# 中國科培教育集團有限公司
# China Kepei Education Group Limited

(Incorporated in the Cayman Islands with limited liability)
（於開曼群島註冊成立的有限公司）

**Stock Code 股份代號：1890**

# 2025

# ANNUAL REPORT
# 年度報告

# Contents



# Company Profile

The Company, together with its Subsidiaries, is a leading provider of private vocational education services in China focusing on profession-oriented and vocational education.

We are committed to providing students with high-quality profession-oriented and vocational education and helping them to meet the growing and changing market demands. We are primarily focused on engineering majors to better capture local employment demands, balanced with economics, management, education and art majors to offer well- rounded education services. We endeavor to provide students with various profession-oriented and application- oriented training and internship opportunities in collaboration with research institutions and enterprises, through which we foster practical skills and market competitiveness of our students.

Through over 20 years of operating private higher education in China, 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 vocational education industry in China.

# Corporate Information

## BOARD OF DIRECTORS

**Executive Directors**

Mr. Ye Nianqiao *(Chairman)*
Ms. Li Yan *(Chief Executive Officer)*
Dr. Zhang Xiangwei *(resigned on 30 September 2025)*
Mr. Zha Donghui
Mr. Ye Xun
Ms. Sun Lixia *(resigned on 30 September 2025)*
Mr. Zheng Chaoran *(appointed on 30 September 2025)*

**Independent Non-executive Directors**

Dr. Xu Ming
Dr. Deng Feiqi
Mr. Lu Chao

## AUDIT COMMITTEE

Dr. Xu Ming *(Chairman)*
Dr. Deng Feiqi
Mr. Lu Chao

## REMUNERATION COMMITTEE

Dr. Deng Feiqi *(Chairman)*
Mr. Zha Donghui
Mr. Lu Chao

## NOMINATION COMMITTEE

Mr. Ye Nianqiao *(Chairman) (ceased on 24 June 2025)*
Mr. Lu Chao *(Chairman) (re-designated on 24 June 2025)*
Dr. Deng Feiqi
Ms. Li Yan *(appointed on 24 June 2025)*

## JOINT COMPANY SECRETARIES

Mr. Zheng Chaoran
Ms. Ng Ka Man *(resigned on 28 November 2025)*

## AUTHORIZED REPRESENTATIVES

Mr. Ye Nianqiao
Ms. Ng Ka Man *(resigned on 28 November 2025)*
Ms. Li Yan *(appointed on 28 November 2025)*

## REGISTERED OFFICE

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

## HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

Qifu Road
Gaoyao District
Zhaoqing City
Guangdong Province the PRC

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 28-82, Lee Garden Two
28 Yun Ping Road
Causeway Bay
Hong Kong

## CAYMAN ISLANDS SHARE REGISTRAR AND TRANSFER OFFICE

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

# Corporate Information

## HONG KONG SHARE REGISTRAR

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

## LEGAL ADVISORS

*As to Hong Kong law:*
Fangda Partners
26/F, One Exchange Square
8 Connaught Place
Central
Hong Kong

*As to PRC law:*
Commerce & Finance Law Offices
12-14th Floor, China World Office 2
No. 1 Jianguomenwai Avenue
Chaoyang District, Beijing the PRC

*As to Cayman Islands law:*
Maples and Calder (Hong Kong) LLP
53rd Floor, The Center
99 Queen's Road
Central
Hong Kong

## AUDITOR

Ernst & Young
*Certified Public Accountants*
*Registered Public Interest Entity Auditor*
27/F, One Taikoo Place
979 King's Road
Quarry Bay
Hong Kong

## PRINCIPAL BANKER

Bank of China (Hong Kong) Limited

## INVESTOR RELATIONS

Mr. Zheng Chaoran
Investor Relations Director
Email: ir@kepeieducation.com

## STOCK CODE

1890

## COMPANY'S WEBSITE

www.chinakepeiedu.com

# Annual Results Highlights

| | Year ended 31 August | | | Percentage |
|---|---|---|---|---|
| | **2025** | 2024 | Change | Change |
| | **RMB'000** | RMB'000 | RMB'000 | (%) |
| Revenue | **1,872,180** | 1,692,842 | +179,338 | +10.6 |
| Profit for the year | **748,445** | 827,791 | -79,346 | -9.6 |
| Core net profit** | **761,871** | 830,014 | -68,143 | -8.2 |
| Adjusted EBITDA* | **1,054,571** | 1,129,710 | -75,139 | -6.7 |

* Adjusted EBITDA is defined as to earnings before interest, income tax expenses, depreciation and amortisation after adjusting for the items which are not indicative of the Group's operating performance.

** Core net profit was derived from the profit for the year after adjusting for the items which are not indicative of the Group's operating performance. Please refer to the section of "Financial Review" in this annual report for details of the reconciliation of the profit for the year to the core net profit of the Group.

# Key Items of Financial Position and Cash Flows

A summary of the key items of financial position and cash flows for year/period ended, as extracted from the published audited financial statements, are set out below:

| | As at 31 August | | | | |
|---|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2024 | **2025** |
| Assets, liabilities and equity | RMB'000 | RMB'000 | RMB'000 | RMB'000 | **RMB'000** |
| Non-current assets | 5,211,718 | 5,971,914 | 6,151,836 | 6,122,732 | **7,067,802** |
| Current assets | 1,535,084 | 1,401,972 | 1,264,742 | 1,490,797 | **1,425,351** |
| Current liabilities | 2,809,299 | 2,208,397 | 1,966,738 | 1,982,871 | **2,185,736** |
| Net current liabilities | (1,274,215) | (806,425) | (701,996) | (492,074) | **(760,385)** |
| Total assets less current liabilities | 3,937,503 | 5,165,489 | 5,449,840 | 5,630,658 | **6,307,417** |
| Non-current liabilities | 697,094 | 1,413,922 | 1,057,758 | 507,893 | **644,337** |
| Total equity | 3,240,409 | 3,751,567 | 4,392,082 | 5,122,765 | **5,663,080** |

| | For the eight months ended 31 August | For the year ended 31 August | | | |
|---|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2024 | **2025** |
| Cash flows | RMB'000 | RMB'000 | RMB'000 | RMB'000 | **RMB'000** |
| Net cashs from operating activities | 121,988 | 1,266,883 | 996,961 | 1,206,091 | **811,386** |

# Chairman's Statement

Dear Shareholders,

On behalf of the Board, I am pleased to present the annual report of the Group for the year ended 31 August 2025. In September 2024, the State Council released the Opinions on Implementing the Employment-First Strategy to Promote High-Quality and Full Employment, emphasizing the integration of vocational and general education, the convergence of industry and education, and the blending of science and education to cultivate more high-quality skilled talent. In January 2025, the Outline of the Plan for Building a Leading Country in Education (2024– 2035) further deployed strategies to enhance the comprehensive strength of higher education, promote the construction of a modern vocational education system, and accelerate the digital transformation of education. The education businesses provided by the Group in all schools in China will be benefited from the favorable policies.

## BUSINESS HIGHLIGHTS

In response to the national call to promote high-quality development of modern vocational education, the Group takes high-quality development as the core of running schools, spares no effort to accomplish investment in six key sectors, including continuously increasing investment to cultivate teaching talents, upgrading professional training laboratories, building a smart-digital campus, further optimizing the structure of major layout, deepening the connection with industry-leading enterprises to jointly build up modern industry colleges, thereby cultivating high-quality skilled talents needed by various industries for China's future economic development and industrial upgrading.

Under the guidance of the high-quality development strategy, our schools continued to improve their ranks. The Guangdong School ranked 35th in the Top 300 Private Universities Rankings (2025) according to the GDI University Rankings; it also ranked third in the Guangdong Province. The Guangdong School was awarded the honorary title of "Top 100 Chinese Industry-Education Integration Colleges". The Heilongjiang School ranked 28th among the list of private universities in China by Chinese Alumni Association in 2024 and also ranked second among private colleges in Heilongjiang. Ranked first among private universities in the field of geology, mining and petroleum in China, it was selected as one of the first batch of master's degree project construction units in Heilongjiang Province. The Anhui School ranked 36th among the major rankings of private universities in China by ABC in 2024; it also ranked third among private colleges in Anhui Province. The Huaibei School has received excellent annual inspection results from the Provincial Department of Education for three consecutive years.

We attached great importance to enhance the student employment competitiveness. We have established deep cooperative relationships with leading enterprises and jointly built industry colleges such as Huawei ICT Industry College, JD Industry College, iFlytek Artificial Intelligence College, BYD New Energy Industry College and Ubiquitous Intelligent Robotics College. Under the severe employment situation in 2024, we still achieved excellent employment results. The employment rate of graduates exceeds 90%, and the employment rate of key majors has remained above 95% for several consecutive years, with a professional matching rate of 70%. The Heilongjiang School has deep cooperation with the top five petrochemical enterprises in China, with one out of every five graduates in corresponding majors entering state-owned enterprises and Fortune 500 companies.

The Group organized multiple batches of backbone teachers and principals to conduct academic exchanges and training at well-known universities in Hong Kong, Singapore, Japan, South Korea, Russia, etc., in order to broaden international perspective, enrich teaching concepts, and enhance academic standards. The Group organized 30 batches of study tours with roughly 1,100 teachers and students participated in exchanges with top universities in Hong Kong, Macau and China, including the University of Hong Kong, the University of Macau, Peking University, Tsinghua University, etc., to combine classroom knowledge with practice and broaden the perspective of teachers and students.

## PROSPECTS

The Group will actively promote school-enterprise cooperation with leading entities in various industries, focusing on national key industries and emerging industries, such as new energy vehicles, digital economy, information technology, artificial intelligence and other industries, and continuously deepening the integration of industry and education and building industry colleges together, to realize close connection between professional settings and industry needs and improve high-quality employment for students.

We will actively strategize for the deployment of our international education services, including operating higher education institutions and vocational training programs overseas in a light asset model, which will cover undergraduate, master and doctoral degree education as well as skills training in the future. In addition, the Heilongjiang School has successfully obtained provincial approval to establish itself as a master-degree-granting institution. Going forward, we will continue to increase the proportion of highly educated faculty, improve teaching facilities and campus environment, strive to elevate the school's educational level, and provide our students with diversified pathways for further education.

## APPRECIATION

On behalf of the Board, I would like to thank all our students and their parents for their continued trust and confidence. I would also like to extend our sincere gratitude to all our teachers, the management and the entire staff for carrying out the Group's strategies with outstanding professionalism, integrity and dedication. I am also thankful to every investor who supports us for our continuous growth. The Group will actively respond to the national call, vigorously develop vocational education, continue to strengthen the construction of school infrastructure, optimize the structure of teaching staff team, improve the level of school operation, and effectively strengthen the adaptability of vocational education, so as to provide vocational education to the satisfaction of the people.

**Ye Nianqiao**
*Chairman*
Hong Kong, 28 November 2025

# Management Discussion and Analysis

## MARKET OVERVIEW

### Business Overview

The Group is the leading vocational education group in the Pearl River Delta and Yangtze River Delta, the two most important economic regions in China. Our education businesses services cover the entire modern vocational education system, including the secondary-level vocational program, higher-level vocational program, and undergraduate-level vocational program. Since the establishment of our first school in 2000, the Group has been adhering to the mission of cultivating high-quality technological talents, and steadfastly pursuing the path of high-quality development. During the Reporting Period, we have achieved the following fruitful educational results:

**Our Teacher Qualification Training Achieved Remarkable Results with Improving Ranks among Schools**

During the Reporting Period, the Group increased its investment in teacher training, allocating approximately RMB50 million for training expenses to enhance the professional capabilities of its teaching staff, with around 10,000 teachers trained. Our schools received approximately 170 national awards and 410 provincial awards. Adhering to the scientific research goal of "Promoting Teaching through Research and Promoting Learning through Teaching", our schools actively carried out scientific research. The Group's schools undertook over 100 provincial-level scientific research projects, and our teachers published 760 academic papers, including about 50 core journal papers. The teachers' honors and number of scientific research awards increased continuously. Under the guidance of the high-quality development strategy, our schools continued to improve their ranks. The Guangdong School ranked 35th in the Top 300 Private Universities Rankings (2025) according to the GDI University Rankings; it also ranked third in the Guangdong Province. The Guangdong School was awarded the honorary title of "Top 100 Chinese Industry-Education Integration Colleges". The Heilongjiang School ranked 28th among the list of private universities in China by Chinese Alumni Association in 2024, jumped from 38th for the last year; it also ranked second among private colleges in Heilongjiang. Ranked first among private universities in the field of geology, mining and petroleum in China, it was selected as one of the first batch of master's degree project construction units in Heilongjiang Province, and was rated as a benchmark private university in China by the Central Radio and Television Network. It is the only private engineering college in the province to be selected as a "demonstration unit for employment and entrepreneurship of college graduates in the province". The Anhui School ranked 36th among the major rankings of private universities in China by ABC in 2024; it also ranked third among private colleges in Anhui Province. The Huaibei School has received excellent annual inspection results from the Provincial Department of Education for three consecutive years.

**Attaching Importance to the All-round Development of Students and Enhancing their Employment Competitiveness**

We visit enterprises through various channels, connect with their employment needs, and provide students with high-quality and sufficient employment and internship opportunities. We have established deep cooperative relationships with leading enterprises such as Huawei, JD, BYD, CATL, Xiaopeng Motors, Midea Group, iFlytek, UFIDA, Ubiquitous and EVE Energy, jointly built industry colleges such as Huawei ICT Industry College, JD Industry College, iFlytek Artificial Intelligence College, BYD New Energy Industry College and Ubiquitous Intelligent Robotics College. We have established cooperative relationships with nearly 4,000 enterprises across the country, providing over 150,000 job demands for graduates, with an average of about 10 job opportunities for each graduate. Under the severe employment situation in 2024, we still achieved excellent employment results. The employment rate of graduates exceeds 90%, and the employment rate of key majors has remained above 95% for several consecutive years, with a professional matching rate of 70%. The Heilongjiang School has deep cooperation with the top five petrochemical enterprises in China, with one out of every five graduates in corresponding majors entering state-owned enterprises and Fortune 500 companies. Especially, our models such as “enterprise operated by school”, “school established by enterprise” and “order class” have covered nearly 40 majors and nearly 5,000 students, truly realizing the growth and development path of “employment upon enrollment”. The total number of graduates who start their own businesses, take postgraduate entrance exams, study abroad and join the national civil service team is steadily increasing.

We attach great importance to the all-round development of students, encourage and support students to participate in various competitions during school semesters, and have won approximately 1,600 national awards and approximately 4,600 provincial honors. These include: the Prize of “Challenge Cup” College Students Entrepreneurship Plan Competition, China International College Students Innovation Competition, “Siemens Cup” Smart Manufacturing Challenge National Finals, Blue Bridge Cup National Software and Information Technology Professional Talent Competition, “China Robotics Development Competition” Award, “National University Business Elite Challenge”, National College Students Smart Car Competition, China International “Internet+” College Students Innovation and Entrepreneurship Competition, Chinese College Students Calculator Design Contest and other awards. The Heilongjiang School won a silver medal in the National Professional Ice Sculpture Art Exhibition.

**Building a Smart Campus and Continuously Enhancing Satisfaction of Teachers and Students**

We take “spatial integration + digital empowerment” as the dual wheel drive and establish a one-stop student community service center in our schools to systematically improve the performance of educational services. Through the integration of seven major departments including academic affairs, logistics, employment and finance departments into the one-stop service center, we provide 25 high-frequency services such as student registration certificate processing, equipment maintenance and career counseling. We have also launched a smart appointment and self-service terminal system, reducing the time and cost of single transaction processing for teachers and students by 70%. The one-stop student community service center has been established for one year and has resolved nearly 20,000 appointment processing matters for students. The Group synchronously builds five digital systems including intelligent repair reporting, venue reservation, psychological counseling, internship employment and dormitory management. We take the feedback and solution time of the logistics service team to the needs raised by teachers and students in various systems as the basis KPI, and conduct assessment to the logistics service team, so as to significantly reduce the response time for logistics issues from 24 hours to 4 hours, greatly improving logistics support capabilities and processing efficiency. The satisfaction rate of teachers and students reached a historical high of 96%.

**Actively Promoted the Core Strategy of “AI + Vocational Education”**

Against the backdrop of rapid development of artificial intelligence (AI), the Group takes “AI + Vocational Education” as its core strategy, and comprehensively promotes the deep integration of AI technology and teaching. The Group has established a working team to promote the AI applications and deeply cultivate “Vertical AI Applications”, and through the cross-department collaboration, to systematically promote the intelligent transformation in the teaching, research, and management fields, and to integrate AI technology into all elements and processes of education and teaching. Through its independent research and development, the Group has achieved model integration and deployment of intelligent course platforms, enterprise WeChat, student and staff systems, and enrollment Q&A robots on campus. In 2026, we will focus on building AI tool modules that are in line with the characteristics of our schools, and constructing AI smart libraries, digital mentor systems and other projects. We will also establish a full lifecycle management mechanism for teaching data and build a new intelligent education ecosystem of “Educational Brain + Intelligent Terminal”.

**Expanding the International Perspective of Teachers and Students, and Continuously Deepen International Cooperation**

The Group organized multiple batches of backbone teachers and principals to conduct academic exchanges and training at well-known universities in Hong Kong, Singapore, Japan, South Korea, Russia, etc., in order to broaden international perspective, enrich teaching concepts, and enhance academic standards. The Group organized 30 batches of study tours with roughly 1,100 teachers and students participated in exchanges with top universities in Hong Kong, Macau and China, including the University of Hong Kong, the University of Macau, Peking University, Tsinghua University, etc., to combine classroom knowledge with practice and broaden the perspective of teachers and students. The management of the Group conducted research on the demand for overseas employment markets in various countries such as Saudi Arabia, the United Arab Emirates, Qatar, Thailand and Vietnam. The Group is committed to building an innovative talent cooperation model of "targeted training + employment delivery" with large state-owned and private enterprises overseas, promoting China's vocational education to the world stage and meeting the talent needs of Chinese enterprises expanding their business overseas.

**Zhaoqing School has been Approved as Pilot School of the First Comprehensive High Schools in Zhaoqing City**

The Zhaoqing School becomes a pilot school of the first comprehensive high schools in Zhaoqing City in 2025, and will carry out its first enrollment in the 2025/26 school year. Comprehensive high school is an innovative new education model in the high school stage, advocating the integration and development of cultural courses and vocational skills learning in ordinary high schools. This remarks that the Group has gained widespread social recognition in the field of vocational education and ordinary education integration (Cultural Foundation + Vocational Skills), and the Group will continue to improve its comprehensive strength, and its future enrollment source will continue to expand.

### Caring for the Society and Bringing the Core Values of Socialism into Practice

Our schools have been actively carrying out social welfare activities, including volunteers for the Asian Winter Games, popularization lectures of laws in community, strengthened collaboration and paired assistance, caring elderly and veterans, and promotion of intangible cultural heritage, to serve local communities and demonstrate our sense of social responsibility. The number of student volunteers from our schools reached 3,000, donating about 120,000 milliliters of blood without compensation, and donating about 4 tons of clothing through the Love Clothing Recycling Volunteer Service Activity. We care for mental and physical well-being of students by holding thematic campaigns such as World AIDS Day, College Student Mental Health Education Month, National Security Education Day, Anti-Drug and Legal Awareness Promotion Month and AED first-aid training session. The Heilongjiang School was one of the first batch of schools with the honorary title of “High Schools Complying with the Mental Health Education Standards” in Heilongjiang Province. The Heilongjiang School established the “Iron Man Spirit and Culture Research Center” to promote and propagate the Iron Man spirit. The Guangdong School actively responded to the country’s call for conscription, and won the title of the Advanced Unit in the Conscription Work of Guangdong Province for four consecutive years. The Group further promoted the implementation of the “Western Plan”, encouraging and organizing college students to carry out voluntary services such as supporting education and agriculture in the Western region and the border villages. Over 150 students have participated in the Western Plan and Village Plan as volunteers. The schools of the Group provide material assistance and educational resource assistance to students from families with financial difficulties to ensure that they can successfully complete their studies. Over 40,000 students have received such assistance.

### The Government Continues to Promote the Classification Management and Registration of Private College

On 5 November 2025, the Guangdong Provincial Department of Education issued the “Implementation Rules for Classification Registration of Existing Private College in Guangdong Province (Draft for Comments)” (the “**Draft for Comments**”), which, if approved, will have significant implications for promoting the classification registration of for-profit and not-for-profit private schools in Guangdong Province. The Draft for Comments specifies the timetable for completing the classification registration, which means that after the implementation of the detailed rules, private schools are required to submit application materials within one year and complete the classification registration within three years. The Draft for Comments also provides detailed application materials and relevant approval procedures for selecting to be a for-profit private school, with clear practical guidance. We believe that there has been substantial progress in the classification registration procedures of private schools in Guangdong Province, and in the future, we will continue to promote the classification registration of schools in accordance with policy guidelines.

## Market Position

With over 20 years' experience in operating vocational education institutions in China, the Group is a leading provider of private vocational education services in China.

The Group is committed to providing students with high-quality profession-oriented and vocational education and helping them to meet the growing and changing market demands. The Group is primarily focused on engineering majors to better capture local employment demands balanced with economics, management, education and art majors to offer well-rounded education services. It endeavors to provide students with various profession-oriented training and internship opportunities in collaboration with research institutions and enterprises, which fosters practical skills and market competitiveness of the students.

## Revenue

The revenue increased by 10.6% from RMB1,692.8 million for the year ended 31 August 2024 to RMB1,872.2 million for the year ended 31 August 2025. The Group typically charges students fees which is comprised of tuition fees, boarding fees and other education service fees. Tuition fees remained as the major revenue, accounted for approximately 93.8% of the total revenue of the Group for the year ended 31 August 2025.

The table below summarises the amount of revenue generated from tuition fees, boarding fees and other education service fees charged by the schools operated by the Group for the years indicated:

| | **2025 RMB'000** | 2024 RMB'000 |
|---|---|---|
| Tuition fees | | |
| Higher education program* | **1,678,941** | 1,500,840 |
| Secondary vocational education | **78,066** | 86,655 |
| Total tuition fees | **1,757,007** | 1,587,495 |
| Boarding fees | **107,002** | 97,314 |
| Other education service fees | **8,171** | 8,033 |
| **Total** | **1,872,180** | 1,692,842 |

* Higher education program includes undergraduate program, junior college program and adult college program.

The increase in revenue were mainly attributed to steady growth in the number of student enrolments and average tuition fees of the schools operated by the Group.

### Student enrollment

In the 2024/25 school year, the Group had approximately 77,000 full-time students, including approximately 69,000 undergraduate students (up by 5.4% year-on-year). Benefiting from the favorable policies of vocational education and strong demand from students, the total new enrolment of undergraduate program in 2025/26 school year reached 21,000, up by 5.0% year-on-year. The structure of students has further been optimized, with the proportion of undergraduate students among the total number of full-time students reached nearly 89.6%. The enrolment rate continue to increase, the brand competitiveness has been further enhanced, and the high-quality development strategy is steadily advancing.

### Risk Management

The Group is exposed to various risks in the operations of its business and the Group believes that risk management is important to its success. Key operational risks faced by the Group include, among others, changes in general market conditions and perceptions of private higher 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 rates, the potential expansion of the Group into other regions in 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 are of 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 exposure to the risk of changes in market interest rates relates primarily to its bank loans with floating interest rates.

It is the Group's policy to keep certain bank and other borrowings at fixed rates of interest so as to minimise the interest rate risk. The Group currently does not use any derivative contracts to hedge its exposure to interest rate risk. However, the Board 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 internally generated cash flow from operation, bank and other 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 tuition fees of the schools, and to enter into cooperative business relationships with independent third parties to establish new schools;

- the Group maintains insurance coverage, which it believes is in line with customary practice in the PRC education industry, including school liability insurance; and

- the Group has made arrangements with its lenders to ensure that it will be able to obtain credit to support its business operation and expansion.

## Environment, Health and Safety

The Group is dedicated to protecting the health and safety of the students. The Group has on-site medical staff or healthcare personnel at each of the schools to handle routine medical situations involving students. In certain serious and emergency medical 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 the management of the Company are aware, the Group has complied in all material respects with the relevant environmental, health and safety 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.

### Future Plans

1. With the upgrade of the State's industries, the demand for vocational education talents in advanced manufacturing and modern service industries is becoming increasingly strong. We will steadfastly implement high-quality development strategies to cultivate high-level applied and professional talents for the country and serve local economic development. The Group has abundant school-enterprise cooperation resources in the Pearl River Delta and Yangtze River Delta regions, and will actively promote school-enterprise cooperation with leading entities in various industries, focusing on national key industries and emerging industries, such as new energy vehicles, digital economy, information technology, artificial intelligence and other industries, and continuously deepening the integration of industry and education and building industry colleges together, to realize close connection between professional settings and industry needs and improve high-quality employment for students.

2. We will actively strategize for the deployment of our international education services, including operating higher education institutions and vocational training programs overseas in a light asset model, which will cover undergraduate, master and doctoral degree education as well as skills training in the future. In addition, the Heilongjiang School has successfully obtained provincial approval to establish itself as a master-degree-granting institution. Going forward, we will continue to increase the proportion of highly educated faculty, improve teaching facilities and campus environment, strive to elevate the school's educational level, and provide our students with diversified pathways for further education.

## FINANCIAL REVIEW

### Revenue

Revenue represents the value of services rendered during the Reporting Period. The Group mainly derives revenue from tuition fees and boarding fees collected by schools from students.

Revenue increased by RMB179.4 million, or 10.6%, from RMB1,692.8 million for the year ended 31 August 2024 to RMB1,872.2 million for the year ended 31 August 2025. This increase was primarily the result of revenue from tuition fees increased by RMB169.5 million, or 10.7%, from RMB1,587.5 million for the year ended 31 August 2024 to RMB1,757.0 million for the year ended 31 August 2025.

The increase of tuition fees were mainly attributed to steady growth in the number of student enrolments and average tuition fees of the schools operated by the Group.

### Cost of Sales

Cost of sales consists primarily of staff costs, depreciation and amortisation, utilities, teaching supplies, cost of cooperative education, student study and practice fees, office expenses, training expenses, student subsidies, travel and transportation expenses, cost of repairs, property management fees and others.

Cost of sales increased by RMB272.0 million or 36.6% from RMB744.3 million for the year ended 31 August 2024 to RMB1,016.3 million for the year ended 31 August 2025. This increase was primarily the result of: (i) the Group's great input to develop a high quality teaching crew in cultivating high-end talents as well as improvement of benefits for faculties; (ii) the continuously investment in various professional teaching training venues and equipment in order to improve teaching quality and students' learning experiences; and (iii) the increase in practice fees and training expense in relation to improve student employment rate.

### Gross Profit

The gross profit decreased by 9.8% from RMB948.6 million for the year ended 31 August 2024 to RMB855.8 million for the year ended 31 August 2025. The gross profit margin for the year ended 31 August 2025 was 45.7%, representing a decrease of 10.3 percentage points as compared to the gross profit margin of 56.0% of last year. The decrease of gross profit margin was mainly due to the Group's continuously investment in teaching expenses and students expenses to achieve high teaching qualities and student employment rate.

### Other Income and Gains

Other income and gains primarily consist of government grants, interest income from bank deposits, rental income from lease of campus properties and venues to independent third parties, management service income and consulting service income.

Other income and gains decreased by RMB7.3 million, or 4.3%, from RMB173.1 million for the year ended 31 August 2024 to RMB165.8 million for the year ended 31 August 2025. This decrease was primarily due to the decrease of RMB5.5 million in the management service income compared to last year.

### Selling and Distribution Expenses

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

The selling and distribution expenses increased by 49.3% from RMB9.3 million for the year ended 31 August 2024 to RMB13.8 million for the year ended 31 August 2025, which was mainly because of the continuing investment of the Group's brand building and students' enrollment promotion.

### Administrative Expenses

Administrative expenses primarily consist of administrative staff salaries, office-related expenses, depreciation and amortisation of office buildings, equipment and right of use assets, audit fee, travel expenses and others.

The administrative expenses increased by 12.5% from RMB152.3 million for the year ended 31 August 2024 to RMB171.2 million for the year ended 31 August 2025. This increase was primarily due to the increase numbers of management professionals to achieve the Group's high-quality development.

### Other Expenses

Other expenses primarily consist of expenses relating to staff costs, loss on disposal of items of property, plant and equipment, exchange loss, donation cost and other costs.

Other expenses decreased by 10.9% from RMB30.3 million for the year ended 31 August 2024 to RMB27.0 million for the year ended 31 August 2025. This decrease was primarily due to the decrease of the loss on the disposal of items of property, plant and equipment compared to last year.

### Finance Costs

Finance costs primarily consist of interest expenses for the interest-bearing bank loans and lease liabilities.

The finance costs decreased by 42.5% from RMB53.5 million for the year ended 31 August 2024 to RMB30.8 million for the year ended 31 August 2025, which was mainly due to the decrease of the weighted average balance of interest-bearing bank loans and bank interest rates.

### Core Net Profit

Core net profit was derived from the profit for the year after adjusting the expenses related to the additional depreciation and amortisation due to the fair value adjustments to the acquired identifiable assets and foreign exchange loss, which are not indicatives of the Group's operational performance. This is not a HKFRS measure. The Group presents this item because the Group considers it an important supplemental measure of the Group's operational performance used by the Group's management as well as analysts or investors. The following table reconciles from profit for the year to core net profit for both financial years:

| | **2025**<br>**RMB'000** | 2024<br>RMB'000 |
|---|---|---|
| Profit for the year | **748,445** | 827,791 |
| Add: | | |
| Additional depreciation and amortisation due to the fair value adjustments to the acquired identifiable assets | **6,734** | (2,528) |
| Exchange loss | **3,978** | 2,207 |
| Donation expenses | **2,714** | 2,544 |
| Core net profit | **761,871** | 830,014 |

The core net profit decreased by 8.2% from RMB830.0 million for the year ended 31 August 2024 to RMB761.9 million for the year ended 31 August 2025.

### Calculation of adjusted EBITDA

Adjusted EBITDA is defined as to earnings before interest, income tax expenses, depreciation and amortisation after adjusting for the items which are not indicative of the Group's operating performance. The exchange loss is the non-HKFRSs measure adjusting item as the Company consider that this item was not reflective of the Group's core operating results and should be reconciled in the adjusted EBITDA. The following table reconciles from profit for the year to adjusted EBITDA for both financial years:

| | **2025**<br>**RMB'000** | 2024<br>RMB'000 |
|---|---|---|
| Profit for the year | **748,445** | 827,791 |
| Add: | | |
| Depreciation and amortisation of property, plant and equipment, right-of-use assets and other intangible assets | **241,059** | 197,640 |
| Income tax expense | **30,324** | 48,534 |
| Finance costs | **30,765** | 53,538 |
| Exchange loss | **3,978** | 2,207 |
| Adjusted EBITDA | **1,054,571** | 1,129,710 |

Adjusted EBITDA decreased by RMB75.1 million, or 6.7%, from RMB1,129.7 million for the year ended 31 August 2024 to RMB1,054.6 million for the year ended 31 August 2025.

### Capital Expenditure

Capital expenditures during the Reporting Period primarily related to the establishment of new school premises, maintaining and upgrading existing school premises and purchasing additional educational facilities and equipment for the PRC Schools. For the year ended 31 August 2025, the Group's capital expenditures were RMB443.0 million (for the year ended 31 August 2024: RMB366.1 million).

### Liquidity and Financial Resources

The Group's primary uses cash to fund its working capital requirements, purchase of property, plant and equipment and loan repayment and related interest expenses. As of the date of this annual report, the Group has funded its operations principally with the cash generated from its operations and bank loans. In the future, the Group believes that its liquidity requirements will be satisfied with a combination of cash flows generated from its operating activities, bank loans, other borrowings and other funds raised from the capital markets from time to time. As of 31 August 2025, the Group had cash and cash equivalents of RMB1,163.7 million.

The balance of interest-bearing bank and other borrowings as at 31 August 2025 was RMB1,151.5 million. The interest-bearing bank and other borrowings of RMB556.9 million are repayable within a year. The Group had adequate liquidity to meet its daily management and capital expenditure requirements and control internal operating cash flows.

### Capital Structure

The Group's financial department is responsible for the Group's financial risk management which operates according to policies implemented and approved by the senior management. As at 31 August 2025, all the interest-bearing bank and other borrowings were denominated in RMB and HKD, while cash and cash equivalents were primarily held in RMB, HKD and USD. The Group plans to maintain an appropriate mix of financial equity and debt to ensure an efficient capital structure.

### Significant Investments, Acquisitions and Disposals

Save as disclosed in this annual report, there were no significant investments held by the Company as at 31 August 2025, nor other material acquisitions and disposals of Subsidiaries, associated companies or joint ventures by the Company.

### Future Plan for Material Investments and Capital Assets

Saved as disclosed in annual report, the Group did not have other plans for material investments and capital assets as at 31 August 2025.

### Gearing Ratio

The gearing ratio of the Group, which was calculated as total interest-bearing bank and other borrowings divided by total equity as at the end of the relevant financial year, increased from approximately 17.7% as at 31 August 2024 to approximately 20.3% as at 31 August 2025, primarily due to the increase in the Group's total interest-bearing bank and other borrowings.

### Foreign Exchange Risk Management

The functional currency of the Company is RMB. The majority of the Group's revenue and expenditures are denominated in RMB. As at 31 August 2025, certain bank balances were denominated in HKD and USD. During the year ended 31 August 2025, the Group did not experience any significant difficulties in or impacts on its operations or liquidity due to fluctuations in currency exchange rates. The Directors believe that the Group has sufficient foreign exchange to meet its own foreign exchange requirements and will adopt practical and effective measures to prevent exposure to exchange rate risk. As a result, the Group did not enter into any financial instrument for hedging purposes.

### Contingent Liabilities

As at 31 August 2025, the Group did not have any significant contingent liabilities, guarantees or any litigations or claims of material importance pending or threatened (as at 31 August 2024: nil).

### Pledge of Assets

As at 31 August 2025, the Group's time deposits amounting to RMB57.6 million (as at 31 August 2024: RMB110.0 million) were pledged to secure certain of the Group's bank loans or to secure performance guarantees issued to suppliers and contractors.

### Human Resources

As at 31 August 2025, the Group had 5,774 employees (as at 31 August 2024: 4,555 employees).

The remuneration policy and package of the Group's employees are periodically reviewed in accordance with industry practice and result performance of the Group. The Group provides external and internal training programs to its employees. The Group participates in various employee social security plans for its employees that are administered by local governments, including housing, pension, medical insurance, occupational injury insurance, maternity insurance and unemployment insurance. The Company has also adopted the Share Option Scheme and the Restricted Share Award Scheme to provide incentives to its employees. As at the date of this annual report, the Share Option Scheme and the Restricted Share Award Scheme have been terminated.

The total remuneration cost incurred by the Group for the year ended 31 August 2025 was RMB601.8 million (for the year ended 31 August 2024: RMB493.9 million).

## EVENTS AFTER THE REPORTING PERIOD

The Group had no significant event after the Reporting Period required to be disclosed.

# Directors and Senior Management

## DIRECTORS

### Executive Directors

**Mr. Ye Nianqiao (葉念喬)**, aged 62, is the founder of the Group. He has been an executive Director, the Chairman and the general manager of the Company since its establishment in August 2017, and was the chief executive officer of our Company from 26 November 2017 to 2 July 2024. He is primarily responsible for the overall management, strategic planning, business development and cooperation of our Group. Mr. Ye has over 40 years of experience in the education industry.

From September 1984 to July 1992, he served as a teacher at No. 2 Middle School of Jiujiang County, Jiangxi Province (江西省九江縣第二中學) (which was renamed as No. 2 Middle School of Chaisang District, Jiujiang City, Jiangxi Province (江西省九江市柴桑區第二中學) in October 2017). From June 1992 to July 1995, he served as a teacher at Zhaoqing Gaoyao Normal School of Guangdong Province (廣東省肇慶市高要師範學校). From July 1995 to May 2000, Mr. Ye served as the chairman of the board of Zhaoqing Technology Training School (肇慶科技培訓學校). Mr. Ye founded Zhaoqing School (formerly known as Zhaoqing Technology School (肇慶科技學校)) and served as the chairman of its board from May 2000 to July 2010. Mr. Ye founded Guangdong Polytechnic College (formerly known as Zhaoqing Technology Vocational Technical College (肇慶科技職業技術學院)) and has been serving as the chairman of its board since May 2004. Since September 2016, he has also been the chairman of the board of Zhaoqing Kepei.

Mr. Ye obtained his bachelor's degree in Mathematics from Jiangxi Normal University (江西師範大學) in March 1987. He graduated with a master's degree in Business Management from Sun Yat-Sen University (中山大學) in December 2008. Mr. Ye is a member of the Standing Committee of Guangdong Province of the China Democratic League (中國民主同盟). He was also a committee member of the 11th Chinese People's Political Consultative Conference of Zhaoqing City (中國人民政治協商會議肇慶市第十一屆委員會).

Mr. Ye is the father of Mr. Ye Xun, one of the Directors, and the brother of Mr. Ye Nianjiu, one of the senior management of the Company.

**Ms. Li Yan (李艷)**, aged 45, served as an executive Director and chief financial officer of the Company from August 2017 to December 2018, leading the listing process of the Company. Her scope of work covered core tasks such as structure construction, compliance planning, asset divestiture and restructuring, financial planning, internal control processes optimization and roadshow promotion. From January 2019 to August 2022, she continued to serve concurrently as the joint company secretary of the Company. During this period of time, her focus of work has shifted to the preliminary research, framework construction, risk assessment, project implementation and review and revision of legal documents for major projects such as investment and financing, mergers and acquisitions, and equity transactions. From September 2022 to June 2024, Ms. Li has further assumed the position of executive vice president concurrently, with the primary responsibility being to assist the chief executive officer of the Company, and has overall responsibility for the daily business and operational management of the Company. Since 2 July 2024, Ms. Li has been appointed as the chief executive officer of the Company. Ms. Li has made outstanding contributions to the listing and development of the Company. Ms. Li has more than 20 years of experience in the education industry.

From September 2004 to October 2016, Ms. Li held various positions at Guangdong Polytechnic College (formerly known as Zhaoqing Technology Vocational Technical College (肇慶科技職業技術學院)), including an accounting teacher, the deputy head of the Department of Accounting, the head of the Department of Accounting, and the secretary to the Party General Branch (黨總支書記) of the Department of Accounting, and was mainly responsible for teaching activities, student management, student admission and graduate employment. She has served as a director of Guangdong Polytechnic College since November 2015, and a member of the College Party Committee (黨委委員) of Guangdong Polytechnic College since March 2017. Ms. Li has been appointed as a director and the financial manager of Zhaoqing Kepei Education Investment Development Company Limited since September 2016, and has been responsible for financial management.

Ms. Li obtained her master's degree in Accounting from Sun Yat-Sen University (中山大學) in June 2011, obtained the qualification of associate professor of accounting issued by Human Resources and Social Security Department of Guangdong Province (廣東省人力資源和社會保障廳) in December 2014 and was granted as a senior accounting research scholar by Guangdong Polytechnic College at January 2021.

**Mr. Zha Donghui (查東輝)**, aged 57, has been an executive Director and the deputy general manager of the Company since its establishment. He is primarily responsible for the designing, planning, development and construction of buildings and infrastructure of the Group. Mr. Zha has over 28 years of experience in the education industry.

From September 1996 to August 2001, Mr. Zha served as the vice principal of Zhaoqing Technology Training School (肇慶科技培訓學校). From September 2001 to August 2004, he served as the vice president of Zhaoqing School (formerly known as Zhaoqing Technology College (肇慶科技學校)). From June 2005 to September 2016, Mr. Zha was a director of Zhaoqing School. Since September 2004, Mr. Zha has been serving as a director and an associate dean of Guangdong Polytechnic College (formerly known as Zhaoqing Technology Vocational Technical College (肇慶科技職業技術學院)), and has been primarily responsible for management of infrastructure and equipment of Guangdong Polytechnic College.

Mr. Zha obtained his master's degree in Computer Science from Guangzhou University of Technology in June 2009.

**Mr. Ye Xun (葉潯)**, aged 36, has been an executive Director and the deputy general manager of the Company since its establishment. He is primarily responsible for the day-to-day procurement and logistic services and operations of the Group.

From September 2011 to July 2012, Mr. Ye Xun served as an assistant to the dean of Guangdong Polytechnic College (formerly known as Zhaoqing Technology Vocational Technical College (肇慶科技職業技術學院)). Since October 2016, he has been a director and the head of procurement and logistic services of Guangdong Polytechnic College.

Mr. Ye Xun obtained his master's degree in Business Administration from Northwestern Polytechnic University in April 2015.

Mr. Ye Xun is the son of Mr. Ye Nianqiao, one of the Directors.

**Mr. Zheng Chaoran (鄭超然)**, aged 38, has been an executive Director since 30 September 2025. He has joined the Group since September 2018 and has been the investor relations director and the manager of the finance department of the Company, mainly responsible for managing and overseeing the investor relations affairs and financial management of the Group including, but not limited to, assisting the Board in preparing the investor-related publications, such as financial reports and announcements, communicating with investors, analysts and regulatory bodies, engaging in financial planning and analysis, participating in the investment decision-making of important business activities of the Group, and being involved in various daily compliance matters of the Group. Mr. Zheng has served as the joint company secretary/company secretary of the Company since September 2022 and the chief financial officer of the Company since July 2024, responsible for overseeing financial and investment management of the Company. In particular, Mr. Zheng has been actively involved in various transactions of the Company as well as various projects in relation to establishing new schools, merger and acquisitions and capital markets. Mr. Zheng has made significant contributions in enhancing the management of investor relations and strengthening the internal control system of the Group, and has assisted the Company in complying with the Listing Rules, including disclosure of public information and compliance-related business affairs of the Company.

Prior to joining the Group, from January 2016 to August 2018, Mr. Zheng served as the investor relations director and the general manager of the Finance Department of Virscend Education Company Limited, a company listed on the Main Board of the Stock Exchange (stock code: 1565), which is a leading provider of pre-school to grade 12 and university private education services and was primarily responsible for managing and overseeing the investor relations affairs and financial management. From September 2009 to December 2015, Mr. Zheng served as the audit manager of Ernst & Young Hua Ming LLP and was primarily responsible for providing audit, review and internal control advice to listing applicants and listed companies on various stock exchanges.

Mr. Zheng obtained a bachelor's degree in accounting from Nanjing University in July 2009. Mr. Zheng has also obtained the professional qualification as a Certified Public Accountant issued by the Chinese Institute of Certified Public Accountants (CICPA) in January 2014.

## Independent Non-executive Directors

**Dr. Xu Ming (徐明)**, aged 54, has been an independent non-executive Director since 26 November 2017 and is primarily responsible for providing independent opinion and judgment to the Board. Dr. Xu has over 26 years of experience in business management.

From January 2002 to April 2010, Dr. Xu served as the manager of the finance department, the chief financial officer and a director of Chuancai Securities Brokerage Company Limited (川財證券經紀有限公司), and was responsible for the Company's operation and financial management. Mr. Xu Ming joined Chengdu Fangyu Industrial Investment Management Company Limited (成都方輿產業投資管理有限公司) in December 2011 and served as an executive director from November 2013 to September 2014, responsible for the operation and strategy development of the company. From August 2015 to November 2018, Dr. Xu served as an executive director and the chief executive officer of Virscend Education Company Limited, a company listed on the Stock Exchange (Stock Code: 1565). From February 2016 to November 2020, Dr. Xu served as an external director of Sichuan Agricultural Credit Guarantee Company Limited (四川省農業信貸擔保有限公司). From August 2023 to July 2025, Dr. Xu served as the executive director of Zhongtou Xingxin Education Investment (Shanghai) Company Limited.

Dr. Xu obtained his doctor's degree in Economics from Sichuan University in China in June 2009. In August 1997, Dr. Xu was qualified as a Certified Public Accountant by the Certified Public Accountants Committee of the Ministry of Finance of the PRC. In June 1998, he was qualified as a Certified Public Valuer by the Ministry of Finance of the PRC. In February 1999, he was qualified as a Certified Tax Adviser by the State Administration of Taxation of the PRC. In December 2003, he was qualified as a Senior Accountant by the Chengdu Competency Reform Working Group. He is also a member of the Second Session of Financial Accounting Committee of the Securities Association of China.

**Dr. Deng Feiqi (鄧飛其)**, aged 64, has been an independent non-executive Director since 26 November 2017 and is primarily responsible for providing independent opinion and judgment to the Board.

From September 1991 to July 1995, Dr. Deng served as a secretary of foundation education division (基礎部教學秘書) at the Northeast Heavy Machinery Institute (東北重型機械學院). Dr. Deng has held various positions at South China University of Technology (華南理工大學), including a professor since May 2000 and a doctoral tutor since December 2000. From March 2000 to November 2000, he served as a research associate at the Chinese University of Hong Kong. From January 2008 to January 2013, he served as the dean of Industrial Technology Institute at South China University of Technology (華南理工大學工業研究總院).

Dr. Deng was a member of the Control Systems Simulation Committee of China Systems Simulation Federation (中國系統仿真學會控制系統仿真專業委員會委員) from June 1998 to May 2003. He was a member of the Guangdong Provincial Committee of the Chinese People's Political Consultative Conference Standing Committee (中國人民政治協商會議廣東省委員會常委) from January 2008 to January 2013. He was also a member of the Technical Committee on Control Theory (TCCT) under Chinese Association of Automation (中國自動化學會控制理論專業委員會委員) from January 2013 to December 2017.

Dr. Deng has been a member of the editorial committee of publications including Theory and Application of Control (控制理論與應用) since May 2008, Journal of Systems Engineering (系統工程學報) since August 2011, Systems and Controls (系統與控制縱橫) since January 2014 and Systems Engineering and Electronics (系統工程與電子技術) since April 2016. He has been the associate editor of IEEE Access since February 2018. Dr. Deng has published more than 300 papers in academic publications, including IEEE Transactions on Automatic Control, IEEE Transactions on Circuits and Systems as well as IEEE Transactions on Systems.

Dr. Deng obtained his bachelor's degree in Science from the Department of Applied Mathematics of Hunan University in July 1983. He obtained his doctor's degree in Engineering from the Department of Control Theory and Application of South China University of Technology in July 1997.

**Mr. Lu Chao (陸超)**, aged 41, has been an independent non-executive Director since 2 August 2021 and is primarily responsible for providing independent opinion and judgment to the Board. He has over 13 years of experience in business management.

Mr. Lu currently serves as the chief financial officer of RLX Technology Inc. (NYSE: RLX), a leading consumer product company in China. Mr. Lu has over 14 years' experience in capital markets and investments. Prior to joining RLX Technology Inc., Mr. Lu served as the managing director and the head of Asia healthcare investment banking at Citigroup from December 2013 to March 2021. During his tenure at Citigroup, Mr. Lu was responsible for healthcare client coverage across the Asia Pacific region and led many landmark healthcare and biopharma transactions. In addition, he was also responsible for education and other selective consumer client coverage. Prior to joining Citigroup, Mr. Lu worked as an associate at China International Capital Corporation Hong Kong Securities Limited from June 2011 to December 2013. He also worked as an analyst at AIF Capital Limited from October 2009 to June 2011 and as an analyst at Morgan Stanley Asia Limited from July 2008 to October 2009. Mr. Lu received a bachelor's degree in operations research and financial engineering from Princeton University in June 2008.

## SENIOR MANAGEMENT

For the biographies of Mr. Ye Nianqiao (葉念喬), Mr. Ye Xun (葉潯), Ms. Li Yan (李艷), Mr. Zha Donghui (查東輝) and Mr. Zheng Chaoran (鄭超然), please refer to "Directors and Senior Management – Executive Directors" in this annual report.

**Mr. Ye Nianjiu (葉念廄)** (formerly known as Mr. Wang Ganwei (王贛偉)), aged 52, has been the chairman of the board of Zhaoqing School since July 2010, and the dean of Zhaoqing School since September 2016, a director of Guangdong School (formerly known as Zhaoqing Technology Vocational Technical College (肇慶科技職業技術學院)) since June 2014, and a director of Zhaoqing Kepei since March 2000. He is primarily responsible for the day-to-day management of student affairs relating to student admission and graduate employment. Mr. Ye has over 29 years of experience in the education industry.

From July 1995 to June 2001, Mr. Ye Nianjiu served as the head of student admission and graduate employment of Zhaoqing Technology Training School (肇慶科技培訓學校) and was primarily responsible for student admission and graduate employment. From July 2001 to February 2004, he served as the head of student admission and graduate employment of Zhaoqing School (formerly known as Zhaoqing Technology School (肇慶科技學校)) and was primarily responsible for student admission and graduate employment. From March 2004 to May 2014, Mr. Ye Nianjiu served as the vice chairman of the board of Guangdong School. Since June 2014, he has also been serving as the dean of the College of Continuing Education, within Guangdong School and has been primarily responsible for student admission and graduate employment.

Mr. Ye Nianjiu obtained his junior college diploma in Computer Applications Technology from Guangdong School in January 2011 and obtained his undergraduate diploma in human resource management from Zhaoqing College (肇慶學院) in January 2015.

Mr. Ye Nianjiu is the brother of Mr. Ye Nianqiao, one of the Directors.

# Report of Directors

The Board is pleased to present its report together with the audited consolidated financial statements of the Company and its Subsidiaries for the year ended 31 August 2025.

## GLOBAL OFFERING

The Company was incorporated on 24 August 2017 as an exempted company with limited liability under the laws of the Cayman Islands. The Shares were listed on the Main Board of the Stock Exchange on 25 January 2019.

## PRINCIPAL ACTIVITIES

The Group is a leading provider of private vocational education in China focusing on profession-oriented and vocational education. Analysis of the principal activities of the Group during the Reporting Period is set out in the note 1 to the consolidated 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 and consolidated statement of comprehensive income on pages 92 to 93 of this annual report.

## DIVIDEND POLICY

The Board has the Dividend Policy in compliance with code provision F.1.1 of the CG Code (revised to section M of mandatory disclosure requirements of the CG Code from 1 July 2025) as set out in Appendix C1 of the Listing Rules with effect from 15 January 2019. Declaration and payment of dividends by the Company is also subject to compliance with applicable laws and regulations including the laws of the Cayman Islands and the Articles of Association.

Under the Dividend Policy, the Company can declare interim dividends or special dividends from time to time in addition to the final dividends. In deciding whether to propose a dividend and in determining the dividend amount, the Board shall take into account, inter alia, the financial results, cash flow situation, business conditions and strategies, future operations and earnings, the Group's expected capital requirements, the statutory fund reserve requirements, the retained earnings and distributable reserves of the Company and each of the members of the Group, and any other factors that the Board deems appropriate.

The Dividend Policy will continue to be reviewed and updated from time to time by the Board and the Dividend Policy shall in no way constitute a legally binding commitment by the Company that any dividend will be proposed or declared in any given period.

## FINAL DIVIDENDS

The Board recommends the final dividend of HKD$0.06 for the year ended 31 August 2025 (for the year ended 31 August 2024: HKD$0.06). The final dividend is subject to the approval of the Shareholders at the forthcoming annual general meeting of the Company to be held on Friday, 30 January 2026 and the proposed final dividend will be payable on or around 21 August 2026 to the Shareholders whose names appear on the register of members of the Company on 7 August 2026.

## BUSINESS REVIEW

A review of the business of the Group during the Reporting Period and analysis by using financial key performance indicators, the compliance with laws and regulations and a discussion on the Group's future business development are contained in the section headed "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 consolidated financial statements and in the section headed "Management Discussion and Analysis" on pages 9 to 22 of this annual report.

## FINANCIAL SUMMARY

A summary of the Group's key financial performance for the eight months ended 31 August 2021 and the 4 years ended 31 August 2022, 31 August 2023, 31 August 2024 and 31 August 2025 are set out in the section headed "Key Items of Financial Position and Cash Flows" on page 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. The Group did not have any single customer who accounted for more than 5% of the Group's revenue and none of our students was regarded as our largest customer during the Reporting Period.

### Major Suppliers

For the year ended 31 August 2025, the Group's five largest suppliers accounted for 31.2% (for the year ended 31 August 2024: 30.0%) of the Group's total purchases and our single largest supplier accounted for 13.4% (for the year ended 31 August 2024: 12.5%) of the Group's total purchases.

As of the date of this annual report, none of the Directors or any of their close associates or any Shareholders (which, to the best knowledge of the Directors, own more than 5% of the number of issued Shares) had any interest in the Group's five largest customers and 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 Reporting Period, 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 Reporting Period are set out in note 13 to the consolidated financial statements.

## SHARE CAPITAL

Details of movements in the share capital of the Company during the Reporting Period are set out in note 28 to the consolidated financial statements.

## RESERVES AND DISTRIBUTABLE RESERVES

Details of movements in the reserves of the Group and the Company during the Reporting Period are set out in the consolidated statement of changes in equity on pages 96 to 97 and in the summary of the Company's reserve on note 39 of this annual report respectively, of which, the reserves available for distribution to Shareholders as at 31 August 2025 are set out in note 29 to the consolidated financial statements.

## INTEREST-BEARING BANK AND OTHER BORROWINGS

Particulars of interest-bearing bank and other borrowings of the Group as at 31 August 2025 are set out in note 25 to the consolidated financial statements.

## ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to improving environmental sustainability and will closely monitor the performance. Incorporating the sustainable development concept of creating a green campus and a green environment into educational courses and extracurricular activities to enable students to develop habits with the concept of environmental protection and green development, is essential to the green sustainable development of our schools and the society. The Group has been in strict compliance with the Environmental Protection Law of the PRC, the Pollution Prevention and Control Law of the PRC, the Water Pollution Prevention and Control Law of the PRC, the Environmental Noise Pollution Prevention and Control Law, the Solid Waste Pollution Prevention and Control Law of the PRC and the Energy Conservation Law of the PRC. The Group strictly controls the generation and emission of air pollutants and waste to ensure that the operation and management of schools will not violate the relevant environmental laws and regulations.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The environmental, social and governance report of the Company for the year ended 31 August 2025 is available on the websites of the Stock Exchange and the Company in accordance with Appendix C2 of the Listing Rules.

## DIRECTORS

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

### Executive Directors

Mr. Ye Nianqiao *(Chairman)*
Ms. Li Yan *(Chief Executive Officer)*
Dr. Zhang Xiangwei *(resigned on 30 September 2025)*
Mr. Zha Donghui
Mr. Ye Xun
Ms. Sun Lixia *(resigned on 30 September 2025)*
Mr. Zheng Chaoran *(appointed on 30 September 2025)*

### Independent Non-executive Directors

Dr. Xu Ming
Dr. Deng Feiqi
Mr. Lu Chao

In accordance with articles 16.2 and 16.19 of the Articles of Association, the Directors being Mr. Zha Donghui, Mr. Zheng Chaoran, Dr. Xu Ming and Dr. Deng Feiqi shall retire by rotation and being eligible, have offered themselves for re-election as Directors at the forthcoming AGM.

Details of the Directors to be re-elected at the forthcoming AGM are set out in the circular to the Shareholders to be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.chinakepeiedu.com) in due course.

## DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and senior management of the Group are set out on pages 23 to 29 of this annual report.

## CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received an annual confirmation of independence pursuant to the factors as set out in Rule 3.13 of the Listing Rules from each of the independent non-executive Directors and the Company considers such Directors to be independent during the year ended 31 August 2025.

## DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in the sections headed "Connected Transaction" and "Continuing Connected Transactions" and otherwise disclosed in this annual report, no Director 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 was a party during the year ended 31 August 2025.

## CONTROLLING SHAREHOLDERS' INTEREST IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in the sections headed "Connected Transaction" and "Continuing Connected Transactions" and otherwise disclosed in this annual report, no contract of significance to which the Company or any of its Subsidiaries was a party and in which the Controlling Shareholders of the Company or an entity connected with the Controlling Shareholders had a material interest, either directly or indirectly, subsisted 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. In addition, the Company has adopted the Share Option Scheme and Restricted Share Award Scheme as an incentive to Directors, senior management and employees for their contribution to the Group and to attract and retain key personnel. As at the date of this annual report, the Share Option Scheme and the Restricted Share Award Scheme have been terminated.

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

## RETIREMENT AND EMPLOYEE BENEFITS SCHEME

Details of the retirement and employee benefits scheme of the Company are set out in note 2.4 to the consolidated financial statements.

## DIRECTORS' SERVICE CONTRACTS

Except for Mr. Lu Chao and Mr. Zheng Chaoran, each of the executive Directors and independent non-executive Directors has entered into a service contract with us for an initial fixed term of three years commencing from 26 April 2018 and will automatically 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 after the fixed term.

Mr. Lu Chao, being the independent non-executive Director, has entered into a service contract with the Company for a term of three years with effect from the date of appointment on 2 August 2021 and will automatically 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 after the fixed term.

Mr. Zheng Chaoran, being the executive Director, has entered into a service contract with the Company for a term of three years with effect from the date of appointment on 30 September 2025, and will automatically 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 after the fixed term.

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' 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.

## CHANGES TO DIRECTORS' INFORMATION

With effect from 30 September 2025, Dr. Zhang Xiangwei and Ms. Sun Lixia ceased to be the executive Directors, and Mr. Zheng Chaoran has been appointed as the executive Director. Mr. Zheng Chaoran obtained the legal advice referred to in Rule 3.09D of the Listing Rules on 30 September 2025 and has confirmed that he understands his obligations as a director of a listed issuer under the Listing Rules. Save as disclosed above, the Directors confirm that no other information is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

## 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 pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

| Name of Director or chief executive | Capacity/Nature of Interest | Number of Shares(2) | Approximate Percentage of Shareholding in the Company(1) |
|---|---|---|---|
| Ye Nianqiao | Founder of a discretionary trust(3) | 677,280,000(L) | 33.62% |
| | Interest of spouse(4) | 375,000,000(L) | 18.62% |
| Ye Xun | Founder of a discretionary trust(5) | 300,000,000(L) | 14.89% |
| | Beneficial owner | 700,000(L) | 0.03% |
| Ye Nianjiu | Founder of a discretionary trust(6) | 150,000,000(L) | 7.45% |
| | Beneficial owner | 800,000(L) | 0.04% |
| Zhang Xiangwei | Beneficial owner | 2,000,000(L) | 0.10% |
| Zha Donghui | Beneficial owner | 1,200,000(L) | 0.06% |
| Li Yan | Beneficial owner | 1,000,000(L) | 0.05% |
| Xu Ming | Beneficial owner | 400,000(L) | 0.02% |
| Sun Lixia | Beneficial owner | 20,000(L) | 0.00% |

Notes:

1. As at 31 August 2025, the total number of issued shares of the Company is 2,014,248,667 Shares.

2. The letter "L" denoted the person's long position in the Shares.

3. Qiaoge Company Limited is wholly-owned by Ye Liya Limited, which is in turn wholly-owned by a trust, the trustee of which is Cantrust (Far East) Limited. The trust is a discretionary trust set up by Mr. Ye as founder who can influence how the trustee exercises his discretion. Qiaoge Company Limited is accustomed to act in accordance with the directions of Mr. Ye. By virtue of Part XV of the SFO, Mr. Ye is deemed to be interested in the shares held by Qiaoge Company Limited.

4. Mr. Ye is the husband of Ms. Shu Liping. By virtue of Part XV of the SFO, Mr. Ye is deemed to be interested in the shares indirectly held by Ms. Shu Liping through Shuye Company Limited. Shuye Company Limited is beneficially and wholly-owned by Ms. Shu Liping through Shu Feiya Limited, which is in turn wholly owned by a discretionary trust set up by Ms. Shu Liping as founder who can influence how the trustee exercises her discretion. Shuye Company Limited is accustomed to act in accordance with the directions of Ms. Shu Liping.

5. Chenye Company Limited is wholly-owned by Ye Kasi Limited, which is in turn wholly-owned by a discretionary trust set up by Mr. Ye Xun as founder who can influence how the trustee exercises his discretion. Chenye Company Limited is accustomed to act in accordance with the directions of Mr. Ye Xun. By virtue of Part XV of the SFO, Mr. Ye Xun is deemed to be interested in the shares held by Chenye Company Limited.

6. Weixin Company Limited is wholly-owned by Huanleye Limited, which is in turn wholly-owned by a discretionary trust set up by Mr. Ye Nianjiu as founder who can influence how the trustee exercises his discretion. Weixin Company Limited is accustomed to act in accordance with the directions of Mr. Ye Nianjiu. By virtue of Part XV of the SFO, Mr. Ye Nianjiu is deemed to be interested in the shares held by Weixin Company Limited.

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 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 otherwise disclosed in 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 the Directors or chief executive of the Company) had an interest or short position 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 or as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

| Name of Shareholder | Nature of Interest | Number of Shares[(2)] | Approximate Percentage of Shareholding in the Company[(1)] |
|---|---|---|---|
| Cantrust (Far East) Limited | Trustee[(3)] | 677,280,000(L) | 33.62% |
| Ye Liya Limited | Interest in a controlled corporation[(3)] | 677,280,000(L) | 33.62% |
| Qiaoge Company Limited | Beneficial owner[(3)] | 677,280,000(L) | 33.62% |
| Shu Liping | Founder of a discretionary trust[(4)] | 375,000,000(L) | 18.62% |
| | Interest of spouse[(4)] | 677,280,000(L) | 33.62% |
| Cantrust (Far East) Limited | Trustee[(4)] | 375,000,000(L) | 18.62% |
| Shu Feiya Limited | Interest in a controlled corporation[(4)] | 375,000,000(L) | 18.62% |
| Shuye Company Limited | Beneficial owner[(4)] | 375,000,000(L) | 18.62% |
| Cantrust (Far East) Limited | Trustee[(5)] | 300,000,000(L) | 14.89% |
| Ye Kasi Limited | Interest in a controlled corporation[(5)] | 300,000,000(L) | 14.89% |
| Chenye Company Limited | Beneficial owner[(5)] | 300,000,000(L) | 14.89% |
| Cantrust (Far East) Limited | Trustee[(6)] | 150,000,000(L) | 7.45% |
| Huanleye Limited | Interest in a controlled corporation[(6)] | 150,000,000(L) | 7.45% |
| Weixin Company Limited | Beneficial owner[(6)] | 150,000,000(L) | 7.45% |
| SKYLINE MIRACLE LIMITED | Beneficial owner[(7)] | 146,666,667(L) | 7.28% |
| Li Gabriel | Interest in a controlled corporation[(7)] | 146,666,667(L) | 7.28% |
| Lam Lai Ming | Interest in a controlled corporation[(7)] | 146,666,667(L) | 7.28% |
| AREO HOLDINGS LIMITED | Interest in a controlled corporation[(7)] | 146,666,667(L) | 7.28% |
| ORCHID ASIA V GROUP, LIMITED | Interest in a controlled corporation[(7)] | 136,400,000(L) | 6.77% |
| ORCHID ASIA V GROUP MANAGEMENT, LIMITED | Interest in a controlled corporation[(7)] | 136,400,000(L) | 6.77% |
| ORCHID ASIA VII GP, LIMITED | Interest in a controlled corporation[(7)] | 136,400,000(L) | 6.77% |
| OAVII HOLDINGS, L.P. | Interest in a controlled corporation[(7)] | 136,400,000(L) | 6.77% |
| ORCHID ASIA VII, L.P. | Interest in a controlled corporation[(7)] | 136,400,000(L) | 6.77% |

Notes:

1. As at 31 August 2025, the total number of issued Shares is 2,014,248,667 Shares.

2. The letter "L" denoted the person's long position in the Shares.

3. Qiaoge Company Limited is wholly-owned by Ye Liya Limited, which is in turn wholly-owned by a trust, the trustee of which is Cantrust (Far East) Limited. The trust is a discretionary trust set up by Mr. Ye as founder who can influence how the trustee exercises his discretion. Qiaoge Company Limited is accustomed to act in accordance with the directions of Mr. Ye. By virtue of Part XV of the SFO, Mr. Ye is deemed to be interested in the shares held by Qiaoge Company Limited.

4. Shuye Company Limited is wholly-owned by Shu Feiya Limited, which is in turn wholly owned by a discretionary trust set up by Ms. Shu Liping as founder who can influence how the trustee exercises her discretion. Shuye Company Limited is accustomed to act in accordance with the directions of Ms. Shu Liping. By virtue of Part XV of the SFO, Ms. Shu Liping is deemed to be interested in the shares held by Shuye Company Limited. Mr. Ye is the husband of Ms. Shu Liping. By virtue of Part XV of the SFO, Ms. Shu Liping is deemed to be interested in the shares indirectly held by Mr. Ye through Qiaoge Company Limited.

5. Chenye Company Limited is wholly-owned by Ye Kasi Limited, which is in turn wholly-owned by a discretionary trust set up by Mr. Ye Xun as founder who can influence how the trustee exercises his discretion. Chenye Company Limited is accustomed to act in accordance with the directions of Mr. Ye Xun. By virtue of Part XV of the SFO, Mr. Ye Xun is deemed to be interested in the shares held by Chenye Company Limited.

6. Weixin Company Limited is wholly-owned by Huanleye Limited, which is in turn wholly-owned by a discretionary trust set up by Mr. Ye Nianjiu as founder who can influence how the trustee exercises his discretion. Weixin Company Limited is accustomed to act in accordance with the directions of Mr. Ye Nianjiu. By virtue of Part XV of the SFO, Mr. Ye Nianjiu is deemed to be interested in the shares held by Weixin Company Limited.

7. Skyline Miracle Limited, was beneficially owned by Orchid Asia VII, L.P. as to 93% and Orchid Asia VII Co-Investment, Limited as to 7%. Orchid Asia VII, L.P. was wholly controlled by OAVII Holdings, L.P. (in its capacity as general partner of Orchid Asia VII, L.P.), which was in turn wholly controlled by Orchid Asia VII GP, Limited (in its capacity as general partner of OAVII Holdings, L.P.), which was in turn wholly owned by Orchid Asia V Group Management, Limited, which was in turn wholly owned by Orchid Asia V Group, Limited, which was in turn wholly owned by Areo Holdings Limited. Areo Holdings Limited was wholly owned by Ms. Lam Lai Ming. Areo Holdings Limited was also controlled by Mr. Gabriel Li by virtue of his directorship therein. Accordingly, Ms. Lam Lai Ming and Mr. Gabriel Li were taken to be interested in the conversion shares in which Areo Holdings Limited was interested by virtue of Part XV of the SFO.

Save as disclosed above, as at 31 August 2025, the Directors were not aware of any other persons (other than the Directors or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares 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.

## EQUITY-LINKED AGREEMENTS

No equity-linked agreements were entered into by the Company, or existed during the year ended 31 August 2025.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor its Subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares) during the year ended 31 August 2025.

As at 31 August 2025, the Company and its subsidiaries did not hold any 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.

## CONNECTED TRANSACTION

During the Reporting Period, the Company conducted the following connected transaction pursuant to Chapter 14A of the Listing Rules:

### Lease Agreement

On 14 April 2022, Guangdong School, as lessee, entered into the Lease Agreement with the Lessor, as lessor, pursuant to which the Lessor has agreed to lease a premises located at Dinghu District, Zhaoqing, Guangdong Province, the PRC to Guangdong School, for a term of six years commencing from 15 July 2022 to 14 July 2028.

The Lessor is owned by Mr. Ye and an independent third party as to 50% and 50%, respectively. Mr. Ye, an executive Director and one of the Controlling Shareholders, is a connected person of the Company pursuant to Rule 14A.07 of the Listing Rules. As the Lessor is a 30%-controlled company held directly by Mr. Ye, the Lessor is an associate of Mr. Ye and therefore, a connected person of the Company pursuant to Rule 14A.12 of the Listing Rules.

The principal terms of the Lease Agreement are summarized as follows:

| | |
|---|---|
| **Date:** | 14 April 2022 |
| **Parties:** | Guangdong School, as lessee, Guangdong Science and Technology Real Estate Development Co., Ltd., as lessor |
| **Term:** | A term of six years from 15 July 2022 to 14 July 2028 |
| **Premises:** | 177 flats (approximately 16,451 rentable sq. m.) located at Building K, Ding Hu Tao Li Yuan, 1 Longding Road, District 72, Dinghu District, Zhaoqing, Guangdong Province, the PRC (中國廣東省肇慶市鼎湖區72區龍鼎路1號鼎湖桃李園K棟) |
| **Rent:** | RMB3,950,000 (equivalent to approximately HK$4,858,500) per year (exclusive of management fees and utilities, which are borne by the lessee), which is determined after arm's length negotiation with reference to the prevailing market rent of properties of comparable size and quality situated in the same locality which is available and is expected to be satisfied by the internal resources of the Group |
| **Rent Adjustment:** | The annual rent will be adjusted upward by 10% every two years. If the lessee pays two years' rent in a lump sum within ten days after the signing of the Lease Agreement, the total rent payable by the lessee for two years shall be reduced from RMB7,900,000 (equivalent to approximately HK$9,717,000) to RMB7,505,000 (equivalent to approximately HK$9,231,150); and if the lessee pays four years' rent in a lump sum within ten days after the signing of the Lease Agreement, the total rent payable by the lessee for four years shall be reduced from RMB15,800,000 (equivalent to approximately HK$19,434,000) to RMB14,931,000 (equivalent to approximately HK$18,365,130) |
| **Payment Terms:** | The annual rent shall be payable within the ten days immediately prior to the commencement of each year throughout the term of the Lease Agreement |

For details of the Lease Agreement, please refer to the Company's announcement dated 14 April 2022.

## CONTINUING CONNECTED TRANSACTIONS

During the Reporting Period, the Group has conducted the following non-exempt continuing connected transactions pursuant to Chapter 14A of the Listing Rules:

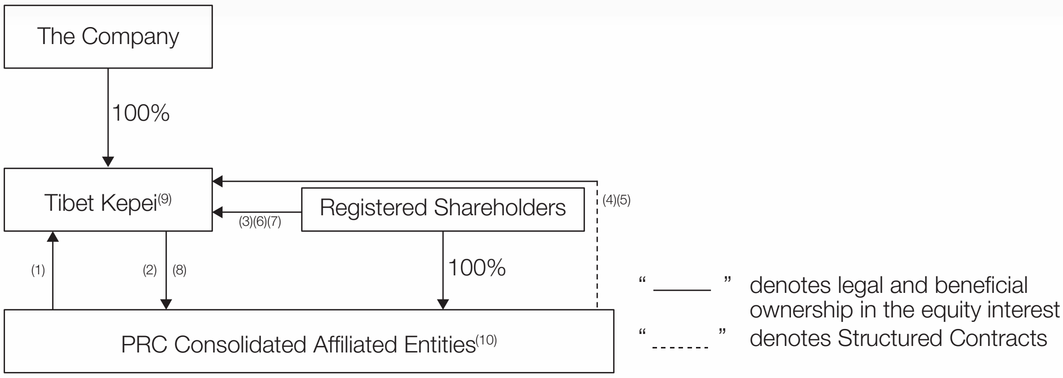
### Structured Contracts

**A. Overview**

The Group conducts private higher education and secondary vocational education business through the PRC Schools in Guangdong, Heilongjiang and Anhui Province of the PRC. In the PRC, the private education industry is subject to certain Foreign Ownership Restrictions. Under applicable laws and regulations, education institutions offering higher education and secondary vocational education must be operated in the form of Sino-foreign cooperation. Furthermore, applicable PRC laws and regulations impose Qualification Requirements on the foreign investors of Sino-foreign joint venture private schools (the "Sino-Foreign Joint Venture Private Schools"). However, in practice, the PRC government usually withholds approval in respect of the application for the establishment of the Sino-Foreign Joint Venture Private Schools. As such, the Group does not hold any equity interest in the PRC Schools and it obtained control over and derive economic benefits from the School Sponsor(s) through the Structured Contracts. The Structured Contracts have been narrowly tailored to achieve the Group's business purpose and minimize the potential conflict with the relevant PRC laws and regulations.

In order to comply with the PRC laws and regulations as set out above while availing the Group of international capital markets and maintaining effective control over all of our operations, the Group's wholly-owned subsidiary, Tibet Kepei, entered into the Structured Contracts with, among others, the PRC Schools and the School Sponsor, pursuant to which all economic benefits arising from the business of the PRC Schools and the School Sponsor are transferred to Tibet Kepei to the extent permitted under the PRC laws and regulations by means of service fees payable by the PRC Schools and the School Sponsor to Tibet Kepei.

The following simplified diagram illustrates the flow of economic benefits from the PRC Schools and the School Sponsors to the Group stipulated under the Structured Contracts:




Notes:

(1) Payment of service fees. Please see " – Operation of the Structured Contracts – Summary of the Material Terms of the Structured Contracts – (2) Exclusive Technical Service and Management Consultancy Agreement" in the Prospectus for details.

(2) Provision of exclusive technical and management consultancy services. Please see " – Operation of the Structured Contracts – Summary of the Material Terms of the Structured Contracts – (2) Exclusive Technical Service and Management Consultancy Agreement" in the Prospectus for details.

(3) Exclusive call option to acquire all or part the school sponsor's interest in the PRC Schools and all or part equity interest in the School Sponsors. Please see " – Operation of the Structured Contracts – Summary of the Material Terms of the Structured Contracts – (3) Exclusive Call Option Agreement" in the Prospectus for details.

(4) Entrustment of the School Sponsor's rights in the PRC Schools by the School Sponsors. Please see " – Operation of the Structured Contracts – Summary of the Material Terms of the Structured Contracts – (6) School Sponsor's and Directors' Rights Entrustment Agreement" and " – Operation of the Structured Contracts – Summary of the Material Terms of the Structured Contracts – (9) School Sponsor's Powers of Attorney" in the Prospectus for details.

(5) Entrustment of directors' rights in the PRC Schools by directors of the PRC Schools including directors' powers of attorney. Please see " – Operation of the Structured Contracts – Summary of the Material Terms of the Structured Contracts – (6) School Sponsor's and Directors' Rights Entrustment Agreement" and " – Operation of the Structured Contracts – Summary of the Material Terms of the Structured Contracts – (8) Directors' Power of Attorney" in the Prospectus for details.

(6) Entrust of Shareholders' right including registered Shareholders' Power of Attorney. Please see " – Operation of the Structured Contracts – Summary of the Material Terms of the Structured Contracts – (5) Registered Shareholders' Rights Entrustment Agreement" and " – Operation of the Structured Contracts – Summary of the Material Terms of the Structured Contracts – (7) Registered Shareholders' Power of Attorney" in the Prospectus for details.

(7) Pledge of equity interest by the registered Shareholders of their equity interest in the School Sponsors. Please see " – Operation of the Structured Contracts – Summary of the Material Terms of the Structured Contracts – (4) Equity Pledge Agreement" in the Prospectus for details.

(8) Provision of loans by Tibet Kepei to the School Sponsors. Please see " – Operation of the Structured Contracts – Summary of the Material Terms of the Structured Contracts – (11) Loan Agreement" in the Prospectus for further details.

(9) On 10 July 2018, the original structured contracts dated 26 April 2018 were terminated as we incorporated a new wholly foreign owned enterprise in Tibet Autonomous Region, Tibet Kepei, which had assumed the rights and obligations of Zhaoqing Kepei Information Technology Company Limited under the original structured contracts since 10 July 2018.

(10) According to the PRC laws and regulations, entities and individuals who establish private schools are commonly referred to as "school sponsors" instead of "owners" or "shareholders". Please see "Regulatory Overview" in the Prospectus for further details.

The School Sponsors are special purpose vehicles and were established as a holding company to hold interests in the PRC Schools. The School Sponsors are not engaged in any other business other than the aforesaid. Under the Structured Contracts, each of the PRC Consolidated Affiliated Entities entered into the exclusive technical service and management consultancy agreement and loan agreement with, among others, Tibet Kepei, pursuant to which each of the PRC Schools and the School Sponsors will be directly bound by and subject to the terms and conditions thereof.

Accordingly, for any services provided by Tibet Kepei to any of the PRC Schools and the School Sponsors, the respective service fee will be paid by the School Sponsors and/or PRC Schools to Tibet Kepei directly. In addition, in order to prevent the leakage of assets and values of the PRC Schools, the Registered Shareholder(s), the School Sponsors and the PRC Schools have undertaken that, without the prior written consent of Tibet Kepei or its designated party, the Registered Shareholders, the Schools Sponsors or the PRC Schools shall not, among others, distribute dividends or other payments to our School Sponsors, or the Registered Shareholders.

**B. Summary of the material terms of Structured Contracts**

***(1) Business Cooperation Agreement***

Pursuant to the Business Cooperation Agreement, Tibet Kepei shall provide technical services, management support and consulting services necessary for the private education business, and in return, the PRC Schools and the School Sponsors shall make payments of fees accordingly.

To ensure the due performance of the Structured Contracts, each of the PRC Schools and the School Sponsors agreed to comply, and procure any of its Subsidiaries to comply with, the obligations as prescribed under the Business Cooperation Agreement.

In order to prevent the leakage of assets and values of the PRC Consolidated Affiliated Entities, the Registered Shareholders, the School Sponsors and each of the PRC Schools have undertaken that, without the prior written consent of Tibet Kepei or its designated party, the Registered Shareholders, the School Sponsors or the PRC Schools shall not conduct or cause to conduct any activity or transaction which may have any actual impact (i) on the assets, business, staff, obligations, rights or operations of the PRC Schools and/or the School Sponsors or (ii) on the ability of the School Sponsors, the Registered Shareholders and each of the PRC Schools to perform the obligations under the Structured Contracts.

Furthermore, each of Registered Shareholders undertakes to Tibet Kepei that, unless with the prior written consent of Tibet Kepei, the Registered Shareholders (severally or jointly) shall not (i) directly or indirectly engage, participate in, conduct, acquire or hold the Competing Business, (ii) use information obtained from any of the PRC Schools and/or the School Sponsors or their Subsidiaries for the Competing Business and (iii) obtain any benefit from any Competing Business. Each of the Registered Shareholders further consents and agrees that, in the event that the Registered Shareholders (severally or jointly) directly or indirectly engage, participate in or conduct any Competing Business, Tibet Kepei and/or other entities as designated by us shall be granted an option to require the entity engaging in the Competing Business to (i) enter into an arrangement similar to that of the Structured Contracts or (ii) cease to engage in such Competing Business.

***(2) Exclusive Technical Service and Management Consultancy Agreement***

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

Furthermore, Tibet Kepei agreed to provide exclusive management consultancy services to the PRC Schools and the School Sponsors, including but not limited to, (a) design of curriculum; (b) preparation, selection and/or recommendation of course materials; (c) provision of teacher and staff recruitment, training support and services; (d) provision of student recruitment support and services; (e) provision of public relation services; (f) preparation of long-term strategic development plans and annual working plans; (g) development of financial management systems and recommendation and optimization on annual budget; (h) advising on the design of internal structures and internal management; (i) provision of management and consultancy training to administrative staff; (j) conducting market research and investigation and providing market information feedback and business development recommendation; (k) preparation of market development plan; (l) building of online and offline marketing networks; and (m) providing other services reasonably requested by the PRC Schools and the School Sponsors.

In consideration of the technical and management consultancy services provided by Tibet Kepei, each of the PRC Schools and our School Sponsors agreed to pay Tibet Kepei a service fee equal to all of their respective amounts of surplus from operations (after deducting necessary 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) and other expenses required by the applicable PRC laws; and our School Sponsors agreed to pay Tibet Kepei a service fee equal to all of its net profit (after deducting all necessary costs, expenses, taxes, losses from the previous year (if required by law) and statutory accumulation funds. Tibet Kepei 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 Schools and the School Sponsors, provided that any adjusted amount shall not exceed the amount mentioned above.

Pursuant to the Exclusive Technical Service and Management Consultancy Agreement, unless otherwise prescribed under the PRC laws and regulations, Tibet Kepei shall have exclusive proprietary rights to any technology and intellectual property developed and materials prepared in the course of the provision of research and development, technical support and services by Tibet Kepei to the PRC Schools and the School Sponsors, and any intellectual property in the products developed, including any other rights derived thereunder, in the course of performance of obligations under the Exclusive Technical Service and Management Consultancy Agreement and/or any other agreements entered into between Tibet Kepei and other parties.

***(3) Exclusive Call Option Agreement***

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

In the event that the PRC laws and regulations allow Tibet Kepei or us to directly hold all or part of the equity interest in the PRC Schools and/or the School Sponsors, Tibet Kepei shall issue the notice of exercise of the Equity Call Option as soon as practicable, and the percentage of School Sponsors' interest and/or 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 Kepei or us under the PRC laws and regulations.

*(4)* ***Equity Pledge Agreement***

Pursuant to the Equity Pledge Agreement, each of the Registered Shareholders unconditionally and irrevocably pledged and granted the first priority security interests over all of his/her/its equity interest in the School Sponsors together with all related rights thereto to Tibet Kepei as security for performance of the Structured Contracts and all direct, indirect or consequential damages and foreseeable loss of interest incurred by Tibet Kepei as a result of any event of default on the part of the Registered Shareholders, the School Sponsors or each of the PRC Schools and all expenses incurred by Tibet Kepei as a result of enforcement of the obligations of the Registered Shareholders, the School Sponsors and/or each of the PRC Schools under the Structured Contracts.

Pursuant to the Equity Pledge Agreement, without the prior written consent of Tibet Kepei, the Registered Shareholders shall not transfer the equity interest or create any further pledge or encumbrance over the pledged equity interest. Any unauthorized transfer shall be invalid. 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 Agreement.

*(5)* ***Registered Shareholders' Rights Entrustment Agreement***

Pursuant to the Registered Shareholders' Rights Entrustment Agreement, each of the Registered Shareholders has irrevocably authorized and entrusted Tibet Kepei to exercise all of his/her/their respective rights as shareholders of the School Sponsors to the extent permitted by the PRC laws. These rights include, but are not limited to: (a) the right to attend shareholders' meetings of the School Sponsors, as the case may be; (b) the right to exercise voting rights in respect of all matters discussed and resolved at the shareholders' meeting of the School Sponsors, as the case may be; (c) the right to propose to convene interim shareholders' meetings of the School Sponsors, as the case may be; (d) the right to sign all shareholders' resolutions and other legal documents which the Registered Shareholders have authority to sign in his or their capacity as shareholders of the School Sponsors, as the case may be; (e) the right to instruct the directors and legal representative of the School Sponsors, as the case may be to act in accordance with the instruction of Tibet Kepei; (f) the right to exercise all other rights and voting rights of shareholders as prescribed under the articles of association of the School Sponsors, as the case may be; (g) the right to handle the legal procedures of registration, approval, licensing and filing of the School Sponsors, as the case may be at the industrial and commercial administrative department or other government regulatory departments; (h) the right to determine to transfer or dispose in any form of equity interests in the School Sponsors held by the Registered Shareholders; and (i) other shareholders' rights pursuant to applicable PRC laws and regulations and the articles of association of the PRC Schools as amended from time to time.

In addition, each of the Registered Shareholders and the School Sponsors has irrevocably agreed that (i) Tibet Kepei may delegate its rights under the Registered Shareholders' Rights Entrustment Agreement to the directors of Tibet Kepei or its designated person; and (ii) any person as successor of civil rights of Tibet Kepei or liquidator by reason of subdivision, merger or liquidation of Tibet Kepei or other circumstances shall have authority to replace Tibet Kepei to exercise all rights under the Registered Shareholders' Rights Entrustment Agreement.

***(6) School Sponsor's and Directors' Rights Entrustment Agreement***

Pursuant to the School Sponsor's and Directors' Rights Entrustment Agreement, the School Sponsors have irrevocably authorized and entrusted Tibet Kepei to exercise all its rights as the school sponsor of each of the PRC Schools to the extent permitted by the PRC laws. These rights include, but are not limited to: (a) the right to appoint and/or elect directors or council members of the schools; (b) the right to appoint and/or elect supervisors of the schools; (c) the right to understand the operation and financial situation of the schools; (d) the right to review the resolutions and records of the board of directors and financial statements and reports of the schools; (e) the right to obtain reasonable returns as the School Sponsors of the schools in accordance with the laws and the articles of association of each school; (f) the right to acquire residual assets upon liquidation of the schools in accordance with the laws and the articles of association of each school; (g) the right to transfer school sponsor's interest in accordance with the laws; (h) the right to make a choice between profitability and non-profitability of the schools in accordance with the PRC laws, regulations or regulatory documents; (i) the right to vote on behalf of the schools regarding bankruptcy, liquidation, dissolution or termination of the schools; (j) the right to handle the legal procedures of registration, approval, licensing and filing of the PRC Schools at the education department, the department of civil affairs or other government regulatory departments and deliver any document to the relevant government authority that the school sponsor is required to deliver; and (k) other school sponsor's rights pursuant to applicable PRC laws and regulations and the articles of association of each school as amended from time to time.

Pursuant to the School Sponsor's and Directors' Rights Entrustment Agreement, each of the Appointees has irrevocably authorized and entrusted Tibet Kepei to exercise all his/her rights as directors of the PRC Schools is appointed by our School Sponsors and to the extent permitted by the PRC laws. These rights include, but are not limited to: (a) the right to attend meetings of the board of directors as representative of the directors appointed by our School Sponsors; (b) the right to exercise voting rights in respect of all matters discussed and resolved at the board meeting of each of the PRC Schools; (c) the right to propose to convene interim board meetings of each of the PRC Schools; (d) the right to sign all board minutes, board resolutions and other legal documents which the directors appointed by the School Sponsors have authority to sign in his/her capacity as directors of the PRC Schools; (e) the right to instruct the legal representative and financial, business and administrative responsible persons of the PRC Schools to act in accordance with the instruction of Tibet Kepei; (f) the right to exercise all other rights and voting rights of directors as prescribed under the articles of association of the PRC Schools; (g) the right to vote on behalf of the schools in respect of bankruptcy, liquidation, dissolution or termination of the schools; (h) the right to handle the legal procedures of registration, approval and licensing of the PRC Schools at the education department, the department of civil affairs or other government regulatory departments and deliver any document to the relevant government authority that the school sponsor is required to deliver; and (i) other directors' rights pursuant to applicable PRC laws and regulations and the articles of association of the PRC Schools as amended from time to time.

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

***(7) Registered Shareholders' Power of Attorney***

Pursuant to the Registered Shareholders' Powers of Attorney executed by each of the Registered Shareholders in favor of Tibet Kepei, each of the Registered Shareholders authorized and appointed Tibet Kepei, as his or their agent to act on his or their behalf to exercise or delegate the exercise of all his or their rights as shareholders of the School Sponsors. For details of the rights granted, please see "– Operation of the Structured Contracts – Summary of the Material Terms of the Structured Contracts – (5) Registered Shareholders' Rights Entrustment Agreement" in the Prospectus.

Tibet Kepei shall have the right to further delegate the rights so delegated to its directors or other designated person. Each of the Registered Shareholders irrevocably agreed that the authorization and appointment in the Registered Shareholders' Powers of Attorney shall not be invalid, prejudiced or otherwise adversely affected by reason of his/her loss of or restriction on capacity, death, divorce or other similar events. The Directors' Power of Attorney shall constitute a part of and incorporate terms of the Registered Shareholders' Rights Entrustment Agreement.

***(8) Directors' Power of Attorney***

Pursuant to the Directors' Powers of Attorney executed by each of the Appointees in favor of Tibet Kepei, each of the Appointees authorized and appointed Tibet Kepei (the sole director of which is not a director of any of the School Sponsors and/or the PRC Schools and therefore does not give rise to any conflict of interest), as his/her agent to act on his/her behalf to exercise or delegate the exercise of all of his/her rights as directors of the PRC Schools. For details of the rights granted, please see "– Operation of the Structured Contracts – Summary of the Material Terms of the Structured Contracts – (6) School Sponsor's and Directors' Rights Entrustment Agreement" of the Prospectus.

Tibet Kepei shall have the right to further delegate the rights so delegated to the directors of Tibet Kepei or other designated person. Each of the Appointees irrevocably agreed that the authorization and 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 of and incorporate terms of the School Sponsor's and Directors' Rights Entrustment Agreement.

***(9) School Sponsor's Power of Attorney***

Pursuant to the School Sponsor's Powers of Attorney executed by the School Sponsors in favour of Tibet Kepei, the School Sponsors authorized and appointed Tibet Kepei (the sole director of which is not a director of any of the School Sponsor and/or the PRC Schools and therefore 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 a school sponsor of each of the PRC Schools. For details of the rights granted, please see "– Operation of the Structured Contracts – Summary of the Material Terms of the Structured Contracts – (6) School Sponsor's and Directors' Rights Entrustment Agreement" of the Prospectus.

Tibet Kepei shall have the right to further delegate the rights so delegated to the directors of Tibet Kepei or other designated person. The School Sponsors irrevocably agreed that the authorization and appointment in the School Sponsor's Powers of Attorney shall not be invalid, prejudiced, derogated or otherwise adversely affected by reason of the School Sponsor's subdivision, merger, winding up, consolidation, liquidation or other similar events. The School Sponsor's Power of Attorney shall constitute a part of and incorporate terms of the School Sponsor's and Directors' Rights Entrustment Agreement.

*(10) Spouse Undertakings*

Pursuant to the Spouse Undertakings, each of Mr. Ye, Ms. Shu Liping and the Relevant Spouses has irrevocably undertaken that:

(a) the Relevant Spouse has full knowledge of and has consented to the entering into of the Structured Contracts by his/her spouse, and in particular, the arrangement as set out in the Structured Contracts in relation to the restrictions imposed on the direct or indirect equity interest in the School Sponsors, pledge or transfer the direct or indirect equity interest in the School Sponsors, or the disposal of the direct or indirect equity interest in the School Sponsors in any other forms;

(b) the Relevant Spouse has not participated, is not participating and shall not in the future participate in the operation, management, liquidation, dissolution and other matters in relation to the School Sponsors and the PRC Operating Schools;

(c) the Relevant Spouse authorizes his/her spouse or his/her authorized person to execute all necessary documents and perform all necessary procedures from time to time for and on behalf of the Relevant Spouse in relation to the Relevant Spouse's equity interest in the School Sponsors (direct or indirect) in order to safeguard the interest of Tibet Kepei 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 any increase, decrease, consolidation or other similar events relating to the direct or indirect equity interest in the School Sponsors;

(e) 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;

(f) all undertakings, confirmations, consents and authorizations under the Spouse Undertakings shall continue to be valid and binding until otherwise terminated by both Tibet Kepei and the Relevant Spouse in writing; and

(g) the Spouse Undertakings shall have the same term as and incorporate the terms of the Business Cooperation Agreement.

*(11) Loan Agreement*

Pursuant to the Loan Agreement, Tibet Kepei agreed to provide interest-free loans to the School Sponsors in accordance with the PRC laws and regulations and the School Sponsors agreed to utilize the proceeds of such loans to contribute as capital of the PRC Schools in its capacity as school sponsor in accordance with the Company's instructions.

The terms of the Loan Agreement shall continue until all direct or indirect interest of the PRC Schools and the School Sponsor has been transferred to Tibet Kepei or its designee and/or the Company 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 Agreement will be for an indefinite term until termination at the sole discretion of Tibet Kepei. The loan will become due and payable upon Tibet Kepei's demand under any of the following circumstances: (i) a bankruptcy application, bankruptcy reorganization or bankruptcy settlement has been filed by or against the School Sponsors, (ii) a winding-up or liquidation application has been filed by or against the School Sponsors, (iii) the School Sponsors becoming insolvent or incurring any other significant personal debt which may affect its ability to repay the loan under the Loan Agreement, (iv) Tibet Kepei or its designee exercising in full its option to purchase all direct or indirect school sponsor's interests to the extent permitted by the PRC laws and regulations or (v) any of the School Sponsors or the PRC schools commit any breach of any obligations under the Structured Contracts or any warranties provided by any of the School Sponsors or the PRC Schools under the Structured Contracts is proved incorrect or inaccurate. As advised by the Company's PRC legal advisors, the interest-free loans granted by Tibet Kepei to the School Sponsors are not in violation of the applicable PRC laws and regulations.

**C. Business activities of the PRC Consolidated Affiliated Entities**

The business activities of the consolidated affiliated entities of the Group, namely the School Sponsors, Guangdong School, Zhaoqing School, Heilongjiang School and Huaibei School are primarily to provide private higher education and secondary vocational education to the Group's students.

**D. Significance and Financial Contributions of PRC Consolidated Affiliated Entities**

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

| | Revenue | | Net profit | | Total assets | |
|---|---|---|---|---|---|---|
| | 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** | As of 31 August 2024 | **As of 31 August 2025** |
| PRC Consolidated Affiliated Entities | 100% | **100%** | 103% | **100%** | 92% | **97%** |

**E. Revenue and assets involved in Structured Contracts**

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

| | **Revenue** | **Total Assets** |
|---|---|---|
| | **For the year ended 31 August 2025 RMB'000** | **As of 31 August 2025 RMB'000** |
| PRC Consolidated Affiliated Entities | 1,872,180 | 8,225,466 |

## F. Regulatory framework and legality of the Structured Contracts

### 1. *Higher education and secondary vocational education*

Pursuant to the Negative List, the provision of higher education in the PRC falls within the "restricted" category. In particular, the Negative List explicitly provides that higher education must be operated in the form of Sino-foreign cooperation, which means that the foreign investor shall operate higher education in the PRC through cooperation with a PRC education institution in compliance with the Sino-Foreign Regulation. In addition, the Negative List also provides that the domestic party shall play a dominant role in the Sino-foreign cooperation, meaning that (a) the principal or chief executive officer of the school shall be a PRC national; and (b) the representatives of the domestic party shall comply with the Foreign Control Restriction. As confirmed by the PRC legal advisors, the Company had complied with the Foreign Control Restriction in respect of the PRC Schools on the basis that (a) the principals and the chief executive officers of the PRC Schools are all PRC nationals; and (b) all the members of the board of directors of the PRC Schools are PRC nationals, while secondary vocational education is not listed as restricted category in the Negative List.

The Company further consulted the Guangdong Provincial Department of Education, being the competent authority as advised by the PRC legal advisors, on the applicability of foreign investment restrictions to secondary vocational education. As advised by the relevant officer of the policies and regulation division at the Guangdong Provincial Department of Education, being the competent authority as advised by the PRC legal advisors, the application by a foreign investor to invest in or operate as a school sponsor of secondary vocational education in any form other than Sino-foreign cooperation will not be approved or permitted.

In relation to the interpretation of Sino-foreign cooperation, pursuant to the Sino-Foreign Regulation, if we were to apply for any of the schools offering higher education to be reorganized as a Sino-Foreign Joint Venture Private School for PRC students, the foreign investor in the Sino-Foreign Joint Venture Private School must fulfil the Qualification Requirement. Furthermore, pursuant to the Implementation Opinions on Encouraging Private Entities and Individuals to Operate Schools and Promote Healthy Development of Private Education (《鼓勵社會力量興辦教育促進民辦教育健康發展的若干意見》), the foreign portion of the total investment in a Sino-Foreign Joint Venture Private School should be below the Foreign Ownership Restriction. In addition, if we were to apply for any of the schools offering secondary vocational education to be reorganized as a Sino-Foreign Joint Venture Private School, we were advised by the relevant officer of the policies and regulation division at the Guangdong Provincial Department of Education, being the competent authority as advised by the PRC legal advisors, that the Foreign Ownership Restriction and Qualification Requirement also apply to education institutions offering secondary vocational education aiming for PRC students.

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

On 20 September 2017, with the assistance of the PRC legal advisors, the Company consulted the Guangdong Provincial Department of Education, being the competent authority as advised by the PRC legal advisors, to confirm the matters relating to the Sino-Foreign Joint Venture Private Schools relevant to the Company. The Company was advised by the relevant officer of the policies and regulation division at the Guangdong Provincial Department of Education that:

(i) the Foreign Ownership Restriction applies to Sino-Foreign Joint Venture Private Schools engaging in higher education and secondary vocational education in the region;

(ii) no implementing measures or specific guidance had been promulgated pursuant to the Sino-Foreign Regulation, including the Qualification Requirement, in Guangdong Province;

(iii) as a matter of policy, no Sino-Foreign Joint Venture Private School (as a separate legal person) had been approved in Guangdong Province after the Sino-Foreign Regulation became effective, and no application had been received in respect of establishing Sino-Foreign Joint Venture Private Schools;

(iv) the application to convert the PRC Schools into Sino-Foreign Joint Venture Private Schools would not be approved; and

(v) the execution of the Structured Contracts does not require any approval from the relevant education authorities.

The PRC legal advisors are of the view that the aforesaid officer is competent to provide the confirmation on the basis that such officer has good and authoritative understanding of the PRC laws and regulations regarding Sino-foreign cooperative education and its actual implementation in Guangdong Province.

*2. **Plan to comply with the Qualification Requirement***

The Company has adopted a specific plan and begun to take the following concrete steps which it reasonably believes are meaningful endeavors to demonstrate compliance with the Qualification Requirement. According to the consultation with the Guangdong Provincial Department of Education, they would not approve the Company's application to convert the PRC Schools into Sino-Foreign Joint Venture Private Schools and there were no implementing measures or specific guidance on the Qualification Requirement. The PRC legal advisors are of the view that, notwithstanding it is not possible for the Guangdong Provincial Department of Education to approve the Company's application to convert the PRC Schools into Sino-Foreign Joint Venture Private Schools, taking into consideration that (i) no implementing measures or specific guidance were promulgated pursuant to the Sino-Foreign Regulation, including the Qualification Requirement, in Guangdong Province as of the date of this annual report and (ii) the consultation with the Guangdong Provincial Department of Education as outlined above, the following steps taken by the Company are reasonable, appropriate and sufficient to demonstrate compliance with the Qualification Requirement pursuant to paragraph 16C of Listing Decision HKEX-LD43-3.

As of the date of this annual report, the Company has formed a holding company of a new school in the United States, namely International Academy, which was wholly owned by China Kepei (Hong Kong) Limited (中國科培教育(香港)有限公司). The Company has submitted a formal application to California Bureau for Private Postsecondary Education ("BPPE") for the establishment of a new school under the name of International Academy of Southern California in the State of California, the United States in May 2018 and the application is still in process. International Academy will be responsible for the daily operation and management of the new school to be established and a three-tier management system comprising (i) the board of directors, (ii) the chief executive officer and (iii) the chief academic officer and the chief operating officer will be established. In particular, Ms. Huan will serve as the chief executive officer of the school. Ms. Huan has approximately 29 years of higher education administration experience in the United States. Ms. Huan worked at Stanford University in the State of California, the United States from February 1990 to February 2017 with positions including assistant director of the Stanford Center for International Development (the "SCID") China Program and director of the SCID Training Programs, where she designed, marketed and guided to completion various academic and training programs. Since 2017, Ms. Huan has been serving as a board member of the board of trustees, mainly responsible for higher education development, at Sofia University in the United States. The mission of the new school is to provide educational services at the bachelor's degree level, with a focus on business administration. As of the date of this annual report, the new school is intended to initially offer bachelor's degrees of science in business administration and has employed four professors, all of whom were awarded a doctorate of philosophy by renowned universities such as Stanford University. In addition, we have entered into a lease agreement for the rent of a premises occupying a total of 5,333 square feet in the city of San Jose, State of California, the United States for the use of the new school. The operation and development of the new school will be funded by the Company's internal resources and the Company has expended approximately US$185,000 in connection with its plan as of the date of this annual report.

As advised by the PRC legal advisors, if both of the Foreign Ownership Restriction and the Foreign Control Restriction are removed but the Qualification Requirement remains and assuming the new school to be operated by International Academy, i.e. the foreign school or another foreign educational institution established by the Company gains a level of foreign experience sufficient to demonstrate compliance with the Qualification Requirement and obtains the approval of the relevant education authorities for the establishment of a Sino-Foreign Joint Venture Private School in the future (provided that the then PRC laws and regulations do not impose new requirements, restrictions, or prohibitions in relation to the establishment of a Sino-Foreign Joint Venture Private School), the Company will be able to operate its schools in the PRC directly through the new school operated by International Academy, i.e. the foreign school or such other educational institution subject to the approval from the competent education authorities.

Furthermore, the Company has undertaken to the Stock Exchange that it will:

(i) under the guidance of the PRC legal advisors, continue to keep itself updated with regard to any relevant regulatory developments and guidance relating to the Qualification Requirement; and

(ii) provide periodic updates in its annual and interim reports after the Listing to inform the Shareholders of its efforts and actions undertaken with the Qualification Requirement.

Based on the above, the Company's PRC legal advisors are of the opinion that:

(a) each of the PRC Schools and the School Sponsors was duly incorporated and is validly existing and their respective establishment is valid, effective and complies with the relevant PRC laws and regulations. Each of the Registered Shareholders is a legal person with full civil and legal capacity. Each of the PRC Schools and the School Sponsors have also obtained all material approvals and finished all registration as required by the PRC laws and regulations and have the capacity to carry out business operations in accordance with their licenses and approvals;

(b) the Structured Contracts as a whole and each of the agreements comprising the Structured Contracts are legal, valid and binding on the parties thereto, enforceable under the PRC laws and regulations, except that the Structured Contracts provide that the arbitral body may award remedies over the shares and/or assets of the PRC Schools and/or the School Sponsors, injunctive relief and/or winding-up of the PRC Schools and/or School Sponsors, and that the courts of competent jurisdictions are empowered to grant interim remedies in support of the arbitration pending the formation of an arbitral tribunal, while under the PRC laws, an arbitral body has no power to grant injunctive relief and may not directly issue a provisional or final liquidation order for the purpose of protecting the assets of or equity interest in the PRC Schools and/or the School Sponsors in case of disputes. In addition, interim remedies or enforcement orders granted by overseas courts such as the courts of Hong Kong and the Cayman Islands may not be recognizable or enforceable in China, and do not, individually or collectively, constitute breach of any PRC laws and regulations and will not be deemed invalid or ineffective under those laws and regulations; in particular, the Structured Contracts do not violate the provisions of the PRC Contract Law including "concealing illegal intentions with a lawful form", the General Principles of the PRC Civil Law and other applicable PRC laws and regulations;

(c) each of the Structured Contracts is not in violation of provisions of the articles of association of the PRC Schools and the School Sponsors and Tibet Kepei;

(d) each of the Structured Contracts is enforceable under the PRC laws and regulations. Entering into and the performance of the Structured Contracts do not require any approval or authorization from the PRC governmental authorities, except that: (i) the pledge of any equity interest in the School Sponsors in favor of Tibet Kepei is subject to registration requirements with the Administration of Industry and Commerce Department; (ii) the transfer of the school sponsor's interests in the PRC Schools and/or equity interest in the School Sponsors contemplated under the Structured Contracts is subject to applicable approval and/or registration requirements under the then applicable PRC laws; (iii) the transfer of equity interest in the School Sponsors contemplated under the Structured Contracts is subject to applicable approval and/or registration requirements under the then applicable laws and (iv) any arbitral awards or foreign rulings and/or judgments in relation to the performance of the Structured Contracts are subject to applications to the competent PRC courts for recognition and enforcement;

(e) neither Tibet Kepei nor the Company is obligated to share the losses of the PRC Schools and/or the School Sponsors or provide financial support to the PRC Schools and/or the School Sponsors. Each of the PRC Schools and/or the School Sponsors is solely liable for its own debts and losses with assets and properties owned by itself;

(f) the consummation of the contemplated listing of the Shares on the Stock Exchange does not violate the M&A Rules; and

(g) a private school that does not require reasonable return cannot distribute reasonable returns to its school sponsor. No current national PRC laws or regulations or regulations in Guangdong Province stipulate any proportion and/or amount limit for a reasonable return. Furthermore, in Guangdong Province, whether the school chooses to require reasonable returns or not has no adverse impact on the payment of service fees by the PRC Schools to Tibet Kepei.

For further details of the Structured Contracts, please refer to the section headed "Structured Contracts" in the Prospectus.

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

The Group entered into the Structured Agreements through its wholly-owned subsidiary, Tibet Kepei, pursuant to which all economic benefits arising from the business of the PRC Consolidated Affiliated Entities will be transferred to Tibet Kepei to the extent permitted by the PRC laws and regulations by means of services fees payable by the PRC Consolidated Affiliated Entities to Tibet Kepei.

Foreign investment in the education industry in the PRC is extensively regulated and subject to numerous restrictions. The Company has been and are expected to continue to be dependent on the Structured Contracts to operate its education business. If the Structured Contracts that establish the structure for operating the Group's China business are found to be in violation of any existing or future PRC laws, rules, regulations or fail to obtain or maintain any of the required permits or approvals, the relevant PRC regulatory authorities, including the Ministry of Education ("MOE"), would have broad discretion in dealing with such violations, including:

- revoking the business and operating licenses of the PRC subsidiary or consolidated affiliated entities;
- discontinuing or restricting the operations of any related-party transactions among the PRC subsidiary or consolidated affiliated entities;
- imposing additional conditions or requirements with which the Group, the PRC subsidiary or consolidated affiliated entities may not be able to comply;
- requiring the Company to undergo a costly and disruptive restructuring such as forcing us to establish new entities, re-apply for the necessary licenses or relocate its businesses, staff and assets;
- restricting or prohibiting the use of proceeds from public offering or other financing activities to finance the Company's business and operations in China; or
- taking other regulatory or enforcement actions, including imposing fines, which could be harmful to the Company's business.

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

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

(a) major issues arising from the implementation and compliance with the Structured Contracts or any regulatory enquiries from government authorities will be submitted to 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 its annual and interim reports regarding (i) the Qualification Requirement; and (ii) the Company's status of compliance with the Foreign Investment Law;

(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 Kepei and the PRC Schools and/or the School Sponsors to deal with specific issues or matters arising from the Structured Contracts.

In addition, notwithstanding that the executive Director, Mr. Ye is also one of the Registered Shareholders, we believe 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 of Association 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, amongst 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 its announcements, circulars, annual and interim reports in accordance with the requirements under the Listing Rules regarding decisions on matters reviewed by the Board (including independent non-executive Directors) relating to any business or interest of each Director and his associates that competes or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group.

**H. Material changes**

Save as disclosed in this annual report, 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 – 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 Kepei will exercise the Equity Call Option in full to unwind the Structured Contracts so that the Company will be able to directly operate the schools without using the Structured Contracts.

For details of the above Structured Contracts, please refer to "Structured Contracts" and "Connected Transactions" in the Prospectus.

## Confirmation of independent non-executive Directors

The independent non-executive Directors have reviewed the above-mentioned Continuing Connected Transactions and confirmed that, during the relevant financial year:

(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 the Company's auditor

Ernst & Young, 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 (Revised) "*Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*" and with reference to Practice Note 740 (Revised) "*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 Transactions, Ernst & Young 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 Company's board of directors.

b. 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.

c. 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.

d. with respect to the disclosed Continuing Connected Transactions with the PRC Consolidated Affiliated Entities under the Structured Contracts, nothing has come to their attention that causes them to believe that dividends or other distributions have been made by the PRC Consolidated Affiliated Entities to the Registered Shareholders which are not otherwise subsequently assigned or transferred to the Group.

Save as disclosed in this annual report, as of the date of this annual report, the Company had no connected transactions or Continuing Connected Transactions which are required to be disclosed in accordance with the provisions under Chapter 14A of the Listing Rules in relation to the disclosure of connected transactions and Continuing Connected Transactions.

## RELATED PARTY TRANSACTIONS

Details of the related party transactions entered into by the Group during the Reporting Period are set out in note 35 to the consolidated financial statements. The transactions do not fall under "Connected Transaction" or "Continuing Connected Transactions" in accordance with Chapter 14A of the Listing Rules. The Company confirmed that it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

## NON-COMPETITION UNDERTAKING

As of 31 August 2025, the Controlling Shareholders (as defined in the Listing Rules) 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. Ye has provided the Non-competition Deed. For details of the Non-competition Deed, please refer to the Prospectus.

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

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

## PERMITTED INDEMNITY PROVISION

The Company has arranged for appropriate insurance cover for Directors' and officers' liabilities in respect of legal actions against its Directors and senior management arising out of corporate activities. The permitted indemnity provision is in force for the benefit of the Directors as required by section 470 of the Companies Ordinance (Chapter 622 of the laws of Hong Kong) where the Report of the Board of the Directors prepared by the Directors is approved in accordance with section 391(1)(a) of the Companies Ordinance.

## CORPORATE GOVERNANCE

Details are set out in the Corporate Governance Report on pages 65 to 83 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 from the Listing and up to the date of this annual report.

## SIGNIFICANT LEGAL PROCEEDINGS AND COMPLIANCE

During the Reporting Period, 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.

During the Reporting Period and up to the date of this annual report, to the best knowledge of the Directors, the Group complied with laws and regulations in all significant aspects.

## AUDIT COMMITTEE

The Audit Committee had reviewed the accounting principles and policies adopted by the Group and the consolidated financial statements prepared in accordance with HKFRS Accounting Standards for the year ended 31 August 2025.

## AUDITOR

Ernst & Young was appointed as the auditor of the Company for the year ended 31 August 2025. The accompanying consolidated financial statements prepared in accordance with HKFRS Accounting Standards have been audited by Ernst & Young.

The Company has been hiring Ernst & Young since the date of preparation for its Listing. Ernst & Young retires and a resolution for its reappointment as auditor of the Company will be proposed at the forthcoming AGM.

## POST BALANCE SHEET EVENTS

The Group had no significant event after the Reporting Period required to be disclosed.

On behalf of the Board
**Ye Nianqiao**
*Chairman*
Hong Kong, 28 November 2025

# Corporate Governance Report

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

## 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 will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

## THE RESPONSIBILITIES OF THE BOARD

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. 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 of the date of this annual report, the Board comprises eight Directors, including five executive Directors and three independent non-executive Directors as follows:

| Name | Position | Gender |
|---|---|---|
| Ye Nianqiao | Executive Director *(Chairman)* | Male |
| Zha Donghui | Executive Director | Male |
| Li Yan | Executive Director *(Chief executive officer)* | Female |
| Ye Xun | Executive Director | Male |
| Zheng Chaoran | Executive Director | Male |
| Xu Ming | Independent Non-executive Director | Male |
| Deng Feiqi | Independent Non-executive Director | Male |
| Lu Chao | Independent Non-executive Director | Male |

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

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 possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has also complied with Rule 3.10A of the Listing Rules relating to the appointment of independent non-executive Directors representing at least one-third of the Board. As each of the independent non-executive Directors has confirmed his independence pursuant to Rule 3.13 of the Listing Rules during the year ended 31 August 2025, 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" 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.

Except for Mr. Lu Chao and Mr. Zheng Chaoran, each of the executive Directors and independent non-executive Directors has entered into a service contract with us for an initial fixed term of three years commencing from 26 April 2018 and will automatically 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 after the fixed term.

Mr. Lu Chao, being the independent non-executive Director, has entered into a service contract with the Company for a term of three years with effect from the date of appointment at 2 August 2021 and will automatically 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 after the fixed term.

Mr. Zheng Chaoran, being the executive Director, has entered into a service contract with the Company for a term of three years with effect from the date of appointment at 30 September 2025 and will automatically 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 after the fixed term.

The Board currently has one female Director and as such has achieved gender diversity in respect of the Board. The Board aims to maintain at least the current level of female representation, while such goal has been achieved during the Reporting Period, with gender equality as the ultimate goal. As of 31 August 2025, 58.5% of the employee were female and 41.5% of the employee were male. We will continue to strive to enhance female representation and achieve an appropriate balance of gender diversity at all levels, including but not limited to the Board and senior management, and to develop a pipeline of potential successors to the Board by developing a pipeline of female middle and senior management. The Board adopted a diversity policy which sets out the objective and provides that all appointments of the members of the Board should be made on merit, in the content of the talents, skills and experience the Board as a whole requires to be effective. The Nomination Committee will review and assesses the composition of the Board and make recommendations to the Board on appointment of members of the Board. Meanwhile, the Nomination Committee will consider the benefits of all aspects of diversity, including without limitation, professional experience, skills, knowledge, education background, age, gender, cultural and ethnicity and length of service, in order to maintain an appropriate range and balance of talents, skills, experience and diversity of perspectives on the Board.

The Nomination Committee has reviewed such board diversity policy for the year ended 31 August 2025. During the Reporting Period, the Company's existing composition of independent non-executive Directors as well as its senior management team are highly diverse in age, educational background and professional experience.

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.

### Mechanism to Ensure Independent Views to the Board

To ensure that the Board can obtain independent views and opinions, our Company has established various channels whereby independent non-executive Directors can express their opinions in an open and candid manner, and in a confidential manner, should circumstances require.

The Company ensures the introduction of independent advice to the Board through the following mechanisms and reviews the implementation and effectiveness of the mechanism on annual basis:

1. the Nomination Committee reviews the composition of the Board and the independence of the independent non-executive Directors annually;

2. the Company obtains a confirmation from each of the independent non-executive Directors that they are independent of the Company pursuant to the factors as set out Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors are independent;

3. the Chairman of the Board meets with the independent non-executive Directors at least once a year; and

4. all Directors have full and timely access to all the information of the Company and may, upon request, seek independent professional advice in appropriate circumstances at the Company's expenses in performing their duties in accordance with the policies of the Company.

The Board reviewed the implementation and effectiveness of the mechanism for the Reporting Period.

### 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.

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 Reporting Period is as follows:

| **Name of Directors** | **Nature of Continuous Professional Development Programmes** |
|---|---|
| *Executive Directors* | |
| Ye Nianqiao | A/B/C/D |
| Zhang Xiangwei *(resigned on 30 September 2025)* | A/B/C/D |
| Zha Donghui | A/C/D |
| Li Yan | A/C/D |
| Ye Xun | A/C/D |
| Sun Lixia *(resigned on 30 September 2025)* | A/C/D |
| *Independent Non-executive Directors* | |
| Xu Ming | A/C/D |
| Deng Feiqi | A/C/D |
| Lu Chao | 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

## Chairman 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.

During the Reporting Period, Mr. Ye Nianqiao served as the Chairman and Ms. Li Yan served as the chief executive officer of the Company. Mr. Ye Nianqiao has been the key leadership figure of the Group who has been primarily involved in the strategic development and major decision-making of the Group. Ms. Li Yan is with responsibility for the overall operational management of the Company. Taking into account the continuation of the implementation of the Group's business plans, the Directors considered the arrangement was beneficial and in the interests of the Company and the Shareholders as a whole.

### Appointment and Re-election of Directors

In accordance with the Articles of Association, the Board shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an addition to the Board. Any Director so appointed shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election at that meeting.

At every annual general meeting of the Company, one-third of the Directors for the time being (or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third) shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years.

None of the Directors has or is proposed to have a service contract with us or any of our Subsidiaries (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

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.

### Nomination Policy

The Nomination Policy adopted by the Board aims to enhancing transparency and accountability of the nomination process of Directors and enabling the Company to ensure the Board has a balance of skills and experience and diversity of perspectives appropriate to the requirements of the Company's business.

Under the Nomination Policy, the Nomination Committee is responsible for selecting suitable candidates and giving recommendations to the Board on appointment of Directors. The selection criteria for assessing the suitability of a proposed candidate which shall be taken as reference by the Nomination Committee includes: character and integrity, professional qualifications, skills, knowledge and experience that are relevant to the Company's business and strategy, the potential contribution to the Board from the diversity aspects, and any other factors as the Nomination Committee may deem fit to consider in the best interests of the Company and its Shareholders. These above selection criteria are not exhaustive and conclusive and the Nomination Committee has the discretion to nominate any person as it considers appropriate.

Under the Nomination Policy, upon obtaining the required information from the candidate, the Nomination Committee shall convene a meeting to discuss and consider the recommendation of the candidate to the Board for appointment as a Director. The Nomination Committee shall review whether the candidate is qualified to be appointed, elected or re-elected into the Board under the relevant Listing Rules and the policies of the Company. In particular, the Nomination Committee shall consider the potential contribution a Candidate can bring to the Board in terms of qualification, skills, experience, independence and gender diversity.

### Nomination Process of the Appointment of New Director

1. The Nomination Committee and/or the Board should, upon receipt of the proposal on appointment of new Director and the biographical information (or relevant details) of the candidate, evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.

2. The Nomination Committee should then recommend to the Board to appoint the appropriate candidate for directorship (where applicable).

3. For any person that is nominated by a Shareholder for election as a Director at the general meeting of the Company, the Nomination Committee and/or the Board should evaluate such candidate based on the criteria as set out above and, where appropriate, make recommendation to Shareholders in respect of the proposed election of Director at the general meeting.

### 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 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 Reporting Period, four Board meetings and one annual general meeting were held and the attendance of each Director at the meetings is set out in the table below:

| Directors | Board meeting(s) | Attended/Eligible to attend Annual general meeting |
|---|---|---|
| *Executive Directors* | | |
| Ye Nianqiao | 4/4 | 1/1 |
| Zhang Xiangwei *(resigned on 30 September 2025)* | 4/4 | 1/1 |
| Zha Donghui | 4/4 | 1/1 |
| Li Yan | 4/4 | 1/1 |
| Ye Xun | 4/4 | 1/1 |
| Sun Lixia *(resigned on 30 September 2025)* | 4/4 | 1/1 |
| *Independent Non-executive Directors* | | |
| Xu Ming | 4/4 | 1/1 |
| Deng Feiqi | 4/4 | 1/1 |
| Lu Chao | 4/4 | 1/1 |

## Model Code for Securities Transactions

The Company has adopted the Model Code as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries of all the Directors, each of the Directors has confirmed that he/she has complied with the required standards as set out in the Model Code during the Reporting Period.

At the same time, since the Listing Date, 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. No incident of non-compliance of the Model Code by the employees was noted by the Company as of the date of this annual report.

### 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 resource 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 the summary of their work during the year ended 31 August 2025 is as follows:

(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 review and monitor the code of conduct and compliance manual applicable to employees and Directors;

(d) to 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.

## BOARD COMMITTEES

### Audit Committee

During the Reporting Period, the Audit Committee comprises three members, including three independent non-executive Directors, namely Dr. Xu Ming (chairman), Dr. Deng Feiqi and Mr. Lu Chao.

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, their 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 Reporting Period, the Audit Committee held two meetings and the attendance of the Audit Committee members at these meetings is set out in the table below:

| Name of Directors | Attended/ Eligible to attend |
|---|---|
| Dr. Xu Ming *(chairman)* | 2/2 |
| Dr. Deng Feiqi | 2/2 |
| Mr. Lu Chao | 2/2 |

During the Reporting Period, 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, 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 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

As at 31 August 2025, the Nomination Committee currently comprises three members, including one executive Director namely Ms. Li Yan and two independent non-executive Directors, namely Dr. Deng Feiqi and Mr. Lu Chao (chairman). With effect from 24 June 2025, Mr. Ye Nianqiao ceased to be the chairman of the Nomination Committee, Mr. Lu Chao was re-designated as the chairman of the Nomination Committee, and Ms. Li Yan was appointed as a member of the Nomination Committee. 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 perform tasks assigned by the Board from time to time.

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

The Company 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.

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

During the Reporting Period, the Nomination Committee held two meetings to review the nomination procedures and the composition and diversity of the Board and was satisfied with the current procedures and composition.

The attendance of each Nomination Committee members at these meetings is set out in the table below:

| Name of Directors | Attended/ Eligible to attend |
|---|---|
| Mr. Ye Nianqiao *(chairman) (ceased on 24 June 2025)* | 2/2 |
| Dr. Deng Feiqi | 2/2 |
| Mr. Lu Chao *(chairman) (re-designated on 24 June 2025)* | 2/2 |
| Ms. Li Yan *(appointed on 24 June 2025)* | 1/1 |

### Remuneration Committee

During the Reporting Period, the Remuneration Committee comprises three members, including two independent non-executive Directors, namely Dr. Deng Feiqi (chairman) and Mr. Lu Chao, and one executive Director, namely Mr. Zha Donghui. 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/or 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 Reporting Period, the Remuneration Committee held two meetings in order to review and discuss the remuneration policy and structure of the Company and the remuneration packages of the executive Directors and senior management and other related matters of 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.

The attendance of each Remuneration Committee members at these meetings is set out in the table below:

| Name of Directors | Attended/ Eligible to attend |
|---|---|
| Dr. Deng Feiqi *(chairman)* | 2/2 |
| Mr. Zha Donghui | 2/2 |
| Mr. Lu Chao | 2/2 |

### Remuneration of Directors and Senior Management

Details of the remuneration by band of the members of the Board and senior management of the Company, whose biographies are set out on pages 23 to 29 of this annual report, for the year ended 31 August 2025 are set out below:

| Remuneration band | Number of individual |
|---|---|
| RMB1 million to RMB2 million | 6 |
| RMB0 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 were not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group's ability to continue as a going concern.

The statement by the auditor regarding their reporting responsibilities on the consolidated financial statements of the Company is set out in the Independent Auditor's Report on pages 84 to 91 of this annual report.

## RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges that it is the responsibility of the Board for maintaining an adequate risk management and internal control systems to safeguard shareholder investments and Company assets and reviewing the effectiveness of such systems on an annual basis.

The Group's internal audit department plays a major role in monitoring the internal governance of the Company. The major tasks of the internal audit department are reviewing the internal control of the Company and conducting comprehensive audits of all branches and Subsidiaries of the Company on a regular basis.

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 are 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; (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.

The Board acknowledges it's responsible for the risk management and internal control systems and has conducted a review of the effectiveness of the risk management and internal control systems of the Group and considered such systems to be effective and adequate. Such systems, however, are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

## AUDITOR'S REMUNERATION

The Company appointed Ernst & Young as the independent auditor for the year ended 31 August 2025. For the year ended 31 August 2025, the total fees paid/payable, including disbursements, in respect of the audit service provided by the Group's independent auditor are set out below:

| Item of auditor's service | Amount<br>RMB'000 |
|---|---|
| Annual audit service | 3,800 |
| **Total** | 3,800 |

## JOINT COMPANY SECRETARIES

During the Reporting Period, Mr. Zheng Chaoran, being one of the joint company secretaries of the Company, is responsible for advising the Board on corporate governance matters and ensuring that the Board policies and procedures, as well as the applicable laws, rules and regulations are followed.

In order to uphold good corporate governance and ensure compliance with the Listing Rules and applicable Hong Kong Laws, the Company also engages Ms. Ng Ka Man, a senior manager of TMF Hong Kong Limited (a company secretarial services provider), as one of the joint company secretaries of the Company to assist Mr. Zheng to discharge his duties as a company secretary of the Company. Her primary contact person at the Company is Mr. Zheng.

Ms. Ng has resigned as a joint company secretary of the Company with effect from 28 November 2025. Following the resignation of Ms. Ng, Mr. Zheng continues to act as the sole company secretary of the Company.

During the Reporting Period, Mr. Zheng and Ms. Ng Ka Man have undertaken not less than 15 hours of relevant professional training respectively 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 Chairman and the chairmen of the Board Committees will attend the annual general meetings to answer Shareholders' questions. The auditor will also attend the AGMs 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 includes the multiple communication channels for Shareholders in place and the steps taken to handle Shareholders' enquiries. The Company also established and maintained a website of the Company at (www.chinakepeiedu.com) as a communication platform for two-way relationship and communication between the Company and the Shareholders. 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 through this website.

The Company has reviewed the implementation and effectiveness of its shareholder communication policy for the Reporting Period. Based on the current communication policy and the investors relations, the Company believes that its shareholder communication policy has been effectively implemented.

## SHAREHOLDERS' RIGHTS

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

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

## CONVENING OF EXTRAORDINARY GENERAL MEETING AND PUTTING FORWARD PROPOSALS

Pursuant to the Articles of Association, a general meeting shall be convened by the Company on the written requisition of any two or more members deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitionists, provided that such requisitionists held as of the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company. General meetings may also be convened on the written requisition of any one member which is a recognised clearing house (or its nominee(s)) deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitionist, provided that such requisitionist held as of the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company. If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by 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 headquarters of the Company at Qifu Road, Gaoyao District, Zhaoqing City, Guangdong Province, the PRC (email address: ir@kepeieducation.com).

## CHANGE IN CONSTITUTIONAL DOCUMENTS

There was no change in the Articles of Association during the Reporting Period.

# Independent Auditor's Report

EY 安永

**To the shareholders of China Kepei Education Group Limited**
(Incorporated in the Cayman Islands with limited liability)

## OPINION

We have audited the consolidated financial statements of China Kepei Education Group Limited (the "Company") and its subsidiaries (the "Group") set out on pages 92 to 198, which comprise the consolidated statement of financial position as at 31 August 2025, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, 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 HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

## BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") as issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), as applicable to audits of financial statements of public interest entities. We have also 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.

## KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| *Income tax* | |
| As set out in note 10 to the consolidated financial statements, pursuant to the 2016 Decision (as defined in note 10 to the consolidated financial statements), private schools are no longer classified as either schools for which the school sponsor(s) require reasonable returns or schools for which the school sponsor(s) do not require reasonable returns. Instead, the school sponsor(s) of a private school may choose for the school to be a for-profit private school or a non-profit private school, with the exception that schools providing nine-year compulsory education must be non-profit. Pursuant to the 2016 Decision and the 2021 Implementation Rules (as defined in note 10 to the consolidated financial statements), a private school may enjoy the preferential tax policies, which are not defined under either the 2016 Decision or the 2021 Implementation Rules, as stipulated by the related government authorities and a non-profit school may enjoy the same tax policies as those enjoyed by a public school. | We performed the following procedures:<br><br>• discussed with management to evaluate their interpretation of the tax laws and regulations and their assessment of the tax obligations of the PRC Schools for the current year;<br><br>• evaluated management's assessment on the application of preferential tax or applicable tax rate to the PRC Schools;<br><br>• discussed with the Group' s external PRC legal advisors to understand their views with respect to the interpretation of the existing applicable laws which would have an impact on the applicable tax on the PRC Schools; |

## KEY AUDIT MATTERS (CONTINUED)

**Key audit matter**

As at the date of this report, except for one school which was in the process of classification registration for a for-profit private school, the Group's other schools have not applied for registration as for-profit private schools or non-profit private schools and all the schools remain classified as private non-enterprise units. In accordance with the tax compliance certificates obtained from the local tax authorities and the Group's external legal advisors' comments on the preferential tax treatments for the current year, the schools operated and consolidated by the Group in the People's Republic of China (the "PRC Schools") have not been subject to corporate income tax for the income from formal educational services and have enjoyed the preferential tax treatments for the current year. Following the completion of the registration of the PRC Schools as for-profit private schools, the PRC Schools may be subject to corporate income tax at a rate of 25% in respect of service fees they receive from the provision of formal educational services, if they do not enjoy any preferential tax treatment. As such, a significant impact on the Group's profit and loss may arise.

There were significant judgements involved in management's analysis and assessment, such as the assessment on the possible outcome of the tax provision based on historical experiences and the interpretation of the relevant tax laws and regulations in respect of the preferential tax treatments enjoyed by the PRC Schools.

Relevant disclosures are included in notes 3 and 10 to the consolidated financial statements.

**How our audit addressed the key audit matter**

- obtained the Group's external PRC legal advisors' comments on the tax obligations applied to the PRC Schools, in particular, whether or not the PRC Schools were required by their respective tax authorities to pay income tax by the year end and whether the PRC Schools which enjoyed such preferential tax treatments were in compliance with applicable laws and regulations in the PRC;

- examined the historical tax returns filed to the relevant tax authorities and the tax compliance confirmations obtained, where appropriate;

- assessed any new policies, regulations or rules that have been introduced by the authorities up to the date of this report, which might have an impact on the tax position of the PRC Schools;

- involved our internal tax experts to assist us in analysing the preferential tax treatments enjoyed by the PRC Schools and assessing the adequacy of tax provisions; and

- evaluated the adequacy of the Group's disclosures regarding income tax.

## KEY AUDIT MATTERS (CONTINUED)

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| *Impairment assessments of goodwill and other intangible assets with indefinite useful lives* | |
| As at 31 August 2025, the Group had goodwill arising from acquisitions of RMB985.9 million and other intangible assets with indefinite useful lives of RMB488.0 million, respectively, which were supported by an annual impairment assessment. Management performs an impairment assessment annually or when indicators of potential impairment are identified. No impairment charge has been recorded against goodwill and other intangible assets with indefinite useful lives in the current year.<br><br>In assessing the impairment of goodwill and other intangible assets with indefinite useful lives as at 31 August 2025, the respective recoverable amounts of the cash-generating units ("CGUs") or groups of CGUs have been determined by management of the Group based on the calculation of value in use. Certain assumptions used in the impairment assessments were subjective and involved significant judgements and estimates, and they included:<br><br>• the future cash flow growth assumptions used in the Group's most recent budgets for the next five years approved by management, including future industry development, pricing strategies, market supply and demand and gross margins;<br><br>• the growth rate used beyond the period covered by the budgets; and | In order to evaluate the impairment assessment carried out by management and assess the value-in-use of the cash-generating units, we performed the following procedures:<br><br>• evaluated management's future cash flow forecasts and the process by which they were drawn up;<br><br>• assessed the actual performance of the year against the prior year's budgets to evaluate historical forecasting accuracy;<br><br>• assessed the key assumptions by checking historical budgets against historical results and management's expectations for the market development, industry index and other sources of external information;<br><br>• analysed the discount rate and long-term growth rate used by comparing them to the industry index with the assistance of our internal valuation experts;<br><br>• evaluated the sensitivity analysis of the key assumptions and estimates adopted and assessed the impact of changes in the key assumptions and estimates on the conclusions reached in the impairment assessments and whether there were any indicators of management bias; and |

## KEY AUDIT MATTERS (CONTINUED)

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| • the discount rate applied to future cash flows.<br><br>The accounting judgements and estimates and disclosures related to the impairment assessment are included in notes 3, 15 and 16 to the consolidated financial statements. | • evaluated the adequacy of the disclosures in respect of the impairment assessments of goodwill and other intangible assets with indefinite useful lives in the consolidated financial statements with reference to the requirements of the prevailing accounting standards. |

## OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than 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 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 HKFRS Accounting Standards as issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company 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 of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

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

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

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

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

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

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

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

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

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

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

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

- 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 consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Chan Ching Man (practising certificate number: P07287).

**Ernst & Young**
*Certified Public Accountants*
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

28 November 2025

# Consolidated Statement of Profit or Loss

Year ended 31 August 2025

| | Notes | 2025<br>RMB'000 | 2024<br>RMB'000 |
|---|---|---|---|
| REVENUE | 5 | **1,872,180** | 1,692,842 |
| Cost of sales | | **(1,016,331)** | (744,277) |
| Gross profit | | **855,849** | 948,565 |
| Other income and gains | 5 | **165,756** | 173,115 |
| Selling and distribution expenses | | **(13,812)** | (9,252) |
| Administrative expenses | | **(171,247)** | (152,262) |
| Other expenses | | **(27,012)** | (30,303) |
| Finance costs | 7 | **(30,765)** | (53,538) |
| PROFIT BEFORE TAX | 6 | **778,769** | 876,325 |
| Income tax expense | 10 | **(30,324)** | (48,534) |
| PROFIT FOR THE YEAR | | **748,445** | 827,791 |
| Attributable to: | | | |
| Owners of the parent | | **748,091** | 827,845 |
| Non-controlling interests | | **354** | (54) |
| | | **748,445** | 827,791 |
| EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT | 12 | | |
| Basic and diluted | | | |
| – For profit for the year | | **RMB0.3719** | RMB0.4114 |

# Consolidated Statement of Comprehensive Income

Year ended 31 August 2025

| | 2025<br>RMB'000 | 2024<br>RMB'000 |
|---|---|---|
| PROFIT FOR THE YEAR | **748,445** | 827,791 |
| OTHER COMPREHENSIVE INCOME | | |
| Other comprehensive income that will not be reclassified to profit or loss in subsequent periods: | | |
| An equity investment designated at fair value through other comprehensive income: | | |
| Changes in fair value | **34,903** | 28,878 |
| Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods | **34,903** | 28,878 |
| OTHER COMPREHENSIVE INCOME FOR THE YEAR | **34,903** | 28,878 |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | **783,348** | 856,669 |
| Attributable to: | | |
| Owners of the parent | **782,994** | 856,723 |
| Non-controlling interests | **354** | (54) |
| | **783,348** | 856,669 |

# Consolidated Statement of Financial Position

31 August 2025

| | Notes | 2025<br>RMB'000 | 2024<br>RMB'000 |
|---|---|---|---|
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 13 | **4,500,456** | 3,548,309 |
| Right-of-use assets | 14(a) | **922,732** | 724,888 |
| Goodwill | 15 | **985,855** | 692,268 |
| Other intangible assets | 16 | **531,443** | 366,622 |
| An equity investment designated at fair value through other comprehensive income | 17 | **71,196** | 36,293 |
| Contract costs | 18 | **21,880** | 17,453 |
| Prepayments, other receivables and other assets | 20 | **34,240** | 736,899 |
| Total non-current assets | | **7,067,802** | 6,122,732 |
| CURRENT ASSETS | | | |
| Contract costs | 18 | **18,164** | 10,383 |
| Trade receivables | 19 | **31,187** | 42,073 |
| Prepayments, other receivables and other assets | 20 | **154,649** | 204,028 |
| Financial assets at fair value through profit or loss | 21 | **–** | 11,312 |
| Pledged deposits | 22 | **57,571** | 110,029 |
| Restricted bank deposit | 22 | **38** | – |
| Cash and cash equivalents | 22 | **1,163,742** | 1,110,375 |
| Inventories | 23 | **–** | 2,597 |
| Total current assets | | **1,425,351** | 1,490,797 |
| CURRENT LIABILITIES | | | |
| Contract liabilities | 5 | **630,708** | 771,727 |
| Other payables and accruals | 24 | **823,323** | 586,948 |
| Dividend payable | 11 | **128,529** | 128,621 |
| Interest-bearing bank and other borrowings | 25 | **556,881** | 468,179 |
| Lease liabilities | 14(b) | **4,690** | 97 |
| Tax payable | | **35,348** | 25,973 |
| Deferred income | 27 | **6,257** | 1,326 |
| Total current liabilities | | **2,185,736** | 1,982,871 |

| | Notes | 2025 RMB'000 | 2024 RMB'000 |
|---|---|---|---|
| NET CURRENT LIABILITIES | | **(760,385)** | (492,074) |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | **6,307,417** | 5,630,658 |
| NON-CURRENT LIABILITIES | | | |
| Interest-bearing bank and other borrowings | 25 | **594,577** | 437,678 |
| Lease liabilities | 14(b) | **4,711** | 8,634 |
| Deferred tax liabilities | 26 | **40,413** | 51,644 |
| Deferred income | 27 | **4,636** | 9,937 |
| Total non-current liabilities | | **644,337** | 507,893 |
| Net assets | | **5,663,080** | 5,122,765 |
| EQUITY | | | |
| Equity attributable to owners of the parent | | | |
| Share capital | 28 | **137** | 137 |
| Reserves | 29 | **5,660,643** | 5,120,682 |
| | | **5,660,780** | 5,120,819 |
| Non-controlling interests | | **2,300** | 1,946 |
| Total equity | | **5,663,080** | 5,122,765 |

| | |
|---|---|
| ........................................ | ........................................ |
| **Ye Nianqiao** | **Li Yan** |
| *Director* | *Director* |

# Consolidated Statement of Changes in Equity

Year ended 31 August 2025

| | Attributable to owners of the parent | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Share capital RMB'000 Note 28 | Treasury shares RMB'000 | Shares held for the restricted share award scheme RMB'000 | Capital reserve – share premium RMB'000 Note 29(a) | Capital reserve – others RMB'000 Note 29(b) | Statutory and other surplus reserves RMB'000 Note 29(c) | Fair value reserve RMB'000 | Retained profits RMB'000 | Total RMB'000 | Non-controlling interests RMB'000 | Total equity RMB'000 |
| At 1 September 2023 | 137 | (1,595) | (14,814) | 259,870 | 10,388 | 848,004 | (25,650) | 3,315,742 | 4,392,082 | – | 4,392,082 |
| Profit for the year | – | – | – | – | – | – | – | 827,845 | 827,845 | (54) | 827,791 |
| Other comprehensive income for the year: | | | | | | | | | | | |
| Changes in fair value of an equity investment at fair value through other comprehensive income | – | – | – | – | – | – | 28,878 | – | 28,878 | – | 28,878 |
| Total comprehensive income for the year | – | – | – | – | – | – | 28,878 | 827,845 | 856,723 | (54) | 856,669 |
| 2024 interim dividend (note 11) | – | – | – | (127,986) | – | – | – | – | (127,986) | – | (127,986) |
| Capital injection from a non-controlling shareholder of a subsidiary | – | – | – | – | – | – | – | – | – | 2,000 | 2,000 |
| Treasury shares cancelled | – | 1,595 | – | (1,595) | – | – | – | – | – | – | – |
| Transfer of fair value reserve upon the disposal of part of an equity investment at fair value through other comprehensive income | – | – | – | – | – | – | 1,904 | (1,904) | – | – | – |
| Transfer from retained profits | – | – | – | – | – | 71,376 | – | (71,376) | – | – | – |
| At 31 August 2024 | 137 | – | (14,814)* | 130,289* | 10,388* | 919,380* | 5,132* | 4,070,307* | 5,120,819 | 1,946 | 5,122,765 |

| | Attributable to owners of the parent | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Share capital RMB'000 Note 28 | Shares held for the restricted share award scheme RMB'000 | Capital reserve – share premium RMB'000 Note 29(a) | Capital reserve – others RMB'000 Note 29(b) | Statutory and other surplus reserves RMB'000 Note 29(c) | Fair value reserve RMB'000 | Retained profits RMB'000 | Total RMB'000 | Non-controlling interests RMB'000 | Total equity RMB'000 |
| At 1 September 2024 | 137 | (14,814) | 130,289 | 10,388 | 919,380 | 5,132 | 4,070,307 | 5,120,819 | 1,946 | 5,122,765 |
| Profit for the year | – | – | – | – | – | – | 748,091 | 748,091 | 354 | 748,445 |
| Other comprehensive income for the year: | | | | | | | | | | |
| Changes in fair value of an equity investment at fair value through other comprehensive income | – | – | – | – | – | 34,903 | – | 34,903 | – | 34,903 |
| Total comprehensive income for the year | – | – | – | – | – | 34,903 | 748,091 | 782,994 | 354 | 783,348 |
| 2024 final dividend and 2025 interim dividend | – | – | (130,289) | – | – | – | (112,744) | (243,033) | – | (243,033) |
| Transfer from retained profits | – | – | – | – | 60,943 | – | (60,943) | – | – | – |
| At 31 August 2025 | 137 | (14,814)* | –* | 10,388* | 980,323* | 40,035* | 4,644,711* | 5,660,780 | 2,300 | 5,663,080 |

* These reserve accounts comprise the consolidated reserves of RMB5,660,643,000 (2024: RMB5,120,682,000) in the consolidated statement of financial position.

# Consolidated Statement of Cash Flows

Year ended 31 August 2025

| | Notes | 2025<br>RMB'000 | 2024<br>RMB'000 |
|---|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Profit before tax | | **778,769** | 876,325 |
| Adjustments for: | | | |
| Finance costs | 7 | **30,765** | 53,538 |
| Bank interest income | 5 | **(14,801)** | (17,798) |
| Dividend income from an equity investment designated at fair value through other comprehensive income | 6 | **(1,651)** | (465) |
| Government grants released | 5 | **(9,941)** | (6,980) |
| Fair value (gain)/loss, net: | | | |
| Financial assets at fair value through profit or loss | 6 | **(2,389)** | 945 |
| Exchange loss, net | 6 | **3,979** | 2,207 |
| Loss on disposal of items of property, plant and equipment | 6 | **559** | 6,351 |
| Depreciation of property, plant and equipment | 13 | **213,647** | 170,261 |
| Depreciation of right-of-use assets | 14 | **21,570** | 19,521 |
| Amortisation of other intangible assets | 16 | **5,842** | 7,858 |
| Provision for expected credit losses on trade receivables | 19 | **13,076** | 9,433 |
| | | **1,039,425** | 1,121,196 |
| Decrease/(increase) in inventories | | **2,597** | (2,597) |
| Increase in trade receivables | | **(1,811)** | (4,994) |
| Increase in prepayments, other receivables and other assets | | **(26,333)** | (56,322) |
| Increase in contract costs | | **(12,208)** | (13,394) |
| Increase in other payables and accruals | | **59,197** | 59,060 |
| (Decrease)/increase in contract liabilities | | **(245,589)** | 116,781 |
| Increase in restricted bank deposits | | **(38)** | – |
| Receipt of government grants | | **9,571** | 5,474 |
| Cash generated from operations | | **824,811** | 1,225,204 |
| Interest received | | **18,755** | 15,703 |
| Chinese Mainland corporate income tax paid | | **(32,180)** | (34,816) |
| Net cash flows from operating activities | | **811,386** | 1,206,091 |

| | Notes | 2025 RMB'000 | 2024 RMB'000 |
|---|---|---|---|
| Net cash flows from operating activities | | **811,386** | 1,206,091 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Advances for acquisition of a subsidiary | | **–** | (20,000) |
| Acquisition of a subsidiary | 30 | **(152,990)** | – |
| Loan advanced to a third party | 20 | **(90,000)** | – |
| Loans to employees | | **(1,781)** | (1,640) |
| Repayments of loan to employees | | **1,950** | 2,988 |
| Purchases of items of property, plant and equipment | | **(435,440)** | (364,382) |
| Proceeds from disposal of items of property, plant and equipment | | **3,847** | 784 |
| Additions to other intangible assets | | **(7,554)** | (1,753) |
| Proceeds from disposal of financial assets at fair value through profit or loss | | **13,701** | 158,136 |
| Dividends received from an equity investment designated at fair value through other comprehensive income | | **1,651** | 465 |
| Proceeds from disposal of an equity investment designated at fair value through other comprehensive income | 17 | **–** | 5,392 |
| Placement of pledged deposits | | **(57,571)** | (110,029) |
| Withdrawal of pledged deposits | | **110,028** | 234,567 |
| Net cash flows used in investing activities | | **(614,159)** | (95,472) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| New bank and other borrowings | | **1,012,045** | 181,000 |
| Repayments of bank loans and other borrowings | | **(875,915)** | (1,024,711) |
| Interest paid | | **(32,633)** | (55,260) |
| Principal portion of lease payments | 14(b) | **(255)** | (251) |
| Capital injection from a non-controlling shareholder of a subsidiary | | **–** | 2,000 |
| Dividends paid | 31(b) | **(240,615)** | – |
| Net cash flows used in financing activities | | **(137,373)** | (897,222) |

| | Notes | 2025 RMB'000 | 2024 RMB'000 |
|---|---|---|---|
| NET INCREASE IN CASH AND CASH EQUIVALENTS | | **59,854** | 213,397 |
| Cash and cash equivalents at beginning of year | | **1,110,375** | 899,380 |
| Effect of foreign exchange rate changes, net | | **(6,487)** | (2,402) |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | 22 | **1,163,742** | 1,110,375 |
| ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS | | | |
| Cash and bank balances | 22 | **1,163,742** | 1,080,184 |
| Non-pledged time deposits with original maturity of less than three months when acquired | 22 | **–** | 30,191 |
| Cash and cash equivalents as stated in the consolidated statement of financial position and the consolidated statement of cash flows | | **1,163,742** | 1,110,375 |

## 1. CORPORATE AND GROUP INFORMATION

China Kepei Education Group Limited (the "Company") was incorporated in the Cayman Islands on 24 August 2017 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of the registered office of the Company is P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited on 25 January 2019.

The principal activity of the Company is investment holding. During the year, the Company and its subsidiaries (collectively referred to as the "Group") was principally engaged in providing private higher education services in the People's Republic of China (the "PRC").

In the opinion of the directors of the Company (the "Directors"), the holding company and the ultimate holding company of the Company is Qiaoge Company Limited, which was incorporated in the British Virgin Islands (the "BVI").

### Information about subsidiaries

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

| Name | Place of incorporation/ registration and business | Issued ordinary/ registered share capital | Percentage of equity attributable to the Company | | Principal activities |
|---|---|---|---|---|---|
| | | | Direct | Indirect | |
| Huanan Education Group Limited | BVI | United States dollars ("US$") 50,000 | 100% | – | Investment holding |
| China Kepei Education (Hong Kong) Limited | Hong Kong | Hong Kong dollars ("HK$") 1 | – | 100% | Investment holding |
| International Academy of Southern California | United States of America (the "USA") | HK$10,000 | – | 100% | Dormant |
| Zhaoqing Kepei Information Technology Company Limited 肇慶科培信息科技有限公司 ("Zhaoqing Kepei Information Technology")*^ | PRC/Chinese Mainland | Renminbi ("RMB") 500,000 | – | 100% | Education management and provision of education services |

# 1. CORPORATE AND GROUP INFORMATION (CONTINUED)

## Information about subsidiaries (continued)

| Name | Place of incorporation/ registration and business | Issued ordinary/ registered share capital | Percentage of equity attributable to the Company | | Principal activities |
|---|---|---|---|---|---|
| | | | Direct | Indirect | |
| Tibet Kepei Information Technology Company Limited 西藏科培信息科技有限公司 ("Tibet Kepei")*^ | PRC/Chinese Mainland | RMB20,000,000 | – | 100% | Education management and provision of education services |
| Zhaoqing Kepei Education Investment Development Company Limited 肇慶市科培教育投資開發有限公司 ("Zhaoqing Kepei")*# | PRC/Chinese Mainland | RMB200,000,000 | – | 100% | Investment holding |
| Huaibei Kepei Education Investment Development Company Limited 淮北科培教育投資開發有限公司 ("Huaibei Kepei")*# | PRC/Chinese Mainland | RMB316,000,000 | – | 100% | Investment holding |
| Ganzhou Xuteng Enterprise Management Co., Ltd. 贛州序騰企業管理有限公司 ("Ganzhou Xuteng")*# | PRC/Chinese Mainland | RMB200,000,000 | – | 100% | Investment holding |
| Harbin Huarui Industrial Co., Ltd. 哈爾濱華瑞實業有限公司 ("Huarui Industrial")*# | PRC/Chinese Mainland | RMB11,000,000 | – | 100% | Investment holding |
| Research Institute of Intelligent Manufacturing (Zhaoqing Gaoyao) Co., Ltd. 智能製造研究院("肇慶高要")有限公司 ("Research Institute")* | PRC/Chinese Mainland | RMB3,000,000 | – | 100% | Technology promotion and application service industry |

# 1. CORPORATE AND GROUP INFORMATION (CONTINUED)

## Information about subsidiaries (continued)

| Name | Place of incorporation/ registration and business | Issued ordinary/ registered share capital | Percentage of equity attributable to the Company | | Principal activities |
|---|---|---|---|---|---|
| | | | Direct | Indirect | |
| Guangdong School 廣東學校*# | PRC/Chinese Mainland | RMB90,000,000 | – | 100% | Provision of undergraduate and junior college education services |
| Zhaoqing School 肇慶學校*# | PRC/Chinese Mainland | RMB2,000,000 | – | 100% | Provision of secondary vocational education services |
| Heilongjiang School 黑龍江學校*#& | PRC/Chinese Mainland | RMB55,000,000 | – | 100% | Provision of undergraduate education services |
| Harbin Institute of Petroleum Company Limited 哈爾濱石油學院有限責任公司*#& | PRC/Chinese Mainland | RMB55,000,000 | – | 100% | Dormant |
| Huaibei School 淮北學校*# | PRC/Chinese Mainland | RMB250,000,000 | – | 100% | Provision of undergraduate education services |
| Shenzhen Fengmao Logistics Management Co., Ltd. 深圳市楓茂後勤管理有限公司* | PRC/Chinese Mainland | RMB500,000 | – | 100% | Provision of property management services |
| Zhaoqing Hengxuan Engineering Management Service Co., Ltd. 肇庆恒瑄工程管理服務有限公司 (formerly named Zhaoqing Fengmao Property Management Co., Ltd.)* | PRC/Chinese Mainland | RMB100,000 | – | 100% | Provision of property management services |

## 1. CORPORATE AND GROUP INFORMATION (CONTINUED)

### Information about subsidiaries (continued)

| Name | Place of incorporation/ registration and business | Issued ordinary/ registered share capital | Percentage of equity attributable to the Company | | Principal activities |
|---|---|---|---|---|---|
| | | | Direct | Indirect | |
| Ma'anshan Lechen Property Management Co., Ltd. 馬鞍山樂晨物業管理有限公司 ("Ma'anshan Lechen")* | PRC/Chinese Mainland | RMB1,000,000 | – | 100% | Provision of property management services |
| Zhaoqing Polytechnic Driving Training Service Co., Ltd. 肇慶市理工駕駛培訓服務有限公司* | PRC/Chinese Mainland | RMB1,000,000 | – | 100% | Provision of motor driver training services |
| Zhaoqing Xuemeng Automobile Driver Training Service Co., Ltd. 肇慶學盟汽車駕駛員培訓服務有限公司* | PRC/Chinese Mainland | RMB1,000,000 | – | 100% | Provision of motor driver training services |
| Zhuhai Hengqin Anyu Information Technology Co., Ltd. 珠海橫琴安譽信息科技有限公司* | PRC/Chinese Mainland | RMB1,000,000 | – | 100% | Provision of technical service |
| Anhui School 安徽學校*# | PRC/Chinese Mainland | RMB100,000,000 | – | 100% | Provision of undergraduate education services |

# 1. CORPORATE AND GROUP INFORMATION (CONTINUED)

## Information about subsidiaries (continued)

* The English names of these companies represent the best effort made by management of the Company to directly translate their Chinese names as they have not registered any official English names.

^ Zhaoqing Kepei Information Technology and Tibet Kepei are registered as wholly-foreign-owned enterprises under PRC law.

# These entities are owned through contractual arrangements.

& The Group has been conducting an internal restructuring to convert a PRC operating school of the Group into a for-profit private school ("Conversion") o comply with the 2016 Decision (as defined in note 10 to the financial statements) and related implementation rules since year 2022. Subsequently, the group established Harbin Institute of Petroleum Company Limited, a limited liability company under PRC law, as a for-profit private school on 14 September 2022.

During the year, the Conversion has been progressing in a smooth and orderly manner in accordance with the regulations of the relevant government authorities and the process includes but is not limited to transferring all the businesses, assets and liabilities of Heilongjiang School to Harbin Institute of Petroleum Company Limited, applying for a formal school operating permit for Harbin Institute of Petroleum Company Limited and de-registering Heilongjiang School.

β These companies were newly established under PRC law during the year.

# 2. ACCOUNTING POLICIES

## 2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants("HKICPA"), and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for certain financial instruments which have been measured at fair value. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

The Group has prepared the consolidated financial statements on a going concern basis. The Group recorded net current liabilities of RMB760,385,000 as at 31 August 2025. Included therein were contract liabilities of RMB630,708,000 as at 31 August 2025, which will be settled through education services to be provided by the Group. In view of the net current liabilities position, the Directors have given careful consideration to the future liquidity and performance of the Group and its available sources of finance when assessing whether the Group will have sufficient financial resources to continue as a going concern and meet its liabilities as and when they fall due in the foreseeable future.

The Directors have prepared a cash flow forecast for the Group which covers a period of twelve months from the end of the reporting period. Taking into account the positive cash flows from operations, adequate unused loan facilities from reputable financial institutions up to the date of approval of these financial statements and the ability of management to adjust the pace of its operational expansion, the Directors consider that the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due. Therefore, there are no material uncertainties that may cast significant doubt over the going concern assumption and the Directors have formed a judgement that there is a reasonable expectation that the Group has adequate resources to operate for the foreseeable future.

## 2.1 BASIS OF PREPARATION (CONTINUED)

### Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 August 2025. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

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

(b) rights arising from other contractual arrangements; and

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

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

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

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

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

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRS Accounting Standards for the first time for the current year's financial statements.

| | |
|---|---|
| Amendments to HKFRS 16 | *Lease Liability in a Sale and Leaseback* |
| Amendments to HKAS 1 | *Classification of Liabilities as Current or Non-current* (the "2020 Amendments") |
| Amendments to HKAS 1 | *Non-current Liabilities with Covenants* (the "2022 Amendments") |
| Amendments to HKAS 7 and HKFRS 7 | *Supplier Finance Arrangements* |

The nature and the impact of the revised HKFRS Accounting Standards are described below:

(a) Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

(b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

    The Group has reassessed the terms and conditions of its liabilities as at 1 September 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

(c) Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group's financial statements.

## 2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS

The Group has not applied the following new and revised HKFRS Accounting Standards, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and revised HKFRS Accounting Standards, if applicable, when they become effective.

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

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/reporting periods beginning on or after 1 January 2027

4 No mandatory effective date yet determined but available for adoption

## 2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS (CONTINUED)

Further information about those HKFRS Accounting Standards that are expected to be applicable to the Group is as follows:

HKFRS 18 replaces HKAS 1 Presentation of Financial Statements. While a number of sections have been brought forward from HKAS 1 with limited changes, HKFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in HKAS 1 are moved to HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as HKAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of HKFRS 18, limited, but widely applicable, amendments are made to HKAS 7 *Statement of Cash Flows*, HKAS 33 *Earnings per Share* and HKAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other HKFRS Accounting Standards. HKFRS 18 and the consequential amendments to other HKFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of HKFRS 18 on the presentation and disclosure of the Group's financial statements.

HKFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other HKFRS Accounting Standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in HKFRS 10 *Consolidated Financial Statements*, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with HKFRS Accounting Standards. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply HKFRS 19. Some of the Company's subsidiaries are considering the application of HKFRS 19 in their specified financial statements.

## 2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS (CONTINUED)

Amendments to HKFRS 9 and HKFRS 7 *Amendments to the Classification and Measurement of Financial Instruments* clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKFRS 9 and HKFRS 7 *Contracts Referencing Nature-dependent Electricity* clarify the application of the "own-use" requirements for in-scope contracts and amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts. The amendments also include additional disclosures that enable users of financial statements to understand the effects these contracts have on an entity's financial performance and future cash flows. The amendments relating to the own-use exception shall be applied retrospectively. Prior periods are not required to be restated and can only be restated without the use of hindsight. The amendments relating to the hedge accounting shall be applied prospectively to new hedging relationships designated on or after the date of initial application. Earlier application is permitted. The amendments to HKFRS 9 and HKFRS 7 shall be applied at the same time. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKFRS 10 and HKAS 28 address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 was removed by the HKICPA. However, the amendments are available for adoption now.

## 2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS (CONTINUED)

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Group's financial statements.

*Annual Improvements to HKFRS Accounting Standards – Volume 11* set out amendments to HKFRS 1, HKFRS 7 (and the accompanying *Guidance on implementing HKFRS 7*), HKFRS 9, HKFRS 10 and HKAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:

- HKFRS 7 *Financial Instruments*: Disclosures: The amendments have updated certain wording in paragraph B38 of HKFRS 7 and paragraphs IG1, IG14 and IG20B of the Guidance on implementing HKFRS 7 for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing HKFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of HKFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- HKFRS 9 *Financial Instruments*: The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with HKFRS 9, the lessee is required to apply paragraph 3.3.3 of HKFRS 9 and recognise any resulting gain or loss in profit or loss. In addition, the amendments have updated certain wording in paragraph 5.1.3 of HKFRS 9 and Appendix A of HKFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- HKFRS 10 *Consolidated Financial Statements*: The amendments clarify that the relationship described in paragraph B74 of HKFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of HKFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- HKAS 7 *Statement of Cash Flows*: The amendments replace the term "cost method" with "at cost" in paragraph 37 of HKAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

## 2.4 MATERIAL ACCOUNTING POLICIES

### Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed 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 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.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or other comprehensive income, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

## 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Business combinations and goodwill (continued)

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 August. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. 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.

### Fair value measurement

The Group measures its certain investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

## 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Fair value measurement (continued)

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

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

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

## 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Impairment of non-financial assets

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

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) 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 the statement of 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 years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

## 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group; and the sponsoring employers of the post-employment benefit plan;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

## 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Property, plant and equipment and depreciation

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

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

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

| | |
|---|---|
| Property and buildings | 2% to 2.4% |
| Electronic devices | 9.5% to 32.3% |
| Motor vehicles | 9.5% to 19% |
| Furniture and fixtures | 5% to 19.4% |

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

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

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

## 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Intangible assets (other than goodwill)

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

Intangible assets with indefinite useful lives, including school operation right and brand name, are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

**Software**

Purchased software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of 5 to 12 years.

**Student base**

Student base acquired through the acquisition of a subsidiary is stated at cost less any impairment losses and is amortised over the expected service period for a student.

### Leases

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

**Group as a lessee**

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

## 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Leases (continued)

**Group as a lessee (continued)**

***(a) Right-of-use assets***

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less 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 | 41 to 50 years |
| Property and buildings | 2 to 6 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.

***(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.

## 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Leases (continued)

**Group as a lessee (continued)**

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

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

**Group as a lessor**

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 term and is included in other income and gains 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 other income in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

When the Group is an intermediate lessor, a sublease is classified as a finance lease or operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the on-balance sheet recognition exemption, the Group classifies the sublease as an operating lease.

## 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Investments and other financial assets

**Initial recognition and measurement**

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

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

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

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

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

# 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

## Investments and other financial assets (continued)

**Subsequent measurement**

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

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

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

***(b) Financial assets designated at fair value through OCI (equity instruments)***

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under HKAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

***(c) Financial assets at fair value through profit or loss***

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

This category includes wealth management products and equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on the equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

## 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Derecognition of financial assets

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

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

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

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

### Impairment of financial assets

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

## 2.4 MATERIAL ACCOUNTING POLICIES (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 that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

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.

## 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Impairment of financial assets (continued)

**General approach (continued)**

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

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

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

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

**Simplified approach**

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

For trade receivables that contain a significant financing component and lease receivables, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

## 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Financial liabilities

**Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as loans and borrowings and payables, as appropriate.

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

The Group's financial liabilities include other payables and accruals, dividend payable and interest-bearing bank and other borrowings.

**Subsequent measurement**

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

**Financial liabilities at amortised cost (other payables and borrowings)**

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

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

### Derecognition of financial liabilities

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

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

## 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

### Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

### Income tax

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

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

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

## 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Income tax (continued)

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

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

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

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

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

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

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

## 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Income tax (continued)

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

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

### Government grants

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

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments.

### Revenue recognition

**Revenue from contracts with customers**

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

## 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Revenue recognition (continued)

**Revenue from contracts with customers (continued)**

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

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

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

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

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

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

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

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

Other education service fees from the provision of other education services to customers are collected in advance on a lump sum basis. Revenue is recognised proportionately over the periods of the applicable programme.

## 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Revenue recognition (continued)

**Other income**

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.

Management service income is recognised in the accounting period when the services are rendered.

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 assets.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Training income is recognised from the provision of motor driver training services to customers over the period of the applicable programmes.

Consulting service income is recognised from the provision of consulting services to customers over the period of the applicable programmes.

### Contract balances

**Trade receivables**

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

**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 services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related services to the customer).

## 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Contract balances (continued)

**Contract costs**

Other than the costs which are capitalised as inventories, property, plant and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

(a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify;

(b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and

(c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to the statement of profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

### Other employee benefits

**Pension scheme**

The employees of the Group's subsidiaries which operate in Chinese Mainland are required to participate in a central pension scheme operated by the local municipal government. The subsidiaries operating in Chinese Mainland are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme. No forfeited contributions may be used by the employer to reduce the existing level of contribution.

### 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. 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.

## 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Events after the reporting period

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its financial statements, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

### 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 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

The 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 the statement of 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).

## 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Foreign currencies (continued)

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.

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

### Judgements

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

**Contractual arrangements**

The PRC Schools are mainly engaged in the provision of education services, which falls within the scope of "Catalogue of Restricted Foreign Investment Industries" that foreign investors are prohibited from investing.

The Group exercises control over the PRC Schools and enjoys all economic benefits of the PRC Schools through a series of contractual arrangements.

The Group considers that it controls the PRC Schools. Notwithstanding the fact that it does not hold direct equity interests in the PRC Schools, it has power over the financial and operating policies of the PRC Schools and receives substantially all of the economic benefits from the business activities of the PRC Schools through the contractual arrangements. Accordingly, the PRC Schools have been accounted for as subsidiaries during the year or from the date on which the Group obtains control.

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

### Judgements (continued)

**Intangible assets with indefinite useful lives**

Management considers that the school operation right and brand name, as set out in note 16 to the financial statements, for all practical purposes have indefinite useful lives and are therefore not amortised until their useful lives are determined to be finite. The school operation right and brand name are tested for impairment annually.

**Current taxes**

Significant judgement is required in interpreting the relevant tax rules and regulations so as to determine whether the Group is subject to corporate income tax. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of the tax liabilities and such changes to tax liabilities will impact the tax expense in the period in which such determination is made. Further details of the current taxes are set out in note 10 to the financial statements.

**Deferred tax assets**

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits, together with future tax planning strategies.

The Group has tax losses of RMB96,395,000 (2024: RMB82,803,000) carried forward. These losses related to subsidiaries that have a history of losses, and may not be used to offset taxable income elsewhere in the Group. The subsidiaries have neither any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Group has determined that it cannot recognise deferred tax assets on the tax losses carried forward.

If the Group had been able to recognise all unrecognised deferred tax assets, the profit and equity would have increased by RMB23,913,000. Further details on deferred taxes are disclosed in note 26 to the financial statements.

# 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

## Judgements (continued)

**Classification between investment properties and owner-occupied properties**

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

## Estimation uncertainty

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

**Impairment assessment of goodwill and other intangible assets with indefinite useful lives**

The Group determines whether goodwill and other intangible assets with indefinite useful lives are 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 and other intangible assets are 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 amounts of goodwill and other intangible assets with indefinite useful lives at 31 August 2025 were RMB985,855,000 (31 August 2024: RMB692,268,000) and RMB488,000,000 (31 August 2024: RMB356,000,000), respectively. Further details are given in notes 15 and 16 to the financial statements.

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

### Estimation uncertainty (continued)

**Provision for expected credit losses on trade receivables**

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 19 to the financial statements.

**Impairment of non-financial assets (other than goodwill)**

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. The non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of property, plant and equipment, right-of-use assets and other intangible assets are set out in notes 13, 14 and 16 to the financial statements, respectively.

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

### Estimation uncertainty (continued)

**Leases – Estimating the incremental borrowing rate**

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

## 4. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the provision of education services in the PRC.

HKFRS 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, who are the chief operating decision makers, for the purpose of resource allocation and performance assessment does not contain discrete operating segment financial information and the Directors review the financial results of the Group as a whole. Therefore, no further information about operating segments is presented.

### Geographical information

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

### Information about major customers

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

## 5. REVENUE, OTHER INCOME AND GAINS

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

| | Notes | 2025 RMB'000 | 2024 RMB'000 |
|---|---|---|---|
| **Revenue** | | | |
| *Revenue from contracts with customers* | | | |
| Tuition fees | (a) | **1,757,007** | 1,587,495 |
| Boarding fees | (a) | **107,002** | 97,314 |
| Other education service fees | (b) | **8,171** | 8,033 |
| Total | | **1,872,180** | 1,692,842 |
| **Other income and gains** | | | |
| Management service income | (c) | **92,831** | 98,347 |
| Rental income | | **26,627** | 27,047 |
| Bank interest income | | **14,801** | 17,798 |
| Government grants | | | |
| Related to assets | | **1,731** | 3,588 |
| Related to income | | **8,210** | 3,392 |
| Consulting service income | | **2,341** | 7,512 |
| Others | | **19,215** | 15,431 |
| Total | | **165,756** | 173,115 |

Notes:

(a) Tuition fees and boarding fees mainly represented the income received from the provision of education and boarding services to students, which was recognised over time, i.e., over the academic year, as the services were rendered.

(b) Other education service fees mainly represented the income received from the provision of other education services including training services to students, which was recognised over time, i.e., over the training periods, as the services were rendered.

(c) Pursuant to the share management agreement dated 15 July 2021 in relation to the acquisition of Anhui School, the entire management of Anhui School was entrusted to a subsidiary of the Company with effect from the effective date of the entrustment until the completion of the acquisition of Anhui School. In consideration for the management services provided by a subsidiary of the Company, the Group shall be entitled to management service income in accordance with the terms of the share management agreement from the effective date of the entrustment until the completion of the acquisition of Anhui School.

# 5. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

## Contract liabilities

The Group receives tuition and boarding fees from students in advance prior to the beginning of each academic year. The performance obligation is satisfied proportionately over the relevant period of the applicable programme. The students are entitled to refunds of payments in relation to the proportionate services not yet provided.

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

| | 2025 RMB'000 | 2024 RMB'000 |
|---|---|---|
| At the beginning of the year | **771,727** | 654,946 |
| Revenue recognised that was included in the balance of contract liabilities at the beginning of the year | **(767,368)** | (652,232) |
| Other income recognised that was included in the balance of contract liabilities at the beginning of the year | **(2,668)** | (1,590) |
| Increases due to cash received, excluding amounts recognised as revenue during the year | **630,708** | 771,268 |
| Transfer to refund liabilities during the year | **(1,691)** | (665) |
| At the end of the year | **630,708** | 771,727 |

# 5. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

## Contract liabilities (continued)

**Revenue recognised in relation to contract liabilities**

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

| | 2025<br>RMB'000 | 2024<br>RMB'000 |
|---|---|---|
| Revenue recognised that was included in the balance of contract liabilities at the beginning of the year | | |
| Tuition fees | 709,446 | 597,728 |
| Boarding fees | 57,922 | 54,504 |
| Total | 767,368 | 652,232 |

## Unsatisfied performance obligations

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 August 2025 are as follows:

| | 2025<br>RMB'000 | 2024<br>RMB'000 |
|---|---|---|
| Expected to be recognised within one year: | | |
| As revenue – Tuition fees | 576,639 | 710,953 |
| As revenue – Boarding fees | 52,155 | 58,106 |
| As other income – Driving school training income | 1,914 | 2,668 |
| Total | 630,708 | 771,727 |

The amounts of transaction prices associated with unsatisfied or partially unsatisfied performance obligations do not include variable consideration which is constrained.

There were no contract assets at the end of the reporting period recognised in the consolidated statement of financial position.

# 6. PROFIT BEFORE TAX

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

| | Notes | 2025 RMB'000 | 2024 RMB'000 |
|---|---|---|---|
| Employee benefit expense (excluding directors' and chief executive's remuneration (note 8)): | | | |
| Wages and salaries | | **508,540** | 426,033 |
| Pension scheme contributions**** | | **37,787** | 29,405 |
| Total | | **546,327** | 455,438 |
| Depreciation of property, plant and equipment | 13 | **213,647** | 170,261 |
| Depreciation of right-of-use assets | 14 | **21,570** | 19,521 |
| Amortisation of other intangible assets | 16 | **5,842** | 7,858 |
| Impairment of trade receivables* | 19 | **13,076** | 9,433 |
| Exchange loss, net** | | **3,979** | 2,207 |
| Fair value (gain)/loss, net: | | | |
| Financial assets at fair value through profit or loss*** | | **(2,389)** | 945 |
| Auditor's remuneration | | **3,800** | 3,800 |
| Dividend income from an equity investment designated at fair value through other comprehensive income | | **(1,651)** | (465) |
| Loss on disposal of items of property, plant and equipment | | **559** | 6,351 |

* The provision for expected credit losses on trade receivables is included in administrative expenses in the consolidated statement of profit or loss.

** The exchange loss is included in other expenses in the consolidated statement of profit or loss.

*** The fair value gain is included in other income and gains and fair value loss is included in other expenses in the consolidated statement of profit or loss.

**** There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

## 7. FINANCE COSTS

An analysis of finance costs is as follows:

| | 2025<br>RMB'000 | 2024<br>RMB'000 |
|---|---|---|
| Interest on lease liabilities | 451 | 425 |
| Interest on bank and other borrowings | 34,320 | 53,444 |
| Total interest expense on financial liabilities not at fair value through profit or loss | 34,771 | 53,869 |
| Less: Interest capitalised | (4,006) | (331) |
| Total | 30,765 | 53,538 |

## 8. DIRECTORS' REMUNERATION

Directors' 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<br>RMB'000 | 2024<br>RMB'000 |
|---|---|---|
| Fees | 722 | 719 |
| Subtotal | 722 | 719 |
| Other emoluments: | | |
| Salaries, allowances and benefits in kind | 7,853 | 7,271 |
| Pension scheme contributions | 53 | 70 |
| Subtotal | 7,906 | 7,341 |
| Total | 8,628 | 8,060 |

# 8. DIRECTORS' REMUNERATION (CONTINUED)

## (a) Independent non-executive directors

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

| **2025** | **Fees** | **Total remuneration** |
|---|---|---|
| | **RMB'000** | **RMB'000** |
| Mr. Xu Ming | **200** | **200** |
| Mr. Lu Chao | **322** | **322** |
| Mr. Deng Feiqi | **200** | **200** |
| Total | **722** | **722** |

| 2024 | Fees | Total remuneration |
|---|---|---|
| | RMB'000 | RMB'000 |
| Mr. Xu Ming | 200 | 200 |
| Mr. Lu Chao | 319 | 319 |
| Mr. Deng Feiqi | 200 | 200 |
| Total | 719 | 719 |

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

# 8. DIRECTORS' REMUNERATION (CONTINUED)

## (b) Executive directors

| 2025 | Fees RMB'000 | Salaries, allowances and benefits in kind RMB'000 | Pension scheme contributions RMB'000 | Equity-settled restricted share award expense RMB'000 | Total remuneration RMB'000 |
|---|---|---|---|---|---|
| Executive directors: | | | | | |
| Mr. Ye Nianqiao* | – | 1,500 | – | – | 1,500 |
| Mr. Zhang Xiangwei | – | 1,300 | – | – | 1,300 |
| Mr. Zha Donghui | – | 1,313 | 13 | – | 1,326 |
| Ms. Li Yan | – | 1,513 | 13 | – | 1,526 |
| Mr. Ye Xun | – | 1,014 | 14 | – | 1,028 |
| Ms. Sun Lixia* | – | 1,213 | 13 | – | 1,226 |
| Total | – | 7,853 | 53 | – | 7,906 |

| 2024 | Fees RMB'000 | Salaries, allowances and benefits in kind RMB'000 | Pension scheme contributions RMB'000 | Equity-settled restricted share award expense RMB'000 | Total remuneration RMB'000 |
|---|---|---|---|---|---|
| Executive directors: | | | | | |
| Mr. Ye Nianqiao | – | 1,518 | – | – | 1,518 |
| Mr. Zhang Xiangwei* | – | 1,350 | – | – | 1,350 |
| Mr. Zha Donghui | – | 988 | 12 | – | 1,000 |
| Ms. Li Yan | – | 1,278 | 32 | – | 1,310 |
| Mr. Ye Xun | – | 945 | 13 | – | 958 |
| Ms. Sun Lixia* | – | 1,192 | 13 | – | 1,205 |
| Total | – | 7,271 | 70 | – | 7,341 |

* Mr. Zhang Xiangwei and Ms. Sun Lixia were resigned as executive directors on 30 September 2025.

** Mr. Zheng Chaoran has been appointed as an executive director since 30 September 2025.

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

## 9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included four directors (2024: four directors), details of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining one (2024: one) highest paid employee who is not a director of the Company are as follows:

| | 2025<br>RMB'000 | 2024<br>RMB'000 |
|---|---|---|
| Salaries, allowances and benefits in kind | **1,473** | 1,131 |
| Pension scheme contributions | **9** | – |
| Total | **1,482** | 1,131 |

The number of non-director highest paid employees whose remuneration fell within the following bands is as follows:

| | Number of employees | |
|---|---|---|
| | **2025** | 2024 |
| Nil to HK$1,000,000 | **–** | – |
| HK$1,000,001 to HK$1,500,000 | **–** | – |
| HK$1,500,001 to HK$2,000,000 | **1** | 1 |
| Total | **1** | 1 |

## 10. INCOME TAX

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

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

Huanan Education Group Limited, the Company's directly held subsidiary, was incorporated in the BVI as an exempted company with limited liability under the BVI Companies ACT and accordingly is not subject to income tax on business carried out in the BVI.

## 10. INCOME TAX (CONTINUED)

China Kepei Education (Hong Kong) Limited, a subsidiary incorporated in Hong Kong, is subject to income tax at the rate of 16.5% on the estimated assessable profits arising in Hong Kong. No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the year.

Pursuant to the decision (the "2016 Decision") of the Standing Committee of the National People's Congress on Amending the Private Schools Promotion Law of the PRC (《全國人民代表大會常務委員會關於修改<中華人民共和國民辦教育促進法>的決定》), which was promulgated on 7 November 2016 and came into force on 1 September 2017, private schools are no longer classified as either schools for which the school sponsor(s) require reasonable returns or schools for which the school sponsor(s) do not require reasonable returns. Instead, the school sponsor(s) of a private school may choose for the school to be a for-profit private school or a non-profit private school, with the exception that schools providing nine-year compulsory education must be non-profit.

On 14 May 2021, the State Council released the Regulations for the Implementation of the Private Schools Promotion Law of the PRC (《中華人民共和國民辦教育促進法實施條例》) with an effective date of 1 September 2021 (the "2021 Implementation Rules"). The 2021 Implementation Rules are the detailed implementation rules of the Private Schools Promotion Law of the PRC. Pursuant to the 2016 Decision and the 2021 Implementation Rules, a private school may enjoy the preferential tax policies, which are not defined under either the 2016 Decision or the 2021 Implementation Rules, as stipulated by the related government authorities and a non-profit school may enjoy the same tax policies as those enjoyed by a public school.

The local governments of Guangdong, Heilongjiang and Anhui provinces, where the PRC Schools are registered, have promulgated the Implementation Opinions on Encouraging Private Entities and Individuals to Operate Schools and Promote Healthy Development of Private Education ("Local Implementation Opinions").

According to the Implementing Opinions of the Guangdong Provincial Government on Encouraging Private Entities and Individuals to Operate Schools and Promote the Healthy Development of Private Education (《廣東省人民政府關於鼓勵社會力量興辦教育促進民辦教育健康發展的實施意見》), which was promulgated by the People's Government of Guangdong Province on 4 May 2018 and the 2016 Decision, school sponsors of private schools which were established and registered in Guangdong prior to 7 November 2016 may choose for the schools to be for-profit private schools or non-profit private schools at their own discretion, except for the schools providing compulsory education, which must be non-profit. However, the Implementing Measures of Classification Registration for Private Schools (《關於民辦學校分類登記的實施辦法》), which was promulgated by five departments of the Guangdong provincial government and came into effect on 30 December 2018, does not specify a deadline for the existing private schools to elect to be registered as non-profit or for-profit private schools.

## 10. INCOME TAX (CONTINUED)

According to the Local Implementation Opinions of Heilongjiang and Anhui provinces, the Group's schools are required to commence classification registration as a for-profit private school or a non-profit private school by 1 September 2022 and 1 September 2023, respectively.

As set out in note 1 to the consolidated financial statements, the Group has been conducting an internal restructuring to convert an existing school of the Group into a for-profit school to comply with the 2016 Decision and related implementing rules. The Conversion is still in progress in a smooth and orderly manner in accordance with the regulations of the relevant government authorities. As at the date of approval of these financial statements, as the applicable rules and regulations regarding the Conversion have not yet been published by the relevant local authorities, the applicable potential tax liability could not be reasonably estimated. However, based on the currently available information and the Directors' best knowledge, the Directors believe that the amount or range of reasonably potential tax liabilities, which the Group may be exposed to, will not have a material adverse effect on the Group's business, financial position, results of operations or cash flows. The Directors will make continuous reviews and assessments based on the progress and development of the Conversion, and will disclose the potential tax implications associated with the Conversion in the 2026 interim and annual financial statements.

As at the date of approval of these financial statements, Anhui Province has not yet promulgated the relevant implementation rules on the for-profit registration of private schools, therefore Huaibei School and Anhui School have not yet commenced the classification registration process as for-profit private schools or non-profit private schools and remain private non-enterprise units.

As at the date of approval of these financial statements, the PRC Schools of the Group have not yet registered or completed the classification registration as for-profit private schools or non-profit private schools and remain private non-enterprise units. The PRC Schools have applied the corporate income tax exemption treatment for the income from academic educational services since their establishment in accordance with the historical tax returns filed with the relevant tax authorities. As a result, no income tax expense was recognised for the PRC Schools' academic educational services income during the year.

Considering that the relevant tax policies regarding schools for which the school sponsor(s) require reasonable returns or schools for which the school sponsor(s) do not require reasonable returns remain unchanged and no further new and specific tax implementation regulations have been announced, if the school nature has not yet been changed, in accordance with the tax compliance confirmations obtained from the local tax authorities and the Group's external legal advisors' comments on the preferential tax treatments for the current year, the PRC Schools did not pay corporate income tax for the income from academic educational services and have enjoyed the preferential tax treatments during the year. Following the completion of the registration of the PRC Schools as for-profit private schools, the PRC Schools may be subject to corporate income tax ("CIT") at a rate of 25% in respect of service fees they receive from the provision of academic educational services going forward, if they do not enjoy any preferential tax treatment. As such, a significant impact on the Group's profit and loss may arise.

## 10. INCOME TAX (CONTINUED)

According to the Announcement of the State Development and Reform Commission of the General Administration of Taxation of the Ministry of Finance on the Continuation of the Enterprise Income Tax Policy for the Development of the Western Region (《財政部税務總局國家發展改革委關於延續西部大開發企業所得税政策的公告》), Tibet Kepei Information Technology Company Limited is entitled to a preferential CIT rate of 15% (2024: 15%). During the year, in accordance with the detailed rules of the Notice on the Implementation Measures of the Enterprise Income Tax Policy of Tibet Autonomous Region (Provisional) (《西藏自治區企業所得税政策實施辦法(暫行)》) (the “Notice”) promulgated by the People’s Government of Tibet Autonomous Region, Tibet Kepei is entitled to the preferential tax rate of 15% while being exempt from the local share of corporate income tax according to the Notice.

Pursuant to the PRC CIT Law, Notice Regarding the Implementation on Tax Reduction/Exemption Policies for Small and Micro-sized Enterprises (“SMEs”)(《關於實施小微企業普惠性税收減免政策的通知》) and the respective regulations, certain subsidiaries of the Group are entitled to a preferential tax rate of 20% on 25% of their respective taxable income.

The Group’s other non-school subsidiaries which operate in Chinese Mainland are subject to CIT at a rate of 25% on their respective taxable income.

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

| | **2025**<br>**RMB’000** | 2024<br>RMB’000 |
|---|---|---|
| Current – Chinese Mainland | | |
| Charge for the year | **41,555** | 41,203 |
| Deferred (note 26) | **(11,231)** | 7,331 |
| Total tax charge for the year | **30,324** | 48,534 |

## 10. INCOME TAX (CONTINUED)

A reconciliation of the tax expense applicable to profit before tax at the statutory tax rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled and/or operate to the tax expense at the effective tax rates, and a reconciliation of the statutory tax rates to the effective tax rates, are as follows:

| | 2025 | | 2024 | |
|---|---|---|---|---|
| | RMB'000 | % | RMB'000 | % |
| Profit before tax | 778,769 | | 876,325 | |
| Tax at the statutory tax rate | 194,692 | 25.0 | 219,081 | 25.0 |
| Lower tax rates for specific provinces or enacted by local authorities | (39,367) | (5.1) | (47,382) | (5.4) |
| Effect of withholding tax on earnings remitted or anticipated to be remitted by subsidiaries | 520 | 0.1 | 17,830 | 2.0 |
| Income not subject to tax | (128,223) | (16.5) | (139,126) | (15.9) |
| Expenses not deductible for tax | 84 | – | 321 | – |
| Tax losses utilised from previous periods | (825) | (0.1) | (2,745) | (0.3) |
| Tax losses not recognised | 3,227 | 0.4 | 1,395 | 0.2 |
| Adjustments in respect of current tax of previous periods | 216 | – | (840) | (0.1) |
| Tax charged at the Group's effective rate | 30,324 | 3.8 | 48,534 | 5.5 |

## 11. DIVIDENDS

| | 2025 | 2024 |
|---|---|---|
| | RMB'000 | RMB'000 |
| Interim – HK$0.07 (2024: HK$0.07) per ordinary share | 131,417 | 127,986 |
| Proposed final – HK$0.06 (2024: HK$0.06) per ordinary share | 109,966 | 111,616 |

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

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

The calculation of basic earnings per share is based on the profit for the year attributable to owners of the parent, and the weighted average number of ordinary shares of 2,011,648,667 (2024: 2,012,031,181) in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 August 2025 and 2024.

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

| | **2025**<br>**RMB'000** | 2024<br>RMB'000 |
|---|---|---|
| Earnings | | |
| Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculations | **748,091** | 827,845 |

| | **Number of shares**<br>**2025** | <br>2024 |
|---|---|---|
| Shares | | |
| Number of ordinary shares in issue at the beginning of the year | **2,014,248,667** | 2,015,248,667 |
| Weighted average number of ordinary shares held for the Restricted Share Award Scheme | **(2,600,000)** | (2,600,000) |
| Weighted average number of repurchased shares | **–** | (617,486) |
| Weighted average number of ordinary shares outstanding during the year used in the basic and diluted earnings per share calculation | **2,011,648,667** | 2,012,031,181 |

## 13. PROPERTY, PLANT AND EQUIPMENT

| | Property and buildings RMB'000 | Electronic devices RMB'000 | Motor vehicles RMB'000 | Furniture and fixtures RMB'000 | Construction in progress RMB'000 | Total RMB'000 |
|---|---|---|---|---|---|---|
| **31 August 2025** | | | | | | |
| At 1 September 2024: | | | | | | |
| Cost | 3,472,844 | 552,501 | 29,433 | 402,110 | 197,124 | 4,654,012 |
| Accumulated depreciation | (522,999) | (346,912) | (24,771) | (211,021) | – | (1,105,703) |
| Net carrying amount | 2,949,845 | 205,589 | 4,662 | 191,089 | 197,124 | 3,548,309 |
| At 1 September 2024, net of accumulated depreciation | 2,949,845 | 205,589 | 4,662 | 191,089 | 197,124 | 3,548,309 |
| Additions | 4,665 | 89,907 | 156 | 22,979 | 290,694 | 408,401 |
| Acquisition of a subsidiary (note 30) | 642,229 | 75,969 | 636 | 9,359 | 33,606 | 761,799 |
| Disposals | (1,135) | (1,866) | (20) | (1,385) | – | (4,406) |
| Transfers | 306,241 | – | – | – | (306,241) | – |
| Depreciation provided during the year (note 6) | (109,729) | (64,263) | (717) | (38,938) | – | (213,647) |
| At 31 August 2025, net of accumulated depreciation | 3,792,116 | 305,336 | 4,717 | 183,104 | 215,183 | 4,500,456 |
| At 31 August 2025: | | | | | | |
| Cost | 4,547,008 | 801,881 | 30,583 | 480,359 | 215,183 | 6,075,014 |
| Accumulated depreciation | (754,892) | (496,545) | (25,866) | (297,255) | – | (1,574,558) |
| Net carrying amount | 3,792,116 | 305,336 | 4,717 | 183,104 | 215,183 | 4,500,456 |

## 13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

| | Property and buildings RMB'000 | Electronic devices RMB'000 | Motor vehicles RMB'000 | Furniture and fixtures RMB'000 | Construction in progress RMB'000 | Total RMB'000 |
|---|---|---|---|---|---|---|
| **31 August 2024** | | | | | | |
| At 1 September 2023: | | | | | | |
| Cost | 3,272,650 | 502,315 | 30,767 | 374,466 | 143,590 | 4,323,788 |
| Accumulated depreciation | (432,528) | (312,819) | (26,180) | (178,259) | – | (949,786) |
| Net carrying amount | 2,840,122 | 189,496 | 4,587 | 196,207 | 143,590 | 3,374,002 |
| At 1 September 2023, net of accumulated depreciation | 2,840,122 | 189,496 | 4,587 | 196,207 | 143,590 | 3,374,002 |
| Additions | 599 | 56,214 | 542 | 41,174 | 253,174 | 351,703 |
| Disposals | (21) | (257) | (74) | (6,783) | – | (7,135) |
| Transfers | 199,640 | – | – | – | (199,640) | – |
| Depreciation provided during the year (note 6) | (90,495) | (39,864) | (393) | (39,509) | – | (170,261) |
| At 31 August 2024, net of accumulated depreciation | 2,949,845 | 205,589 | 4,662 | 191,089 | 197,124 | 3,548,309 |
| At 31 August 2024: | | | | | | |
| Cost | 3,472,844 | 552,501 | 29,433 | 402,110 | 197,124 | 4,654,012 |
| Accumulated depreciation | (522,999) | (346,912) | (24,771) | (211,021) | – | (1,105,703) |
| Net carrying amount | 2,949,845 | 205,589 | 4,662 | 191,089 | 197,124 | 3,548,309 |

The Group's buildings are situated in Chinese Mainland.

At 31 August 2025, the Group had no property, plant and equipment pledged to secure any loans and borrowings (2024: Nil).

# 14. LEASES

## The Group as a lessee

The Group has lease contracts for land, property and buildings used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 41 to 50 years, and no ongoing payments will be made under the terms of these land leases. Leases of property and buildings generally have lease terms of 2 to 6 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

### (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 | Property and buildings RMB'000 | Total RMB'000 |
|---|---|---|---|
| As at 1 September 2023 | 728,450 | 17,564 | 746,014 |
| Depreciation charged to profit or loss (note 6) | (15,527) | (3,994) | (19,521) |
| Depreciation charged to construction in progress | (1,605) | – | (1,605) |
| As at 31 August 2024 and 1 September 2024 | **711,318** | **13,570** | **724,888** |
| Additions | **42,537** | **474** | **43,011** |
| Acquisition of a subsidiary (note 30) | **178,000** | **–** | **178,000** |
| Depreciation charged to profit or loss (note 6) | **(17,621)** | **(3,949)** | **(21,570)** |
| Depreciation charged to construction in progress | **(1,597)** | **–** | **(1,597)** |
| As at 31 August 2025 | **912,637** | **10,095** | **922,732** |

# 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 the beginning of the year | **8,731** | 8,557 |
| New leases | **474** | – |
| Accretion of interest recognised during the year | **451** | 425 |
| Payments | **(255)** | (251) |
| Carrying amount at the end of the year | **9,401** | 8,731 |
| Analysed into: | | |
| Current portion | **4,690** | 97 |
| Non-current portion | **4,711** | 8,634 |
| Total | **9,401** | 8,731 |

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

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

| | 2025 RMB'000 | 2024 RMB'000 |
|---|---|---|
| Interest on lease liabilities | **451** | 425 |
| Depreciation charge of right-of-use assets | **21,570** | 19,521 |
| Expense relating to short-term leases | **1,713** | 945 |
| Total amount recognised in profit or loss | **23,734** | 20,891 |

**(d)** The total cash outflow for leases is disclosed in note 31(c) to the financial statements.

## 14. LEASES (CONTINUED)

### The Group as a lessor

The Group leases its properties under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Rental income recognised by the Group during the year was RMB26,627,000 (2024: RMB27,047,000), details of which are included in note 5 to the financial statements.

At 31 August 2025, the undiscounted lease payments receivable by the Group in future periods under operating leases with its tenants are as follows:

| | **2025**<br>**RMB'000** | 2024<br>RMB'000 |
|---|---|---|
| Within one year | **22,759** | 18,609 |
| After one year but within two years | **8,813** | 14,606 |
| After two years but within three years | **2,962** | 3,163 |
| After three years but within four years | **170** | 191 |
| After four years but within five years | **53** | 170 |
| After five years | **67** | 120 |
| Total | **34,824** | 36,859 |

## 15. GOODWILL

| | RMB'000 |
|---|---|
| At 1 September 2023: | |
| Cost | 692,268 |
| Accumulated impairment | – |
| Net carrying amount | 692,268 |
| At 31 August 2024: | |
| Cost | 692,268 |
| Accumulated impairment | – |
| Net carrying amount | 692,268 |
| Cost at 1 September 2024, net of accumulated impairment | 692,268 |
| Acquisition of a subsidiary (note 30) | 293,587 |
| Impairment during the year | – |
| Cost and net carrying amount at 31 August 2025 | 985,855 |
| At 31 August 2025: | |
| Cost | 985,855 |
| Accumulated impairment | – |
| Net carrying amount | 985,855 |

# 15. GOODWILL (CONTINUED)

## Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to the following cash-generating units for impairment testing:

| | 2025<br>RMB'000 | 2024<br>RMB'000 |
|---|---|---|
| CGU A (Note (i)) | **691,414** | 691,414 |
| CGU E (Note (v)) | **293,587** | – |
| CGU B (Note (ii)) | **412** | 412 |
| CGU C (Note (iii)) | **295** | 295 |
| CGU D (Note (iv)) | **147** | 147 |
| Total | **985,855** | 692,268 |

The recoverable amounts of the above cash-generating units have 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.

Notes:

(i) CGU A operates a school, Heilongjiang School, to provide undergraduate education services in Heilongjiang Province, the PRC.

(ii) CGU B operates a school and its holding company, Huaibei School and Huaibei Kepei, to provide undergraduate education services in Anhui Province, the PRC.

(iii) CGU C operates Research Institute, to provide technology promotion and application services in Guangdong Province, the PRC.

(iv) CGU D operates Ma'anshan Lechen, to provide property management services in Anhui Province, the PRC.

(v) CGU E operates a school, Anhui School, to provide undergraduate education services in Anhui Province, the PRC.

## 15. GOODWILL (CONTINUED)

### Impairment testing of goodwill (continued)

Assumptions were used in the value in use calculation of the above cash-generating units for 31 August 2025. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

**2025**

| | CGU A | CGU B | CGU C | CGU D | CGU E |
|---|---|---|---|---|---|
| Revenue (annual growth rate) | **2%-6%** | **3%-20%** | **1.5%-3%** | **5%-8%** | **3%-11%** |
| Gross margins (% of revenue) | **56%-60%** | **46%-56%** | **54%-55%** | **47%-49%** | **46%-53%** |
| Long-term growth rate | **2%** | **2%** | **2%** | **2%** | **2%** |
| Discount rates | **15%** | **16%** | **15%** | **15%** | **16%** |

**2024**

| | CGU A | CGU B | CGU C | CGU D |
|---|---|---|---|---|
| Revenue (annual growth rate) | 5%-7% | 9%-39% | 1.5%-3% | 3%-115% |
| Gross margins (% of revenue) | 55%-59% | 44%-61% | 54%-55% | 47%-49% |
| Long-term growth rate | 2% | 2% | 2% | 2% |
| Discount rates | 15% | 16% | 15% | 15% |

Budgeted sales amounts – The budgeted revenues are based on the historical data and management's expectation on the future market.

The key assumption on which management has based its determination of the recoverable amount of goodwill is budgeted sales amounts. The budgeted sales amounts of the CGU A, CGU B and CGU E are dependent on the number of students and unit tuition and boarding fees. The budgeted sales amounts of the CGU C and CGU D are dependent on the number of projects and the area and unit price of the property services, respectively.

## 15. GOODWILL (CONTINUED)

### Impairment testing of goodwill (continued)

Budgeted gross margins – The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budget year, increased for expected efficiency improvements, and expected market development.

Long-term growth rate – The long-term growth rate is based on the historical data and management's expectation on the future market.

Discount rates – The discount rates used are before tax and reflect specific risks relating to the relevant cash-generating units, and are determined using the capital asset pricing model with reference to the beta coefficient and debt ratio of certain publicly listed companies conducting business in the PRC education industry.

The values assigned to the key assumptions on market development of the cash-generating units and discount rates are consistent with external information sources.

The Directors have estimated the reasonably possible changes in those factors and acknowledged that, even if the most unfavourable possible values were assigned to those factors, the recoverable amounts then calculated, after incorporating any consequential effects of such assignments on the other variables used to measure the recoverable amounts of the cash-generating units, would still exceed their carrying amounts.

## 16. OTHER INTANGIBLE ASSETS

| | Software RMB'000 | Student base RMB'000 (a) | School operation right RMB'000 (b) | Brand name RMB'000 (c) | Total RMB'000 |
|---|---|---|---|---|---|
| **31 August 2025** | | | | | |
| Cost at 1 September 2024, net of accumulated amortisation | 10,622 | – | 234,000 | 122,000 | 366,622 |
| Additions | 7,554 | – | – | – | 7,554 |
| Acquisition of a subsidiary (note 30) | 19,009 | 12,100 | – | 132,000 | 163,109 |
| Amortisation provided during the year (note 6) | (3,429) | (2,413) | – | – | (5,842) |
| At 31 August 2025 | 33,756 | 9,687 | 234,000 | 254,000 | 531,443 |
| At 31 August 2025: | | | | | |
| Cost | 47,853 | 56,700 | 234,000 | 254,000 | 592,553 |
| Accumulated amortisation | (14,097) | (47,013) | – | – | (61,110) |
| Net carrying amount | 33,756 | 9,687 | 234,000 | 254,000 | 531,443 |

## 16. OTHER INTANGIBLE ASSETS (CONTINUED)

| | Software RMB'000 | Student base RMB'000 (a) | School operation right RMB'000 (b) | Brand name RMB'000 (c) | Total RMB'000 |
|---|---|---|---|---|---|
| **31 August 2024** | | | | | |
| Cost at 1 September 2023, net of accumulated amortisation | 10,193 | 6,534 | 234,000 | 122,000 | 372,727 |
| Additions | 1,753 | – | – | – | 1,753 |
| Amortisation provided during the year (note 6) | (1,324) | (6,534) | – | – | (7,858) |
| At 31 August 2024 | 10,622 | – | 234,000 | 122,000 | 366,622 |
| At 31 August 2024: | | | | | |
| Cost | 15,117 | 44,600 | 234,000 | 122,000 | 415,717 |
| Accumulated amortisation | (4,495) | (44,600) | – | – | (49,095) |
| Net carrying amount | 10,622 | – | 234,000 | 122,000 | 366,622 |

(a) Student base has a finite estimated useful life and it is amortised based on the expected service period for a student.

(b) School operation right is stated at cost and is not amortised as its useful life is assessed to be indefinite, and the Group performs an impairment assessment annually or when indicators of potential impairment are identified until its useful life is determined to be finite. The school operation right is allocated to the CGU B and the recoverable amount of this cash-generating unit is determined based on the value in use calculation (note 15).

(c) Brand name is stated at cost and is not amortised as its useful life is assessed to be indefinite, and the Group performs an impairment assessment annually or when indicators of potential impairment are identified until its useful life is determined to be finite. The brand name is allocated to the CGU A and CGU E, and the recoverable amount of these cash-generating units are determined based on the value in use calculation (note 15).

## 17. AN EQUITY INVESTMENT DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

| | 2025<br>RMB'000 | 2024<br>RMB'000 |
|---|---|---|
| Listed equity investment, at fair value | **71,196** | 36,293 |

The above equity investment was irrevocably designated at fair value through other comprehensive income as the Group considers this investment to be strategic in nature.

During the year ended 31 August 2025, the Group received dividends in the amount of HK$1,806,000 (equivalent to RMB1,651,000) (2024: HK$511,000 (equivalent to RMB465,000)) from the above equity investment.

## 18. CONTRACT COSTS

| | 2025<br>RMB'000 | 2024<br>RMB'000 |
|---|---|---|
| Non-current assets | **21,880** | 17,453 |
| Current assets | **18,164** | 10,383 |
| Total | **40,044** | 27,836 |

Contract costs capitalised related to the incremental commission fees paid to employees for the successful referral of students entering into contracts for the education services. Contract costs are recognised as part of the selling and distribution expenses in the consolidated statement of profit or loss in the period in which revenue from the related education services is recognised.

The amount of capitalised contract costs recognised in profit or loss during the year was RMB10,383,000 (2024: RMB3,403,000). There was no impairment in relation to the capitalised contract costs during the year (2024: Nil).

The contract costs are amortised over the duration of the education programmes which is 3 years.

# 19. TRADE RECEIVABLES

| | 2025<br>RMB'000 | 2024<br>RMB'000 |
|---|---|---|
| Tuition fees and boarding fees receivables | **39,490** | 53,834 |
| Impairment | **(8,303)** | (11,761) |
| Net carrying amount | **31,187** | 42,073 |

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

An ageing analysis of the trade receivables as at the end of the reporting period, based on the transaction date and net of loss allowance, is as follows:

| | 2025<br>RMB'000 | 2024<br>RMB'000 |
|---|---|---|
| Within 1 year | **16,868** | 21,861 |
| 1 to 2 years | **4,234** | 7,992 |
| 2 to 3 years | **5,290** | 6,841 |
| Over 3 years | **4,795** | 5,379 |
| Total | **31,187** | 42,073 |

## 19. TRADE RECEIVABLES (CONTINUED)

The movements in the loss allowance for impairment of trade receivables are as follows:

| | **2025** | 2024 |
|---|---|---|
| | **RMB'000** | RMB'000 |
| At beginning of year | **11,761** | 10,903 |
| Impairment losses (note 6) | **13,076** | 9,433 |
| Amount written off as uncollectible | **(16,534)** | (8,575) |
| At end of year | **8,303** | 11,761 |

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The expected credit loss rates are determined into four categories, and management groups students with similar loss patterns into one of the categories. When grouping the students, the assessment adopted by management is based on several factors, such as days past due, geographical region, the continuity of education service relationship with the students and so on. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off one year after the graduation of the students and are not subject to enforcement activity.

The Group applies the simplified approach to provide for expected credit losses as prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. The Group overall considers the credit risk and days past due of the trade receivables to measure the expected credit losses.

# 19. TRADE RECEIVABLES (CONTINUED)

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

| | Expected credit loss rate % | **31 August 2025 Gross carrying amount RMB'000** | **31 August 2025 Expected credit losses RMB'000** | 31 August 2024 Gross carrying amount RMB'000 | 31 August 2024 Expected credit losses RMB'000 |
|---|---|---|---|---|---|
| Category 1 | 0 | **19,830** | **–** | 27,980 | – |
| Category 2 | 25 | **10,534** | **2,633** | 13,383 | 3,345 |
| Category 3 | 50 | **4,701** | **2,350** | 3,748 | 1,874 |
| Category 4 | 75 | **4,425** | **3,320** | 8,723 | 6,542 |
| Total | | **39,490** | **8,303** | 53,834 | 11,761 |

There was no change in the ECL rates during the year, mainly because there were no significant changes in the historical default rates of trade receivables, economic conditions and performance and behaviour of the students, based on which the ECL rates are determined.

## 20. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

| | Notes | 2025 RMB'000 | 2024 RMB'000 |
|---|---|---|---|
| **Non-current** | | | |
| Prepayments for an investment | | – | 396,641 |
| Loans to the entrusted school | | – | 310,550 |
| Prepayment for property, plant and equipment | | 25,769 | 21,094 |
| Loans to employees | (a) | 8,471 | 8,614 |
| Total | | 34,240 | 736,899 |
| **Current** | | | |
| Prepaid expenses | | 26,770 | 12,332 |
| Receivable for management service income | (b) | – | 153,347 |
| Deposits | | 16,354 | 13,211 |
| Other receivables | | 16,747 | 20,336 |
| Loans to employees | (a) | 4,778 | 4,802 |
| Loan receivable | (c) | 90,000 | – |
| Total | | 154,649 | 204,028 |
| Impairment allowance | | – | – |
| Net carrying amount | | 154,649 | 204,028 |

Notes:

(a) The loans to employees are loans provided by the Group to its faculty and staff with no more than RMB200,000 per person. The loans to employees are unsecured, interest-free and are repayable as scheduled.

(b) As detailed in note 5, pursuant to the share management agreement in relation to the acquisition of Anhui School, the entire management of Anhui School shall be entrusted to a subsidiary of the Company with effect from the effective date of the entrustment until the completion of the acquisition of Anhui School.

(c) During the year, the Group lent RMB90,000,000 to a stated own company, which is secured by pledge of equity interests of its related party of the borrower. The loan is interest-free with maturity within one year. Subsequent to 31 August 2025 and as at the date of the report, RMB50,000,000 was subsequently received from the borrower.

## 20. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS (CONTINUED)

Where applicable, an impairment analysis is performed at each reporting date by considering the probability of default of comparable companies with published credit ratings. In the situation where no comparable companies with credit ratings can be identified, expected credit losses are estimated by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate. The financial assets included in the above balances were categorised in stage 1 at the end of the reporting period. In calculating the expected credit loss rate, the Group considers the historical loss rate and adjusts it for forward-looking macroeconomic data.

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. As at 31 August 2025 and 2024, the loss allowance was assessed to be minimal.

## 21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | **2025**<br>**RMB'000** | 2024<br>RMB'000 |
|---|---|---|
| Listed investment, at fair value | **–** | 11,312 |

The above listed investment as at 31 August 2024 represented a fund of RMB11,312,000 issued by an overseas fund company. The product was denominated in US$. There was no given yield rate or maturity date for the product. The product was mandatorily classified as a financial asset at fair value through profit or loss as its contractual cash flows are not solely payments of principal and interest.

As at the end of the reporting period, the product had been fully redeemed.

## 22. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

| | Note | 2025 RMB'000 | 2024 RMB'000 |
|---|---|---|---|
| Cash and bank balances | | **1,163,780** | 1,080,184 |
| Time deposits | | **57,571** | 140,220 |
| | | **1,221,351** | 1,220,404 |
| Less: Pledged time deposits | (a) | **(57,571)** | (110,029) |
| Restricted bank deposit | | **(38)** | – |
| Cash and cash equivalents | | **1,163,742** | 1,110,375 |
| Denominated in: | | | |
| RMB | | **1,120,651** | 1,103,714 |
| HK$ | | **2,310** | 116,482 |
| US$ | | **98,390** | 208 |

(a) As at 31 August 2025, the Group's time deposits amounting to RMB57,571,000 (as at 31 August 2024: RMB110,029,000) were pledged to secure certain of the Group's bank loans or to secure performance guarantees issued to suppliers and contractors.

At the end of the reporting period, the cash and bank balances of the Group denominated in RMB amounted to RMB1,120,651,000 (2024: RMB1,103,714,000). The RMB is not freely convertible into other currencies, however, under Chinese Mainland's Foreign Exchange Control Regulations and Administration of Settlement, and 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. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

## 23. INVENTORIES

| | 2025 RMB'000 | 2024 RMB'000 |
|---|---|---|
| Teaching consumables | **–** | 2,597 |

## 24. OTHER PAYABLES AND ACCRUALS

| | 2025 RMB'000 | 2024 RMB'000 |
|---|---|---|
| Payables for salaries, bonuses and welfare funds | **41,748** | 30,421 |
| Payables for social insurance and housing fund | **54,464** | 44,694 |
| Payables for scholarships and needy student fund | **110,250** | 72,130 |
| Accrual for cooperative education fees | **165,448** | 10,511 |
| Payables for purchase of property, plant and equipment | **185,152** | 170,583 |
| Miscellaneous expenses received from students* | **37,435** | 43,419 |
| Other tax payable | **35,083** | 35,390 |
| Consideration payable for acquisition of a subsidiary | **100,000** | 100,000 |
| Payables for commission fees | **22,591** | 20,458 |
| Others | **71,152** | 59,342 |
| Total | **823,323** | 586,948 |

* The amount represents the miscellaneous expenses received from students which will be paid out on behalf of students.

Other payables and accruals are non-interest-bearing and are expected to be settled within one year.

## 25. INTEREST-BEARING BANK AND OTHER BORROWINGS

| | 2025 | | | 2024 | | |
|---|---|---|---|---|---|---|
| | **Effective interest rate (%)** | **Maturity** | **RMB'000** | Effective interest rate (%) | Maturity | RMB'000 |
| **Current** | | | | | | |
| Bank loans – guaranteed (Note (b)) | **2.65-3.50** | **2025-2026** | **526,800** | 3.00-4.60 | 2024-2025 | 206,155 |
| Bank loans – secured (Note (a)) | **2.89-3.20** | **2025-2026** | **30,081** | 3.40-5.61 | 2024-2025 | 262,024 |
| Total – current | | | **556,881** | | | 468,179 |
| **Non-current** | | | | | | |
| Bank loans – guaranteed (Note (b)) | **2.80-3.10** | **2026-2031** | **534,577** | 3.00-4.60 | 2025-2028 | 437,678 |
| Bank loans – secured (Note (a)) | **3.20** | **2026-2037** | **60,000** | | | – |
| Total – non-current | | | **594,577** | | | 437,678 |
| Total | | | **1,151,458** | | | 905,857 |

The carrying amounts of borrowings are denominated in the following currencies:

| | **2025 RMB'000** | 2024 RMB'000 |
|---|---|---|
| Hong Kong dollar | **–** | 86,023 |
| RMB | **1,151,458** | 819,834 |
| Total | **1,151,458** | 905,857 |

## 25. INTEREST-BEARING BANK AND OTHER BORROWINGS (CONTINUED)

An analysis of the carrying amounts of borrowings by type of interest rate is as follows:

| | 2025<br>RMB'000 | 2024<br>RMB'000 |
|---|---|---|
| Fixed interest rate | **393,831** | 422,900 |
| Variable interest rate | **757,627** | 482,957 |
| Total | **1,151,458** | 905,857 |

| | 2025<br>RMB'000 | 2024<br>RMB'000 |
|---|---|---|
| Analysed into: | | |
| Bank loans repayable: | | |
| Within one year | **556,881** | 468,179 |
| In the second year | **156,914** | 184,111 |
| In the third to fifth years, inclusive | **399,262** | 253,567 |
| Beyond five years | **38,401** | – |
| Total | **1,151,458** | 905,857 |

# 25. INTEREST-BEARING BANK AND OTHER BORROWINGS (CONTINUED)

Notes:

(a) Certain of the Group's bank loans are secured by: (i) the pledge of certain of the Group's time deposits amounting to RMB30,840,000 (2024: RMB110,029,000) and (ii) the pledge of rights over tuition fees and boarding fees of Anhui School.

(b) The bank loans are also guaranteed by certain related parties at no cost. The guarantee amounts provided by the related parties as at 31 August 2025 and 2024 are as follows:

| | 2025<br>RMB'000 | 2024<br>RMB'000 |
|---|---|---|
| Mr. Ye Nianqiao, Zhaoqing Kepei and Tibet Kepei | 6,136 | 8,802 |
| Mr. Ye Nianqiao | 120,000 | 86,023 |
| Mr. Ye Nianqiao, Ms. Shu Liping, Mr. Ye Xun, Mr. Ye Nianjiu and Tibet Kepei | 322,542 | 176,000 |
| Mr. Ye Nianqiao, Ms. Shu Liping, Mr. Ye Xun, Mr. Ye Nianjiu, Tibet Kepei, Ganzhou Xuteng and Huarui Industrial | – | 186,021 |
| Mr. Ye Nianqiao, Ms. Shu Liping, Mr. Ye Xun, Mr. Ye Nianjiu, Zhaoqing Kepei Information Technology and Tibet Kepei | – | 202,111 |
| Mr. Ye Nianqiao, Ms. Shu Liping and Zhaoqing Kepei | 41,317 | 3,000 |
| Mr. Ye Nianqiao, Ms. Shu Liping, Mr. Ye Xun, Mr. Ye Nianjiu, Zhaoqing School, Zhaoqing Kepei, Guangdong School, Huaibei Kepei and Tibet Kepei | – | 243,900 |
| Mr. Ye Nianqiao, Ms. Shu Liping, Mr. Ye Xun, Mr. Ye Nianjiu, Zhaoqing Kepei and Tibet Kepei | 88,385 | – |
| Mr. Ye Nianqiao, Ms. Shu Liping, Mr. Ye Xun, Mr. Ye Nianjiu, Zhaoqing Kepei, Huaibei Kepei and Tibet Kepei | 299,247 | – |
| Mr. Ye Nianqiao, Ms. Shu Liping, Mr. Ye Xun, Mr. Ye Nianjiu, Huarui Industrial and Tibet Kepei | 183,750 | – |
| Total | 1,061,377 | 905,857 |

## 26. DEFERRED TAX

The movements in deferred tax liabilities and assets during the year are as follows:

### Deferred tax liabilities

| | Withholding taxes RMB'000 |
|---|---|
| At 1 September 2023 | 44,313 |
| Deferred tax charged to the statement of profit or loss during the year (note 10) | 7,331 |
| Gross deferred tax liabilities at 31 August 2024 and 1 September 2024 | 51,644 |
| Deferred tax credited to the statement of profit or loss during the year (note 10) | (11,231) |
| Gross deferred tax liabilities at 31 August 2025 | **40,413** |

The Group has tax losses arising in Hong Kong of RMB1,345,000 (2024: RMB797,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose.

The Group also has tax losses arising in Chinese Mainland of RMB15,640,000 in the current year (2024: RMB5,042,000), which will expire in one to five years for offsetting against future taxable profits.

Deferred tax assets have not been recognised in respect of these losses 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 tax losses can be utilised.

# 26. DEFERRED TAX (CONTINUED)

### Deferred tax liabilities (continued)

Deferred tax assets have not been recognised in respect of the following item:

| | 2025<br>RMB'000 | 2024<br>RMB'000 |
|---|---|---|
| Tax losses | **96,395** | 82,803 |

Among the above tax losses, the amount of RMB94,213,000 (2024: RMB81,966,000) is available in one to five years for offsetting against future taxable profits of the companies in which the losses arose and the amount of RMB2,182,000 (2024: RMB837,000) is available indefinitely for offsetting against future taxable profits of the company in which the losses arose. Deferred tax assets have not been recognised in respect of the above item as it is not considered probable that taxable profits will be available against which the above item can be utilised.

The Group is liable for withholding taxes on dividends distributed by those subsidiaries established in Chinese Mainland in respect of earnings generated from 1 January 2008. The applicable rate is 5% for the Group for the year ended 31 August 2025 (2024: 5%).

As at 31 August 2025, the Group recognised relevant deferred income tax liabilities of RMB40,413,000 (2024: RMB51,644,000) on earnings anticipated to be remitted by certain subsidiaries in the foreseeable future. Other than the amount recognised in the consolidated financial statements, deferred tax has not been recognised for withholding taxes for the earnings of approximately RMB3,859,050,000 at 31 August 2025 (2024: RMB3,669,706,000) expected to be retained by the PRC subsidiaries and not to be remitted to a foreign investor in the foreseeable future. In the opinion of the Directors, such remaining earnings will be retained in Chinese Mainland for the expansion of the Group's operations, so it is not probable that these subsidiaries will distribute such remaining earnings in the foreseeable future.

## 27. DEFERRED INCOME

| | 2025<br>RMB'000 | 2024<br>RMB'000 |
|---|---|---|
| Government grants | | |
| At beginning of year | **11,263** | 12,769 |
| Grants received | **9,571** | 5,474 |
| Charged to profit or loss | **(9,941)** | (6,980) |
| At end of year | **10,893** | 11,263 |
| Current | **6,257** | 1,326 |
| Non-current | **4,636** | 9,937 |
| Total | **10,893** | 11,263 |

These government grants are related to the subsidies received from the local government for the purpose of compensating the operating expenses arising from the teaching activities of the Group's schools and expenditures on teaching facilities. Upon completion of the operating activities and the related projects, the grants related to the expense items will be recognised as other income directly in profit or loss and the grants related to an asset will be released to profit or loss over the expected useful life of the relevant asset.

## 28. SHARE CAPITAL

| | 2025<br>RMB'000 | 2024<br>RMB'000 |
|---|---|---|
| **Issued and fully paid:** | | |
| 2,014,248,667 (2024: 2,014,248,667) ordinary shares of USD0.00001 each | **137** | 137 |

A summary of the movement in the Company's share capital is as follows:

| | Number of shares in issue | Share capital<br>RMB'000 |
|---|---|---|
| At 31 August 2024 and 31 August 2025 | **2,014,248,667** | **137** |

## 29. RESERVES

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

### (a) Capital reserve – share premium

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

### (b) Capital reserve – others

The capital reserve of the Group represents the capital contribution from the then equity holders of the Group's subsidiaries.

## 29. RESERVES (CONTINUED)

### (c) Statutory and other surplus reserves

Pursuant to the relevant laws in the PRC, the Company's subsidiaries in Chinese Mainland 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.

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

(ii) According to the relevant PRC laws and regulations, since 1 September 2021, a for-profit private school is required to appropriate to the development fund not less than 10% of the audited annual net income of the relevant school, while a non-profit private school is required to appropriate to the development fund not less than 10% of the audited annual increase in non-restricted net assets of the relevant school. The development fund is for the construction or maintenance of the school, or procurement or upgrading of educational equipment.

## 30. BUSINESS COMBINATIONS

### Acquisition of Anhui School

In March 2025, the Group completed the acquisition and acquired a 100% school sponsor's interest in Anhui School upon completion of the fulfilment of a number of conditions as determined in the sponsorship transfer agreement which the Group entered into on 15 July 2021.

Anhui School is principally engaged in the provision of undergraduate educational services in the PRC. The acquisition has been accounted for using the acquisition method. The purchase consideration for the acquisition was in the form of cash of RMB535,339,000.

# 30. BUSINESS COMBINATIONS (CONTINUED)

### Acquisition of Anhui School (continued)

The fair values of the identifiable assets and liabilities of Anhui School as at the date of acquisition were as follows:

| | Notes | Fair value recognised on acquisition RMB'000 |
|---|---|---|
| Property, plant and equipment | 13 | **761,799** |
| Right-of-use assets | 14(a) | **178,000** |
| Other intangible assets | 16 | **163,109** |
| Trade receivables | | **379** |
| Prepayments, other receivables and other assets | | **1,467** |
| Cash and cash equivalents | | **42,349** |
| Other payables and accruals | | **(691,312)** |
| Contract liabilities | | **(104,570)** |
| Interest-bearing bank and other borrowings | 25 | **(109,469)** |
| Total identifiable net assets at fair value | | **241,752** |
| Goodwill on acquisition | 15 | **293,587** |
| Satisfied by: | | |
| Cash consideration | | **535,339** |

# 30. BUSINESS COMBINATIONS (CONTINUED)

## Acquisition of Anhui School (continued)

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

| | Note | RMB'000 |
|---|---|---|
| Cash consideration | | (535,339) |
| Advances for acquisition of a subsidiary in prior years | 20 | 340,000 |
| Cash and bank balances acquired | | 42,349 |
| Net outflow of cash and cash equivalents on acquisition included in cash flows from investing activities | | (152,990) |

The fair values of trade receivables and other receivables as at the date of acquisition amounted to RMB379,000 and RMB1,467,000, respectively. The gross contractual amounts of trade receivables and other receivables were RMB379,000 and RMB1,467,000, respectively, of which no other receivables are expected to be uncollectible.

The Group incurred transaction costs of RMB100,000 for this acquisition. The transaction costs have been included in administrative expenses in the consolidated statement of profit or loss.

The goodwill recognised is primarily attributed to the expected synergies and other benefits from combining the assets and activities of Anhui School with those of the Group. The goodwill recognised is not deductible for income tax purposes.

Since the acquisition, Anhui School contributed RMB105,642,000 to the Group's revenue and RMB15,638,000 to the consolidated profit for the year ended 31 August 2025.

Had the combination taken place at the beginning of the year, the revenue of the Group and the profit of the Group for that year would have been RMB2,058,298,000 and RMB748,445,000, respectively.

# 31. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

## (a) Major non-cash transactions

During the year, the Group had no major non-cash transactions (2024: Nil).

## (b) Changes in liabilities arising from financing activities

**2025**

| | Interest-bearing bank and other borrowings RMB'000 | Lease liabilities RMB'000 | Dividend payable RMB'000 | Total RMB'000 |
|---|---|---|---|---|
| At 1 September 2024 | 905,857 | 8,731 | 128,621 | 1,043,209 |
| Changes from financing cash flows | 136,130 | (255) | (240,615) | (104,740) |
| Acquisition from a subsidiary (note 30) | 109,469 | – | – | 109,469 |
| New leases | – | 474 | – | 474 |
| Interest expense | – | 451 | – | 451 |
| Dividend declared | – | – | 243,033 | 243,033 |
| Foreign exchange movement | 2 | – | (2,510) | (2,508) |
| At 31 August 2025 | 1,151,458 | 9,401 | 128,529 | 1,289,388 |

**2024**

| | Interest-bearing bank and other borrowings RMB'000 | Lease liabilities RMB'000 | Dividend payable RMB'000 | Total RMB'000 |
|---|---|---|---|---|
| At 1 September 2023 | 1,750,398 | 8,557 | – | 1,758,955 |
| Changes from financing cash flows | (843,711) | (251) | – | (843,962) |
| Interest expense | – | 425 | – | 425 |
| Dividend declared | – | – | 127,986 | 127,986 |
| Foreign exchange movement | (830) | – | 635 | (195) |
| At 31 August 2024 | 905,857 | 8,731 | 128,621 | 1,043,209 |

## 31. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

### (c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

| | 2025<br>RMB'000 | 2024<br>RMB'000 |
|---|---|---|
| Within operating activities | **1,713** | 945 |
| Within financing activities | **255** | 251 |
| Total | **1,968** | 1,196 |

## 32. CONTINGENT LIABILITIES

As at 31 August 2025, the Group did not have any significant contingent liabilities, guarantees or any litigations or claims of material importance pending or threatened (2024: Nil).

## 33. PLEDGE OF ASSETS

Details of the Group's assets pledged to secure certain of the Group's interest-bearing bank loans or to secure performance guarantees issued to suppliers and contractors are included in notes 22 and 25 to the financial statements.

## 34. COMMITMENTS

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

| | 2025<br>RMB'000 | 2024<br>RMB'000 |
|---|---|---|
| Buildings | **523,064** | 140,618 |
| Acquisition of a subsidiary | **–** | 210,000 |
| Total | **523,064** | 350,618 |

At the end of the reporting period, the Group did not have significant capital commitments that are authorised but not contracted for.

# 35. RELATED PARTY TRANSACTIONS

## (a) Name and relationship of related parties

| Name | Relationship |
|---|---|
| Mr. Ye Nianqiao (葉念喬) | Director of the Company and one of the shareholders |
| Ms. Shu Liping (舒麗萍) | Spouse of Mr. Ye Nianqiao and one of the shareholders |
| Mr. Ye Nianjiu (葉念廄) | One of the shareholders and brother of Mr. Ye Nianqiao |
| Mr. Ye Xun (葉潯) | Director of the Company, one of the shareholders and son of Mr. Ye Nianqiao |
| Zhaoqing Qiaoli Investment Company Limited (肇慶市喬麗投資有限公司) | A limited liability company controlled by Mr. Ye Nianqiao |

## (b) In addition to the transactions detailed in note 25 to the financial statements, the Group had the following transactions with related parties during the year:

Compensation of key management personnel of the Group:

| | **2025** | 2024 |
|---|---|---|
| | **RMB'000** | RMB'000 |
| Salaries, allowances and benefits in kind | **14,948** | 17,462 |
| Pension scheme contributions | **125** | 293 |
| Total | **15,073** | 17,755 |

Further details of directors' emoluments are included in note 8 to the financial statements.

## 36. FINANCIAL INSTRUMENTS BY CATEGORY

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

**2025**
**Financial assets**

| | Financial asset at fair value through OCI – Equity investment RMB'000 | Financial assets at amortised cost RMB'000 | Total RMB'000 |
|---|---|---|---|
| Trade receivables | – | 31,187 | 31,187 |
| An equity investment at fair value through other comprehensive income | 71,196 | – | 71,196 |
| Financial assets included in prepayments, other receivables and other assets | – | 136,350 | 136,350 |
| Pledged deposits | – | 57,571 | 57,571 |
| Cash and cash equivalents | – | 1,163,742 | 1,163,742 |
| Restricted bank deposit | – | 38 | 38 |
| Total | 71,196 | 1,388,888 | 1,460,084 |

**Financial liabilities**

| | Financial liabilities at amortised cost RMB'000 |
|---|---|
| Financial liabilities included in other payables and accruals | 415,794 |
| Interest-bearing bank and other borrowings | 1,151,458 |
| Lease liabilities | 9,401 |
| Dividend payable | 128,529 |
| Total | 1,705,182 |

## 36. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

**2024**

**Financial assets**

| | Financial assets at fair value through profit or loss – Mandatorily designated as such RMB'000 | Financial asset at fair value through OCI – Equity investment RMB'000 | Financial assets at amortised cost RMB'000 | Total RMB'000 |
|---|---|---|---|---|
| Trade receivables | – | – | 42,073 | 42,073 |
| An equity investment at fair value through other comprehensive income | – | 36,293 | – | 36,293 |
| Financial assets included in prepayments, other receivables and other assets | – | – | 450,860 | 450,860 |
| Financial assets at fair value through profit or loss | 11,312 | – | – | 11,312 |
| Pledged deposits | – | – | 110,029 | 110,029 |
| Cash and cash equivalents | – | – | 1,110,375 | 1,110,375 |
| Total | 11,312 | 36,293 | 1,713,337 | 1,760,942 |

**Financial liabilities**

| | Financial liabilities at amortised cost RMB'000 |
|---|---|
| Financial liabilities included in other payables and accruals | 249,663 |
| Interest-bearing bank and other borrowings | 905,857 |
| Lease liabilities | 8,731 |
| Dividend payable | 128,621 |
| Total | 1,292,872 |

## 37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

As at 31 August 2025, the fair values of the Group's financial assets and financial liabilities approximated to their respective carrying amounts.

Management has assessed that the fair values of trade receivables, cash and cash equivalents, pledged deposits, the current portion of financial assets included in prepayments, other receivables and other assets, financial liabilities included in other payables and accruals and the current portion of interest-bearing bank and other borrowings approximate to their carrying amounts largely due to the short-term maturities of these instruments.

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

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of a listed equity investment and a fund are based on quoted market prices.

The fair values of the non-current portion of financial assets included in prepayments, other receivables and other assets, non-current portion of interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for the non-current portion of interest-bearing bank and other borrowings as at 31 August 2025 were assessed to be insignificant.

# 37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

## Fair value hierarchy

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

**Assets measured at fair value:**

**As at 31 August 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** |
| An equity investment designated at fair value through other comprehensive income | **71,196** | **–** | **–** | **71,196** |

**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 |
| An equity investment designated at fair value through other comprehensive income | 36,293 | – | – | 36,293 |
| Financial assets at fair value through profit or loss | 11,312 | – | – | 11,312 |
| Total | 47,605 | – | – | 47,605 |

## 37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

### Fair value hierarchy (continued)

**Assets for which fair values are disclosed:**

**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 |
| Non-current portion of financial assets included in prepayments, other receivables and other assets | – | 8,471 | – | 8,471 |

**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 |
| Non-current portion of financial assets included in prepayments, other receivables and other assets | – | 259,164 | – | 259,164 |

## 37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

### Fair value hierarchy (continued)

**Liabilities for which fair values are disclosed:**

**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** |
| Non-current interest-bearing bank and other borrowings | **–** | **594,577** | **–** | **594,577** |

**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 |
| Non-current interest-bearing bank and other borrowings | – | 437,678 | – | 437,678 |

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2024: Nil).

# 38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise bank loans, lease liabilities, cash and cash equivalents, pledged deposits and an equity investment designated at fair value through other comprehensive income. The main purpose of the financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and other payables and accruals, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

## Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt obligations with a floating interest rate.

The Group's exposure to the risk of changes in interest rates relates primarily to its interest-bearing bank loans. The Group does not use derivative financial instruments to manage its interest rate risk. The interest rates and terms of repayments of the borrowings are disclosed in note 25 to the financial statements.

The sensitivity analysis below has been determined based on the exposure to interest rates for variable rate bank loans at the end of the reporting period and assumes that the amount of liabilities outstanding at the end of reporting period was outstanding for the whole year. 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 the 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 would decrease/increase by RMB3,788,000 (2024: RMB2,415,000).

# 38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

## Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from the cash and cash equivalents, an equity investment designated at fair value through other comprehensive income, interest-bearing bank and other borrowings and dividend payable denominated in HK$ and US$.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the HK$ and RMB exchange rate and the US$ and RMB exchange rate, with all other variables held constant, of the Group's profit before tax (arising from HK$ and US$ denominated financial instruments) and the Group's equity.

| | Increase/ (decrease) rate % | Increase/ (decrease) in profit before tax RMB'000 | Increase/ (decrease) in equity* RMB'000 |
|---|---|---|---|
| **2025** | | | |
| If the RMB weakens against the HK$ | **5** | **116** | **3,560** |
| If the RMB strengthens against the HK$ | **(5)** | **(116)** | **(3,560)** |
| If the RMB weakens against the US$ | **5** | **4,920** | **–** |
| If the RMB strengthens against the US$ | **(5)** | **(4,920)** | **–** |
| **2024** | | | |
| If the RMB weakens against the HK$ | 5 | (4,908) | 1,815 |
| If the RMB strengthens against the HK$ | (5) | 4,908 | (1,815) |
| If the RMB weakens against the US$ | 5 | 576 | – |
| If the RMB strengthens against the US$ | (5) | (576) | – |

* Excluding retained profits

# 38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

## Credit risk

The Group is exposed to credit risk arising from cash and cash equivalents and pledged deposits placed with banks, trade receivables and other receivables. Receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

**Maximum exposure and year-end staging**

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 year-end staging classification as at 31 August.

The amounts presented are gross carrying amounts for financial assets.

**As at 31 August 2025**

| | Notes | 12-month ECLs | Lifetime ECLs | |
|---|---|---|---|---|
| | | Stage 1<br>RMB'000 | Simplified approach<br>RMB'000 | Total<br>RMB'000 |
| Trade receivables | (a) | – | 39,490 | 39,490 |
| Financial assets included in prepayments, other receivables and other assets | | | | |
| – Normal | (b) | 136,350 | – | 136,350 |
| Pledged deposits | | | | |
| – not yet past due | (c) | 57,571 | – | 57,571 |
| Cash and cash equivalents | | | | |
| – not yet past due | (c) | 1,163,742 | – | 1,163,742 |
| Restricted bank deposit | | | | |
| – not yet past due | | 38 | – | 38 |
| Total | | 1,357,701 | 39,490 | 1,397,191 |

# 38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

## Credit risk (continued)

**Maximum exposure and year-end staging (continued)**

**As at 31 August 2024**

| | Notes | 12-month ECLs | Lifetime ECLs | |
|---|---|---|---|---|
| | | Stage 1 RMB'000 | Simplified approach RMB'000 | Total RMB'000 |
| Trade receivables | (a) | – | 53,834 | 53,834 |
| Financial assets included in prepayments, other receivables and other assets | | | | |
| – Normal | (b) | 450,860 | – | 450,860 |
| Pledged deposits | | | | |
| – not yet past due | (c) | 110,029 | – | 110,029 |
| Cash and cash equivalents | | | | |
| – not yet past due | (c) | 1,110,375 | – | 1,110,375 |
| Total | | 1,671,264 | 53,834 | 1,725,098 |

(a) The Group's trade receivables are due from a number of individual students. Credit quality of each student is assessed and outstanding receivables are regularly monitored. For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 19 to the financial statements.

(b) The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

(c) As disclosed in note 22 to the financial statements, the bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default. The expected credit loss is close to zero.

## 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 internally generated cash flows from operations, bank and other borrowings and lease liabilities. 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, is as follows:

| **31 August 2025** | **On demand RMB'000** | **Less than 3 months RMB'000** | **3 to less than 12 months RMB'000** | **1 to 5 years RMB'000** | **Over 5 years RMB'000** | **Total RMB'000** |
|---|---|---|---|---|---|---|
| Lease liabilities | **–** | **72** | **1,811** | **8,062** | **–** | **9,945** |
| Interest-bearing bank and other borrowings | **–** | **252,808** | **327,776** | **584,993** | **39,585** | **1,205,162** |
| Dividend payable | **128,529** | **–** | **–** | **–** | **–** | **128,529** |
| Financial liabilities included in other payables and accruals | **396,776** | **3,800** | **15,218** | **–** | **–** | **415,794** |
| Total | **525,305** | **256,680** | **344,805** | **593,055** | **39,585** | **1,759,430** |

| 31 August 2024 | On demand RMB'000 | Less than 3 months RMB'000 | 3 to less than 12 months RMB'000 | 1 to 5 years RMB'000 | Over 5 years RMB'000 | Total RMB'000 |
|---|---|---|---|---|---|---|
| Lease liabilities | – | 40 | 20 | 9,639 | – | 9,699 |
| Interest-bearing bank and other borrowings | – | 109,542 | 381,847 | 463,216 | – | 954,605 |
| Dividend payable | 128,621 | – | – | – | – | 128,621 |
| Financial liabilities included in other payables and accruals | 121,463 | 2,400 | 125,800 | – | – | 249,663 |
| Total | 250,084 | 111,982 | 507,667 | 472,855 | – | 1,342,588 |

## 38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### 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's policy is to maintain a strong capital base so as to maintain the confidence of creditors and the market and to sustain the future development of the business.

The Directors review the capital structure on a continuous basis, taking into account the cost of capital and the risks associated with each class of capital. Based on the recommendations of the Directors, the Group balances its overall capital structure through the raising of new debts as well as the redemption of the existing debts. The Group's overall strategy remained unchanged during the year.

The Group regards equity attributable to owners of the parent as capital and monitors capital using a debt-to-asset ratio which is total liabilities divided by total assets. The debt-to-asset ratios as at the end of the reporting periods are as follows:

| | **2025**<br>**RMB'000** | 2024<br>RMB'000 |
|---|---|---|
| Total liabilities | **2,830,073** | 2,490,764 |
| Total assets | **8,493,153** | 7,613,529 |
| Debt-to-asset ratio | **33%** | 33% |

## 39. 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<br>RMB'000 | 2024<br>RMB'000 |
|---|---|---|
| NON-CURRENT ASSETS | | |
| Investment in a subsidiary | **63,670** | 63,670 |
| Right-of-use assets | **367** | 76 |
| Total non-current assets | **64,037** | 63,746 |
| CURRENT ASSETS | | |
| Prepayments, other receivables and other assets | **1,022** | 42 |
| Financial assets at fair value through profit or loss | **–** | 11,312 |
| Amounts due from subsidiaries | **302,958** | 302,754 |
| Dividends receivable from a subsidiary | **361,438** | – |
| Cash and cash equivalents | **109,277** | 110,251 |
| Restricted bank deposit | **10** | – |
| Total current assets | **774,705** | 424,359 |
| CURRENT LIABILITIES | | |
| Other payables and accruals | **1,913** | 969 |
| Lease liabilities | **267** | 97 |
| Dividend payable | **128,529** | 128,621 |
| Amounts due to a subsidiary | **325,833** | 92,945 |
| Interest-bearing bank and other borrowings | **270,000** | 262,023 |
| Total current liabilities | **726,542** | 484,655 |
| NET CURRENT ASSETS/(LIABILITIES) | **48,163** | (60,296) |
| TOTAL ASSETS LESS CURRENT LIABILITIES | **112,200** | 3,450 |
| NON-CURRENT LIABILITIES | | |
| Lease liabilities | **65** | – |
| Total non-current liabilities | **65** | – |
| Net assets | **112,135** | 3,450 |
| EQUITY | | |
| Share capital | **137** | 137 |
| Reserves (Note) | **111,998** | 3,313 |
| Total equity | **112,135** | 3,450 |

## 39. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Note:

A summary of the Company's reserves is as follows:

| | Shares held for the restricted share award scheme RMB'000 | Capital reserve – share premium RMB'000 | Capital reserve – other RMB'000 | (Accumulated losses)/ retained profits RMB'000 | Total RMB'000 |
|---|---|---|---|---|---|
| At 1 September 2023 | (14,814) | 259,870 | (3,741) | (90,451) | 150,864 |
| Total comprehensive loss for the year | – | – | – | (17,970) | (17,970) |
| Treasury shares cancelled | – | (1,595) | – | – | (1,595) |
| 2024 interim dividend | – | (127,986) | – | – | (127,986) |
| At 31 August 2024 and 1 September 2024 | (14,814) | 130,289 | (3,741) | (108,421) | 3,313 |
| Total comprehensive income for the year | **–** | **–** | **–** | **351,718** | **351,718** |
| 2024 final dividend and 2025 interim dividend | **–** | **(130,289)** | **–** | **(112,744)** | **(243,033)** |
| At 31 August 2025 | **(14,814)** | **–** | **(3,741)** | **130,553** | **111,998** |

## 40. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 28 November 2025.

# Definition

| | |
|---|---|
| AGM | Annual General Meeting |
| Anhui School | Maanshan College (馬鞍山學院), a degree-granting undergraduate level education institution established in Maanshan, Anhui Province in 2003 |
| Appointees | the Directors of each PRC Schools appointed by the School Sponsors |
| Articles of Association | the amended and restated memorandum and articles of association of the Company by a special resolution passed on and effective on 24 February 2023 and as amended fro time to time |
| Audit Committee | the audit committee of the Board |
| Board | the board of directors of the Company |
| Board Committees | the Audit Committee, the Remuneration Committee and the Nomination Committee |
| CG Code | the Corporate Governance Code contained in Appendix C1 to the Listing Rules |
| Chairman | the chairman of the Board |
| Citigroup | Citigroup Global Markets Asia Limited |
| Company | China Kepei Education Group Limited (中國科培教育集團有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 24 August 2017 |
| Competing Business | any business or activity which competes or may potentially compete with any of the PRC Schools and/or the School Sponsors and its subsidiaries |
| Continuing Connected Transactions | has the meaning ascribed to it under the Listing Rules |
| Controlling Shareholder(s) | has the meaning ascribed to it under the Listing Rules |
| Directors | the directors of the Company |

| | |
|---|---|
| Dividend Policy | a dividend policy adopted by the Board in compliance with code provision F.1.1 of the CG Code (revised to section M of mandatory disclosure requirements of the CG Code from 1 July 2025) |
| Equity Call Option | Under the Exclusive Call Option Agreement, the Registered Shareholders have irrevocably and unconditionally granted Tibet Kepei or its designated purchaser the right to purchase all or part of the school sponsor's interest in the PRC Schools and equity interest in the School Sponsors |
| Foreign Control Restriction | the representatives of the domestic party shall account for no less than half of the total number of members of the board of directors, the executive council or the joint administration committee of the Sino-foreign cooperative education institution |
| Foreign Ownership Restriction | pursuant to the Implementation Opinions, the foreign portion of the total investment in a Sino-Foreign Joint Venture Private School should be below 50% |
| Ganzhou Xuteng | Ganzhou Xuteng Enterprise Management Co., Ltd.* (贛州序騰企業管理有限公司), the Group's wholly-owned subsidiary established with limited liability established in the PRC on 20 July 2020 |
| Group, our Group, we, or us | our Company, our subsidiaries and our consolidated affiliated entities from time to time, or, where the context so requires in respect of the period before our Company became the holding company of our present subsidiaries, the entities which carried on the business of the present Group at the relevant time |
| Guangdong School | Guangdong Polytechnic College (廣東理工學院), a degree granting undergraduate-level education institution established in Zhaoqing, Guangdong Province on 8 December 2005 and is a consolidated affiliated entity of the Group |
| Heilongjiang School | Harbin Institute of Petroleum (哈爾濱石油學院), a degree-granting undergraduate-level education institution established in Harbin, Heilongjiang Province in September 2003 and is a consolidated affiliated entity of the Group |
| HKD | Hong Kong dollar, the lawful currency for the time being of Hong Kong |
| HKFRS | Hong Kong Financial Reporting Standards |

| | |
|---|---|
| Hong Kong | the Hong Kong Special Administrative Region of the PRC |
| Huaibei Kepei | Huaibei Kepei Education Investment Development Company Limited* (淮北科培教育投資開發有限公司), the Group's wholly-owned subsidiary established with limited liability established in PRC on 26 July 2019 |
| Huaibei School | Huaibei Polytechnic College (淮北理工學院), a degree-granting undergraduate-level education institution established in Huaibei, Anhui Province in 2003 and is a consolidated affiliated entity of the Group |
| Huarui Industrial | Harbin Huarui Industrial Co., Ltd.* (哈爾濱華瑞實業有限公司), the Group's wholly- owned subsidiary established with limited liability established in PRC on 23 June 2000 |
| International Academy | International Academy of South California, a holding company of a new school in the United States, which was wholly owned by China Kepei (Hong Kong) Limited (中國科培教育(香港)有限公司) |
| Lease Agreement | the lease agreement entered into by Guangdong School and the Lessor, pursuant to which the Lessor has agreed to lease a premises located at Dinghu District, Zhaoqing, Guangdong Province, the PRC to Guangdong School, for a term of six years commencing from 15 July 2022 to 14 July 2028 |
| Lessor | Guangdong Science and Technology Real Estate Development Co., Ltd* (廣東理工房地產開發有限公司), a company established in PRC on 30 June 2016 |
| Listing | the shares of Company were listed on the Main Board of the Stock Exchange on 25 January 2019 |
| Listing Rules | the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time |
| Model Code | the Model Code for Securities Transactions by Directors of Listed Issuer as set out in Appendix C3 to the Listing Rules |

# Definition

| | |
|---|---|
| Mr. Ye | Mr. Ye Nianqiao (葉念喬), our founder, one of the Controlling Shareholders of the Company, Chairman and executive Director |
| Ms. Huan | Ms. Huan Shuye (郇舒葉), chief executive officer of the International Academy |
| Negative List | the Special Administrative Measures for Access of Foreign Investment (Negative List) (2019 Edition) (《外商投資准入特別管理辦法(負面清單)(2019 版本)》) |
| Nomination Policy | a director nomination policy adopted by the Board adopted by the Board aims to enhancing transparency and accountability of the nomination process of Directors and enabling the Company to ensure the Board has a balance of skills and experience and diversity of perspectives appropriate to the requirements of the Company's business |
| Non-Competition Deed | the non-competition deed provided by Mr. Ye under the Structure Contracts in favor of the Company on 11 January 2019 |
| NYSE | the New York Stock Exchange |
| PRC | the People's Republic of China |
| PRC Consolidated Affiliated Entities | the School Sponsors and the PRC Schools |
| PRC Schools | collectively, Guangdong School, Zhaoqing School, Heilongjiang School, Anhui School and Huaibei School |
| Prospectus | the prospectus of the Listing of the Company dated 15 January 2019 |
| Qualification Requirement | the foreign investor in the Sino-Foreign Joint Venture Private School must be a foreign education institution with relevant qualifications and one that provides high quality education |
| Registered Shareholder(s) | the shareholders of Zhaoqing Kepei, Huaibei Kepei, Ganzhou Xuteng and Huarui Industrial, namely Mr. Ye Nianqiao, Ms. Shu Liping, Mr. Ye Xun and Mr. Ye Nianjiu |

| | |
|---|---|
| Relevant Spouse(s) | the spouse of Mr. Ye Nianjiu and the spouse of Mr. Ye Xun |
| Reporting Period | the year ended 31 August 2025 |
| Restricted Shares | any Share(s) that may be offered by the Company to any selected participant to the Restricted Share Award Scheme |
| Restricted Share Award Scheme | the restricted share award scheme adopted by the Company on 22 June 2020, which has been terminated |
| RMB | Renminbi, the lawful currency for the time being of the PRC |
| School Sponsor(s) | the PRC Schools, Zhaoqing Kepei, Huaibei Kepei, Ganzhou Xuteng and Huarui Industrial |
| SFO | the Securities and Futures Ordinance (Cap 571) |
| Share(s) | ordinary share(s) of USD0.00001 each in the share capital of the Company |
| Shareholder(s) | holder(s) of the Share(s) |
| Share Option Scheme | the share option scheme adopted by the Company on 10 January 2019, which has been terminated |
| Sino-Foreign Regulation | the Regulation on Sino-Foreign Cooperation in Operating Schools (《中華人民共和國中外合作辦學條款》) promulgated by the State Council in 2003 and amended on 18 July 2013 and further amended on 2 March 2019 |
| Stock Exchange | the Stock Exchange of Hong Kong Limited |

| | |
|---|---|
| Structured Contracts | Collectively, the Business Cooperation Agreement, the Exclusive Technical Service and Management Consultancy Agreement, the Exclusive Call Option Agreement, the Equity Pledge Agreement, the Registered Shareholders' Rights Entrustment Agreement, the School Sponsor's and Directors' Rights Entrustment Agreement, the School Sponsor's Powers of Attorney, the Directors' Powers of Attorney, the Registered Shareholders' Power of Attorney, the Loan Agreement and the Spouse Undertakings, further details of which are set out in "Structure Contracts" in the Prospectus |
| Subsidiary(ies) | has the meaning ascribed to it under the Listing Rules |
| Tibet Kepei | Tibet Kepei Information Technology Company Limited* (西藏科培信息科技有限公司), the Group's wholly-owned subsidiary established in PRC on 4 June 2018 |
| USD | United States dollars, the lawful currency for the time being of the United States |
| Zhaoqing Kepei | Zhaoqing Kepei Education Investment Development Company Limited* (肇慶市科培教育投資開發有限公司), a limited liability company established in the PRC on 8 March 2000 |
| Zhaoqing School | Zhaoqing Science and Technology Secondary Vocational School* (肇慶市科技中等職業學校), a private secondary vocational education institution established in Zhaoqing, Guangdong Province on 19 May 2000 and is a consolidated affiliated entity of the Group |

*If there is any inconsistency between the Chinese names of entities or enterprises established in the PRC and their English translations, the Chinese names shall prevail. The English translation of company or entity names in Chinese which are marked with "*" are for identification purpose only.*

中國科培教育集團有限公司

China Kepei Education Group Limited