

The Structured Contracts are used to enable the Group to consolidate the financial results of the PRC Operating Entities which engage in the operation of high schools and university where the PRC laws and regulations currently restrict operation of high schools and higher education institutions to Sino- foreign ownership, in addition to imposing Qualification Requirements on the foreign owners and withholding government approval in respect of Sino-foreign ownership.

The PRC government may find that the Structured Contracts do not comply with applicable PRC laws and regulations, which may subject us to severe penalties and the Group's business may be materially and adversely affected. The Group relies on the Structured Contracts to obtain control over and derive the economic benefits from the PRC Operating Entities, which may not be as effective in providing operational control as direct ownership. The registered owners of the PRC Operating Entities may have conflicts of interest with the Group or there is deterioration of relations, which may materially and adversely affect the Group's business and financial condition. The Group's execution on the option to acquire school sponsor's interest of the PRC Operating Entities may be subject to certain limitations and the Company may incur substantial costs and expend significant resources to enforce the Structured Contracts if any of the PRC Operating Entities fails to perform its obligations thereunder. The Structured Contracts may be subject to scrutiny of PRC tax authorities and additional tax may be imposed, which may materially and adversely affect the Group's results of operation and value of the investment by the Shareholders or potential investors of the Company. Certain terms of the Structured Contracts may not be enforceable under PRC laws. The PRC Operating Entities may be subject to limitations on their ability to operate private education or make payments to related parties. The Company relies on dividend and other payments from Tibet Huatai to pay dividends and other cash distributions to the Shareholders. If any of the PRC Operating Entities or Sichuan Derui becomes subject to winding up or liquidation proceedings, the Company may lose the ability to enjoy certain important assets, which could negatively impact the Group's business and materially and adversely affect the Group's ability to generate revenue. For more details, please refer to the section headed "Risk Factors — Risks relating to our Structured Contracts" in the Prospectus and "Impact of the 'Law of the People's Republic of China on Foreign Investment'" in this annual report.

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

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

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

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

(d) the Company and the Directors undertake to provide periodic updates in the annual and interim reports regarding the Qualification Requirement and the Group's status of compliance with the Foreign Investment Law as stipulated under the section headed "Structured Contracts — Background of the Structured Contracts" and the latest development of the Foreign Investment Law as disclosed under the section headed "Structured Contracts — Development in the PRC Legislation on Foreign Investment" of the Prospectus, including the latest relevant regulatory development as well as the Group's plan and progress in acquiring the relevant experience to meet the Qualification Requirement; and

(e) the Company will engage external legal advisors or other professional advisors, if necessary, to assist the Board to review the implementation of the Structured Contracts, review the legal compliance of Tibet Huatai and the PRC Operating Entities to deal with specific issues or matters arising from the Structured Contracts.

For the year ended 31 August 2025, the Board has reviewed the overall performance of the Structured Contracts and believed that the Group has complied with the Structured Contracts in all material respects.

We have been advised by our PRC Legal Advisors that the provision of non-compulsory education services by the Group through the Structured Contracts is not prohibited by the Implementation Regulations and does not violate any laws and mandatory provisions of any administrative regulations in the PRC.

In addition, notwithstanding that the executive Directors, Mr. Yan Yude, Ms. Wang Xiaoying and Mr. Ye Jiayu are also the Registered Shareholders, the Company believes that the Directors are able to perform their roles in the Group independently and the Group is capable of managing its business independently after the Listing under the following measures:

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

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

(c) the Company has appointed three independent non-executive Directors, comprising over one-third of the Board, to provide a balance of the number of interested and independent Directors with a view to promoting the interests of the Company and the Shareholders as a whole; and

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

H. Material changes

As of the date of this annual report, there were no material changes in the Structured Contracts and/or the circumstances under which the Structured Contracts were adopted.

I. Unwinding of the Structured Contracts

As of the date of this annual report, there has not been any unwinding of any Structured Contracts, nor has there been any failure to unwind any Structured Contracts when the restrictions that led to the adoption of the Structured Contracts are removed. For more details, please refer to the section headed "Structured Contracts — Operation of the Structured Contracts — Termination of the Structured Contracts" of the Prospectus. In the event that the PRC regulatory environment changes and all of the Qualification Requirement, the Foreign Ownership Restriction and the Foreign Control Restriction are removed (and assuming there are no other changes in the relevant PRC laws and regulations), Tibet Huatai will exercise the Equity Call Option in full to unwind the contractual arrangements so that the Company will be able to directly operate the schools without using the Structured Contracts.

Confirmation of independent non-executive Directors

The independent non-executive Directors have reviewed the aforesaid Structured Contracts (the "**Continuing Connected Transactions**") and confirmed that, during the Reporting Period:

(i) the Continuing Connected Transactions have been entered into in the ordinary and usual course of business of the Group;

(ii) the Continuing Connected Transactions are on normal commercial terms; and

(iii) the Continuing Connected Transactions have been entered into in accordance with relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

Confirmation of auditor of the Company

KTC Partners CPA Limited, the Company's auditor, was engaged to report on the Group's Continuing Connected Transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "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.

After performing the procedures related to Continuing Connected Transaction, KTC Partners CPA Limited confirmed that:

a. nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions have not been approved by the Board of the Company.

b. for transactions involving the provision of goods or services by the Group, nothing has come to their attention that causes them to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Group.

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

d. nothing has come to their attention that causes them to believe that dividends or other distributions have been made by Chengdu Experimental Foreign Languages High School of Chengdu Jinniu District, Chengdu Foreign Languages High School of Deyang, Virscend High School of Chengdu Xinjin District, Chengdu Experimental Foreign Languages High School of Sichuan Tianfu New Area, Chengdu International Studies University, Virscend High School of Quxian, Virscend High School of Ya'an, Chengdu Foreign Languages High School of Yibin, Chengdu Foreign Languages High School of Chengdu Hi-tech Zone, Chengdu Foreign Lanuages High School of Renshou, Chengdu Jiaying Wentai Education Consulting Co., Ltd, Chengdu Fanmao Nursery Service Co., Ltd., Chengdu Jiaying Ruitai Education Consulting Co., Ltd, Chengdu High-tech Zone Jiayingtai Art Training School, Chengdu Jiataihua Education Consulting Co., Ltd., Chengdu Pidu District Jiataihua Education and Training School, Sichuan Silk Road International Communication Center for Teenagers, Chengdu Xiyue Jiatai Education Management Co., Ltd, Chengdu Jinjiang Fanmao Nursery Service Co., Ltd., Chengdu Kejiatai Education Management Co., Ltd., Chengdu Xirui jiahong Education Management Co., Ltd., Chengdu Xiangshujia Education Consulting Co., Ltd, Chengdu Jinniu Fanmao Nursery Service Co., Ltd., Chengdu Fanmao Education Management Co., Ltd., Chengdu Zeran Education Management Co., Ltd., and Sichuan Tianfu New Area Xiangshujia Education Consulting Co., Ltd ("**PRC Operating Entities**") to the holders of their school sponsor's interests which are not otherwise subsequently assigned or transferred to the Group.

e. with respect to the aggregate amount of the Continuing Connected Transactions, nothing has come to their attention that causes them to believe that the disclosed Continuing Connected Transactions have exceeded the annual cap as set by the Company.

KTC Partners CPA Limited has issued a letter containing their findings and conclusions in respect of the Continuing Connected Transactions in accordance with Rule 14A.56 of the Listing Rules.

Connected Transactions

Lease agreement with Tibet Huatai

On 30 November 2022, Tibet Huatai, a wholly-owned subsidiary of the Group, entered into the Lease Agreement with Tianren Hotel, pursuant to which Tianren Hotel agreed to lease certain properties to Tibet Huatai as its office premise and provide integrated management services in relation to the certain properties for a term of three years from 1 December 2022 to 30 November 2025. For details of Lease Agreement, please refer to the announcement dated 30 November 2022.

The table below sets out the details regarding the Lease Agreement.

	Lessee	Lessor	Duration of the lease	Description and use of the property leased	Annual amount paid for the year ended 31 August 2025 RMB'000
Lease Agreement	Tibet Huatai	Tianren Hotel	For a term of three years commencing from 1 December 2022 to 30 November 2025	The Property located at floor 5 and 8 of Tianren Hotel at No 18 Sandongqiao Road, Jinniu District, Chengdu City, Sichuan Province, the PRC, with a total gross floor area of 2,300 square meters. For the first year (i.e. 1 December 2022 to 30 November 2023), the rent of the Property is RMB115/ sq.m. per month (tax exclusive). Tianren Hotel has offered a one-month rent-free period from 1 December 2022 to 31 December 2022 for Tibet Huatai to conduct office decoration. For the second year (i.e. 1 December 2023 to 30 November 2024) and the third year (i.e. 1 December 2024 to 30 November 2025), the monthly rent during the each year will increase by 5% over that of the preceding year. Tibet Huatai paid Tianren Hotel a deposit of RMB500,000 on the date of the Lease Agreement.	3,293

The rent payable per annum of the Lease Agreement was determined after arm's length negotiations between Tianren Hotel and Tibet Huatai, taking into consideration of the prevailing market price of comparable premises in the vicinity of the Property. An independent property valuer Asia-Pacific Consulting and Appraisal Limited engaged by the Group has opined that rental levels in the Lease Agreement is reasonable.

Mr. Yan Yude is a Director and a Controlling Shareholder, and therefore a connected person of the Company under Rule 14A.07(1) of the Listing Rules. Tianren Hotel is owned as to 99.10% by Mr. Yan Yude and hence an associate of Mr. Yan Yude and a connected person of the Company.

REPORT OF DIRECTORS

Lease agreement with Mr. Yan Yude

On 1 September 2024, the Company entered into the Lease Agreement with Mr. Yan Yude, pursuant to which Mr. Yan Yude agreed to lease certain property to the Company for a term of one year from 1 September 2024 to 31 August 2025. The rent of the lease is HKD2,400,000 and the Company was responsible for management fee and utility charges per month and government rates and government rent in respect of the premises during the term.

Mr. Yan Yude is a Director and a Controlling Shareholder, and therefore a connected person of the Company under Rule 14A.07(1) of the Listing Rules. Therefore the Lease Agreement constitutes connected transaction of the Company under Chapter 14A of Listing Rules. As the applicable percentage ratios in respect of the Lease Agreement are all less than 5% and the total lease amount is less than HK$3,000,000, the Lease Agreement and the transactions contemplated thereunder are exempt from the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

RELATED PARTY TRANSACTIONS

Details of the related party transactions entered into by the Group during the year ended 31 August 2025 are set out in note 35 to the financial statements. Save as disclosed in this annual report, none of these related party transactions constitutes a connected transaction or continuing connected transaction as defined under the Listing Rules, and the Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules and disclosed in this annual report.

SIGNIFICANT LEGAL PROCEEDINGS

During the year ended 31 August 2025, the Company was not engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatening against the Company.

COMPLIANCE WITH LAWS AND REGULATIONS

During the year ended 31 August 2025 and up to the date of this annual report, the Group has complied with the relevant laws and regulations that have a significant impact on the Company.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to minimizing the impact on the environment from our business activities. In accordance with rule 13.91 and Appendix C2 to the Listing Rules, the Company's Environmental, Social and Governance Report for the year ended 31 August 2025 will be available on its website and the Stock Exchange's website at the same time as the publication of this annual report.

PERMITTED INDEMNITY PROVISION

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

EVENTS AFTER THE REPORTING PERIOD

There was no event which has occurred after the year ended 31 August 2025 that would cause material impact on the Group.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") has reviewed the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters. The Audit Committee, together with the Board and external auditor, has reviewed the Group's audited consolidated financial statements for the year ended 31 August 2025.

CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance practices. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 59 to 76 of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

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

AUDITOR

On 16 May 2022, the Board received a letter from Ernest & Young that it would not be seeking re-appointment as auditor of the Company. On the recommendation of the audit committee of the Board, the Board has resolved to propose to appoint Elite Partners CPA Limited as the Company's auditor for the year ended 31 August 2022 following the retirement of Ernst & Young. This proposed appointment was approved by the Shareholders at the annual general meeting of the Company held on 17 June 2022. For details, please refer to the announcement of the Company dated 16 May 2022 and the circular of the Company dated 18 May 2022.

Elite Partners CPA Limited ("**Elite Partners**") has resigned as auditor of the Company with effect from 23 August 2024. For details, please refer to the announcement of the Company dated 23 August 2024.

On 14 September 2024, the Board, with the recommendation from the Company's Audit Committee, has resolved to appoint KTC Partners CPA Limited ("**KTC Partners**") as the new auditor of the Company to fill the casual vacancy following the resignation of Elite Partners and to hold office until the conclusion of the 2025 annual general meeting of the Company. For details, please refer to the announcement of the Company dated 14 September 2024. KTC Partners was re-appointed as the auditor of the Company for the year ended 31 August 2025 at the annual general meeting of the Company held on 15 January 2025.

Save as disclosed above, there were no other changes of auditors of the Company in the past three years.

The financial statements for the year ended 31 August 2025 have been audited by KTC Partners. KTC Partners shall retire in the forthcoming AGM and, being eligible, will offer itself for re-appointment. A resolution for the re-appointment of KTC Partners as the auditor of the Company will be proposed at the forthcoming AGM.

RECOMMENDATION TO CONSULT PROFESSIONAL TAX ADVICE

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

On behalf of the Board
Wang Xiaoying
Chairwoman

Hong Kong, 27 November 2025

The Board is pleased to present this Corporate Governance Report in the Company's annual report for the year ended 31 August 2025.

CORPORATE CULTURE

As a leading provider of high school and university private education services in Southwest China, the Group instils a culture that respects and promotes innovation, sustainability, good corporate governance and compliance with relevant laws and regulations. The Board sets the tone and shapes the corporate culture of the Company, which is underpinned by the Group's vision of sustainable growth, and the core values of acting lawfully, ethically and responsibly across all levels of the Group. The Board plays a leading role in defining the purpose, values and strategic direction of the Group and in fostering a culture that is forward looking, change embracing and competitiveness focused. The desired culture is developed and reflected consistently in the operating practices of the Group, workplace policies and practices as well as relations with stakeholders. The Board oversight of culture encompasses a range of measures and tools over time, including workforce engagement, employee retention and training, stringent financial reporting, effective and accessible whistleblowing framework, legal and regulatory compliance (including compliance with the employee's code of conduct and corporate governance policies of the Group), as well as staff safety, wellbeing and support. Taking into account the corporate culture in a range of contexts, the Board considers that the culture and the purpose, value and strategy of the Group are aligned.

CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the CG Code as its own code of corporate governance. The Company has complied with the principles and all applicable code provisions under the CG Code during the year ended 31 August 2025. The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

THE BOARD

Responsibilities

The Board is responsible for the overall leadership of the Group, oversees the Group's strategic decisions and monitors business and performance. The Board has delegated the authority and responsibility for day-to-day management and operation of the Group to the senior management of the Group. To oversee particular aspects of the Company's affairs, the Board has established three Board committees including the Audit Committee, the remuneration committee (the "**Remuneration Committee**") and the nomination committee (the "**Nomination Committee**") (together, the "**Board Committees**"). The Board has delegated to the Board Committees responsibilities as set out in their respective terms of reference.

All Directors have carried out duties in good faith and in compliance with applicable laws and regulations, and have acted in the interests of the Company and the Shareholders at all times.

The Company has arranged appropriate liability insurance in respect of legal action against the Directors. The insurance coverage will be reviewed on an annual basis.

BOARD COMPOSITION

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

Executive Directors:

Ms. Wang Xiaoying *(Chairwoman of the Board)*
Mr. Yan Yude
Mr. Ye Jiayu
Mr. Deng Bangkai

Independent Non-executive Directors:

Mr. Sit Chiu Wing
Mr. Chan Kim Sun
Mr. Yin Dajia *(appointed on 16 January 2025)*

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

Save as disclosed below, during the year ended 31 August 2025, the Board has met at all times the requirements under rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possesses appropriate professional qualifications or accounting or related financial management expertise.

The Company has also complied with rule 3.10A of the Listing Rules relating to the appointment of independent non-executive Directors representing at least one-third of the Board.

As each of the independent non-executive Directors has confirmed his independence pursuant to rule 3.13 of the Listing Rules, the Company considers all of them to be independent parties.

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

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

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

Non-Compliance with Rules 3.10, 3.21, 3.25 and 3.27A of the Listing Rules

Immediately following the passing away of Mr. Wen Ruizheng as an independent non-executive Director and a member of the audit committee, remuneration committee and nomination committee of the Board on 25 November 2024, the Company did not meet the requirement of Rules 3.10, 3.21, 3.25 and 3.27A of the Listing Rules. On 16 January 2025, Mr. Yin Dajia was appointed as an independent non-executive Director and member of the audit committee, the remuneration committee and the nomination committee of the Company. Immediately following the appointment of Mr. Yin Dajia, the Company is in compliance with the requirements in relation to (i) the number of independent non-executive Directors under Rules 3.10(1) of the Listing Rules; (ii) the minimum number of members of the audit committee of the Company under Rule 3.21 of the Listing Rules; (iii) the proportion of independent non-executive Directors of the remuneration committee of the Company under Rule 3.25 of the Listing Rules; and (iv) the proportion of independent non-executive Directors of the nomination committee of the Company under Rule 3.27A of the Listing Rules. As such, the Company has fully complied with the requirements as set out in Rules 3.10(1), 3.21, 3.25 and 3.27A of the Listing Rules.

Change of Composition of Board Committees

On 16 January 2025, (a) Mr. Yan Yude ceased to be a member of nomination committee and Ms. Wang Xiaoying was appointed as a member of nomination committee of the Company; and (b) Ms. Wang Xiaoying ceased to be a member of remuneration committee and Mr. Yan Yude was appointed as a member of remuneration committee of the Company.

Board Diversity Policy

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

Gender Diversity of Workforce

As at 31 August 2025, the Board consists of six male members and one female member, the total number of employees of the Group was 2,365, and the percentage of male employees and female employees was 32% and 68%, respectively. The Group adheres to an employment policy of equality and diversity. We oppose any discriminatory, including gender discrimination, and are committed to gender diversity in our workforce. Details of the Group's gender diversity at workforce level are set out in the Group's standalone 2025 Environmental, Social and Governance Report.

Induction and Continuous Professional Development

Each newly appointed Director is provided with necessary induction and information to ensure that he/she has a proper understanding of the Company's operations and businesses as well as his/her responsibilities under relevant statues, laws, rules and regulations. The Company also arranges regular seminars to provide Directors with updates on latest development and changes in the Listing Rules and other relevant legal and regulatory requirements from time to time. The Directors are also provided with regular updates on the Company's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties. On 16 January 2025, Mr. Yin Dajia was appointed as an independent non-executive Director. He obtained legal advice from the legal adviser of the Company as to Hong Kong law on 8 January 2025, as regards the requirements under the Listing Rules that are applicable to him as a director of a listed issuer and the possible consequences of making a false declaration or giving false information to the Stock Exchange. Mr. Yin Dajia also confirmed he understood his obligations as a director of a listed issuer.

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

The record of professional training received by the Directors during the year ended 31 August 2025 is as follows and each of the Directors has complied with code provision C.1.4:

Name of Directors	Nature of Continuous Professional Development Programmes
Executive Directors	
Ms. Wang Xiaoying	A/B/C/D
Mr. Ye Jiayu	A/B/C/D
Mr. Yan Yude	A/B/C/D
Mr. Deng Bangkai	A/B/C/D
Independent Non-Executive Directors	
Mr. Sit Chiu Wing	A/C/D
Mr. Chan Kim Sun	A/C/D
Mr. Yin Dajia *(appointed on 16 January 2025)*	A/C/D

Notes:

A: Attending seminars and/or meetings and/or forums and/or briefings

B: Giving talks in the seminars and/or meetings and/or forums

C: Attending training relevant to the Company's business conducted by lawyers

D: Reading materials relevant to corporate governance, director's duties and responsibilities, Listing Rules and other relevant ordinances

Chairwoman and Chief Executive Officer

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

The Chairwoman of the Board and the chief executive officer of the Company (the "**Chief Executive Officer**") are currently two separate positions held by Ms. Wang Xiaoying and Mr. Yan Yude, respectively, with clear distinction in responsibilities. The Chairwoman of the Board is responsible for providing strategic advice and guidance on the business development of the Group, while the Chief Executive Officer is responsible for the day-to-day operations of the Group.

Appointment and Re-election of Directors

Pursuant to the article 84(1) of Articles of Association, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years.

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

Each of the executive Directors has entered into a service contract with the Company for an initial fixed term of three years and will continue thereafter until terminated by not less than three months' notice in writing served by either party on the other, which notice shall not expire until the end of the fixed term.

Each of the Independent non-executive Directors has entered into a letter of appointment with the Company for an initial fixed term of one year and will continue thereafter until terminated by not less than three months' notice in writing served by either party on the other, which notice shall not expire until the end of the fixed term.

Board Meetings

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

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

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

During the year ended 31 August 2025, eight Board meetings, one annual general meeting was held and the attendance of each Director at the meetings is set out in the table below:

	Attendance/Number of meetings	
Directors	**Board Meetings**	**Annual General Meeting**
Ms. Wang Xiaoying	8/8	1/1
Mr. Ye Jiayu	8/8	1/1
Mr. Yan Yude	8/8	1/1
Mr. Deng Bangkai	8/8	1/1
Mr. Sit Chiu Wing	8/8	1/1
Mr. Chan Kim Sun	8/8	1/1
Mr. Yin Dajia *(appointed on 16 January 2025)*	1/1	N/A

Model Code for Securities Transactions

The Company has adopted the Model Code as set out in Appendix C3 of the Listing Rules as its own code of conduct regarding Directors' securities transactions during the year ended 31 August 2025. Having made specific enquiries of all the Directors, each of the Directors has confirmed that he/she has complied with the Model Code during the year ended 31 August 2025.

At the same time, during the year ended 31 August 2025, the Company has also adopted its own code of conduct regarding employees' securities transactions on terms no less exacting than the standard set out in the Model Code for the compliance by its relevant employees who are likely to be in possession of unpublished inside information of the Company in respect of their dealings in the Company's securities.

Delegation by the Board

The Board reserves for its decision all major matters of the Company, including approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters. Directors could have recourse to seek independent professional advice in performing their duties at the Company's expense and are encouraged to access and to consult with the Company's senior management independently.

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

Corporate Governance Function

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

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

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

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

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

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

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

The Board had performed the functions set out in the Corporate Governance Code during the Reporting Period.

BOARD COMMITTEES

Audit Committee

The Audit Committee comprises three members, namely Mr. Chan Kim Sun (chairman), Mr. Sit Chiu Wing and Mr. Yin Dajia, all of them are independent non-executive Directors.

The principal duties of the Audit Committee include the following:

1. to review the relationship with the auditor by reference to the work performed by the auditor, its fees and terms of engagement, and make recommendations to the Board on the appointment, re-appointment and removal of the auditor;

2. to review the financial statements and reports and consider any significant or unusual items raised by the Company's staff responsible for the accounting and financial reporting function, compliance officer or the auditor before submission to the Board; and

3. to review the adequacy and effectiveness of the Company's financial reporting system, internal control system and risk management system and associated procedures, including the adequacy of the resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function.

The written terms of reference of the Audit Committee are available on the websites of the Stock Exchange and the Company.

During the year ended 31 August 2025, the Audit Committee held four meetings. The attendance record of the meetings is set out in the table below:

Name of Committee Member	Attendance/ Number of meetings
Mr. Chan Kim Sun *(Chairman)*	4/4
Mr. Sit Chiu Wing	4/4
Mr. Yin Dajia *(appointed on 16 January 2025)*	1/1

During the year ended 31 August 2025, the Audit Committee reviewed the annual results and reports for the year ended 31 August 2024 and the interim results and report for the six months ended 28 February 2025, the accounting principles and practices adopted by the Company, significant issues on the financial reporting and compliance procedures, internal control and risk management systems, scope of work and appointment of external auditor. Having reviewed the effectiveness of the internal audit function, the external audit process as well as the independence, the Audit Committee is satisfied with this relationship.

The Group's annual audited results for the year ended 31 August 2025 have been reviewed by the Audit Committee on 28 November 2025.

Nomination Committee

The Nomination Committee currently comprises three members, including two independent non-executive Directors namely Mr. Sit Chiu Wing (chairman) and Mr. Yin Dajia, and one executive Director namely Ms. Wang Xiaoying.

The principal duties of the Nomination Committee include the following:

1. to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

2. to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;

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

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

5. to review the board diversity policy.

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

NOMINATION POLICY

Selection criteria and principles

Appointment of Directors is based on objective criteria, having due regard to the benefits of diversity to the Board, and decisions of the Nomination Committee are based on the merits and contribution of the selected candidates.

The Nomination Committee has adopted a nomination policy (the "**Nomination Policy**") which sets out the selection criteria and procedure of nominating, appointing and re-appointing a Director. The selection criteria used in assessing the suitability of a candidate include, inter alia, his/her academic background and professional qualifications, relevant industry experience, character and integrity and whether he/she can contribute to the diversity of the Board underpinned in the Board Diversity Policy. The procedure of appointing and re-appointing a Director is summarised as follows:

- nomination and invitation of suitable candidates by any member of the Nomination Committee or the Board;
- evaluation of the candidate by the Board based on all selection criteria as set out in the Nomination Policy and the Board Diversity Policy;
- performing due diligence in respect of each candidate and making recommendation for the Board's consideration and approval;
- in case of nomination of an independent non-executive Director, assessing the candidate's independence under the relevant CG Code provision(s) and the Listing Rules;
- where nominating an independent non-executive Director for election at general meetings, having due consideration of matters under applicable CG Code provision(s);
- in the context of re-appointment of retiring Directors, reviewing the candidate's overall contribution and performance and making recommendations to the Board and/or the shareholders for consideration in connection with his/her re-election at general meetings; and
- convening a meeting of the Board to consider the appointment or re-appointment of the candidate as a Director.

CORPORATE GOVERNANCE REPORT

The written terms of reference of the Nomination Committee are available on the websites of the Stock Exchange and the Company.

Board Composition (As at the date of this annual report)

Age	41-45	55-60	61-65	>65
	2	0	2	3

Assuming directorship of other listed companies simultaneously (number of companies)	1	0
	0	7

Number of years as Director of the Company	1-7	7-8	>8
	1	2	4

Gender	Male	Female
	6	1

Race	Chinese	Non-Chinese
	7	0

Skills and Experience of the Directors

	Administration, knowledge leadership and strategic	Professional knowledge of the China market	Experience in Mainland capital market	Professional knowledge in legal/ regulatory and compliance/ risk management	Professional knowledge in accounting/ financial management
Executive Directors					
Wang Xiaoying *(Chairwoman of the Board)*	√	√	√	√	√
Ye Jiayu	√	√	√	√	√
Yan Yude	√	√	√	√	√
Deng Bangkai	√	√	√	√	√
Independent Non-executive Directors					
Sit Chiu Wing	√	√			
Chan Kim Sun	√	√		√	√
Mr. Yin Dajia *(appointed on 16 January 2025)*	√		√	√	
Proportion (proportion to the total number of Directors)	100%	86%	71%	86%	71%

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

During the year ended 31 August 2025, the Nomination Committee held two meetings to review the nomination procedures and the composition. The attendance record of the meeting is set out in the table below:

Name of Committee Member	Attendance/ Number of meetings
Mr. Sit Chiu Wing *(Chairman)*	2/2
Ms. Wang Xiaoying *(appointed on 16 January 2025)*	N/A
Mr. Yin Dajia *(appointed on 16 January 2025)*	N/A

During the year ended 31 August 2025, the Nomination Committee reviewed the structure, size and composition of the Board and assessed each Director's ability, time commitment and contribution to the Board. The Nomination Committee also recommended Mr. Yin Daijia as an suitable candidate to the Board for appointment as an independent non-executive Director after its assessment with reference to a range of diversity perspectives in accordance with the Nomination Policy.

Remuneration Committee

The Remuneration Committee comprises three members, including two independent non-executive Directors namely Mr. Sit Chiu Wing (chairman) and Mr. Yin Dajia, and one executive Director namely Mr. Yan Yude

The principal duties of the Remuneration Committee include the following:

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

2. to review and approve the management's remuneration proposals with reference to the corporate goals and objectives determined by the Board;

3. to determine the remuneration packages of individual executive Directors and senior management. These include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;

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

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

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

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

8. to ensure that no Director or any of his/her associates (as defined in the Listing Rules) is involved in deciding his/her own remuneration; and

9. to review and approve matters relating to share schemes under Chapter 17 of the Listing Rules.

The written terms of reference of the Remuneration Committee are available on the websites of the Stock Exchange and the Company.

During the year ended 31 August 2025, the Remuneration Committee held two meetings. The attendance record of the meeting is set out in the table below:

Name of Committee Member	Attendance/ Number of meetings
Mr. Sit Chiu Wing *(Chairman)*	2/2
Mr. Yan Yude *(appointed on 16 January 2025)*	N/A
Mr. Yin Dajia *(appointed on 16 January 2025)*	N/A

During the year ended 31 August 2025, the Remuneration Committee reviewed and discussed the remuneration policy and structure of the Company, and the remuneration packages and performance of the executive Directors and senior management and made recommendation to the Board and other related matters of the Company. The Remuneration Committee also approved the terms of executive Directors' service contracts, and reviewed the matters relating to share schemes adopted by the Company. The Remuneration Committee ensured that no individual or any of his associates was involved in determining his own remuneration. It also ensured that remuneration awards were determined by reference to the performance of the individual and the Company and were aligned to the market practice and conditions, the Company's goals and strategies. No changes on the policy were recommended by the Remuneration Committee.

Remuneration of Senior Management

Pursuant to paragraph B.1.5 of the CG Code, the remuneration of the members of the senior management (other than the Directors) whose particulars are contained in the section headed "Directors and Senior Management' in this annual report for the year ended 31 August 2025 by band is set out below:

Remuneration band	Number of individual
Nil to RMB1 million	3

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements for the year ended 31 August 2025 which give a true and fair view of the affairs of the Company and the Group and of the Group's results and cash flows.

The management has provided to the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Company's financial statements, which are put to the Board for approval.

The Directors believe that the Group has adequate resources to continue operation for the foreseeable future of not less than twelve months from the end of the Reporting Period. For details, please refer to the note 2.1 to the financial statements.

The statement by the auditor regarding their reporting responsibilities on the consolidated financial statements of the Company is set out in the Independent Auditor's Report on pages 77 to 82 of this annual report.

RISK MANAGEMENT AND INTERNAL CONTROLS

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

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

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

The main features of risk management and internal control structure of the Company is as follows:

- heads of major operation units or departments manage risks through identification and mitigating risks identified in accordance with the internal guidelines approved by the Board and the Audit Committee;
- the management ensures appropriate actions are taken on major risks affecting the Group's businesses and operations; and
- internal auditors provide independent assurance to the Board, the Audit Committee and the management concerning the effectiveness of risk management and internal control systems.

During the Reporting Period, major works performed by the management in relation to risk management and internal control include the following:

- each major operation unit or department was responsible for daily risk management activities, including identifying major risks that may impact on the Group's performance; assessing and evaluating the identified risks according to their likely impacts and the likelihood of occurrence; formulating and implementing measures, controls and response plans to manage and mitigate such risks;
- the management, together with the controller's department, monitored and reviewed the risk management and internal control systems on an ongoing basis and reported to the Audit Committee regarding the status of the systems;
- the management periodically followed-up and reviewed the implementation of the measures, controls and response plans to major risks identified in order to make sure that sufficient attention, monitor and responses were paid to all major risks identified;
- the management reviewed the risk management and internal control systems periodically to identify process and control deficiencies, and designed and implemented corrective actions to address such deficiencies; and
- the management ensured appropriate procedures and measures such as safeguarding assets against unauthorized use or disposition, controlling capital expenditure, maintaining proper accounting records and ensuring the reliability of financial information used for business and publications, etc. are in place.

The internal audit function of the Company monitored the internal governance of the Company and provided independent assurances as to the adequacy and effectiveness of the Company's risk management and internal control systems. The senior executive in charge of the internal audit function reported directly to the Audit Committee. The internal audit reports on control effectiveness were submitted to the Audit Committee in line with agreed audit plan approved by the Board. All Directors were informed of the findings of internal audit assignments. During the Reporting Period, the internal audit function carried out an analysis and independent appraisal of the adequacy and effectiveness of the risk management and internal control systems of the Company through, amongst others, examination of risk-related documentation prepared by operation units and the management and conducting interviews with employees at all levels. The senior executives in charge of the internal audit function attended meetings of the Audit Committee to explain the internal audit findings and responded to queries from members of the Audit Committee.

The Company has maintained internal guidelines for ensuring that inside information is disseminated to the public in an equal and timely manner in accordance with the applicable laws and regulations. Senior executives of the investor's relation, corporate affairs and financial control functions of the Group are delegated with responsibilities to control and monitor the proper procedures to be observed on the disclosure of inside information. Access to inside information is at all times confined to relevant senior executives and confined on "need-to-know" basis. Relevant personnel and other professional parties involved are reminded to preserve confidentiality of the inside information until it is publicly disclosed. Other procedures such as pre-clearance on dealing in Company's securities by the Directors and designated members of the management, notification of regular blackout period and securities dealing restrictions to Directors and employees, and identification of project by code name have also been implemented by the Company to guard against possible mishandling of inside information within the Group.

The Company has adopted arrangement to facilitate employees and other stakeholders to raise concerns, in confidence, about possible improprieties in financial reporting, internal control or other matters. The Audit Committee reviewed such arrangement regularly and ensured that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action.

During the Reporting Period, the Audit Committee reviewed the effectiveness of the risk management and internal control systems of the Company. The annual review included works such as (i) review of reports submitted by heads of operation units or departments and the management regarding the implementation of the risk management and internal control systems; (ii) periodic discussions with the management and senior executives regarding the effectiveness of the risk management and internal control systems and the works of the internal audit function. Such discussions include the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting functions as well as the functions relating to the Company's environmental, social and governance performance and reporting; (iii) evaluation on the scope and quality of management's ongoing monitoring of the risks management and internal control systems; (iv) review of the effectiveness of the internal audit function to ensure coordination within the Group and between the Company's internal and external auditors and to ensure the internal audit function is adequately resourced and has appropriate standing within the Group; and (v) made recommendations to the Board and the management on the scope and quality of the management's ongoing monitoring of the risk management and internal control systems.

On the basis of the aforesaid, the Audit Committee was not aware of any significant issues that would have an adverse impact on the effectiveness and adequacy of the risk management and internal controls of the Company.

AUDITOR'S REMUNERATION

The remuneration for the audit and non-audit services provided by the auditor to the Group during the year ended 31 August 2025 was approximately as follows:

Type of Services	Amount (RMB)
Audit services	880,000
Non-audit services (including Environmental, Social and Governance Report)	—
Total	880,000

COMPANY SECRETARY

Mr. Deng Bangkai has been appointed as the company secretary of the Company with effect from 31 March 2023. The biography of Mr. Deng Bangkai is set out on page 23 of this annual report.

During the year ended 31 August 2025, Mr. Deng Bangkai has undertaken not less than 15 hours of relevant professional training in compliance with rule 3.29 of the Listing Rules.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

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

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

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

During the year ended 31 August 2025, the Board has reviewed the implementation and effectiveness of the Shareholder communication policy. The Board believes that Shareholders and investors can effectively obtain the information of the Group through multiple communication channels for shareholders. At the same time, Shareholders can also take the initiative to directly contact the Board and express their opinions through the procedure of making inquiries to the Board. Therefore, the Board agrees with the effectiveness of the Shareholder communication policy.

SHAREHOLDERS' RIGHTS

To safeguard Shareholders' interests and rights, a separate resolution will be proposed for each issue at general meetings, including the election of individual Directors.

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

CONVENING OF EXTRAORDINARY GENERAL MEETING AND PUTTING FORWARD PROPOSALS

Shareholders may put forward proposals for consideration at a general meeting of the Company according to the Articles of Association. Any one or more member(s) holding as at date of deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company, on a one vote per share basis, shall at all times have the right, by written requisition to the Board or company secretary of the Company, to require an extraordinary general meeting of the Company to be called by the Board for the transaction of any business or resolution 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 (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

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

ENQUIRIES TO THE BOARD

Shareholders who intend to put forward their enquiries about the Company to the Board could send their enquiries to the company secretary of the Company at Room 2207B, 22/F, Kodak House II, No.39 Healthy Street East, Quarry Bay, Hong Kong (email address: ir@virscendeducation.com).

CONSTITUTIONAL DOCUMENTS

During the year ended 31 August 2025, there had been no change in the constitutional documents of the Company.

KTC Partners CPA Limited
Certified Public Accountants (Practising)
中瑞和信會計師事務所有限公司

To the shareholders of Virscend Education Company Limited
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Virscend Education Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 83 to 171, which comprise the consolidated statement of financial position as at 31 August 2025, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 August 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") 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.

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KEY AUDIT MATTERS

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

Key audit matter	How our audit addressed the key audit matter
Revenue recognition	
We identified revenue as a key audit matter due to the significance of the amount in the consolidated financial statements, combined with volume of transactions recognised in current year. Revenue mainly represents service income from tuition fees, school canteen operation fees, boarding fees, non-formal education services fees, consultation services fee for overseas studies and educational management and consultation services fees. For the year ended 31 August 2025, revenue amounted to approximately RMB1,083,741,000 of which details are included in note 5(i) to the consolidated financial statements.	Our procedures in relation to revenue recognition included the followings: • Obtaining an understanding of and assessing the design, implementation and operating effectiveness of Group's key internal controls relating to revenue recognition process; • Testing the collection of tuition fees on a sampling basis, observing the attendance and checking the identities of students to verify the existence of revenue. • Recalculating and checking the amounts of contract liabilities and revenue recognised. • Assessing the adequacy of disclosures made in the Group's consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
Loss allowance on financial guarantee contracts Refer to notes 2.3, 3 and 27 to the consolidated financial statements The Group has applied expected credit loss model ("ECL model") for measuring provision for loss allowance on financial guarantee contracts issued by the Group. The determination of loss allowances using the ECL model is subject to a number of key parameters and assumptions, including the credit risk of the borrowers, adjustments for forward-looking information and other adjustment factors. Management judgement is involved in the selection of parameters and the application of assumptions. In particular, the determination of the loss allowances for guarantee losses is heavily dependent on the credit risk of the borrowers, external macro environment and the Group's internal credit risk management strategy. The Group's provisions for loss allowance on financial guarantee are derived from estimates including the loss rate and other adjustment factors. Management also exercises judgement in determining the quantum of loss given default based on a range of factors. These include available remedies for recovery, the financial situation of the borrowers, the recoverable amount of collateral and the seniority of the claim. We identified the provision for loss allowance on financial guarantee contracts as a key audit matter because of the inherent uncertainty and management judgement involved, as well as their significance to the consolidated financial statements of the Group.	Our key audit procedures in relation to the loss allowance on financial guarantee contracts include: • Understanding and assessing the design, implementation and operating effectiveness of key internal controls over the approval, recording and monitoring of financial guarantees issued; • Assessing the appropriateness of the ECL model used by management in determining the loss allowances, including assessing the appropriateness of the key parameters and assumptions used in the ECL model; • Evaluating the reasonableness and accuracy of estimates and data used for the key parameters used in the ECL model; • Evaluating management's assessment on whether the credit risk of guarantees have increased significantly since initial recognition and whether the guarantees are credit-impaired; • Recalculating the amount of impairment of provisions for loss allowance on financial guarantee contracts using the ECL model; • Assessing the adequacy of disclosures in the consolidated financial statements.

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 THE 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 and error.

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

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

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

- 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 performance of the group audit. We remain solely responsible for our audit opinion.

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

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

INDEPENDENT AUDITOR'S REPORT

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.

KTC Partners CPA Limited
Certified Public Accountants (Practising)

Chow Yiu Wah, Joseph
Practising Certificate Number: P04686

Hong Kong, 27 November 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 August 2025

	Notes	2025 RMB'000	2024 RMB'000
Revenue	5(i)	**1,083,741**	955,107
Cost of sales		**(745,124)**	(642,301)
Gross profit		**338,617**	312,806
Other income and other gains	5(ii)	**19,677**	19,755
Selling and distribution expenses		**(8,507)**	(10,983)
Administrative expenses		**(147,995)**	(118,477)
Other expenses and other losses		**(22,044)**	(18,748)
(Provision for)/reversal of impairment losses on trade receivables, net		**(56)**	61
Reversal of impairment losses on other receivables, net		**5,325**	1,433
Finance costs	6	**(118,851)**	(126,254)
PROFIT BEFORE TAX	7	**66,166**	59,593
Income tax expense	10	**(8,565)**	(5,637)
PROFIT FOR THE YEAR		**57,601**	53,956
Profit/(loss) for the year attributable to:			
Owners of the Company		**57,696**	45,009
Non-controlling interests		**(95)**	8,947
		57,601	53,956
EARNINGS PER SHARE	12		
– Basic		**RMB1.9 fen**	RMB1.5 fen
– Diluted		**RMB1.9 fen**	RMB1.5 fen

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 August 2025

	2025 RMB'000	2024 RMB'000
PROFIT FOR THE YEAR	**57,601**	53,956
OTHER COMPREHENSIVE INCOME		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	**7**	105
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**7**	105
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**57,608**	54,061
Total comprehensive income/(expense) for the year attributable to:		
Owners of the Company	**57,703**	45,065
Non-controlling interests	**(95)**	8,996
	57,608	54,061

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 August 2025

	Notes	2025 RMB'000	2024 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**2,357,705**	2,427,683
Right-of-use assets	14(a)	**554,213**	569,589
Investment properties	15	**213,217**	223,370
Other intangible assets	16	**77,415**	86,427
Goodwill	17	**104,298**	104,298
Long-term pledged deposits	18	**44,316**	49,876
Other non-current assets	19	**—**	36,589
Deferred tax assets	20	**317**	1,635
Total non-current assets		**3,351,481**	3,499,467
CURRENT ASSETS			
Inventories		**207**	228
Trade receivables	21	**6,001**	1,220
Prepayments and other receivables	22	**48,736**	115,603
Financial assets at fair value through profit or loss	23	**63,257**	38,346
Cash and cash equivalents	24	**954,998**	813,180
Total current assets		**1,073,199**	968,577
CURRENT LIABILITIES			
Trade payables	25	**1,863**	1,604
Other payables and accruals	26	**177,530**	178,700
Financial guarantee contracts	27	**12,352**	9,128
Interest-bearing bank and other borrowings	28	**892,519**	756,663
Lease liabilities	14(b)	**11,932**	5,766
Tax payable		**28,313**	28,422
Contract liabilities	29	**680,844**	669,011
Deferred income	30	**75**	76
Total current liabilities		**1,805,428**	1,649,370
NET CURRENT LIABILITIES		**(732,229)**	(680,793)
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,619,252**	2,818,674

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 August 2025

	Notes	2025 RMB'000	2024 RMB'000
NON-CURRENT LIABILITIES			
Lease liabilities	14(b)	**1,905**	410
Other payables	26	**44,485**	44,485
Interest-bearing bank and other borrowings	28	**1,247,636**	1,343,280
Contract liabilities	29	**62,373**	62,516
Amounts due to related parties	35(b)	**403,291**	527,640
Total non-current liabilities		**1,759,690**	1,978,331
Net assets		**859,562**	840,343
EQUITY			
Share capital	31	**26,051**	26,051
Reserves		**832,229**	812,915
Equity attributable to owners of the Company		**858,280**	838,966
Non-controlling interests		**1,282**	1,377
Total equity		**859,562**	840,343

The consolidated financial statements on pages 83 to 171 were approved and authorised for issue by the board of directors on 27 November 2025 and were signed on its behalf by:

Wang Xiaoying
Director

Ye Jiayu
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 August 2025

		Attributable to owners of the Company									
	Notes	Share capital RMB'000 Note 31	Share premium RMB'000	Capital reserve RMB'000 Note 32(a)	Statutory surplus reserve RMB'000 Note 32(b)	Shares held for share award scheme RMB'000 Note 39	Exchange fluctuation reserve RMB'000	(Accumulated losses)/ retained profits RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 September 2023		26,051	674,567	175,677	61,434	(18,431)	(565)	(78,527)	840,206	2,560	842,766
Profit for the year		–	–	–	–	–	–	45,009	45,009	8,947	53,956
Other comprehensive income for the year:											
Exchange differences arising on translation of foreign operations		–	–	–	–	–	56	–	56	49	105
Total comprehensive income for the year		–	–	–	–	–	56	45,009	45,065	8,996	54,061
Dividend	11	–	(46,305)	–	–	–	–	–	(46,305)	–	(46,305)
Dividend to non-controlling interest		–	–	–	–	–	–	–	–	(10,179)	(10,179)
Transfer to statutory surplus reserve		–	–	–	1,323	–	–	(1,323)	–	–	–
At 31 August 2024 and 1 September 2024		26,051	628,262	175,677	62,757	(18,431)	(509)	(34,841)	838,966	1,377	840,343
Profit/(loss) for the year		**–**	**–**	**–**	**–**	**–**	**–**	**57,696**	**57,696**	**(95)**	**57,601**
Other comprehensive income for the year:											
Exchange differences arising on translation of foreign operations		**–**	**–**	**–**	**–**	**–**	**7**	**–**	**7**	**–**	**7**
Total comprehensive income/(expense) for the year		**–**	**–**	**–**	**–**	**–**	**7**	**57,696**	**57,703**	**(95)**	**57,608**
Dividend	11	**–**	**(44,260)**	**–**	**–**	**–**	**–**	**–**	**(44,260)**	**–**	**(44,260)**
Forfeiture of unclaimed dividends	11	**–**	**5,871**	**–**	**–**	**–**	**–**	**–**	**5,871**	**–**	**5,871**
At 31 August 2025		**26,051**	**589,873**	**175,677**	**62,757**	**(18,431)**	**(502)**	**22,855**	**858,280**	**1,282**	**859,562**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 August 2025

	Notes	2025 RMB'000	2024 RMB'000
OPERATING ACTIVITIES			
Profit before tax		**66,166**	59,593
Adjustments for:			
Finance costs	6	**118,851**	126,254
Provision for/(reversal of) impairment losses on trade receivables, net	21	**56**	(61)
Reversal of impairment losses on other receivables, net	22	**(5,325)**	(1,433)
Bank interest income	5(ii)	**(3,040)**	(3,055)
Amortisation on financial guarantee contracts	27	**(5,722)**	(6,086)
Loss allowance on financial guarantee contracts	27	**4,709**	4,812
Property, plant and equipment written off	7	**723**	149
Realisation of deferred income	30	**(186)**	(83)
Depreciation of property, plant and equipment	13	**118,793**	102,007
Depreciation of investment properties	15	**10,153**	10,153
Amortisation of other intangible assets	16	**9,680**	9,753
Depreciation of right-of-use assets	14	**36,597**	34,490
Recognition of financial liabilities in respect of financial guarantees	27	**4,237**	9,109
Operating results before movements in working capital		**355,692**	345,602
Decrease/(increase) in inventories		**21**	(45)
(Increase)/decrease in trade receivables		**(4,837)**	741
Decrease in prepayments and other receivables		**72,192**	116,356
Increase/(decrease) in trade payables		**259**	(13)
(Decrease)/increase in other payables and accruals		**(1,170)**	32,714
Increase in deferred income		**185**	76
Increase/(decrease) in contract liabilities		**11,690**	(21,573)
Cash generated from operations		**434,032**	473,858
Interest received		**3,040**	3,055
Income tax paid		**(7,356)**	(5,485)
Net cash from operating activities		**429,716**	471,428

	Notes	2025 RMB'000	2024 RMB'000
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(49,538)**	(116,388)
Purchase of intangible assets		**(668)**	(317)
Additions to right-of-use assets		**533**	—
Purchase of financial products		**(77,376)**	(38,786)
Proceeds from disposal of financial products		**52,465**	35,800
Loan to third party included in other non-current assets	19	**—**	(36,589)
Net cash used in investing activities		**(74,584)**	(156,280)
FINANCING ACTIVITIES			
New bank loans		**567,800**	671,800
Repayments of bank loans		**(547,760)**	(495,840)
New other loans		**415,000**	260,000
Repayments of other loans		**(394,828)**	(453,225)
Decrease in long-term pledged deposits		**5,560**	11,584
Decrease in long term payables		**—**	(2,033)
Dividends paid	11	**(44,260)**	(46,305)
Forfeiture of unclaimed dividends	11	**5,871**	—
Dividends paid to non-controlling interests		**—**	(10,179)
Principal portion of lease payments		**(14,093)**	(4,487)
Interest paid		**(118,851)**	(126,254)
Repayment of related party loans		**(87,760)**	(63,547)
Net cash used in financing activities		**(213,321)**	(258,486)
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
NET INCREASE IN CASH AND CASH EQUIVALENTS		**141,811**	56,662
Cash and cash equivalents at beginning of year		**813,180**	756,413
Effect of foreign exchange rate changes, net		**7**	105
CASH AND CASH EQUIVALENTS AT END OF YEAR	24	**954,998**	813,180

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 August 2025

1. CORPORATE AND GROUP INFORMATION

Virscend Education Company Limited (the "Company") was incorporated in the Cayman Islands on 13 March 2015 as an exempted company with limited liability under the Companies Law (2013 Revision) of the Cayman Islands. In the opinion of the directors of the Company, its parent is Virscend Holdings Company Limited, which is incorporated in the British Virgin Islands (the "BVI"), and its ultimate controlling shareholders are Mr. Yan Yude and his spouse Ms. Wang Xiaoying, who are also directors of the Company. The address of the registered office of the Company is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The shares of the Company were listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 15 January 2016 (the "Listing Date").

The principal activity of the Company is investment holding. During the year ended 31 August 2025, the Company and its subsidiaries (collectively referred to as the "Group") were principally engaged in the provision of private education services in the People's Republic of China (the "PRC"). There has been no significant change in the Group's principal activities during the current year and the prior period.

Particulars of principal subsidiaries

Particulars of the Company's principal subsidiaries during the year ended 31 August 2025 and 2024 are as follows:

Name	Date of incorporation/ establishment and place of business	Issued ordinary/ registered share capital	Proportion of ownership interest				Voting rights held by the Company				Principal activities
			31-Aug-25		31-Aug-24		31-Aug-25		31-Aug-24		
			Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect	
Virscend Investment Holding Company Limited	20 March 2015, BVI	United States dollar ("USD") 50,000	100%	–	100%	–	100%	–	100%	–	Investment holding
Wah Tai (HK) Investment Limited	8 September 2014, Hong Kong	Hong Kong dollar ("HKD") 10,000	–	100%	–	100%	–	100%	–	100%	Investment holding
Tibet Huatai Education Management Consulting Co., Ltd. 西藏華泰教育管理有限公司 ("Tibet Huatai")	22 August 2015, the PRC	Renminbi ("RMB") 300,000,000	–	100% (a)	–	100% (a)	–	100% (a)	–	100% (a)	Provision of education services
Chengdu International Studies University 成都外國語學院 ("The University") (Note (a))	10 January 2001, the PRC	RMB 98,408,800	–	100% (b)	–	100% (b)	–	100% (b)	–	100% (b)	Provision of university education services
USA Wahtai Educational Consulting Services Inc.	2 November 2015, the United States of America (the "USA")	USD 100,000	–	51%	–	51%	–	51%	–	51%	Consulting services for overseas educational studies

1. CORPORATE AND GROUP INFORMATION – *CONTINUED*

Particulars of principal subsidiaries – *Continued*

Name	Date of incorporation/ establishment and place of business	Issued ordinary/ registered share capital	Proportion of ownership interest 31-Aug-25 Direct	Proportion of ownership interest 31-Aug-25 Indirect	Proportion of ownership interest 31-Aug-24 Direct	Proportion of ownership interest 31-Aug-24 Indirect	Voting rights held by the Company 31-Aug-25 Direct	Voting rights held by the Company 31-Aug-25 Indirect	Voting rights held by the Company 31-Aug-24 Direct	Voting rights held by the Company 31-Aug-24 Indirect	Principal activities
Chengdu Tianfu New Area Derui Huatai Education Management Co., Ltd. 成都天府新區德瑞華泰教育管理有限公司	8 June 2016, the PRC	HKD 700,000,000	–	100% (a)	–	100% (a)	–	100% (a)	–	100% (a)	Provision of education services for kindergardens
Virscend High School of Quxian 渠縣成實外高級中學有限公司	5 September 2018, the PRC	RMB1,000,000	–	100% (b)	–	100% (b)	–	100% (b)	–	100% (b)	Provision of high school education services
Virscend High School of Ya'an 雅安市成實外高級中學有限公司	25 April 2019, the PRC	RMB 1,000,000	–	100% (b)	–	100% (b)	–	100% (b)	–	100% (b)	Provision of high school education services
Chengdu Foreign Languages High School of Yibin 宜賓市成外高級中學有限公司	6 June 2019, the PRC	RMB 1,000,000	–	100% (b)	–	100% (b)	–	100% (b)	–	100% (b)	Provision of high school education services
Sichuan Hongdemingzhi Consulting Co., Ltd. 四川弘德明知教育資產有限公司	14 November 2005, the PRC	RMB 60,000,000	–	100%	–	100%	–	100%	–	100%	Provision of education investing and management services for university
Wah Tai Han Education Company Limited 華泰鑫瀚教育有限公司	9 January 2020, Hong Kong	HKD 100,000	51%	–	51%	–	51%	–	51%	–	Provision of performing and art tutoring services for non-formal education service
Chengdu Foreign Languages High School of Chengdu Hi-tech Zone 成都高新區成外高級中學 (前稱:成都外國語學校高新校區)	9 June 2017, the PRC	RMB 3,000,000	–	100% (b)	–	100% (b)	–	100% (b)	–	100% (b)	Provision of high school education services
Chengdu Jiaying Wentai Education Consulting Co., Ltd. 成都嘉盈文泰教育諮詢有限公司	15 January 2019, the PRC	RMB 2,000,000	–	100% (b)	–	100% (b)	–	100% (b)	–	100% (b)	Provision of education consulting services
Sichuan Tianfu New Area Xiangshujia Education Consulting Co., Ltd. 四川天府新區橡樹加教育資詢有限公司	20 February 2025, the PRC	RMB 1,000,000	–	100% (b)	–	–	–	100% (b)	–	–	Provision of non-formal education services
Chengdu Zevan Education Management Co., Ltd. 成都澤苒教育管理有限公司	30 December 2024, the PRC	RMB 1,000,000	–	100% (b)	–	–	–	100% (b)	–	–	Provision of non-formal education services
Chengdu Fanmao Nursery Service Co., Ltd. 成都繁懋托育服務有限公司	3 February 2020, the PRC	RMB 1,000,000	–	100% (b)	–	100% (b)	–	100% (b)	–	100% (b)	Provision of non-formal education services
Chengdu Jiaying Ruitai Education Consulting Co., Ltd 成都嘉盈瑞泰教育諮詢有限公司	22 February 2019, the PRC	RMB 2,000,000	–	100% (b)	–	100% (b)	–	100% (b)	–	100% (b)	Provision of education consulting services
Chengdu High-tech Zone Jiayingtai Art Training School 成都高新區嘉盈泰藝術培訓學校	11 August 2020, the PRC	RMB 300,000	–	53% (b)	–	53% (b)	–	53% (b)	–	53% (b)	Provision of non-subject based tutoring education services for non-formal educational service
Chengdu Jiataihua Education Consulting Co., Ltd. 成都嘉泰華教育諮詢有限公司	10 January 2019, the PRC	RMB 2,000,000	–	100% (b)	–	100% (b)	–	100% (b)	–	100% (b)	Provision of education consulting services for overseas studies

1. CORPORATE AND GROUP INFORMATION – *CONTINUED*

Particulars of principal subsidiaries – *Continued*

Name	Date of incorporation/ establishment and place of business	Issued ordinary/ registered share capital	Proportion of ownership interest				Voting rights held by the Company				Principal activities
			31-Aug-25		31-Aug-24		31-Aug-25		31-Aug-24		
			Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect	
Chengdu Pidu District Jiataihua Education and Training School 成都市郫都區嘉泰華嘉盈教育培訓學校	12 December 2021, the PRC	RMB 300,000	–	100% (b)	–	100% (b)	–	100% (b)	–	100% (b)	Provision of after-class tutoring education services for non-formal education service
Sichuan Silk Road International Communication Center for Teenagers 四川絲路青少年國際交流中心	16 March 2021, the PRC	RMB 100,000	–	100% (b)	–	100% (b)	–	100% (b)	–	100% (b)	Provision of education consulting services for overseas studies
Chengdu Xiyue Jiatai Education Management Co., Ltd 成都熙悅嘉泰教育管理有限公司	1 April 2022, the PRC	RMB 2,000,000	–	100% (b)	–	100% (b)	–	100% (b)	–	100% (b)	Provision of education consulting services for overseas studies
Chengdu Jinjiang Fanmao Nursery Service Co., Ltd. 成都市錦江繁懋之家托育服務有限公司	30 September 2022, the PRC	RMB 300,000	–	100% (b)	–	100% (b)	–	100% (b)	–	100% (b)	Provision of non-formal education services
Chengdu Kejiatai Education Management Co., Ltd. 成都科嘉泰教育管理有限公司	8 June 2023, the PRC	RMB 2,000,000	–	58% (b)	–	58% (b)	–	58% (b)	–	58% (b)	Provision of education consulting services for overseas studies
Chengdu Xirui jiahong Education Management Co., Ltd. 成都熙瑞嘉宏教育管理有限公司	24 March 2023, the PRC	RMB 2,000,000	–	100% (b)	–	100% (b)	–	100% (b)	–	100% (b)	Provision of education consulting services for overseas studies
Chengdu Fanmao Education Management Co., Ltd. 成都繁懋教育管理有限公司	15 April 2022, the PRC	RMB 1,000,000	–	100% (b)	–	100% (b)	–	100% (b)	–	100% (b)	Provision of non-formal education services
Chengdu Foreign Languages School Education Consulting Co., Ltd. 成都市成外教育諮詢有限責任公司	15 July 2021, the PRC	RMB 2,000,000	–	100%	–	100%	–	100%	–	100%	Provision of education consulting services
Chengdu Experimental Foreign Languages High School of Chengdu Jinniu District 成都市金牛區實外高級中學有限公司	18 September 2020, the PRC	RMB 3,000,000	–	100% (b)	–	100% (b)	–	100% (b)	–	100% (b)	Provision of high school education services
Chengdu Foreign Languages High School of Deyang 德陽成外高級中學有限公司	16 January 2020, the PRC	RMB 3,000,000	–	40% (b)	–	40% (b)	–	100% (b)	–	100% (b)(f)	Provision of high school education services
Chengdu Experimental Foreign Languages High School of Sichuan Tianfu New Area 四川天府新區實外高級中學有限公司	13 May 2022, the PRC	RMB 3,000,000	–	51% (b)	–	51% (b)	–	51% (b)	–	51% (b)	Provision of high school education services
Virscend High School of Chengdu Xinjin District 成都市新津區成實外高級中學有限公司	22 June 2022, the PRC	RMB 3,000,000	–	55% (b)	–	55% (b)	–	55% (b)	–	55% (b)	Provision of high school education services
Chengdu Foreign Languages High School of Renshou* 仁壽成外高級中學 (Note c)	21 March 2023, the PRC	RMB 6,000,000	–	–	–	51% (c)	–	–	–	51% (c)	Provision of high school education services

1. CORPORATE AND GROUP INFORMATION – *CONTINUED*

Particulars of principal subsidiaries – *Continued*

The English names of certain subsidiaries represent the best effort by the management of the Group in translating their Chinese names as they do not have an official English name.

None of the subsidiaries had issued any debt securities during the year or outstanding at the end of the year.

The above table shows the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results or assets and liabilities of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

Notes:

(a) Registered as a wholly-foreign-owned enterprise under PRC law.

(b) Accounted for as subsidiaries by virtue of the Group's control over them.

The Group entered into a School Sponsors' and Directors' Rights Entrustment Agreements. Pursuant to the School Sponsors' and Directors' Rights Entrustment Agreements, Sichuan Derui Enterprise Development Co., Ltd ("Sichuan Derui") has irrevocably authorised and entrusted Tibet Huatai Education Management Consulting Co., Ltd ("Tibet Huatai"), which is a wholly-owned subsidiary of the Group, to exercise all its rights as school sponsor of each of the PRC Operating Entities to the extent permitted by the PRC laws. Pursuant to the School Sponsors' and Directors' Rights Entrustment Agreement, each of the directors nominated by Sichuan Derui has irrevocably authorised and entrusted Tibet Huatai to exercise all his/her rights as directors of the PRC Operating Entities as appointed by Sichuan Derui and to the extent permitted by the PRC laws. Therefore, the directors consider that the Group has control over the school throughout the reporting period and accounted for as subsidiaries of the Company.

(c) Chengdu Foreign Languages High School of Renshou was deregistered on 20 May 2025.

2.1 BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards, which collective term includes all individual International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs") and interpretations issued by the International Accounting Standards Board ("IASB"). These consolidated financial statements include applicable disclosures required by The Rules Governing the Listing of Securities on the Stock Exchange ("The Listing Rules") and by the Hong Kong Companies Ordinance.

The consolidated financial statements are presented in RMB and all values are rounded to the nearest thousand except when otherwise indicated.

2.1 BASIS OF PREPARATION – *CONTINUED*

Going concern

The Group had net current liabilities of approximately RMB732,229,000 as at 31 August 2025 and had provided financial guarantee contracts to former PRC operating entities providing compulsory education services which the Group lost control since 31 August 2021 ("Affected Entities") that could require the Group to pay if the guarantees were called upon in entirety amounted to approximately RMB2,864,355,000. At 31 August 2025, the Group recognised an amount of RMB12,352,000 in respect of such liabilities.

Notwithstanding the aforesaid conditions, the consolidated financial statements have been prepared on a going concern basis on the assumption that the Group will be able to operate as a going concern for the foreseeable future based on the following assessment and remedial actions taken by the directors of the Company:

(i) the directors of the Company have reviewed the Group's cash flow forecast prepared by the management, which covered a period of not less than twelve months from 31 August 2025. In the opinion of the directors of the Company, the Group will have sufficient working capital to meet its financial obligation as and when they fall due and carry on its business without a significant curtailment of operation of not less than twelve months from 31 August 2025;

(ii) the short-term bank borrowings as at 31 August 2025 of RMB194,800,000 were secured by certain property, guaranteed by Mr. Yan Yude, Ms. Wang Xiaoying and certain related companies controlled by Mr. Yan Yude and are highly probable that they can be renewed in the next twelve months;

(iii) the Group has a banking facility of unutilised amount of RMB940,000,000 as at 31 August 2025 which are available for drawdown and the banking facility will be automatically extended to 30 March 2028 if any party will not modify, cancel or terminate the strategy cooperation between the Group and the bank; and

(iv) the Group shall implement cost-saving measures to maintain adequate cash flows for the Group's operations.

Based on the foregoing, the directors of the Company believe that the Group has adequate resources to continue operation for the foreseeable future of not less than twelve months from the end of the reporting period. The directors of the Company therefore are of the opinion that it is appropriate to adopt the going concern basis in preparing the consolidated financial statements.

2.2 APPLICATION OF AMENDMENTS TO IFRS ACCOUNTING STANDARDS

(i) New and amendments to IFRS Accounting Standards that are mandatorily effective for the current year

The Group has applied the following amendments to IFRS Accounting Standards as issued by the IASB for the first time, which are mandatorily effective for their annual reporting period commencing on or after 1 September 2024 for the preparation of consolidated financial statements:

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

The application of the new and 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.

(ii) Amendments to IFRS Accounting Standards that have been issued but not yet effective

Amendments to IAS 21	Lack of Exchangeability [1]
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments [2]
Annual Improvements to IFRS Accounting Standards – Volume 11	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7 [2]
IFRS 18	Presentation and Disclosure in Financial Statements [3]
IFRS 19	Subsidiaries without Public Accountability: Disclosures [3]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [4]

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

Certain new and amendments to IFRS Accounting Standards have been published that are not mandatory for the Group's financial year beginning on 1 September 2025 and have not been early adopted by the Group. The Group has already commenced an assessment of the impact of these new amendments, certain of which are relevant to the Group's operation. According to the preliminary assessment made by the directors except for the new and amendments to the IFRS Accounting Standards, the Group does not anticipate that the adoption when they become effective will result in any material impact on the Group's results of operations and financial position.

2.2 APPLICATION OF AMENDMENTS TO IFRS ACCOUNTING STANDARDS – *CONTINUED*

(ii) Amendments to IFRS Accounting Standards that have been issued but not yet effective – *Continued*

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. Whilst many of the requirements will remain consistent, the new standard introduces new requirements to present specified categories and defined subtotals in the income statement; 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 primary financial statements and the notes. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. 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, and will be applied retrospectively. The application of the new standard is expected to affect the presentation of the statement of profit or loss and other comprehensive income and disclosures in the future financial statements. The Group is still currently assessing the impact that IFRS 18 will have on the Group's consolidated financial statements.

2.3 MATERIAL ACCOUNTING POLICY INFORMATION

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the parent company and entities controlled by the parent company (its subsidiaries) made up to the end to each reporting period. Control is achieved when the parent company:

- has the power over the investee
- is exposed, or has rights, to variable returns from its involvement with the investee
- 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.

2.3 MATERIAL ACCOUNTING POLICY INFORMATION – *CONTINUED*

Basis of consolidation – *Continued*

When the group has less than a majority of the voting rights of an investee, it considers that 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:

(a) the size of the parent group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

(b) potential voting rights held by the group, other vote holders or other parties;

(c) rights arising from other contractual arrangements; and

(d) any additional facts and circumstances that indicate that the group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Group gains control until the date when the Group.

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 the members of the group are eliminated on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company of the Group and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the parent company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the parent entity.

2.3 MATERIAL ACCOUNTING POLICY INFORMATION – *CONTINUED*

Basis of consolidation – *Continued*

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRS Accounting Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 Financial Instruments or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business combinations and goodwill

The Group can elect to apply an optional concentration test, on a transaction-by-transaction basis, that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree’s identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed 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. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds 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 interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

After initial recognition, goodwill is carried at cost less accumulated impairment losses, if any, and is presented separately in the consolidated statement of financial position.

For the purposes of impairment testing, goodwill is allocated to each of the Group’s cash-generating units (“CGU”) (or Group’s of CGU) 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.

2.3 MATERIAL ACCOUNTING POLICY INFORMATION – *CONTINUED*

Business combinations and goodwill – *Continued*

A CGU (or Group's of CGU) 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's of CGU) 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. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Subsidiaries controlled through Contractual Arrangements

A wholly-owned subsidiary of the Company, Tibet Huatai, has entered into a series of contractual agreements (the "Contractual Agreements") with high schools and university (Note 1), (collectively the "Consolidated Affiliated Entities"). The contractual agreements enable Tibet Huatai and the Group to:

- exercise effective financial and operational control over the Consolidated Affiliated Entities;
- exercise equity voting rights of the Consolidated Affiliated Entities;
- receive substantially all of the economic interest returns generated by the Consolidated Affiliated Entities in consideration for the university and high school education services.;
- obtain an irrevocable and exclusive right to purchase all of equity interests in the Consolidated Affiliated Entities from the respective equity holders and their spouse at nil consideration or a minimum purchase price permitted under PRC laws and regulations; and
- obtain a pledge over the entire equity interest of the Consolidated Affiliated Entities from their equity holders to secure performance of the obligations of the Consolidated Affiliated Entities under the Contractual Agreements.

The Group does not directly hold any equity interest in the Consolidated Affiliated Entities. However, as a result of the Contractual Agreements, the Group has rights to variable returns from its involvement with the Consolidated Affiliated Entities and has the ability to affect those returns through its power over the Consolidated Affiliated Entities and is considered to control the Consolidated Affiliated Entities. Accordingly, the Company regards the Consolidated Affiliated Entities as indirect subsidiaries under IFRS Accounting Standards. The Group has consolidated the financial position and financial results of the Consolidated Affiliated Entities in the consolidated financial statements during all the years presented or since the date the entity first come under the control of the Group.

2.3 MATERIAL ACCOUNTING POLICY INFORMATION – *CONTINUED*

Subsidiaries controlled through Contractual Arrangements – *Continued*

Nevertheless, the Contractual Agreements may not be as effective as direct legal ownership in providing the Group with direct control over the Consolidated Affiliated Entities, due to the uncertainties presented by the PRC legal system to impede the Group's beneficiary rights of the results, assets and liabilities of the Consolidated Affiliated Entities. The directors, based on the advice of the Company's legal counsel, consider that the Contractual Agreements with the Consolidated Affiliated Entities and their equity shareholders are in compliance with the relevant PRC laws and regulations and are legally enforceable.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or CGU's value-in-use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the CGU to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

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

2.3 MATERIAL ACCOUNTING POLICY INFORMATION – *CONTINUED*

Property, plant and equipment and depreciation

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

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to consolidated profit or loss in the year in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in future economic benefits expected to be obtained from the use of the item, the expenditure is capitalised as an additional cost of the item. When an item of property, plant and equipment is sold or when no future economic benefits are expected from its use or disposal, its cost and accumulated depreciation and impairment are removed from the consolidated financial statements and any gain or loss resulting from the disposal, being the difference between the net disposal proceeds and the carrying amount of the asset or retirement, is included in the consolidated profit or loss.

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

Property	1.8% to 18.0%
Buildings	1.8% to 18.0%
Leasehold improvements	5.0% to 20.0%
Motor vehicles	4.5% to 24.0%
Furniture and fixtures	1.5% to 32.0%
Electronic devices	1.5% to 30.0%

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

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

Construction in progress represents a building under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

2.3 MATERIAL ACCOUNTING POLICY INFORMATION – *CONTINUED*

Investment properties

Investment properties are lands and buildings which are currently undetermined future use, held for long-term rental yields or capital appreciation or both, and that is not occupied by the Group.

Investment properties are stated at cost less accumulated depreciation and impairment losses. Depreciation is calculated to write off the cost of investment properties using the straight-line method over the estimated useful lives of 23 years.

Intangible assets (other than goodwill)

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

Leases

Definition of a lease

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

For contracts entered into or modified on or after the date of initial application or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 Leases ("IFRS 16") at inception date, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

Group as a lessee

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

2.3 MATERIAL ACCOUNTING POLICY INFORMATION – *CONTINUED*

Leases – *Continued*

Group as a lessee – Continued

(a) Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

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

Leasehold land	20 to 40 years
Buildings and other premises	3 to 20 years

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

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

2.3 MATERIAL ACCOUNTING POLICY INFORMATION – *CONTINUED*

Leases – *Continued*

Group as a lessee – Continued

(b) *Lease liabilities*

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

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

(c) *Allocation of consideration to components of a contract*

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components, including contract for acquisition of ownership interests of a property which includes both leasehold land and non-lease building components, unless such allocation cannot be made reliably.

(d) *Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis.

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

2.3 MATERIAL ACCOUNTING POLICY INFORMATION – *CONTINUED*

Leases – *Continued*

Group as a lessor

The Group enters into lease agreement as a lessor with respect to its investment properties. When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Investments and other financial assets

Financial assets

Financial assets are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

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

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

2.3 MATERIAL ACCOUNTING POLICY INFORMATION – *CONTINUED*

Investments and other financial assets – *Continued*

Financial assets – Continued

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

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

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

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

All other financial assets are subsequently measured at FVTPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 Business Combinations applies.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

2.3 MATERIAL ACCOUNTING POLICY INFORMATION – *CONTINUED*

Investments and other financial assets – *Continued*

Financial assets – Continued

(i) Amortised cost and interest income

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

(ii) Financial assets at FVTPL

Financial assets at FVTPL are measured at fair value at the end of the 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.

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.

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

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

2.3 MATERIAL ACCOUNTING POLICY INFORMATION – *CONTINUED*

Impairment of financial assets – *Continued*

General approach

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

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

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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

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

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

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

2.3 MATERIAL ACCOUNTING POLICY INFORMATION – *CONTINUED*

Impairment of financial assets – *Continued*

Simplified approach

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

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

(i) *Significant increase in credit risk*

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

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

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

2.3 MATERIAL ACCOUNTING POLICY INFORMATION – *CONTINUED*

Impairment of financial assets – *Continued*

Simplified approach – Continued

(i) Significant increase in credit risk – Continued

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

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a loan commitment, the Group considers changes in the risk of a default occurring on the loan to which a loan commitment relates; for financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

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

(ii) Definition of default

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

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

2.3 MATERIAL ACCOUNTING POLICY INFORMATION – *CONTINUED*

Impairment of financial assets – *Continued*

Simplified approach – Continued

(iii) Credit-impaired financial assets

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

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

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

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

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

(e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

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

(v) Measurement and recognition of ECL

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

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

2.3 MATERIAL ACCOUNTING POLICY INFORMATION – *CONTINUED*

Impairment of financial assets – *Continued*

Simplified approach – Continued

(v) Measurement and recognition of ECL – Continued

For a financial guarantee contract, the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, the ECL is the present value of the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

For ECL on financial guarantee contracts for which the effective interest rate cannot be determined, the Group will apply a discount rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows but only if, and to the extent that, the risks are taken into account by adjusting the discount rate instead of adjusting the cash shortfalls being discounted.

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

Except for financial guarantee contracts, the Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount with the exception of trade receivables, and deposits and other receivables where the corresponding adjustment is recognised 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. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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

2.3 MATERIAL ACCOUNTING POLICY INFORMATION – *CONTINUED*

Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

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

Financial liabilities at amortised cost

The Group's financial liabilities include trade payables, other payables, amounts due to related parties, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest method.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument. Financial guarantee contract liabilities are measured initially at their fair values. It is subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with IFRS 9; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised over the guarantee period in accordance with the principles of IFRS 15.

The allocation of the remeasurement of financial guarantee contract between revenue and impairment losses depends on whether the financial guarantee contract is measured at the unamortised amount or the ECL amount at the beginning and end of the reporting period as well as whether impairment losses recognised in prior periods are reversed in the current period. The revenue allocated is recognised as other income and impairment losses is recognised as other gains or losses.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the "other gains and losses" line item in profit or loss (note 5) as part of exchange gain (loss), net for financial liabilities.

2.3 MATERIAL ACCOUNTING POLICY INFORMATION – *CONTINUED*

Derecognition of financial liabilities

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

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

Inventories

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

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include:

(a) cash, which comprises of cash on hand and demand deposits; and

(b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

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

Income tax

Income tax expense represents the sum of current and deferred income tax expense.

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

2.3 MATERIAL ACCOUNTING POLICY INFORMATION – *CONTINUED*

Income tax – *Continued*

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

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

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

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

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

Current and deferred tax are recognised in profit or loss.

Government grants

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

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to profit or loss by way of a reduced depreciation charge.

2.3 MATERIAL ACCOUNTING POLICY INFORMATION – *CONTINUED*

Revenue recognition

Revenue from contracts with customers

Service income includes tuition fees, school canteen operation fees, boarding fees, consultation services fees for overseas studies, non-formal education services fees and educational management and consultation services fees.

Tuition fees, school canteen operation fees, boarding fees, consultation services fees for overseas studies, and non-formal education services are recognised proportionately over the relevant period of the applicable program. The portion of tuition, school canteen operation, and boarding payments received from students but not earned is recorded as contract liabilities and is reflected as a current liability as such amounts represent revenue that the Group expects to earn within one year. The portion of unearned consultation services fees for overseas studies that are normally expected to earn in three years is reflected as a non-current liability. The academic year of the Group's schools is generally from September to June of the following year.

Educational management and consultation services fees from customers for the provision of education management and consulting services are recognised when the related services are provided.

Revenue from other sources

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

Other income

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

Contract liabilities

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

2.3 MATERIAL ACCOUNTING POLICY INFORMATION – *CONTINUED*

Employee benefits

Retirement benefit costs

The Group contributes to a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Scheme Ordinance for all employees in Hong Kong. Contributions are made based on a percentage of the employees' relevant income and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independent administered fund. The Group's employer contributions vest fully with the employees when contributed in the MPF Scheme. Under the MPF Scheme, the employer and its employees are each required to make contribution to the MPF Scheme at 5% of the employees' relevant income subject to a cap of monthly relevant income of HK$30,000. Contributions to the MPF Scheme vest immediately.

The employees of the Company's subsidiaries which operate in the PRC are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of its payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme. The Group's employer contributions vest fully with the employees when contributed in the central pension scheme. The Group has no forfeiture of pension scheme contributions (i.e. contributions processed by the employer on behalf of the employee who has exited the scheme prior to vesting of such contributions). As at 31 August 2025, no forfeited contribution under the pension scheme of the Group is available for deduction of contribution payable in coming years (2024: Nil).

Short-term and other long-term employee benefits

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

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

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from service cost, interest and remeasurements are recognised in profit or loss except to the extent that another IFRS requires or permits their inclusion in the cost of an asset.

2.3 MATERIAL ACCOUNTING POLICY INFORMATION – *CONTINUED*

Borrowing costs

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

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the consolidated financial statements.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

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

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

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

2.3 MATERIAL ACCOUNTING POLICY INFORMATION – *CONTINUED*

Foreign currencies – *Continued*

The functional currencies of certain overseas subsidiaries are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their profit or loss are translated into RMB at exchange rates that approximate to those prevailing at the dates of transactions.

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

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recuring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

Shares purchased for share award scheme

When the Company's shares are purchased from the open market for share award scheme, the consideration paid, including any directly attributable incremental costs, is presented as shares held for share award scheme and deducted from total equity.

The fair value of services received from directors and employees determined by reference to the fair value of award shares granted at the grant date is expensed on a straight-line basis over the vesting period based on the Group's estimate of award shares that will ultimately vest, with a corresponding increase in share-based compensation reserve.

At the time when the award shares are vested, the difference on the amounts previously recognised in shares held for share award scheme and the amount recognised in share-based compensation reserve is transferred to accumulated losses.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

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

Contractual arrangements

The Group conducts a substantial portion of the business through the Consolidated Affiliated Entities in the PRC due to regulatory restrictions on the foreign ownership in the Group's schools in the PRC (note 1). The Group does not directly hold any equity interest in the Consolidated Affiliated Entities. The directors assessed whether or not the Group has control over the Consolidated Affiliated Entities by assessing whether it 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. After assessment, the directors concluded that the Group has control over the Consolidated Affiliated Entities as a result of the Contractual Agreements and accordingly the financial position and the operating results of the Consolidated Affiliated Entities are included in the Group's consolidated financial statements throughout the reporting period or since the respective dates of incorporation/establishment, whichever is the shorter period.

Nevertheless, the Contractual Arrangements may not be as effective as direct legal ownership in providing the Group with direct control over the Consolidated Affiliated Entities. There are still uncertainties regarding the interpretation and application of current and future PRC laws and regulations which could impede the Group's power over the Consolidated Affiliated Entities and its beneficiary rights of the results, assets and liabilities of the Consolidated Affiliated Entities.

Whenever there is any event which may impact the validity and enforceability of the Contractual Arrangements, such as the publication of the Implementation Rules for the Law for Promoting Private Education of the PRC (《中華人民共和國民辦教育促進法實施條例》), which has become effective from 1 September 2021, the Directors would reassess whether or not the Contractual Arrangements continue to be legally enforceable.

The Directors, based on the advice of its legal counsel, consider that the Contractual Arrangements among the Tibet Huatai, the Consolidated Affiliated Entities and their equity shareholders continue to be in compliance with all relevant PRC laws and regulations officially promulgated, publicly available and publicly known, and are valid and legally enforceable.

Considering all the facts and circumstances, the Company continue to control and consolidate the Consolidated Affiliated Entities for the years ended 31 August 2024 and 2025.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES – *CONTINUED*

Estimation uncertainty

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

Provision of ECL for financial guarantee contract

The determination of loss allowances using the ECL model is subject to a number of key parameters and assumptions, including the credit analysis of the specified borrowers (taking into account an analysis of each borrowers's current financial position and forward looking expectations), the expected payments to reimburse the bank institutions for a credit loss that the bank institutions would suffer in the event of borrowers failing to repay amounts drawn down by the borrowers under the bank facilities provided by the bank institutions (loss given default estimate), estimates of probability of default on the borrowing contracts, exposures at default and discount rate. Management judgment is involved in the selection of those parameters and the application of the assumptions. The Group determined ECL for financial guarantee contract with assistance from third party qualified valuers. The Management works closely with external valuers to establish the appropriate valuation techniques and inputs to the model to estimate the ECL for financial guarantee contract. Based on the assessment of the Group and by reference to the higher of loss allowance and amortised balance of financial guarantee contract as at 31 August 2025, the carrying amounts of financial guarantee contracts is RMB12,352,000 (2024: RMB9,128,000). Details of financial guarantee contracts are set out in note 27.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 August 2025 was RMB 104,298,000 (2024: RMB104,298,000). Further details are disclosed in note 17.

4. OPERATING SEGMENT INFORMATION

IFRS 8 *Operating Segments* requires operating segments to be identified on the basis of internal reporting about components of the Group that are regularly reviewed by the chief operating decision-maker in order to allocate resources to segments and to assess their performance. The information reported to the directors of the Company, who are the chief operating decision-makers, for the purpose of resource allocation and the directors review the financial results of the Group as a whole. Therefore, no further information about the operating segment is presented.

An analysis of revenue from contracts with customers is as follows:

	2025 RMB'000	2024 RMB'000
Tuition fees from:		
i) University	**421,093**	366,759
ii) High school	**453,717**	393,359
School canteen operation fees	**90,731**	80,662
Boarding fees	**59,346**	52,582
Non-formal education services fees	**24,236**	22,492
Educational management and consultation services fees*	**21,610**	21,747
Consultation services fees for overseas studies**	**10,218**	14,496
Others	**2,790**	3,010
	1,083,741	955,107

The above revenue from contracts with customers were recognised on an over time basis

* The amount represented the income derived primarily from educational management and consultancy services provided to certain unrelated K-12 schools or kindergartens.

** Consultation services fees for overseas studies represent value-added services provided to the high school students who participated in the international program of the Group. Such services include, among others, global educational resource consultation service, international curriculum consultation service, study-abroad guidance and consultation service, profile enhancement service, as well as promotion plan service.

Geographical information

During the year, the Group operated within one (2024: one) geographical segment because nearly all of its revenue was generated in the PRC and all of its long-term assets/capital expenditure were located/incurred in the PRC. Accordingly, no geographical segment information is presented.

Information about major customers

No sales to a single customer amounted to 10% or more of the total revenue of the Group during the year (2024: Nil).

5. REVENUE, OTHER INCOME AND OTHER GAINS

(i) Revenue from contracts with customers

(a) Disaggregated revenue information

	2025 RMB'000	2024 RMB'000
Timing of revenue recognition-over time		
Tuition fees	**874,810**	760,118
School canteen operation fees	**90,731**	80,662
Boarding fees	**59,346**	52,582
Non-formal education services fees	**24,236**	22,492
Educational management and consultation services fees	**21,610**	21,747
Consultation services fees for overseas studies	**10,218**	14,496
Others	**2,790**	3,010
	1,083,741	955,107

The Group's tuition, school canteen operation and boarding services contracts can be terminated by the students anytime after the registration date. Tuition fees, school canteen operation fees, boarding fees, consultation services fees for overseas studies, non-formal education services fees and educational management and consultation services fees are determined and paid by the students before the rendering of the services by the Group.

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	2025 RMB'000	2024 RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Tuition fees	**547,883**	555,696
School canteen operation fees	**35,937**	42,035
Boarding fees	**40,753**	40,787
Consultation services fees for overseas studies, non-formal educational services fees and educational management and consultation services fees	**44,438**	38,066
	669,011	676,584

5. REVENUE, OTHER INCOME AND OTHER GAINS – *CONTINUED*

(i) Revenue from contracts with customers – *Continued*

(b) Performance obligations

The amounts of transaction prices allocated to the remaining performance obligations as at 31 August 2025 and 2024 are as follows:

	2025 RMB'000	2024 RMB'000
Amounts expected to be recognised as revenue:		
Within one year	**680,844**	669,011
After one year	**62,373**	62,516
	743,217	731,527

The contracts for tuition, canteen operation and boarding services are for periods of one year or less. The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognised as revenue after one year relate to consultation services fees for overseas studies, of which the performance obligations are normally to be satisfied within three years.

(ii) An analysis of other income and other gains is as follows:

	Notes	2025 RMB'000	2024 RMB'000
Bank interest income		**3,040**	3,055
Government grants		**434**	293
Rental income		**3,939**	6,131
Amortisation on financial guarantee contracts	27	**5,722**	6,086
Investment Income from financial assets at fair value through profit or loss		**2,558**	533
Training income		**2,470**	2,359
Others		**1,514**	1,298
		19,677	19,755

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2025 RMB'000	2024 RMB'000
Interest on bank and other borrowings	**117,976**	125,963
Interest on lease liabilities	**875**	291
	118,851	126,254

7. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	Notes	2025 RMB'000	2024 RMB'000
Cost of services provided (Note (a))		**299,415**	241,984
Employee benefit expense (excluding directors' and chief executive's remuneration) (Note (b)):			
– Wages, salaries and other allowances		**338,103**	301,623
– Pension scheme contributions (defined contribution scheme)		**32,700**	29,066
Depreciation of property, plant and equipment (Note (c))	13	**118,793**	102,007
Amortisation of other intangible assets (Note (d))	16	**9,680**	9,753
Depreciation of right-of-use assets (Note (e))	14	**36,597**	34,490
Depreciation of investment properties (Note (f))	15	**10,153**	10,153
Auditor's remuneration		**880**	880
Professional service fee (Note (g))		**17,177**	22,023
Foreign exchange loss, net		**4,463**	6,478
Office expenses		**4,211**	4,046
Loss allowance on financial guarantee contracts	27	**4,709**	4,812
Property, plant and equipment written off	13	**723**	149

7. PROFIT BEFORE TAX – *CONTINUED*

Note:

(a) Cost of services provided represents the amounts included in "Cost of Sales" in the consolidated of profit or loss which relate to items such as direct material costs of canteen operation costs, student scholarship costs, property management service fee, maintenance and warranty fee and utilities of RMB92,340,000 (2024: RMB83,047,000), RMB73,910,000 (2024: RMB57,120,000), RMB19,994,000 (2024: RMB20,338,000), RMB26,437,000 (2024: RMB28,901,000) and RMB19,170,000 (RMB17,521,000) respectively.

(b) Employee benefit expenses (excluding directors' and chief executive's remuneration) of approximately RMB297,373,000 (2024: RMB270,991,000) and RMB73,430,000 (2024: RMB59,698,000) have been charged to cost of sales and administrative expenses, respectively for the year ended 31 August 2025.

(c) Depreciation of property, plant and equipment of RMB105,317,000 (2024: RMB93,487,000) and RMB13,476,000 (2024: RMB8,520,000) have been charged to cost of sales and administrative expenses, respectively for the year ended 31 August 2025.

(d) Amortisation of other intangible assets of RMB9,644,000 (2024: RMB9,554,000) and RMB36,000 (2024: RMB199,000) have been charged to cost of sales and administrative expenses, respectively for the year ended 31 August 2025.

(e) Depreciation of right-of-use assets of RMB32,915,000 (2024: RMB30,913,000) and RMB3,682,000 (2024: RMB3,577,000) have been charged to cost of sales and administrative expenses, respectively for the year ended 31 August 2025.

(f) Depreciation of investment properties of RMB10,153,000 (2024: RMB10,153,000) has been charged to administrative expenses for the year ended 31 August 2025.

(g) Professional service fee of RMB17,177,000 (2024: RMB22,023,000) represented the bank charges and handling charges which have been changed to administrative expenses for the year ended 31 August 2025.

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

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

	2025 **RMB'000**	2024 RMB'000
Salaries, allowances and other benefits in kind	**4,477**	4,361
Pension scheme contributions	**69**	59
	4,546	4,420

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION – *CONTINUED*

(a) Independent non-executive directors

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

	2025 RMB'000	2024 RMB'000
Mr. Sit Chiu Wing	110	109
Mr. Chan Kim Sun	110	109
Mr. Yin Dajia (Appointed on 16 January 2025)	69	—
Mr. Wen Ruizheng (Passed away on 25 November 2024)	22	86
	311	304

There were no other emoluments payable to the independent non-executive directors during the year ended 31 August 2025 (2024: Nil).

(b) Executive directors and the chief executive

Year ended 31 August 2025	Salaries, allowances and other benefits in kind RMB'000	Discretionary bonus RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
Executive directors:				
Ms. Wang Xiaoying	918	—	—	918
Mr. Ye Jiayu	917	—	—	917
Mr. Deng Bangkai	1,403	—	57	1,460
Executive director and chief executive:				
Mr. Yan Yude	928	—	12	940
	4,166	—	69	4,235

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION – *CONTINUED*

(b) Executive directors and the chief executive – *Continued*

Year ended 31 August 2024	Salaries, allowances and other benefits in kind RMB'000	Discretionary bonus RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
Executive directors:				
Ms. Wang Xiaoying	902	—	—	902
Mr. Ye Jiayu	902	—	—	902
Mr. Deng Bangkai	1,351	—	59	1,410
Executive director and chief executive:				
Mr. Yan Yude	902	—	—	902
	4,057	—	59	4,116

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

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

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year ended 31 August 2025 (2024: Nil).

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group during the year include 4 directors (2024: 4), details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining 1 (2024: 1) highest paid employee who is neither a director nor chief executive of the Group are as follows:

	2025 RMB'000	2024 RMB'000
Salaries, allowances and other benefits in kind	**700**	510
Discretionary bonus	**111**	44
Pension scheme contributions	**70**	65
	881	619

9. FIVE HIGHEST PAID EMPLOYEES – *CONTINUED*

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

	2025	2024
Nil to HKD 1,000,000	**1**	1

During the year, no director or highest paid employees waived or agreed to waive any remuneration and no remuneration was paid by the Group to any of the directors or five highest paid employees as an inducement to join or upon joining the Group or as compensation for loss of office (2024: Nil).

10. INCOME TAX EXPENSE

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

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

Pursuant to the rules and regulations of the British Virgin Islands, the Group is not subject to any tax in the British Virgin Islands.

Hong Kong Profits Tax is calculated at 16.5% on the estimated profit for the years ended 31 August 2025 and 2024.

Hong Kong Profits Tax has not been provided as the Group did not derive any assessable profits in Hong Kong during the years ended 31 August 2025 and 2024.

Under the Law of the PRC on Enterprise Income Taxes (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for the years ended 31 August 2025 and 2024.

Tibet Huatai is subject to the PRC enterprise income tax rate of 15% which was under the Tibet Autonomous Region's preferential investment policies for the years ended 31 August 2025 and 2024, the tax exempted amount for the year ended was RMB1,869,000 (2024: RMB6,711,000).

Certain schools within the Group are registered as for-profit private schools in the PRC. These entities are subject to the statutory PRC enterprise income tax rate of 25% for the years ended 31 August 2025 and 2024.

Certain other schools within the Group are registered as non-profit private schools in the PRC. According to: Article 47 of the "Law of the People's Republic of China on the Promotion of Privately-run Education": Privately-run schools shall enjoy preferential tax policies prescribed by the state. Among them, non-profit privately-run schools shall enjoy the same preferential tax policies as public schools. Such non-profit private schools are eligible for enterprise income tax exemption. Accordingly, these qualifying schools within the Group were exempted from enterprise income tax for the year ended 31 August 2025, the tax exemption amount for the year ended was RMB16,244,000 (2024: RMB20,923,000).

10. INCOME TAX EXPENSE – *CONTINUED*

Taxes on profits assessable elsewhere have been calculated at the tax rate prevailing in the countries in which the Group operates. The income tax expenses of the Group for the year are analysed as follows:

	2025 RMB'000	2024 RMB'000
Current – PRC EIT		
– Tax charge for the year	**8,611**	3,394
– (Over)/under-provision in respect of prior years	**(1,364)**	1,870
	7,247	5,264
Deferred tax (note 20)	**1,318**	373
	8,565	5,637

The income tax expense for the year can be reconciled to the profit before tax per the consolidated statement of profit or loss as follows:

	2025 RMB'000	2024 RMB'000
Profit before tax	**66,166**	59,593
Tax at the statutory tax rate	**16,542**	14,898
Lower tax rate(s) for specific provinces or enacted by local authority	**(1,869)**	(6,711)
Tax effects of corporate income tax exemptions	**(16,244)**	(20,923)
(Over)/under-provision in respect of prior years	**(1,364)**	1,870
Tax losses not recognised	**11,500**	16,503
Tax charge at the Group's effective rate	**8,565**	5,637

10. INCOME TAX EXPENSE – *CONTINUED*

At the end of the reporting period, the Group had unused tax losses of RMB128,192,000 (2024: RMB90,589,000) available for offset against future profits. No deferred tax asset has been recognised in respect of the unused tax losses due to the unpredictability of future profit streams. Unrecognised tax losses are losses of expiry dates as disclosed in following table:

	2025 **RMB'000**	2024 RMB'000
2025	**—**	4,765
2026	**3,219**	6,424
2027	**8,273**	8,273
2028	**5,040**	5,115
2029	**65,660**	66,012
2030	**46,000**	—
	128,192	90,589

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

As at 31 August 2025, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China (2024: Nil). In the opinion of the directors, the Group's fund will be retained in Mainland China for the expansion of the Group's operation, so it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled RMB444,230,000 as at 31 August 2025 (2024: RMB422,028,000).

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

11. DIVIDENDS

The dividends paid and recognised as distributions during the year consist of the payment of (i) 2024 final dividend of HK0.25 cent per share totaling HKD7,722,000 (equivalent to RMB7,044,000) and the special dividend of HK0.5 cent per ordinary share totaling HKD15,444,000 (equivalent to RMB14,088,000), and (ii) 2025 interim dividend of HK0.8 cent per share totaling HKD24,710,000 (equivalent to RMB23,128,000).

Subsequent to 31 August 2025, a final dividend of HK0.2 (equivalent to RMB0.18) cent per share and a special dividend of HKD0.3 (equivalent to RMB0.27) cent per share in respect of the year ended 31 August 2025 amounting to HKD15,444,000 (equivalent to RMB14,057,000) (2024: a final dividend of HKD0.25 (equivalent to RMB0.23) cent per share and a special dividend of HK0.50 (equivalent to RMB0.46) cent per share) (amounting to HKD23,166,000 (equivalent to RMB21,132,000)) have been proposed by the Board and subject to approval by the shareholders at the forthcoming annual general meeting of the Company.

During the year ended 31 August 2025, unclaimed dividends totalling RMB5,871,000, relating to dividends declared more than six years ago, were forfeited and reverted to the Company. These comprised (i) the 2017 final dividend of HK$0.04 per share declared on 29 March 2018, and (ii) the 2018 interim dividend of HK$0.04 per share declared on 24 August 2018. Details of the forfeiture, refer to the announcement of the Company dated on 9 May 2025.

12. EARNINGS PER SHARE

The calculation of the basic earnings per share amount is based on the profit for the year attributable to owners of the Company, and the weighted average number of ordinary shares of 3,043,111,000 (2024: 3,043,111,000) in issue during the year ended 31 August 2025.

There were no potential ordinary shares in issue during the years ended 31 August 2025 and 2024, and therefore the diluted earnings per share amounts were equivalent to the basic earnings per share amounts.

The calculations of basic and diluted earnings per share are based on:

	2025 **RMB'000**	2024 RMB'000
Earnings attributable to owners of the Company	**57,696**	45,009
Number of shares		
Weighted average number of ordinary shares in issue (note)	**3,043,111,000**	3,043,111,000
Basic and diluted earnings per share (expressed in RMB fen per share)	**1.9**	1.5

Note: The weighted average number of ordinary shares for the purpose of basic and diluted earnings per share for the years ended 31 August 2025 and 2024 has been arrived at after deducting the shares held in trust for the Company (note 39).

Diluted earnings per share amount was the same as basic earnings per share amount as there were no potential ordinary shares outstanding for the years ended 31 August 2025 and 2024.

13. PROPERTY, PLANT AND EQUIPMENT

	Property and buildings RMB'000	Leasehold improvements RMB'000	Motor vehicles RMB'000	Furniture and fixtures RMB'000	Electronic devices RMB'000	Construction in progress RMB'000	Total RMB'000
31 August 2025							
At 1 September 2024							
Cost	2,136,537	456,758	8,740	113,052	277,354	125,798	3,118,239
Accumulated depreciation	(272,082)	(158,424)	(7,924)	(71,517)	(180,609)	–	(690,556)
Net carrying amount	1,864,455	298,334	816	41,535	96,745	125,798	2,427,683
At 1 September 2024, net of accumulated depreciation	1,864,455	298,334	816	41,535	96,745	125,798	2,427,683
Additions	–	24,582	285	1,493	10,319	12,859	49,538
Written off	–	–	–	(90)	(633)	–	(723)
Depreciation	(54,955)	(35,865)	(186)	(6,392)	(21,395)	–	(118,793)
Transfer from construction in progress	80,917	–	–	–	–	(80,917)	–
At 31 August 2025, net of accumulated depreciation	1,890,417	287,051	915	36,546	85,036	57,740	2,357,705
At 31 August 2025:							
Cost	2,217,454	481,340	9,025	114,455	287,040	57,740	3,167,054
Accumulated depreciation	(327,037)	(194,289)	(8,110)	(77,909)	(202,004)	–	(809,349)
Net carrying amount	1,890,417	287,051	915	36,546	85,036	57,740	2,357,705

13. PROPERTY, PLANT AND EQUIPMENT – *CONTINUED*

	Property and buildings RMB'000	Leasehold improvements RMB'000	Motor vehicles RMB'000	Furniture and fixtures RMB'000	Electronic devices RMB'000	Construction in progress RMB'000	Total RMB'000
31 August 2024							
At 1 September 2023							
Cost	2,167,777	450,878	8,749	103,750	227,858	273,612	3,232,624
Accumulated depreciation	(221,847)	(131,648)	(7,641)	(65,639)	(162,012)	–	(588,787)
Net carrying amount	1,945,930	319,230	1,108	38,111	65,846	273,612	2,643,837
At 1 September 2023, net of accumulated depreciation	1,945,930	319,230	1,108	38,111	65,846	273,612	2,643,837
Additions	40,683	5,652	81	1,086	49,678	22,345	119,525
Written off	–	–	(9)	(51)	(89)	–	(149)
Depreciation	(50,235)	(26,776)	(364)	(5,942)	(18,690)	–	(102,007)
Transfer from construction in progress	161,600	228	–	8,331	–	(170,159)	–
Transfer to investment properties (note 15)	(233,523)	–	–	–	–	–	(233,523)
At 31 August 2024, net of accumulated depreciation	1,864,455	298,334	816	41,535	96,745	125,798	2,427,683
At 31 August 2024:							
Cost	2,136,537	456,758	8,740	113,052	277,354	125,798	3,118,239
Accumulated depreciation	(272,082)	(158,424)	(7,924)	(71,517)	(180,609)	–	(690,556)
Net carrying amount	1,864,455	298,334	816	41,535	96,745	125,798	2,427,683

14. LEASES

The Group as a lessee

During the year ended 31 August 2025, the Group had lease contracts for school campuses and offices and other equipment from third-parties amounted to RMB553,818,000 and related company amounted to RMB395,000. used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 30 to 40 years (2024: 30 to 40 years), and no ongoing payments will be made under the terms of these land leases. Leases of school campuses and offices generally have lease terms between 3 and 20 years (2024: between 3 and 20 years). Other machinery and equipment generally have lease terms of 12 months or less and/or are individually of low value.

There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

(a) Right-of-use assets

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

	Leasehold land RMB'000	Buildings and other premises RMB'000	Total RMB'000
At 1 September 2023	574,503	25,775	600,278
Additions	—	3,801	3,801
Depreciation charge	(20,345)	(14,145)	(34,490)
At 31 August 2024 and 1 September 2024	554,158	15,431	569,589
Additions	—	21,221	21,221
Depreciation charge	(20,346)	(16,251)	(36,597)
At 31 August 2025	533,812	20,401	554,213

14. LEASES – *CONTINUED*

The Group as a lessee – *Continued*

(b) Lease liabilities

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

	2025 RMB'000	2024 RMB'000
Carrying amount at 1 September	**6,176**	6,862
New leases	**21,754**	3,510
Accretion of interest recognised during the year	**875**	291
Payments	**(14,968)**	(4,487)
Carrying amount at 31 August	**13,837**	6,176
Analysed into:		
Current	**11,932**	5,766
Non-current	**1,905**	410
	13,837	6,176

The maturity analysis of lease liabilities is disclosed in note 38 to the consolidated financial statements.

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	Note	2025 RMB'000	2024 RMB'000
Interest expenses on lease liabilities	6	**875**	291
Depreciation of right-of-use assets	14(a)	**36,597**	34,490
Expense relating to leases of low-value assets, excluding short-term leases of low-value assets (included in administrative expenses)		**1,204**	2,874
Expenses related to short-term leases		**23,232**	11,251
Total amount recognised in profit or loss		**61,908**	48,906

14. LEASES – *CONTINUED*

The Group as a lessor

The Group leases out certain property and buildings out of its property, plant and equipment under operating lease arrangements in Mainland China. The hotel was leased out to independent third party to operate at 2 year lease term. The non-cancellable periods of these leases were generally one year. Rental income recognised by the Group during the year was RMB3,757,000 (2024: RMB6,131,000), details of which are included in note 5 to the consolidated financial statements. The relevant assets subject to these leases cannot be separated from owned assets held and used by the Group.

15. INVESTMENT PROPERTIES

	RMB
Cost:	
At 1 September 2023	—
Transferred from property and buildings to investment property (note 13)	236,650
At 31 August 2024, 1 September 2024 and 31 August 2025	236,650
Accumulated depreciation:	
At 1 September 2023	—
Transferred from property and buildings to investment property (note 13)	3,127
Charged for the year	10,153
At 31 August 2024	13,280
Charged for the year	10,153
At 31 August 2025	23,433
Carrying values:	
At 31 August 2025	213,217
At 31 August 2024	223,370

15. INVESTMENT PROPERTIES – *CONTINUED*

The investment properties are depreciated over the remaining lease term of 23 years.

On 15 September 2023, the Group entered into a tenancy agreement with an independent third party for a lease term commencing on 15 September 2023 to 31 December 2025 upon completion of the hotel which was transferred from construction in progress to property, plant and equipment and changed from owner-occupied to held for rental income generation/capital appreciation for renting in the PRC and was transferred from property, plant and equipment and classified as investment properties.

Based on the management's impairment assessment, no impairment loss was recognised in respect of the investment properties for the years ended 31 August 2025 and 2024.

Amount recognised in profit or loss for investment properties included:

	2025 **RMB'000**	2024 RMB'000
Rental income	**3,757**	2,849
Depreciation of investment properties	**(10,153)**	(10,153)
	(6,396)	(7,304)

The Group leases of the hotel under operating leases with rental payable yearly. The leases typically run for as inital period of 2 years (2024: 2 years), with unilateral rights to extend the lease beyond initial period held by leases only.

The fair value was determined based on the market approach with reference to the realised price or current asking prices for the comparable properties by an external independent and qualified professional valuer with relevant experience in the valuation of hotels and properties in the PRC. The unobservable input is the market price per floor area. The range of unobservable input is between RMB11,033 to RMB11,365 (2024: RMB11,510 to RMB11,710) per square meter. The higher the market price, the higher the fair value, and vice versa.

Details of the Group's investment properties and information about the fair value hierarchy as at the end of the reporting period are as follows:

	2025		2024	
	Carrying amount **RMB'000**	**Fair value at Level 3 hierarchy** **RMB'000**	Carrying amount RMB'000	Fair value at Level 3 hierarchy RMB'000
Investment properties located in the PRC – hotels	**213,217**	**255,226**	223,370	264,897

For level 3 fair value arrangements, the Group will normally engage external valuation experts with recognised professional qualifications and recent experience to perform the valuations.

15. INVESTMENT PROPERTIES – *CONTINUED*

At 31 August 2025

Description	Carrying amount RMB'000	Fair value RMB'000	Valuation technique	Significant unobservable input	Range
Hotels in the PRC	**213,217**	**255,226**	**Market approach**	**Market prices of comparable properties**	**RMB11,033 to RMB11,365 per square meter**

At 31 August 2024

Description	Carrying amount RMB'000	Fair value RMB'000	Valuation technique	Significant unobservable input	Range
Hotels in the PRC	223,370	264,897	Market approach	Market prices of comparable properties	RMB11,510 to RMB11,710 per square meter

16. OTHER INTANGIBLE ASSETS

	Software RMB'000	Favourable rental contract RMB'000	Others RMB'000	Total RMB'000
Cost at 1 September 2024, net of accumulated amortisation	**343**	**74,940**	**11,144**	**86,427**
Addition	**668**	**—**	**—**	**668**
Amortisation provided during the year	**(201)**	**(5,765)**	**(3,714)**	**(9,680)**
At 31 August 2025	**810**	**69,175**	**7,430**	**77,415**
At 31 August 2025:				
Cost	**4,425**	**98,000**	**61,000**	**163,425**
Accumulated amortisation	**(3,615)**	**(28,825)**	**(53,570)**	**(86,010)**
Net carrying amount	**810**	**69,175**	**7,430**	**77,415**

16. OTHER INTANGIBLE ASSETS – *CONTINUED*

	Software RMB'000	Favourable rental contract RMB'000	Others RMB'000	Total RMB'000
Cost at 1 September 2023, net of accumulated amortisation	300	80,705	14,858	95,863
Addition	317	—	—	317
Amortisation provided during the year	(274)	(5,765)	(3,714)	(9,753)
At 31 August 2024	343	74,940	11,144	86,427
At 31 August 2024:				
Cost	3,757	98,000	61,000	162,757
Accumulated amortisation	(3,414)	(23,060)	(49,856)	(76,330)
Net carrying amount	343	74,940	11,144	86,427

Software

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

Favourable rental contract

Favourable rental contract is the right appraised from the acquisition of Chengdu Foreign Languages High School of Chengdu Hi-tech Zone ("Gaoxin Campus") that allows the school to get a favourable term to rent the campus. It is amortised on the straight-line basis over its estimated useful life of 17 years by reference to the contractual terms as stipulated in the cooperation arrangements.

Others

Others including a student base and a non-compete agreement are the right appraised from the acquisition of Gaoxin Campus that allows the school to possess stable income from the students with a fixed enrolment term and teachers with a fixed term who are not permitted to work elsewhere and to generate stable benefit in the foreseeable future. They are amortised on the straight-line basis over their estimated useful lives between 3 and 7 years by reference to the contractual terms as stipulated in the cooperation arrangements.

17. GOODWILL

	RMB'000
Net carrying amount at 1 September 2023, 31 August 2024, 1 September 2024 and 31 August 2025	**104,298**

Impairment testing of goodwill

Goodwill acquired through business combination is allocated to the Gaoxin Campus cash-generating unit ("Gaoxin Campus CGU") for impairment testing. The Gaoxin Campus CGU is principally engaged in the provision of high school education services.

Non-current assets of the Gaoxin Campus CGU also consists of:

	2025 RMB'000	2024 RMB'000
Net carrying amounts:		
– Property, plant and equipment	**12,405**	15,129
– Other intangible assets	**76,605**	86,084
– Right-of-use assets	**—**	1,976
	89,010	103,189

The recoverable amount of Gaoxin Campus CGU has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The pre-tax discount rate applied to the cash flow projections was 14% (2024: 14%) and cash flows beyond the five-year period were extrapolated using a growth rate of 2% (2024: 2%).

The carrying amount of goodwill allocated to Gaoxin Campus CGU at the end of the reporting period was RMB104,298,000 (2024: RMB104,298,000).

17. GOODWILL – *CONTINUED*

Impairment testing of goodwill – *Continued*

Assumptions were used in the value in use calculations of the Gaoxin Campus CGU for 31 August 2025 and 2024. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

— Budgeted revenue – Budgeted growth rate of 1% to 13% (2024: 2% to 12%) over the forecast period. The budgeted revenue is based on the historical data and management's expectation on the future market.

— Budgeted earnings before interest and taxes ("EBIT") – The basis used to determine the value assigned to the budgeted EBIT is the average EBIT achieved in the year/period immediately before the budget period, increased for expected efficiency improvements, and expected market development.

— Discount rate – The discount rate used is before tax and reflect specific risks relating to the relevant unit, and is determined using the capital asset pricing model with reference to the beta coefficient and debt ratio of certain public listed companies conducting business in the PRC education industry.

— Long term growth rate – The long-term growth rate of 2% (2024: 2%) is based on the historical data and management's expectation on the future market.

The values assigned to the key assumptions on the market development of the cash-generating unit and discount rate are consistent with external information sources.

In the opinion of the directors of the Company, there is no impairment required in respect of the goodwill at the end of each of reporting period since the Group estimates the recoverable amounts of the property, plant and equipment based on higher of fair value less costs of disposal and value in use and the recoverable amount of the cash-generating-unit exceeds the carrying amount of the relevant assets.

18. LONG-TERM PLEDGED DEPOSITS

	2025 **RMB'000**	2024 RMB'000
Long-term pledged deposits	**44,316**	49,876

The balance represents long-term pledged deposits for obtaining other borrowings (note 28) held with third party financing companies. The long-term pledged deposits will be repaid after full settlement of the relevant borrowings, which was due over one year and are therefore classified as non-current assets.

Long-term pledged deposits are interest free (2024: interest free) and are due on year 2026 to year 2029 (2024: year 2025 to year 2028).

19. OTHER NON-CURRENT ASSETS

	2025 RMB'000	2024 RMB'000
Other receivables	–	36,589

On 22 July 2024, the Company entered into a loan agreement with Sichuan Qianwei ("Sichuan Qianwei") Tianyu Agricultural Technology Co., Ltd., an independent third party with the principal amount of HK$40,000,000 (equivalent to RMB36,589,000) which was unsecured, interest-bearing at 3.50% per annum and due on 21 July 2029. The loan was transferred to Chrome Cast Resources Co. Limited on 30 July 2025. The principal amount was HK$40,000,000 (equivalent to RMB36,575,000) which was unsecured, interest bearing at 3.5% per annum and due on 29 July 2029 and 4 August 2029.

On 30 August 2025, the Company entered into a 4-Party Off-set Agreement with "成都晨安興宇商貿有限公司", the other receivables of HK$ 40,000,000 was off-set with the long-term other payables of RMB36,500,000.

20. DEFERRED TAX ASSETS

	2025 RMB'000	2024 RMB'000
Deferred tax assets in respect of ECL of trade and other receivables	317	1,635

Movements	Provisions RMB'000
At 1 September 2023	2,008
Charged to profit or loss	(373)
At 31 August 2024 and 1 September 2024	1,635
Charged to profit or loss	(1,318)
At 31 August 2025	317

Deferred tax assets have not been recognised in respect of the losses amounting to RMB128,192,000 as at 31 August 2025 (2024: RMB90,589,000) as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the taxable losses can be utilised.

21. TRADE RECEIVABLES

	2025 RMB'000	2024 RMB'000
Trade receivables	**6,057**	1,220
Less: allowance for credit losses	**(56)**	—
	6,001	1,220

For the year ended 31 August 2025, trade receivables mainly arose from tuition and meal fees payable by students which are past due and, to a lesser extent, from amounts receivable for the provision of consulting services for education (2024: arose from the provision of consulting services for education).

An ageing analysis of trade receivables net of allowance for credit losses as at the end of the reporting period, presented based on the invoice dates, is as follows:

	2025 RMB'000	2024 RMB'000
Within 3 months	**6,001**	1,220

Trade receivables are normally due within 10 – 30 days from invoice dates. The Group seeks to maintain strict control over its outstanding trade receivables. Overdue trade receivable balances are regularly reviewed. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

The movement in the allowance for credit losses on trade receivables is as follows:

	Lifetime ECL (credit-impaired) 2025 RMB'000	Lifetime ECL (credit-impaired) 2024 RMB'000
At 1 September	**—**	61
Provision for/(reversal of) impairment losses, net	**56**	(61)
At 31 August	**56**	—

As at 31 August 2025 and 2024, the expected credit losses on trade receivables are estimated on an individual basis.

22. PREPAYMENTS AND OTHER RECEIVABLES

	2025 RMB'000	2024 RMB'000
Prepayments		
– Prepayment for expenses	**10,008**	16,313
– Prepayments for canteens	**17,869**	38,198
	27,877	54,511
Other receivables		
– Deposits for utilities (Note d)	**2,949**	1,470
– Advances to staff	**4,063**	3,422
– Advances to third parties (Note a)	**7,830**	31,849
– Prepaid other taxes	**—**	13,027
– Others (Note e)	**7,230**	17,862
	22,072	67,630
	49,949	122,141
Impairment allowance	**(1,213)**	(6,538)
	48,736	115,603

Note:

(a) The amounts are unsecured, interest free and repayable on demand. It mainly represents advances to external education centres for cooperating relationship. The relevant advances to third party brought forward from 31 August 2024 was fully refunded during the year ended 31 August 2025.

(b) An impairment analysis of financial assets including deposits and other receivables is performed at each reporting date by considering the probability of default of comparable companies with an estimated expected credit loss rate. The expected credit loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate.

(c) As at 31 August 2025, other receivables of RMB1,213,000 (2024: RMB6,538,000) were impaired.

(d) Including utility deposits of RMB1,147,000 (2024: RMB1,147,000) which was paid on behalf for related parties.

(e) Included in other receivables as at 31 August 2025 is the short-term, non-material miscellaneous receivables.

The movement in the allowance for credit losses on prepayment and other receivables is as follows:

	2025 RMB'000	2024 RMB'000
At 1 September	**6,538**	7,971
Reversal of impairment loss	**(6,538)**	(1,433)
Impairment losses recognised	**1,213**	—
At 31 August	**1,213**	6,538

22. PREPAYMENTS AND OTHER RECEIVABLES – *CONTINUED*

The recognition of an impairment loss of RMB1,213,000 during the year ended 31 August 2025 reflects a reassessment of the credit risk associated with other receivables. This reassessment was prompted by adverse changes in the financial condition of specific counterparties, including delays in repayment and deteriorating credit indicators. Furthermore, the Group's application of the expected credit loss model under IFRS 9 incorporated updated forward-looking information and revised assumptions on probability of default and loss given default, leading to a higher expected credit loss for these exposures.

During the year ended 31 August 2025, a reversal of impairment loss of RMB6,538,000 (2024: RMB1,433,000) was recognised as the specific receivable against which the allowance was held was fully settled.

23. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025 RMB'000	2024 RMB'000
Financial products	**63,257**	38,346

As at 31 August 2025 and 2024, financial assets at fair value through profit or loss represents investments in financial products of a bank in the PRC. These financial products have maturity dates ranging from 15 to 180 days, can be redeemed one day after the application of the redemption request. These investments are yield enhancement deposits with expected but not guaranteed rates of return. The expected rates of return was 3.00% (2024: 3.00%) per annum for the year ended 31 August, 2025, which were determined by reference to the returns of the underlying investments. The directors considered the financial products shall be classified as financial assets at FVTPL and the amount paid for the financial products approximates its fair value at the end of each reporting period.

24. CASH AND CASH EQUIVALENTS

	2025 RMB'000	2024 RMB'000
Cash and bank balances	**954,998**	813,180

At the end of the reporting period, cash and bank balances were all denominated in RMB amounted to RMB954,998,000 (2024: RMB813,180,000). The RMB is not freely convertible into other currencies, however, under Mainland China Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default. Details of currency risk and ECL assessment are set out in note 38.

As at 31 August 2025 and 2024, no cash and bank balances were pledged as collateral for any borrowings, guarantees, or other commitments.

25. TRADE PAYABLES

An analysis of trade payables as at the end of the reporting period, presented based on the invoice dates, is as follows:

	2025 RMB'000	2024 RMB'000
Within one year	**1,725**	1,604
Between one to two year	**138**	—
	1,863	1,604

The trade payables are interest-free and are normally settled on 90-day terms.

26. OTHER PAYABLES AND ACCRUALS

	2025 RMB'000	2024 RMB'000
Current portion:		
Payables for purchase of fixed assets and construction	**2,243**	27,165
Accrued staff benefits and payroll	**2,209**	9,579
Discretionary government subsidies receipt in advance on behalf of students	**17,819**	20,894
Rental fees payable	**37,028**	10,496
Payable for consultancy fee	**—**	2,050
Advances from government for subsidies to students	**7,692**	20,894
Advances from students for general expenses	**36,510**	32,857
Utilities deposits received	**7,690**	5,251
Other taxes payable	**49,600**	38,382
Accruals	**6,832**	1,989
Interest payable	**5,035**	2,179
Others	**4,872**	6,964
	177,530	178,700
Non-current portion:		
Other payables*	**44,485**	44,485
	222,015	223,185

* The amount represents the payables to an independent third party for the purpose of school decoration which are unsecured, bore interest rate of 10% per annum, repayable in December 2027.

27. FINANCIAL GUARANTEE CONTRACTS

	2025 RMB'000	2024 RMB'000
At 1 September	**9,128**	1,293
Additions	**4,237**	9,109
Amortisation of financial guarantee contracts provision	**(5,722)**	(6,086)
Loss allowance on financial guarantee contracts	**4,709**	4,812
At 31 August	**12,352**	9,128

The financial guarantee contracts provided to Affected Entities were recognised in the consolidated financial statements at 31 August 2025. As at 31 August 2025, the aggregate amount of outstanding financial guarantees issued to banks in respect of banking facilities granted to Affected Entities that the Group could be required to pay upon amounted to RMB2,864,355,000 (2024: RMB3,007,705,000) if the guarantees were called upon in entirety, RMB479,434,000 (2024: RMB490,668,000) of the outstanding financial guarantees has been utilised by the Affected Entities.

During the year ended 31 August 2025, additions of RMB4,237,000 (2024: RMB9,109,000) to the financial guarantee contracts provision represent new guarantees provided by the Group to banks for loans granted to the Affected Entities. The maturity date of the bank loans is between September 2025 to February 2030 (2024: September 2024 to September 2027). The amortised income of financial guarantee contracts amounting to RMB5,722,000 (2024: RMB6,086,000) is recognised in other income and ECL for financial guarantee contracts amounting to RMB4,709,000 is recognised (2024: RMB4,812,000) in other expense and other losses respectively.

Management engaged a professional valuer to assist with the impairment assessment of the expected credit loss of the financial guarantee contracts. Individual assessment was performed on each debtor with no significant change in the credit risk since initial recognition. At 31 August 2025, the credit rating assigned to each debtor based on external credit rating ranged between B to B2 (2024: B to B2). At 31 August 2025, the expected credit loss rate was ranged between 0.01%-2.59% (2024: 0.01%-2.88%), loss give default of 30.0% (2024: 28.9%) and forward looking rate of 101.06% (2024: 102.97%).

Summary of the financial guarantees outstanding as at 31 August 2025 are as follows:

	Tatal guaranteed amount RMB'000	Amount utilised RMB'000	Remaining RMB'000	Provided for ECL RMB'000	Maturity date (Range)
Borrower A	1,444,183	280,442	1,163,741	4,954	26/10/2025 - 30/6/2028
Borrower B	1,349,672	198,228	1,151,444	6,914	30/10/2025 - 30/6/2028
Borrower C	70,500	764	69,736	484	25/2/2030
	2,864,355	479,434	2,384,921	12,352	

28. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2025			2024		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Bank loans – secured	**2.95-6.90**	**2025-2026**	**194,800**	3.00-6.90	2024-2025	246,800
Current portion of long term bank loans – secured	**3.25-8.00**	**2025-2026**	**416,120**	3.60-8.00	2024-2025	143,960
Other loans – secured	**5.88-7.80**	**2026**	**281,599**	6.01-7.80	2024	365,903
			892,519			756,663
Non-current						
Bank loans – secured	**3.25-4.68**	**2026-2033**	**751,280**	3.60-8.00	2025-2033	951,400
Other loans – secured	**5.88-7.80**	**2026-2030**	**496,356**	6.01-7.80	2025-2028	391,880
			1,247,636			1,343,280
			2,140,155			2,099,943

	2025 RMB'000	2024 RMB'000
Analysed into:		
Bank loans repayable:		
Within one year or on demand	**610,920**	390,760
In the second year	**409,020**	470,000
In the third to fifth years, inclusive	**234,260**	325,900
Beyond five years	**108,000**	155,500
	1,362,200	1,342,160
Other borrowings repayable:		
Within one year or on demand	**281,599**	365,903
In the second year	**211,435**	209,129
In the third to fifth years, inclusive	**284,921**	182,751
	777,955	757,783
	2,140,155	2,099,943

28. INTEREST-BEARING BANK AND OTHER BORROWINGS – *CONTINUED*

The exposure of the Group's borrowings are as follows:

	2025 **RMB'000**	2024 RMB'000
Fixed-rate borrowings	**962,818**	1,528,943
Variable-rate borrowings	**1,177,337**	571,000
	2,140,155	2,099,943

As of 31 August 2025, the Group's total bank borrowings amounted to RMB1,362,200,000 (2024: RMB1,342,160). These borrowings were secured or guaranteed as follows:

- **Personal & Corporate Guarantees:** Borrowings were guaranteed by Mr. Yan Yude, Ms. Wang Xiaoying, and certain related companies under Mr. Yan's control. Notably, specific portions were separately guaranteed by Mr. Yan's daughter RMB60,000,000 (2024: RMB80,000,000) and a company director, Mr. Ye Jiayu RMB397,000,000 (2024: RMB159,000,000).

- **Property Mortgage:** RMB188,000,000 (2024: RMB213,800,000) were secured by a mortgage over buildings in Chengdu in the PRC owned by a related party.

- **Equity Pledge:** RMB160,000,000 (2024: RMB73,500,000) were secured by a pledge of unlisted equity interests held by Mr. Yan Yude and his daughter.

Security previously held over furniture, fixtures, and electronic devices RMB70,883,000 in 2024 was released as of the current reporting date.

As at 31 August 2025, the Group's other borrowings are related to loans borrowed from third party financing companies with pledge of certain property, plant and equipment with total amount of RMB777,955,000 (2024: RMB757,783,000). The other borrowings have maturities from 1 to 5 years and are guaranteed by Mr. Yan Yude, Ms. Wang Xiaoying, certain related companies controlled by Mr. Yan Yude, daughter of Mr. Yan Yude and long-term pledged deposits (note 18).

29. CONTRACT LIABILITIES

Details of contract liabilities are as follows:

	2025 RMB'000	2024 RMB'000
Tuition fees	**564,304**	547,883
School canteen operation fees	**40,442**	35,937
Boarding fees	**38,495**	40,753
Non-formal education services fees, consultation services fees for overseas studies, and educational management and consultation services fees	**99,976**	106,954
	743,217	731,527
Current	**680,844**	669,011
Non-current	**62,373**	62,516
	743,217	731,527

Contract liabilities include short-term advances received from students in relation to the services not yet provided and the portion of consultation service fees for overseas studies that will be provided after one year. The Group receives tuition and boarding fees from students in advance prior to the beginning of each academic year. The Group receives school canteen operation fees from students in advance prior to the beginning of each semester. Tuition fees, boarding fees and school canteen operations fees are recognised proportionately over the relevant period of the applicable program.

Significant changes in contract liabilities are explained as follows:

	2025 RMB'000	2024 RMB'000
Balance at the begining of year	**731,527**	753,100
Billing in advance, net of revenue, in the current year	**680,701**	655,011
Revenue recognised that was included in the contract liabilities balance at the beginning of the year (note 5 (i)(a))	**(669,011)**	(676,584)
Balance at the end of the year	**743,217**	731,527

30. DEFERRED INCOME

	2025 **RMB'000**	2024 RMB'000
At the beginning of year	**76**	83
Received amounts	**185**	76
Realised to profit or loss	**(186)**	(83)
At the end of year	**75**	76
Current	**75**	76

The grants are related to the subsidies received from the government for the purpose of compensating for the expenses arising from operating activities and improvement of teaching facilities on certain special projects. Upon completion of the operating activities and the related projects, the grants related to the expense items would be recognised as other income directly in the consolidated statement of profit or loss and the grants related to assets would be released to the consolidated statement of profit or loss over the expected useful life of the relevant asset.

31. SHARE CAPITAL

	2025 **RMB'000**	2024 RMB'000
Issued and fully paid: 3,088,761,000 (2024: 3,088,761,000) ordinary shares of HK1.0 cents each	**26,051**	26,051

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Share capital RMB'000
At 1 September 2023, 31 August 2024, 1 September 2024 and 31 August 2025	3,088,761,000	26,051

32. RESERVES

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

(a) Capital reserve

The capital reserve of the Group represents the capital contribution from its then sponsors of the subsidiaries and deemed acquisition of a non-controlling interest held by persons other than the controlling shareholders.

(b) Statutory surplus reserve

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

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

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

33. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year ended 31 August 2025, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB21,221,000 and RMB21,754,000 respectively, in respect of lease arrangements for office premise (2024: RMB3,801,000 and RMB3,801,000 respectively for office premise).

During the year ended 31 August 2025, a loan to third party which was included in other non-current assets of HK$40,000,000 was off-set with the long-term after payables of RMB36,500,000.

33. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS – *CONTINUED*

(b) Changes in liabilities arising from financing activities

Year ended 31 August 2025

	Bank and Other borrowings RMB'000	Lease liabilities RMB'000	Amounts due to related parties RMB'000	Non-current portion: other payable RMB'000
At 1 September 2024	2,099,943	6,176	527,640	44,485
Changes from financing cash flows	(77,764)	(14,968)	(124,349)	—
New leases	—	21,754	—	—
Interest expense	117,976	875	—	—
At 31 August 2025	2,140,155	13,837	403,291	44,485

Year ended 31 August 2024

	Bank and other borrowings RMB'000	Lease liabilities RMB'000	Amounts due to related parties RMB'000	Non-current portion: other payable RMB'000
At 1 September 2023	2,117,208	6,862	591,187	46,518
Changes from financing cash flows	(138,576)	(4,487)	(63,547)	(6,685)
New lease	—	3,510	—	—
Interest expense	121,311	291	—	4,652
At 31 August 2024	2,099,943	6,176	527,640	44,485

(c) Total cash outflow for leases

The total cash outflow for leases included in the consolidated statement of cash flows is as follows:

	2025 RMB'000	2024 RMB'000
Within financing activities	14,968	4,487

34. COMMITMENTS

i) Capital Commitments

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

	2025 RMB'000	2024 RMB'000
Contracted, but not provided for:		
Land and buildings, equipment	**31,080**	197,241

ii) Lease Commitments

As lessor

The future minimum lease receivables under non-cancellable operating leases as at the end of the reporting period is summarised as follows:

	2025 RMB'000	2024 RMB'000
No later than 1 year	**1,252**	3,757
Later than 1 year and no later than 2 years	**—**	1,252
	1,252	5,009

35. RELATED PARTY TRANSACTIONS

(a) Names and relationships of related parties

Name	Relationship
Mr. Yan Yude	Director and ultimate controlling party of the Company
Ms. Wang Xiaoying	Director of the Company and Spouse of Mr. Yan Yude
Ms. Xie Suhua	Mother of Mr. Yan Yude
Ms. Yan Hongjia	Daughter of Mr. Yan Yude
Sichuan Derui	A company controlled and substantially owned by Mr. Yan Yude
Chengdu Tianren Hotel Co. Ltd ("Tianren Hotel")	A company controlled and substantially owned by Mr. Yan Yude
USA Tianren Hotel Management Inc., ("USA Tianren Hotel")	A company controlled and substantially owned by Ms. Xie Suhua
Virscend Holdings Company Limited ("Virscend Holdings")	A company controlled and wholly owned by Mr. Yan Yude
Hong Kong Sichuan General Chamber of Commerce Company Limited ("Sichuan General Chamber")	Mr. Yan Yude is the director of Sichuan Chamber
Chengdu Experimental Foreign Languages School	Entity controlled by Sichuan Derui
Chengdu Foreign Languages School	Entity controlled by Sichuan Derui

As disclosed in the consolidated statement of financial position, the Group had outstanding balances due to related parties at 31 August 2025 and 2024.

35. RELATED PARTY TRANSACTIONS – *CONTINUED*

(b) Outstanding balances with related parties

Amounts due to related parties

	2025 RMB'000	2024 RMB'000
USA Tianren Hotel	—	455
Sichuan Derui	12,122	7,302
Chengdu Experimental Foreign Languages School	63,933	346,557
Chengdu Foreign Languages School	327,236	173,326
	403,291	527,640
Current	—	—
Non-current	403,291	527,640
	403,291	527,640

As at 31 August 2025, certain related parties of the Group had agreed that they shall not demand settlement of the amounts due by the Group of approximately RMB403,291,000 before 1 September 2026. The respective amounts are unsecured, interest free and thus are classified as non-current liabilities.

As at 31 August 2024, certain related parties of the Group had agreed that they shall not demand settlement of the amounts due by the Group of approximately RMB527,640,000 before 1 September 2025. The respective amounts were unsecured, interest free and thus were classified as non-current liabilities.

35. RELATED PARTY TRANSACTIONS – *CONTINUED*

(b) Outstanding balances with related parties – *Continued*

Amounts due from director and controlling party and related party

	2025 RMB'000	2024 RMB'000
Mr. Yan Yude	**600**	600
Tianren Hotel	**547**	547
Current	**1,147**	1,147

(c) Other related party transactions

Save as disclosed in elsewhere of the report, the Group has below related parties transactions as follow:

1) During the year, the Group entered the following transactions with its related parties:

	Nature of transaction	Note	2025 RMB'000	2024 RMB'000
Tianren Hotel	Integrated management services including receiving catering and accommodation services		**1,126**	1,471
	Lease payment	(i)	**3,293**	3,136
Mr. Yan Yude	Short-term lease	(ii)	**2,211**	2,098
Sichuan General Chamber	Consulting Services	(iii)	**456**	—

(i) On 30 November 2023, the Group had entered into the Lease Agreement with Tianren Hotel (as lessor) to use a property for a term of 3 years from 1 December 2022 to 30 November 2025. As at 31 August 2025, the Group has total lease liabilities and right-of-use assets with Tianren Hotel of RMB0 and RMB712,000, resepectively.

(ii) On 1 September 2024, the Company entered into the Lease Agreement with Mr. Yan Yude, pursuant to which Mr. Yan Yude agreed to lease certain property to the Company for a term of one year from 1 September 2024 to 31 August 2025. The rent of the lease is HKD2,400,000 (equivalent to RMB2,211,000) and the Company was responsible for Management fee & Utility Charges per month and Government Rates & Government Rent in respect of the Premises during the term.

(iii) On 1 September 2024, the Company entered into a three-year "Consulting Services Agreement" with the Sichuan Chamber, effective from 1 September 2024 to 31 August 2027. Under the agreement, the Sichuan Chamber will provide consulting services at an annual fee of HKD500,000 (approximately RMB456,000).

The Sichuan Chamber's primary responsibilities include providing secretarial and administrative support for the Company's Hong Kong office. Additionally, the Sichuan Chamber will assist the Company in identifying potential overseas cooperation opportunities, establishing initial contact with relevant parties, and offering preliminary investment recommendations on prospective projects.

This collaboration aims to enhance the Company's operational efficiency and facilitate its expansion into international markets.

35. RELATED PARTY TRANSACTIONS – *CONTINUED*

(c) Other related party transactions – *Continued*

On 26 February 2021, the Company entered into a Property and Site Lease Agreement with Chengdu Experimental Foreign Languages School, an entity under common control by the Company's director, Mr. Yan Yude. Under this agreement, the Company leases a portfolio of educational buildings located at Jinniu District, Chengdu. The lease term is 20 years, from 1 March 2021 to 28 February 2041.

The agreement originally stipulated a rent-free period from 1 March 2021 to 31 August 2025. During the current financial year, this rent-free period was formally extended by one year and will now end on 31 August 2026. The rental expense payable after the rent-free period has not yet been formally agreed by the parties.

Certain of the Group's bank borrowings were secured or guaranteed by related parties. Details are disclosed in note 28 to the consolidated financial statements.

Certain of the Affected Entities' bank borrowings were secured or guaranteed by the Group. Details are disclosed in note 27 to the consolidated financial statements.

(d) Compensation of key management personnel of the Group:

The remuneration of directors and other members of key management during the year are as follows:

	2025 **RMB'000**	2024 RMB'000
Salaries, allowances and other benefits in kind	**4,477**	4,361
Pension scheme contributions	**69**	59
	4,546	4,420

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

36. FINANCIAL INSTRUMENTS

Categories of financial instruments

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

31 August 2025

Financial assets

	Financial assets at amortised cost RMB'000	Financial assets at fair value through profit or loss RMB'000	Total RMB'000
Long-term pledged deposits	44,316	—	44,316
Financial assets at fair value through profit or loss	—	63,257	63,257
Financial assets included in other receivables	20,859	—	20,859
Trade receivables	6,001	—	6,001
Cash and cash equivalents	954,998	—	954,998
	1,026,174	63,257	1,089,431

Financial liabilities

	Financial liabilities at amortised cost RMB'000
Amounts due to related parties	403,291
Trade payables	1,863
Financial liabilities included in other payables and accruals	204,196
Financial guarantee contracts	12,352
Interest-bearing bank and other borrowings	2,140,155
Lease liabilities	13,837
	2,775,694

36. FINANCIAL INSTRUMENTS – *CONTINUED*

31 August 2024

Financial assets

	Financial assets at amortised cost RMB'000	Financial assets at fair value through profit or loss RMB'000	Total RMB'000
Long-term pledged deposits	49,876	—	49,876
Other non-current assets	36,589	—	36,589
Financial assets at fair value through profit or loss	—	38,346	38,346
Financial assets included in other receivables	48,065	—	48,065
Trade receivable	1,220	—	1,220
Cash and cash equivalents	813,180	—	813,180
	948,930	38,346	987,276

Financial liabilities

	Financial liabilities at amortised cost RMB'000
Amounts due to related parties	527,640
Trade payables	1,604
Financial liabilities included in other payables and accruals	202,291
Financial guarantee contracts	9,128
Interest-bearing bank and other borrowings	2,099,943
Lease liabilities	6,176
	2,846,782

37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Fair value

The fair value of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded in active markets are determined with reference to quoted market bid prices;
- the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The management of the Company considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

Fair value hierarchy

Some of the Group's financial assets are measured at fair value at the end of each reporting period.

The follow table illustrate the fair value measurement hierarchy of the Group's financial instruments:

As at 31 August 2025

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Financial assets at fair value through profit or loss	—	—	63,257	63,257

As at 31 August 2024

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Financial assets at fair value through profit or loss	—	—	38,346	38,346

As at 31 August 2025 and 2024, the Group's financial assets at fair value through profit or loss were classified as Level 3. There were no transfers between levels during the years ended 31 August 2025 and 2024.

37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS – *CONTINUED*

Fair value hierarchy – *Continued*

Relationship of unobservable inputs to fair value: the lower of expected discount rate adopted in the discounted cash flow, the higher of expected rate of return and the fair value.

The Group manages the valuation of level 3 instruments for financial reporting purpose on a case by case basis. At least once every reporting year, the Group would assess the fair value of the Group's level 3 instruments by using valuation techniques.

The valuation of level 3 instrument represented investments in financial products of a bank in the PRC. As these instruments are not traded in an active market, their fair values had been determined by using applicable valuation techniques, which mainly included discounted cash flows and the significant unobservable input is expected discount ratel under the financial products.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and cash equivalents and interest-bearing bank and other borrowings. The Group has various other financial assets and liabilities such as long-term pledged deposits, other non-current assets, trade receivables, other receivables, deposits, financial assets at fair value through profit or loss, trade payables, cash and cash equivalents other payables and accruals, interest-bearing bank and other borrowings and lease liabilities, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's fair value interest rate risk relates primarily to its fixed-rate bank borrowings. The Group is also exposed to cash flow interest rate risk through the impact of rate changes on interest-bearing financial assets and liabilities, mainly bank balances and bank borrowings (note 28) which carry interest at prevailing market interest rates. It is the Group's policy to keep certain borrowings at floating rates of interest so as to minimise the fair value interest rate risk. The Group currently does not use any derivative contracts to hedge its exposure to interest rate risk. However, the directors of the Company will consider hedging significant interest rate risk should the need arise.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES – *CONTINUED*

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for variable rate bank borrowings based an loan prime rate in the PRC at the end of each reporting period and assumed that the amount of liabilities outstanding at the end of each period was outstanding for the whole period. A 50-basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of a reasonably possible change in interest rates.

If interest rates had been 50-basis points higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 August 2025 would decrease/increase by RMB8,026,000 (2024: RMB7,875,000). This is mainly attributable to the Group's exposure to interest rates on its bank borrowings and other borrowings.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent interest rate risk as the period ended exposure at the end of the period does not reflect the exposure during the respective periods.

Currency risk

The group entities are mainly exposed to the fluctuation of RMB against HKD.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the HKD and RMB exchange rate, with all other variables held constant, of the Group's profit before tax (due to changes in the fair values of monetary assets and liabilities).

	Increase/ (decrease) in HKD/RMB rate %	Increase/ (decrease) in profit before tax RMB'000
Year ended 31 August 2025		
If the RMB weakens against the HKD	**5**	4,149
If the RMB strengthens against the HKD	**5**	(4,149)
Year ended 31 August 2024		
If the RMB weakens against the HKD	**5**	5,934
If the RMB strengthens against the HKD	**5**	(5,934)

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES – *CONTINUED*

Credit risk and impairment assessment

Maximum exposure and period-end staging

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to long-term pledged deposits, long-term receivables, trade receivables, other receivables and deposits and financial guarantee. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets and financial guarantee contracts.

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and period-end staging classification as at 31 August 2025 and 2024.

The amounts presented are gross carrying amounts for financial assets.

As at 31 August 2025

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Financial assets included in other receivables					
– Normal*	14,242	7,830	—	—	22,072
Long-term pledged deposits					
– Normal*	44,316	—	—	—	44,316
Trade receivables	—	—	—	6,001	6,001
Cash and cash equivalents	954,998	—	—	—	954,998
Guarantees given to banks in connection with facilities granted to the Affected Entities					
– Facilities drawn					
– not yet past due	2,384,921	—	—	—	2,384,921
	3,398,477	7,830	—	6,001	3,412,308

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES – *CONTINUED*

Credit risk and impairment assessment – *Continued*

Maximum exposure and period-end staging – Continued

As at 31 August 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Financial assets included in other receivables					
– Normal*	72,370	26,849	5,000	—	91,192
Long-term pledged deposits					
– Normal*	49,876	—	—	—	49,876
Trade receivable	—	—	—	1,220	1,220
Cash and cash equivalents	813,180	—	—	—	813,180
Guarantees given to banks in connection with facilities granted to the Affected Entities					
– Facilities drawn					
– not yet past due	2,517,037	—	—	—	2,517,037
	3,452,463	26,849	5,000	1,220	3,485,532

* The credit quality of the financial assets included in other receivables and long-term pledged deposits is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty, by geographical region and by product type. There are no significant concentrations of credit risk within the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 August 2025

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES – *CONTINUED*

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans, lease liabilities and other interest-bearing loans. The Group regularly reviews its major funding positions to ensure that it has adequate financial resources in meeting its financial obligations.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, was as follows:

As at 31 August 2025

	On demand RMB'000	Less than 3 months RMB'000	More than 3 months but less than 12 months RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000	Carrying amount RMB'000
Lease liabilities	—	2,949	8,809	2,645	759	15,162	13,837
Interest-bearing bank and other borrowings	—	235,475	706,425	1,202,690	113,975	2,258,565	2,140,155
Trade payables	—	1,863	—	—	—	1,863	1,863
Amounts due to related parties	—	—	—	403,291	—	403,291	403,291
Financial liabilities included in other payables and accruals	204,196	—	—	—	—	204,196	204,196
Financial guarantee contract	2,384,921	—	—	—	—	2,384,921	12,352
	2,589,117	240,287	715,234	1,608,626	114,734	5,267,998	2,775,694

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES – *CONTINUED*

Liquidity risk – *Continued*

As at 31 August 2024

	On demand RMB'000	Less than 3 months RMB'000	More than 3 months but less than 12 months RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000	Carrying amount RMB'000
Lease liabilities	—	1,509	4,528	430	—	6,467	6,176
Interest-bearing bank and other borrowings	—	200,512	601,536	1,259,023	164,834	2,225,905	2,099,943
Trade payables	—	1,604	—	—	—	1,604	1,604
Amounts due to related parties	—	—	—	527,640	—	527,640	527,640
Financial liabilities included in other payables and accruals	178,700	—	—	45,375	—	224,075	202,291
Financial guarantee contract	2,517,037	—	—	—	—	2,517,037	9,128
	2,695,737	203,625	606,064	1,832,468	164,834	5,502,728	2,846,782

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the period.

The debt-to-asset ratio as at the end of the year is as follows:

	2025 RMB'000	2024 RMB'000
Total liabilities	**3,565,118**	3,627,701
Total assets	**4,424,680**	4,468,044
Debt-to-asset ratio	**81%**	81%

39. SHARE AWARD SCHEME

On 9 October 2022 (the "Adoption Date"), the Company adopted a share award scheme (the "Share Award Scheme") to recognise the contributions of certain directors, senior management and employees of the Company and its subsidiaries, or other eligible participant(s) ("Eligible Persons") and to retain and motivate them to strive for the future development and expansion of the Group by providing them with the opportunity to acquire equity interests in the Company.

The Share Award Scheme shall be valid and effective for a term of ten (10) years commencing on the Adoption Date (the "Award Period"), after which period no further awards shall be offered or granted but the provisions of the Share Award Scheme shall remain in full force and effect in all other respects. The Share Award Scheme shall terminate on the earlier of (i) the tenth (10th) anniversary date of the Adoption Date; and (ii) such date of early termination as determined by the Board of the Company, provided that such termination shall not affect any subsisting rights of any selected participants ("Selected Participants").

Pursuant to the Share Award Scheme, the directors of the Company may, from time to time, at its absolute discretion, select any Eligible Persons for participation in the Share Award Scheme as Selected Participants, and determine the shares to be granted, vesting criteria and conditions, and period for the shares to be vested, subject to the terms and conditions set out in the Share Award Scheme. The directors of the Company shall not grant further awards if they would result in the number of Award Shares under the Share Award Scheme exceeding 10% of the total number of shares in issue as at the date of the Adoption Date.

The Company established a trust to purchase shares of the Company for the benefit of Selected Participants under the Share Award Scheme (the "Award Shares"). Pursuant to the rules of the Share Award Scheme, the Company has entered into the trust deed with Futu Trustee Limited and appoint Futu Trustee Limited ("Trustee") as the Trustee to assist with the administration of the Share Award Scheme and vesting of awards to be granted pursuant to the Share Award Scheme during the Award Period.

Any Award Shares shall vest in the relevant Selected Participants in accordance with the vesting schedule determined by the board of directors at its sole discretion, subject to (a) satisfaction of any vesting conditions specified in the grant letter; (b) the Selected Participants remaining an Eligible Persons at the time when the relevant Awarded Shares are scheduled to vest according to the relevant vesting schedule; and (c) the Selected Participants not having been summarily dismissed by the Group, not having been bankrupt or failed to pay his debts, not having been convicted for any criminal offence and not having been charged, convicted or held liable for any offence under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) or any other similar applicable laws or regulations in force from time to time.

39. SHARE AWARD SCHEME – *CONTINUED*

Any Award Shares made to Selected Participants shall lapse forthwith on the occurrence of any of the following:

a) any Award Shares not accepted by the Selected Participants within the time as stipulated in the Scheme shall lapse forthwith and any Awarded Share(s) allotted and issued to, or acquired by the Trustee, if any, shall become Returned Shares;

b) in the event that the Company, the subsidiary or the business division by which a Selected Participant is employed ceases to be a subsidiary or business division of the Group (or of a member of the Group, in the case of a business division);

c) in the event that an order for the winding-up of the Company is made or a resolution is passed for the voluntary winding-up of the Company (otherwise than for the purposes of, and followed by, an amalgamation or reconstruction in such circumstances that substantially the whole of the undertaking, assets and liabilities of the Company pass to a successor company); and

d) in the event of the death of a Selected Participant or retirement at his normal retirement date or earlier by agreement with the Company or a subsidiary (as the case may be) at any time prior to a vesting date, unless otherwise determined by the Board in its sole and absolute discretion, all the unvested Awarded Shares in respect of such unvested Awarded Shares of such Selected Participant (or rights thereto) shall lapse upon the death of such Selected Participant or his retirement date (as the case may be). Notwithstanding other provisions of the Scheme, the Board has the power to (i) deem any unvested Awarded Shares of a deceased Selected Participant to be vested on the day immediately prior to the death of such deceased Selected Participant; or (ii) deem any unvested Awarded Shares of a Selected Participant to be vested on the day immediately prior to the retirement of such Selected Participant.

As at 31 August 2025, the Trustee held an aggregate of 45,650,000 shares with carrying amount of HKD21,521,000 (equivalent to RMB18,431,000) (2024: HKD21,521,000 (equivalent to RMB18,431,000)) of the Company purchased from the market during the year ended 31 August 2022. No shares were granted to the Eligible Persons pursuant to the Share Award Scheme during the year ended 31 August 2025 and 2024.

40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2025 RMB'000	2024 RMB'000
NON-CURRENT ASSETS		
Property, plant and equipment	**334**	642
Right-of-use assets	**395**	790
Investments in subsidiaries	**307**	307
Amounts due from subsidiaries	**300,797**	527,346
Other non-current assets	**—**	36,589
Total non-current assets	**301,833**	565,674
CURRENT ASSETS		
Cash and cash equivalents	**229,405**	12,823
Financial assets at fair value through profit or loss	**33,864**	—
Prepayments and other receivables	**1,046**	3,006
Total current assets	**264,315**	15,829
CURRENT LIABILITIES		
Other payables	**595**	18
Lease liabilities	**461**	422
Amounts due to subsidiaries	**882**	7,388
Total current liabilities	**1,938**	7,828
NET CURRENT ASSETS	**262,377**	8,001
TOTAL ASSETS LESS CURRENT LIABILITIES	**564,210**	573,675
NON-CURRENT LIABILITIES		
Lease liabilities	**—**	410
Net assets	**564,210**	573,265
Share capital	**26,051**	26,051
Reserves (note)	**538,159**	547,214
Total equity	**564,210**	573,265

40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY – *CONTINUED*

Note:

A summary of the Company's reserves is as follows:

	Capital reserve RMB'000	Shares held for share award scheme RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 September 2023	700,811	(18,431)	(43,203)	639,177
Total comprehensive income for the year	—	—	(45,658)	(45,658)
Dividend (note 11)	(46,305)	—	—	(46,305)
At 31 August 2024 and 1 September 2024	654,506	(18,431)	(88,861)	547,214
Total comprehensive expense for the year	—	—	29,334	29,334
Dividend (note 11)	(44,260)	—	—	(44,260)
Forfeiture of unclaimed dividends (note 11)	5,871	—	—	5,871
At 31 August 2025	616,117	(18,431)	(59,527)	538,159

DEFINITIONS

"Affected Entities"	the PRC Operating Entities providing compulsory education services, which the Group lost control since 31 August 2021
"Articles of Association" or "Articles"	the articles of association of the Company as amended, supplemented or otherwise modified from time to time
"associate(s)"	has the meaning ascribed thereto in the Listing Rules
"Board"	the board of Directors
"Business Cooperation Agreements"	the business cooperation agreements entered into by and among Tibet Huatai, Sichuan Derui, the PRC Operating Entities and the Registered Shareholders
"Chengdu Experimental Foreign Languages School"	Chengdu Experimental Foreign Languages School* (成都市實驗外國語學校), a private middle and high school established under the laws of the PRC, where the school sponsor's interest is wholly-owned by Sichuan Derui, and a consolidated affiliated entity of the Company
"Chengdu Experimental Foreign Languages High School of Chengdu Jinniu District"	Chengdu Experimental Foreign Languages High School of Chengdu Jinniu District* (成都市金牛區實外高級中學有限公司), a private middle school established under the laws of the PRC, where the school sponsor's interest is wholly-owned by Sichuan Derui, and a consolidated affiliated entity of the Company
"Chengdu Foreign Languages High School of Deyang"	Chengdu Foreign Languages High School of Deyang* (德陽成外高級中學有限公司), a private high school established under the laws of the PRC and a consolidated affiliated entity of the Company, where the school sponsor's interest is owned as to 40% by Sichuan Derui, 60% by an independent third party
"Chengdu Experimental Foreign Languages High School of Sichuan Tianfu New Area"	Chengdu Experimental Foreign Languages High School of Sichuan Tianfu New Area* (四川天府新區實外高級中學), a private high school established under the laws of the PRC and a consolidated affiliated entity of the Company, where the school sponsor's interest is owned as to 51% by Sichuan Derui, 49% by an independent third party
"Chengdu Foreign Languages High School of Renshou"	Chengdu Foreign Languages High School of Renshou* (仁壽成外高級中學), a private high school established under the laws of the PRC and a consolidated affiliated entity of the Company, where the school sponsor's interest is owned as to 51% by Sichuan Derui, 49% by an independent third party
"Chengdu Foreign Languages High School of Yibin"	Chengdu Foreign Languages High School of Yibin* (宜賓市成外高級中學有限公司), a private high school established under the laws of the PRC and a consolidated affiliated entity of the Company, where the school sponsor's interest is wholly-owned by Sichuan Derui

"Chengdu Foreign Languages School"	Chengdu Foreign Languages School* (成都外國語學校), a private school established under the laws of the PRC, where the school sponsor's interest is wholly-owned by Sichuan Derui, and a consolidated affiliated entity of the Company
"Chengdu International Studies University (Formerly known as Chengdu Institute Sichuan International Studies University)" or "University"	Chengdu International Studies University* (成都外國語學院), a private university established under the laws of the PRC and a consolidated affiliated entity of the Company, where the school sponsor's interest is owned as to 100% by a fully owned subsidiary Sichuan Derui
"Company"	Virscend Education Company Limited, a company incorporated in the Cayman Islands whose shares are listed on the Stock Exchange (Stock Code: 1565)
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented, or otherwise modified from time to time
"connected person(s)"	has the meaning ascribed thereto in the Listing Rules
"Controlling Shareholder(s)"	has the meaning ascribed to it in the Listing Rules and unless the context requires otherwise, refers to the controlling shareholders of the Company, namely Mr. Yan Yude and Virscend Holdings
"Corporate Governance Code" or "CG Code"	Corporate Governance Code contained in Appendix C1 to the Listing Rules
"Director(s)"	the director(s) of the Company
"Directors' Powers of Attorney"	the school director's power of attorney entered into by each of the directors of each PRC operating Entities in favor of Tibet Huatai
"Equity Pledge Agreements"	the equity pledge agreements entered into by and among the Registered Shareholders, Sichuan Derui and Tibet Huata
"Exclusive Call Option Agreements"	the exclusive call option agreements entered into by and among Sichuan Derui, the PRC Operating Entities and Tibet Huatai
"Exclusive Technical Service and Management Consultancy Agreements"	the exclusive technical service and management consultancy agreements entered into by and among Tibet Huatai and the PRC Operating Entities
"Foreign Investment Catalog"	the Guidance Catalog of Industries for Foreign Investment (《外商投資產業指導目錄(2015)》), which was promulgated jointly by the MOFCOM and the 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) on 10 March 2015 and became effective from 10 April 2015 and is amended from time to time
"Gaokao"	also known as the National Higher Education Entrance Examinations, an academic examination held annually in the PRC

DEFINITIONS

"Gaoxin Campus"	Chengdu Foreign Languages High School of Chengdu Hi-tech Zone (成都高新區成外高級中學), a private high school established under the law of the PRC and a Consolidated affiliated entity of the Company, where the sponsors' interest is wholly-owned by Sichuan Derui since September 2020
"Group", "we", "our" or "us"	the Company and its subsidiaries
"HK$" or "HKD"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	The Hong Kong Special Administrative Region of the PRC
"Hongdemingzhi Consulting"	Sichuan Hongdemingzhi Education Consulting Co., Ltd. (四川弘德明知教育諮詢有限公司), a limited company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of the Company
"K-12"	preschool to grade twelve, also known as "fundamental education"
"Listing"	the listing of Shares on the Main Board of the Stock Exchange
"Listing Date"	15 January 2016, being the date on which the Shares of the Company are listed on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Loan Agreements"	the loan agreements entered into by and among Tibet Huatai, Sichuan Derui and the PRC Operating Entities
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 of the Listing Rules
"MOE"	the Ministry of Education of China
"PRC" or "China"	The People's Republic of China
"PRC Legal Advisors"	SICHUAN HONGQI LAW FIRM, the legal advisors of the Company as to the PRC laws
"PRC Operating Entities"	consolidated affiliated entities of the Company, namely, schools or institutions through which the Group conducts its our private education business
"Prospectus"	the prospectus of the Company dated 31 December 2015
"Registered Shareholders"	the shareholders of Sichuan Derui, namely Mr. Yan Yude, Ms. Yan Hongjia, Ms. Wang Xiaoying, Ms. Ye Jiaqi, Mr. Ye Jiayu, Ms. Yan Bixian, Ms. Yan Birong and Ms. Yan Bihui
"Reporting Period"	the year ended 31 August 2025

"RMB"	Renminbi, the lawful currency of the PRC
"School Sponsors' and Directors' Entrustment Agreements"	the school sponsors' and directors' rights entrustment agreements entered Rights into by and among the respective school sponsors, the PRC Operating Entities, the relevant directors appointed by the school sponsors and Tibet Huatai
"School Sponsors' Powers of Attorney"	the school sponsor's power of attorney entered into by the school sponsors in favor of Tibet Huatai
"SFO"	Securities and Futures Ordinance
"Share(s)"	share(s) of HK1.0 cent each in the share capital of the Company
"Shareholder(s)"	shareholder(s) of the Company
"Share Option Scheme"	the share option scheme adopted by the Company on 28 December 2015
"Sichuan Derui"	Sichuan Derui Enterprise Development Co., Ltd.* (四川德瑞企業發展有限公司) (previously known as Sichuan Province Derui Enterprise Development Company* (四川省德瑞企業發展總公司)), a company established under the laws of the PRC, which is owned as to 69.44% by Mr. Yan Yude, 18.55% by Ms. Yan Hongjia, 3.00% by Ms. Wang Xiaoying, 2.65% by Ms. Ye Jiaqi, 1.59% by Mr. Ye Jiayu, 1.59% by Ms. Yan Bixian, 1.59% by Ms. Yan Birong and 1.59% by Ms. Yan Bihui
"Smart Ally"	Smart Ally International Limited, a Company incorporated in the BVI with limited liability on 12 May 2015 and wholly-owned by Ms. Wang Xiaoying, the spouse of Mr. Yan Yude and the step-mother of Ms. Yan Hongjia
"Southwest China"	comprises Sichuan, Guizhou and Yunnan Provinces and Chongqing Municipality
"Spouse Undertakings"	the spouse undertakings entered into by each of the respective spouse of the Registered Shareholders
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subsidiary(ies)"	has the meanings ascribed to it in the Listing Rules. For the avoidance of doubt, the Subsidiaries included PRC Operating Entities in the Prospectus
"Substantial Shareholder"	has the meaning ascribed thereto in the Listing Rules
"Structured Contracts"	collectively, the Business Cooperation Agreements, the Exclusive Technical Service and Management Consultancy Agreements, the Exclusive Call Option Agreements, the Equity Pledge Agreement, the School Sponsors' and Directors' Rights Entrustment Agreements, the School Sponsors' Powers of Attorneys, the Directors' Powers of Attorneys, the Loan Agreements and the Spouse Undertakings

DEFINITIONS

"Tibet Huatai"	Tibet Huatai Education Management Consulting Co., Ltd.* (西藏華泰教育管理有限公司), a wholly-foreign owned enterprise established under the laws of PRC and a wholly-owned subsidiary of the Company
"U.S. dollar(s)" or "US$" or "USD"	United States dollars, the lawful currency of the United States of America
"Virscend High School of Chengdu Xinjin District"	Virscend High School of Chengdu Xinjin District * (成都市新津區成實外高級中學有限公司), a private high school established under the laws of the PRC and a consolidated affiliated entity of the Company, where the school sponsor's interest is owned as to 55% by Sichuan Derui, 45% by two independent third parties
"Virscend High School of Quxian"	Virscend High School of Quxian* (渠縣成實外高級中學有限公司), a private high school established under the laws of the PRC and a consolidated affiliated entity of the Company, where the school sponsor's interest is wholly-owned by Sichuan Derui, and a consolidated affiliated entity of the Company
"Virscend Holdings"	Virscend Holdings Company Limited, a company incorporated in the British Virgin Islands with limited liability on 20 March 2015 and wholly-owned by Mr. Yan Yude, an executive Director and one of the Controlling Shareholders
"Wah Tai"	Wah Tai (HK) Investment Limited (香港華泰投資有限公司), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
"Wahtai (US)"	USA Wahtai Educational Consulting Services Inc., a company incorporated in the State of California, the United States, with limited liability and owned as to 51% by Wah Tai and 49% by two independent third parties