Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

Chen Lin Education Group Holdings Limited
辰林教育集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1593)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 AUGUST 2022

FINANCIAL HIGHLIGHTS

- Revenue increased by approximately 136.13% from RMB218.08 million for the eight months ended 31 August 2021 to RMB514.96 million for the year ended 31 August 2022.
- Gross profit increased by approximately 118.35% from RMB83.72 million for the eight months ended 31 August 2021 to RMB182.80 million for the year ended 31 August 2022.
- Loss for the year increased by 102.94% from RMB18.72 million for the eight months ended 31 August 2021 to RMB37.99 million for the year ended 31 August 2022.
- Basic loss per share increased by approximately RMB0.02 or 100% from RMB-0.02 for the eight months ended 31 August 2021 to RMB-0.04 for the year ended 31 August 2022.
- Enrolled students increased by approximately 22.78% from 23,659 students for the eight months ended 31 August 2021 to 29,049 students for the year ended 31 August 2022.
- Average tuition fees for the undergraduate programs increased by approximately 61.79% from RMB12,854 for the eight months ended 31 August 2021 to RMB20,797 for the year ended 31 August 2022.
- Average tuition fees for junior college programs increased by approximately 39.64% from RMB7,013 for the eight months ended 31 August 2021 to RMB9,793 for the year ended 31 August 2022.
- The Board does not recommend the payment of a final dividend for the year ended 31 August 2022.

ANNUAL RESULTS

The board (the "**Board**") of directors (the "**Directors**") announces the audited consolidated annual results of Chen Lin Education Group Holdings Limited (the "**Company**" and its subsidiaries, the "**Group**") for the year ended 31 August 2022 ("**Annual Results**"). The Annual Results have been reviewed by the Audit Committee (with no disagreement), together with the management of the Company.

FINANCIAL INFORMATION

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 August 2022

	Note	**Year ended 31 August 2022** *RMB'000*	Eight months ended 31 August 2021 *RMB'000*
Revenue	*3*	**514,956**	218,082
Cost of revenue		**(332,153)**	(134,364)
Gross profit		**182,803**	83,718
Other income	*4*	**27,977**	7,406
Other expenses		**(10,127)**	(3,210)
Other (losses)/gains — net	*5*	**(44,069)**	230
Net impairment losses on financial assets		**(5,895)**	(10,378)
Selling expenses		**(29,133)**	(473)
Administrative expenses		**(93,979)**	(56,718)
Operating profit		**27,577**	20,575
Finance income	*6*	**1,091**	823
Finance costs	*6*	**(58,939)**	(38,138)
Finance costs — net	*6*	**(57,848)**	(37,315)
Loss before income tax		**(30,271)**	(16,740)
Income tax expense	*7*	**(7,714)**	(1,980)
Loss for the year/period		**(37,985)**	(18,720)
Other comprehensive income for the year/period		**–**	–
Loss and total comprehensive income for the year/period, all attributable to owners of the Company		**(37,985)**	(18,720)
Loss per share attributable to owners of the Company			
— Basic earnings per share (expressed in RMB per share)	*8*	**(0.04)**	(0.02)
— Diluted earnings per share (expressed in RMB per share)	*8*	**(0.04)**	(0.02)

CONSOLIDATED BALANCE SHEET

As at 31 August 2022

	Note	As at 31 August 2022 RMB'000	2021 RMB'000
Assets			
Non-current assets			
Property, plant and equipment	*9*	**2,185,646**	1,558,447
Right-of-use assets	*10*	**434,022**	397,168
Intangible assets	*11*	**271,921**	291,154
Other non-current assets	*12*	**112,301**	33,181
Deferred income tax assets		**–**	635
		3,003,890	2,280,585
Current assets			
Trade receivables	*13*	**11,221**	52,090
Other receivables and prepayments		**62,062**	65,297
Financial assets at fair value through profit or loss ("**FVPL**")	*14*	**96**	42,508
Restricted bank balances		**11,983**	–
Cash and cash equivalents		**286,206**	314,457
		371,568	474,352
Total assets		**3,375,458**	2,754,937
Equity and liabilities			
Equity attributable to owners of the Company			
Share capital		**89**	89
Share premium		**433,763**	433,763
Capital reserve		**30,000**	30,000
Statutory surplus reserves		**130,539**	117,964
Share-based payments reserve		**52,769**	48,838
Retained earnings		**163,919**	214,479
Total equity		**811,079**	845,133

	Note	As at 31 August **2022** ***RMB'000***	2021 *RMB'000*
Liabilities			
Non-current liabilities			
Borrowings	*16*	**980,304**	1,003,338
Deferred revenue		**67,810**	16,305
Contract liabilities		**1,733**	2,400
Lease liabilities	*17*	**67,394**	62,299
Other non-current payables	*18*	**273,519**	276,419
		1,390,760	1,360,761
Current liabilities			
Accruals and other payables	*15*	**301,381**	128,223
Amount due to a related party		**16,434**	2,570
Borrowings	*16*	**390,449**	239,868
Current income tax liabilities		**41,805**	34,726
Deferred revenue		**4,456**	2,877
Contract liabilities		**414,709**	138,690
Lease liabilities	*17*	**4,385**	2,089
		1,173,619	549,043
Total liabilities		**2,564,379**	1,909,804
Total equity and liabilities		**3,375,458**	2,754,937

NOTES

1 GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 25 May 2018 as an exempted company with limited liability under the Companies Law (Cap. 22, Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is 190 Elgin Avenue, George Town, Grand Cayman KY1-9008, Cayman Islands. The headquarters and principal business operations of the Group is located at No. 1, Lianfu Avenue, Xinjian District, Nanchang City, Jiangxi Province, the People's Republic of China ("**PRC**").

The Company is an investment holding company. The Company and its subsidiaries (together "**the Group**") provide comprehensive educational services in Jiangxi province, Guizhou province and Henan province of the PRC. The Group has been operating Jiangxi University of Applied Science (江西應用科技學院) ("**JUAS**") since 1984. In December 2020, the Group acquired Jiangxi Wenli Jishi College (江西文理技師學院) ("**Jishi College**") from a third party. In April and July 2021, the Group further acquired Guizhou Institute of Industry and Trade (貴州工貿職業學院) ("**Guizhou Institute**") and Zhengzhou Airport Economy Zone Yu Ren High School (鄭州航空港區育人高級中學) ("**Yu Ren High School**") from third parties, respectively. In June 2022, Guizhou Provincial People's Government approved the establishment of Guizhou Jishi Institute of Industry and Trade (貴州工貿技師學院) ("**Guizhou Jishi**"), which is held by Guizhou Xikai Education Investment Company Limited ("貴州西凱教育投資有限公司").

On 11 June 2021, the board of directors of the Group announced the change of the financial year end date of the Group from 31 December to 31 August (the "**Change**"). The Change is to align the financial year end date of the Group with the academic year of the schools operated by the Group in the PRC, which ends in August each year. The corresponding comparative amounts shown for the consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and related notes covering a period of eight months from 1 January 2021 to 31 August 2021 are therefore not entirely comparable with those of the current accounting period. The Board considers that the Change will follow more closely with the business cycle in which the Group operates, and better reflect the operational results of the Group for the financial year.

The ultimate controlling party of the Group is Mr. Huang Yulin, who is an executive director and the chairman of the board of directors of the Company (the "**Controlling Shareholder**").

The shares of the Company have been listed on The Stock Exchange of Hong Kong Limited since 13 December 2019.

The consolidated financial statements are presented in Renminbi ("**RMB**") and rounded to the nearest thousand yuan ("**RMB'000**"), unless otherwise stated.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Group consisting of Chen Lin Education Group Holdings Limited and its subsidiaries.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with all applicable International Financial Reporting Standards ("**IFRSs**") issued by International Accounting Standards Board and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss, which are carried at fair value.

The preparation of consolidated financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

(a) New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period commencing 1 January 2021. The Group did not change its accounting policies or make retrospective adjustments as a result of adopting these standards.

New standards and amendments		**Effective for annual financial periods beginning on or after**
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform	1 September 2021

(b) *New standards and interpretations not yet adopted*

Certain new accounting standards and interpretations have been published that are not mandatory for the year ended 31 August 2022. The Group has early adopted amendments to IAS 1 from 1 September 2021. These standards are set out as below:

New standards and amendments		**Effective for annual financial periods beginning on or after**
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	1 September 2021
IFRS 17	Insurance Contracts	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to IAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

Based on the Group's current assessment, the directors do not expect a material impact on the Group's financial position and performance as a result of the adoption of these new standards and amendments when they become effective.

2.2 Going concern

The Group incurred net loss of RMB37,985,000 for the year ended 31 August 2022, and the Group's current liabilities exceeded current assets by RMB802,051,000 as at 31 August 2022. The Group's current liabilities included deferred revenue and contract liabilities with total amount of RMB419,165,000 that are not financial liabilities and will not require future cash outflows. The Group's cash and cash equivalents as at 31 August 2022 was RMB286,206,000.

As at 31 August 2022, the Group's current liabilities included current borrowings amounting to RMB390,449,000 in total, comprising bank borrowings of RMB199,427,000 and borrowings under finance lease arrangement of RMB191,022,000. In addition, as at 31 August 2022, the Group had capital commitments that had been contracted but not provided for amounting to RMB437,698,000.

These conditions indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern. In view of such circumstances, the Directors of the Company have given careful consideration to the future liquidity, performance and the available sources of financing of the Group in assessing whether the Group will have sufficient financial resources to continue as a going concern. A number of plans and measures have been taken to mitigate the liquidity pressure and to improve the Group's financial position and its operations. These include the followings:

(i) The Group will continue to make efforts to keep the schools in operation in anticipation of the potential changes in government policies and to manage the progress of conversion from not-for-profit school to for-profit school as required by the relevant government authorities;

(ii) The Group will continue to make investments on new teaching buildings and dormitories so as to expand the capacity of the schools for taking more students upon approval by the relevant government authorities, and at the same time to control costs in order to improve the Group's net operating cash inflows; and

(iii) The Group has been in active communications with banks and other financial institutions to secure the necessary borrowings and to obtain new facilities to fund the Group's capital expenditures and operations. Subsequent to 31 August 2022, the Group obtained bank borrowings of RMB350 million.

The Directors of the Company have reviewed the Group's cash flow projections prepared by the management, covering a period of not less than twelve months from 31 August 2022, and are of the view that, taking into account the abovementioned plans and measures, the Group will have sufficient funds to finance its capital expenditures and operations and to meet its financial obligations as and when they fall due within twelve months from 31 August 2022. Accordingly, the Directors of the Company are satisfied that it is appropriate to prepare the consolidated financial statements as a going concern basis.

3 REVENUE AND SEGMENT INFORMATION

Revenue for the year ended 31 August 2022 and for the eight months ended 31 August 2021 are as follows:

	Year ended 31 August 2022 *RMB'000*	Eight months ended 31 August 2021 *RMB'000*
Tuition fees	**465,491**	188,445
Boarding fees	**44,386**	19,894
Internship management fees	**1,644**	1,029
Tutoring and programme management services	**64**	1,092
Others	**3,371**	7,622
	514,956	218,082

The Group's revenue is subject to seasonal fluctuations. Tuition and boarding fees of the Group's schools are generally received in advance prior to the beginning of academic year commencing September each year. Tuition and boarding fees revenues are recognised proportionately over the relevant period in which the services are rendered excluding school term breaks and vacation periods.

Pledge of revenue proceeds

The Group's long-term bank borrowings of RMB763,169,000 (31 August 2021: RMB713,892,000) long-term borrowings from a financial institution of RMB91,313,000 (31 August 2021: RMB77,006,000) and borrowings under finance lease arrangement of RMB75,807,000 (31 August 2021: RMB79,010,000) were secured by the pledge of the rights over the collection of tuition fees and boarding fees of the Group's schools.

4 OTHER INCOME

	Year ended 31 August 2022 *RMB'000*	Eight months ended 31 August 2021 *RMB'000*
Government grants and subsidies (a)		
— Recognised from deferred revenue	**2,951**	1,781
— Recognised during the year	**9,482**	375
Sub-contracting income (b)	**7,264**	4,510
Self-operated canteen income (c)	**4,242**	–
Management service fee income (d)	**2,058**	353
Others (e)	**1,980**	387
	27,977	7,406

(a) Government grants and subsidies mainly represent subsidies from government for procurement of laboratory apparatus and equipment for conducting educational service and amount recognised from payables to government authority in respect of government grants received (note 18).

(b) The Group receives income from sub-contracting the canteen catering operations, the hotel and the campus stores in JUAS campus to other parties.

(c) Self-operated canteen income represent income from canteen operation of Yu Ren High School.

(d) Management service fee income mainly includes management fee related to campus operation management.

(e) Others mainly include income from the electricity price difference between selling to construction suppliers and purchasing from power stations, income from selling daily necessities to students, and miscellaneous income related to operations.

5 OTHER (LOSSES)/GAINS — NET

	Year ended 31 August 2022 *RMB'000*	Eight months ended 31 August 2021 *RMB'000*
Net fair value (losses)/gains on financial assets at FVPL *(note 14)*	**(42,517)**	1,573
Donations	**(1,182)**	(1,900)
Net foreign exchange (losses)/gains	**(401)**	540
Others	**31**	17
	(44,069)	230

6 FINANCE COST — NET

	Year ended 31 August 2022 *RMB'000*	Eight months ended 31 August 2021 *RMB'000*
Finance income		
— Interest income derived from deposits	**1,091**	823
Finance costs		
— Interest expenses relating to payables to government authority	**–**	(4,809)
— Interest expenses on bank borrowings	**(43,092)**	(26,079)
— Interest expenses on other borrowings	**(41,975)**	(12,451)
— Finance cost on lease liabilities *(note 10)*	**(4,337)**	(670)
— Net foreign exchange losses	**–**	(1,723)
Less: borrowing costs capitalised on qualifying assets *(note 9)*	**30,465**	7,594
	(58,939)	(38,138)
Finance costs — net	**(57,848)**	(37,315)

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the Group's borrowings for construction in progress during the year ended 31 August 2022, in this case was 5.70% (eight months ended 31 August 2021: 5.78%) per annum.

7 INCOME TAX EXPENSE

The amount of income tax expense charged to profit or loss in the consolidated statement of comprehensive income represents:

	Year ended 31 August 2022 *RMB'000*	Eight months ended 31 August 2021 *RMB'000*
Current income tax		
— Current income tax for the year/period	**7,079**	1,578
Deferred income tax	**635**	402
Income tax expense	**7,714**	1,980

The income tax on the Group's profit before income tax differs from the theoretical amount that would arise using the statutory tax rate applicable to profit of the consolidated entities as follows:

	Year ended 31 August 2022 *RMB'000*	Eight months ended 31 August 2021 *RMB'000*
Loss before income tax	**(30,271)**	(16,740)
Tax calculated at domestic tax rates applicable to profits in the respective countries	**(3,170)**	(3,432)
Tax effects of:		
Net profit from the Group's schools not subject to tax	**(5,571)**	(3,181)
Expenses not deductible for tax purpose	**4,018**	1,985
Tax losses for which no deferred income tax asset has been recognised	**11,802**	5,571
Write off deferred income tax assets recognised in previous years	**635**	1,037
Income tax expense	**7,714**	1,980

8 LOSS PER SHARE

(a) Basic

The basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period.

	Year ended 31 August 2022	Eight months ended 31 August 2021
Loss attributable to owners of the Company *(RMB'000)*	**(37,985)**	(18,720)
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**960,000,000**	960,000,000
Basic loss per share *(expressed in RMB per share)*	**(0.04)**	(0.02)

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversation of all dilutive potential ordinary shares. The Company's potentially dilutive ordinary shares comprised of RSUs scheme. Due to the Group's negative financial resulting during the year ended 31 August 2022, the potential ordinary shares were not included in the calculation of diluted loss per share as their inclusion would be anti-dilutive. Accordingly, diluted loss per share for the year ended 31 August 2022 is equivalent to the basic loss per share.

9 PROPERTY, PLANT AND EQUIPMENT

	Buildings and building improvements *RMB'000*	Office furniture and fixtures *RMB'000*	Electronic equipment *RMB'000*	Vehicles *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
At 1 January 2021						
Cost	966,934	89,037	88,004	6,005	80,976	1,230,956
Accumulated depreciation	(140,688)	(49,442)	(36,701)	(2,617)	–	(229,448)
Net book amount	826,246	39,595	51,303	3,388	80,976	1,001,508
Eight months ended 31 August 2021						
Opening net book amount	826,246	39,595	51,303	3,388	80,976	1,001,508
Additions	1,414	3,687	26,211	29	101,311	132,652
Acquisition of subsidiaries	232,466	16,569	3,020	1,138	201,802	454,995
Transfers	122,871	–	–	–	(122,871)	–
Disposals	–	(26)	(4)	–	–	(30)
Depreciation charge	(20,463)	(4,557)	(5,330)	(328)	–	(30,678)
Closing net book amount	1,162,534	55,268	75,200	4,227	261,218	1,558,447
As at 31 August 2021						
Cost	1,322,638	109,676	117,206	7,171	261,218	1,817,909
Accumulated depreciation	(160,104)	(54,408)	(42,006)	(2,944)	–	(259,462)
Net book amount	1,162,534	55,268	75,200	4,227	261,218	1,558,447
Year ended 31 August 2022						
Opening net book amount	1,162,534	55,268	75,200	4,227	261,218	1,558,447
Additions	–	36,886	60,542	177	592,717	690,322
Transfers	360,440	–	–	–	(360,440)	–
Depreciation charge	(36,764)	(13,176)	(12,626)	(557)	–	(63,123)
Closing net book amount	1,486,210	78,978	123,116	3,847	493,495	2,185,646
As at 31 August 2022						
Cost	1,683,078	146,562	177,748	7,348	493,495	2,508,231
Accumulated depreciation	(196,868)	(67,584)	(54,632)	(3,501)	–	(322,585)
Net book amount	1,486,210	78,978	123,116	3,847	493,495	2,185,646

Certain subsidiaries of the Group obtained a number of borrowings, in a form of sales and leaseback arrangements, from certain finance leasing companies. Whereby certain property, plant and equipment of the Group's schools were sold and leased back over thirty to thirty-six months lease terms. The Group has the option to re-acquire the property, plant and equipment on completion of the leases at nominal values. During such lease term and before the exercise of the repurchase options at the expiry of lease term, such property, plant and equipment are effectively pledged as security for the borrowings, and are restricted for pledge or disposal under the agreements where leasors' prior consent must be obtained. As at 31 August 2022, the cost of assets under this restriction amounted to approximately RMB677 million (2021: RMB508 million).

Depreciation of property, plant and equipment was included in the following categories in the consolidated statements of comprehensive income:

	Year ended 31 August 2022 *RMB'000*	Eight months ended 31 August 2021 *RMB'000*
Cost of revenue	**58,641**	27,682
Administrative expenses	**4,482**	2,291
Other expenses	**–**	705
Total	**63,123**	30,678

During the year ended 31 August 2022, the Group capitalised interest on borrowings amounting to approximately RMB30,465,000 (eight months ended 31 August 2021: RMB7,594,000) on qualifying assets (note 6).

Construction-in-progress mainly comprises buildings and building improvements under construction in the PRC.

10 RIGHT-OF-USE ASSETS

	Land use rights *RMB'000*	**Favorable lease** *RMB'000*	**Lease of buildings** *RMB'000*	**Lease of equipment** *RMB'000*	**Total** *RMB'000*
Year ended 31 August 2022					
Opening net book amount	287,842	25,539	81,965	1,822	397,168
Addition	50,466	–	531	5,241	56,238
Depreciation charge	(7,667)	(3,631)	(6,930)	(1,156)	(19,384)
Closing net book amount	330,641	21,908	75,566	5,907	434,022
As at 31 August 2022					
Cost	374,727	27,959	86,399	7,315	496,400
Accumulated depreciation	(44,086)	(6,051)	(10,833)	(1,408)	(62,378)
Net book amount	330,641	21,908	75,566	5,907	434,022

The land use rights represent the Group's interest in leasehold land that the Group has made prepayment for the lease of the land. These include the land lots for JUAS at Xinjian district of Nanchang city, Jiangxi province, the PRC, Jishi College at Longnan district of Nanchang city, Jiangxi province, the PRC, and Guizhou Institute at Weining Yi and Hui and Miao Autonomous County of Bijie city, Guizhou province, the PRC. The land use rights are under leases of 50 years.

The Group's Jishi College and Yu Ren High School lease buildings for educational services under finance leases. The respective right-of-use assets are recorded in favorable leases and lease of buildings.

The impact to profit or loss and cash flows of the right-of-use assets is as follows:

	Year ended 31 August 2022 *RMB'000*	Eight months ended 31 August 2021 *RMB'000*
Profit or loss:		
Depreciation of right-of-use assets, charged to cost of revenue and administrative expenses	**19,384**	7,070
Interest expenses relating to lease liabilities, charged to finance costs	**4,337**	670
Rental expense relating to short-term leases, charged to administrative expenses	**–**	57
Cash flow:		
The cash outflow for leases presented as financing activities	**(2,717)**	(22,308)

11 INTANGIBLE ASSETS

	Goodwill *RMB'000*	Student base *RMB'000*	Computer software *RMB'000*	Total *RMB'000*
At 1 January 2021				
Cost	152,484	11,557	3,060	167,101
Accumulated amortisation	–	–	(2,527)	(2,527)
Net book amount	152,484	11,557	533	164,574
Eight months ended 31 August 2021				
Opening net book amount	152,484	11,557	533	164,574
Acquisition of subsidiaries	109,035	26,738	–	135,773
Amortisation	–	(9,098)	(95)	(9,193)
Closing net book amount	261,519	29,197	438	291,154
At 31 August 2021				
Cost	261,519	38,295	3,043	302,857
Accumulated amortisation	–	(9,098)	(2,605)	(11,703)
Net book amount	261,519	29,197	438	291,154
Year ended 31 August 2022				
Opening net book amount	261,519	29,197	438	291,154
Additions	–	–	660	660
Amortisation	–	(19,793)	(100)	(19,893)
Closing net book amount	261,519	9,404	998	271,921
At 31 August 2022				
Cost	261,519	38,295	3,703	303,517
Accumulated amortisation	–	(28,891)	(2,705)	(31,596)
Net book amount	261,519	9,404	998	271,921

Amortisation of the intangible assets was included in the following categories in the consolidated statements of comprehensive income:

	Year ended 31 August 2022	Eight months ended 31 August 2021
	RMB'000	*RMB'000*
Cost of revenue	**19,845**	9,177
Administrative expenses	**8**	6
Other expenses	**40**	10
Total	**19,893**	9,193

12 OTHER NON-CURRENT ASSETS

	As at 31 August	
	2022	2021
	RMB'000	*RMB'000*
Prepayments for purchases of property, plant and equipment	**41,771**	33,181
Prepayments to a cooperate project (a)	**49,530**	–
Deposits for cooperate project (b)	**21,000**	–
	112,301	33,181

(a) In November 2021, Nanchang Di Guan and Junyiyuan Technology Development Group Limited (君億園科技發展集團有限公司) ("**Junyiyuan**"), an independent third party, entered into an agreement, pursuant to which Nanchang Di Guan acquired from Junyiyuan the right to operate and manage Jiangxi Aviation Technician College (江西航空技師學院) for a term of 10 years at a consideration of RMB49,530,000. As at 31 August 2022 and up to the date of these financial statements, Nanchang Di Guan and Junyiyuan have been working on obtaining the approval of the transfer of operating rights from the relevant authorities.

(b) In December 2021, Chen Lin Education Science and Jiangxi Henghuida Agricultural Science and Technology Co., Ltd. (江西恆暉大農業科技有限公司) ("**Henghuida**"), an independent third party, signed a non-legally binding memorandum which set out the intention of the parties to cooperate in education projects relating to agriculture, health care, ecology and sustainable development. The Group made a deposit amounting to RMB21,000,000 to Henghuida according to the memorandum.

13 TRADE RECEIVABLES

	As at 31 August	
	2022	2021
	RMB'000	*RMB'000*
Trade receivables		
— related to students fees	**15,026**	52,893
— related to other services	**9,186**	10,103
	24,212	62,996
Provision for impairment	**(12,991)**	(10,906)
	11,221	52,090

(a) Ageing analysis of the trade receivables

The Group's students are required to pay tuition fees and boarding fees in advance for the upcoming school years, which normally commences in September of the year. The trade receivables represent tuition and boarding fees receivable from students who have not settled the fees on time. There is no significant concentration of credit risk.

As at 31 August 2022 and 2021, the ageing analysis of the trade receivables based on the transaction date is as follows:

	As at 31 August	
	2022	2021
	RMB'000	*RMB'000*
Up to 1 year	**14,023**	43,896
1 to 2 years	**7,835**	17,681
2 to 3 years	**2,244**	1,394
Over 3 years	**110**	25
	24,212	62,996

(b) Impairment of trade receivables

Movements in the provision for impairment of trade receivables are as follows:

	Year ended 31 August 2022 *RMB'000*	Eight months ended 31 August 2021 *RMB'000*
At the beginning of the year/period	**10,906**	11,362
Provision for receivables impairment loss	**9,174**	5,378
Written-off of uncollectible receivables	**(7,089)**	(5,834)
At the end of the year/period	**12,991**	10,906

(c) Fair values of trade receivables

The carrying amounts of trade receivables approximated their fair values as at the balance sheet date and were denominated in RMB.

14 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 August	
	2022	2021
	RMB'000	*RMB'000*
Current assets		
Financial assets at FVPL		
— Equity investments, listed	**96**	42,508

Movements in the equity investments are as follows:

	Year ended 31 August 2022 *RMB'000*	Eight months ended 31 August 2021 *RMB'000*
Securities listed on the Hong Kong Stocks Exchange		
At 1 September/January	**42,508**	41,592
Disposals	**–**	(117)
Fair value (losses)/gains *(note 5)*	**(42,517)**	1,573
Foreign exchange gains/(losses)	**105**	(540)
At the end of year/period	**96**	42,508

The Group holds equity investment in the shares of Sinic Holdings (Group) Company Limited, a company listed on the Hong Kong Stocks Exchange (stock code: 2103). The trading of the company's shares has been suspended since September 2021. The investment was fully provided for impairment as at 31 August 2022.

The financial assets at FVPL are denominated in the following currencies:

	As at 31 August	
	2022	2021
	RMB'000	*RMB'000*
HKD	**96**	42,508

15 ACCRUALS AND OTHER PAYABLES

	As at 31 August	
	2022	2021
	RMB'000	*RMB'000*
Payables for purchases of property, plant and equipment	**173,079**	22,947
Employee benefit payables	**28,474**	14,765
Payables to suppliers on behalf of students	**13,430**	8,861
Letter of credit	**10,000**	–
Payables to students:		
— Prepayments received from students (a)	**6,026**	3,489
— Government subsidies and other payables to students (b)	**22,040**	17,419
— Insurance fund from government (c)	**6,626**	5,334
Other taxes payable	**6,872**	5,716
Payables for purchases of services	**5,184**	–
Retention money payables for campus constructions	**3,317**	2,622
Payables for the acquisition of subsidiaries	**–**	27,521
Others	**26,333**	19,549
	301,381	128,223

(a) The Group purchases books and other materials from suppliers on behalf of students and receives prepayments from students.

(b) The Group receives subsidies from government for distribution to students as scholarship, subsidies or other forms of incentives to students.

(c) The Group receives medical insurance funds from government for payment to students when they apply with related reimbursement supporting.

The carrying amounts of accruals and other payables approximated their fair value at the balance sheet date and were dominated in RMB.

16 BORROWINGS

	As at 31 August	
	2022	2021
	RMB'000	*RMB'000*
Non-current:		
Long-term bank borrowings, secured	**592,700**	615,350
Long-term bank borrowings, unsecured	**37,500**	18,500
Long-term borrowings from a financial institution, secured	**71,355**	61,895
Borrowing under finance lease arrangement	**278,749**	307,593
	980,304	1,003,338
Current:		
Current portion of long-term bank borrowings, secured	**170,469**	98,542
Current portion of long-term bank borrowings, unsecured	**9,000**	24,000
Current portion of long-term borrowings from a financial institution, secured	**19,958**	15,111
Short-term borrowings from a financial institution, secured	**–**	3,885
Borrowing under finance lease arrangement	**191,022**	98,330
	390,449	239,868
Total borrowings	**1,370,753**	1,243,206

For the year ended 31 August 2022, the weighted average effective interest rates on borrowings was 6.36% (eight months ended 31 August 2021: 6.92%) per annum.

(a) Details of securities and guarantees to the borrowings

The Group's long-term bank borrowings, secured as at 31 August 2022 of RMB763,169,000 (31 August 2021: RMB713,892,000) were obtained in the PRC, secured by the pledge of the rights over the tuition fees and boarding fees of the Group's schools (note 3) and shares of a subsidiary, and supported by guarantees provided by subsidiaries of the Group, Mr. Huang Yulin and his family members.

The Group's long-term bank borrowings, unsecured as at 31 August 2022 of RMB46,500,000 (31 August 2021: RMB42,500,000) were obtained in the PRC and supported by guarantees provided by Mr. Huang Yulin and his family members.

The Group's long-term borrowings from a financial institution of RMB91,313,000 (31 August 2021: RMB77,006,000) were obtained in the PRC, secured by the pledge of the rights over the tuition fees and boarding fees of the Group's school, and supported by guarantees provided by subsidiaries of the Group, Mr. Huang Yulin and his family members.

The Group's borrowing under finance lease arrangement of RMB469,771,000 (31 August 2021: RMB405,923,000) were secured by the pledge of the Group's property, plant and equipment, shares of a subsidiary and rights over the tuition fees and boarding fees of the Group's schools, and supported by guarantees provided by subsidiaries of the Group, Mr. Huang Yulin and his family members.

(b) Repayment periods, interest and denomination currency

The Group's borrowings as at the balance sheet date are repayable as follows:

	As at 31 August	
	2022	2021
	RMB'000	*RMB'000*
Within 1 year	**390,449**	239,868
Between 1 and 2 years	**341,347**	394,652
Between 2 and 5 years	**368,957**	408,686
Over 5 years	**270,000**	200,000
Total	**1,370,753**	1,243,206

The Group's borrowings are denominated in the following currencies:

	As at 31 August	
	2022	2021
	RMB'000	*RMB'000*
RMB	**1,370,753**	1,239,321
HKD	**–**	3,885
	1,370,753	1,243,206

The carrying amounts for majority of the borrowings approximated their fair values as at the balance sheet date as they were carried at floating interest rates.

(c) Undrawn borrowing facilities

The Group has the following undrawn borrowing facilities as at the balance sheet dates:

	As at 31 August	
	2022	2021
	RMB'000	*RMB'000*
Bank borrowings		
— Expiring within one year	**40,000**	50,000
— Expiring beyond one year	**2,000**	140,000
	42,000	190,000
Borrowings under finance lease arrangement		
— Expiring beyond one year	**50,000**	–
	92,000	190,000

17 LEASE LIABILITIES

	As at 31 August 2022			As at 31 August 2021		
	Current	**Non-current**	**Total**	Current	Non-current	Total
	RMB'000	***RMB'000***	***RMB'000***	*RMB'000*	*RMB'000*	*RMB'000*
Buildings	**1,639**	**62,998**	**64,637**	1,799	60,731	62,530
Equipment	**2,746**	**4,396**	**7,142**	290	1,568	1,858
Total	**4,385**	**67,394**	**71,779**	2,089	62,299	64,388

The Group leases buildings and equipment for its operations and these liabilities were measured at the net present value of the lease payments during the lease terms that are not yet paid.

18 OTHER NON-CURRENT PAYABLES

	As at 31 August	
	2022	2021
	RMB'000	*RMB'000*
Payables to government authority in respect of government grants received (a)	**266,254**	274,479
Payables for purchases of property, plant and equipment	**7,265**	1,940
	273,519	276,419

(a) The Group's non-current other payables to government authority were related to government grants received by Guizhou Institute and its sponsor company, both are subsidiaries of the Group, for the construction of the school campus of the predecessor school of Guizhou Institute in past years. The government grants were assessed to be with ongoing conditions and requirements that have not been fully fulfilled by Guizhou Institute and its sponsor, and accordingly the grants were recognised as payables to government authorities. The Group acquired Guizhou Institute and its sponsor company in April 2021 and the amounts payable were stated at their fair values as at the date of acquisition according to IFRS 3 "Business combinations". During the year ended 31 August 2022, the management of the Group re-assessed the payable based on the latest available information including, inter alia, the fact that Guizhou Institute had submitted the application for conversion from not-for-profit school to for-profit school in October 2022, as well as the Group's on-going fulfilment of the conditions and requirements attached to the government grants. The conversion will involve a financial clearing process to identify and assess the values of the assets and liabilities of the Guizhou Institute, including the determination of the nature of investment of government fundings and the amount to be repaid to government upon completion of the conversion (if any). As result of such assessment,the amount of payables to government authority was reduced to RMB266,254,000 as at 31 August 2022 based on the latest estimate of the fair value of such payables by management, and a corresponding gain of RMB8,225,000 was recognised in other income — government grants (note 4) for the year ended 31 August 2022. It is the directors and management's view that the final amount of payables to government authorities, and the timing of the payment, are subject to the finalisation of the conversion process which is expected to be finalised beyond twelve months from 31 August 2022.

19 DIVIDENDS

At a meeting of the Board held on 30 November 2022, the Board resolved not to propose a final dividend in respect of the year ended 31 August 2022. No dividends have been paid or declared by the Group for the eight months ended 31 August 2021.

20 COMMITMENTS

Capital expenditure commitments

Significant capital expenditure commitments are set out below:

	As at 31 August	
	2022	2021
	RMB'000	*RMB'000*
Contracted but not recognised as liabilities		
— Commitments for acquisition of property, plant and equipment, and construction of buildings	**437,698**	475,430

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

We are one of the leading providers of private comprehensive education services in Jiangxi Province, China, with years of experience in the private comprehensive education service industry. As at 31 August 2022, we operated four Schools, comprising (i) JUAS, a private university locates in Jiangxi Province, PRC; (ii) Jishi College, a fulltime vocational college locates in Jiangxi Province, PRC; (iii) Guizhou Institute, a higher vocational college locates in Guizhou Province, PRC; and (iv) Yu Ren High School, a private high school locates in Henan Province, PRC.

We offer undergraduate college programs, junior college programs, vocational programs and high school programs, as well as diverse education related services. As at 31 August 2022, our Schools had 29,049 enrolled students, consisting of 8,802 undergraduate students, 13,722 junior college students, 5,114 vocational school students and 1,411 high school students. We also provide a variety of education related services including internship management services as well as tutoring and program management services to enterprises and education institutions.

Our mission is to cultivate innovative talents with practical skills and knowledge, and to provide talent support for the development of urbanization in China (為新型城鎮化建設與管理培養高層次、高技能、創新型和應用型人才). Our fundamental educational philosophy is to foster talents with "upright personality, comprehensive theoretical knowledge and practical skills (培養具有健全人格、複合專業與實踐能力的人才)" by implementing our "Three-element Talent Cultivation (三元育人)" mode. We aim to provide quality education services in a manner consistent with our mission and educational philosophy.

With a view of nurturing talents with practical skills, we are devoted to offering quality private education to our students and providing diversified programs and curriculums encompassing a broad range of market-oriented fields of study and career trainings, including, among others, international business, e-commerce, logistics management, internet-of-things, civil engineering, software engineering, mechanical manufacturing and automation, and robotics engineering. Based on our market research, we carefully design and regularly review and adjust our program and course offerings at our Schools. We believe our practical programs and curriculums equip our students with practical skills that meet the rapidly evolving market demand. We also cooperate with a number of sizable enterprises to provide our students with internship and potential employment opportunities. We have achieved favorable graduate employment outcome for our students.

Our Schools

As of 31 August 2022, our Group owns four schools within the PRC, including (i) JUAS, a private university locates in Jiangxi Province, PRC; (ii) Jishi College, a full-time vocational college locates in Jiangxi Province, PRC; (iii) Guizhou Institute, a higher vocational college locates in Guizhou Province, PRC; and (iv) Yu Ren High School, a private high school locates in Henan Province, PRC.

Jiangxi University of Applied Science

JUAS is one private university located in Nanchang, Jiangxi province, PRC. It was established in 2002 by the chairman of the Board Mr. Huang Yulin (黃玉林) and it offers undergraduate and junior college programs, as well as diverse education related services.

Jiangxi Wenli Jishi College

Jishi College is a full-time vocational college located in Nanchang, Jiangxi Province, PRC. It was established in November 2019 and offers vocational programs. It was acquired by our Group from an Independent Third Party in December 2020.

Guizhou Institute of Industry and Trade

Guizhou Institute is a higher vocational college located in Bijie, Guizhou Province, PRC. It was established in May 2015 and offers vocational programs and junior college programs. It was acquired by our Group from an Independent Third Party in April 2021.

Zhengzhou Airport Economy Zone Yu Ren High School

Yu Ren High School is a high school located in Zhengzhou, Henan Province, PRC. It was established in 2017 and offers high school programs. It was acquired by our Group from an Independent Third Party in July 2021.

Our Education Services

We derived approximately 99.00% of revenue from our education services for the year ended 31 August 2022, which included tuition fees for our undergraduate programs, junior college programs, vocational programs and high school programs, as well as boarding fees. For the year ended 31 August 2022, our revenue from tuition fees and boarding fees amounted to approximately RMB465.49 million and RMB44.39 million, respectively, representing an increase of approximately 49.29% and 34.25%, respectively, as compared with the Pro Forma Period.

The following table sets forth detailed information regarding the number of student enrollment of our Schools as at 31 August 2022, together with comparative information as at 31 August 2021:

	Number of students as at 31 August		
	2022	2021	% change
Higher education programs carried out by JUAS			
— Undergraduate programs	**8,802**	6,848	28.53
— Junior college programs	**5,035**	5,903	-14.70
Vocational education programs carried out by Jishi College			
— Vocational programs	**3,460**	3,394	1.94
Junior college programs and vocational education programs carried out by Guizhou Institute			
— Junior college programs	**8,687**	5,733	51.53
— Vocational programs	**1,654**	931	77.66
High school education programs carried out by Yu Ren High School			
— High school education programs	**1,411**	850	66.00
Total	**29,049**	23,659	22.78

Note: The operating data for student enrollment presented in this table is based on the records of our Schools submitted to the competent PRC education authorities at the beginning of the corresponding school year.

The following table sets forth information in relation to the freshman students enrolled for the years ended 31 August 2021 and 2022:

	For the year ended 31 August		
	2022	2021	% change
Freshman students enrolled(1)			
— Higher education programs carried out by JUAS	**6,217**	7,127	-12.77
— Vocational education programs carried out by Jishi College	**1,928**	1,853	4.05
— Junior college programs and vocational programs carried out by Guizhou Institute(2)	**3,271**	N/A	N/A
— High school education programs carried out by Yu Ren High School(2)	**772**	N/A	N/A

The following table sets forth information in relation to the average tuition fees for four types of programs per student and average boarding fees per student for the year ended 31 August 2022, together with comparative information for the eight months ended 31 August 2021:

	For the year ended 31 August 2022 *RMB*	For the eight months ended 31 August 2021 *RMB*	% change
Average tuition fees[3]			
Undergraduate programs	**20,797**	12,854	61.79
Junior college programs	**9,793**	7,013	39.64
Vocational programs	**5,495**	4,351	26.29
High school programs[2]	**17,905**	N/A	N/A
Average boarding fees[4]	**1,220**	856	42.52

Notes:

(1) Freshman students enrolled means the actual number of newly-enrolled students in each school year. For higher education programs, admission quota granted for each school year is generally determined by competent government authorities before the Gaokao prior to such school year.

(2) Guizhou Institute and Yu Ren High School were acquired by our Group in April 2021 and July 2021, respectively.

(3) Average tuition fees is calculated by dividing the total tuition fees received by student enrollment in each school year.

(4) Average boarding fees is calculated by dividing the total boarding fees received by student enrollment in each school year.

Our Education Related Services

In addition to tuition fees and boarding fees, for the year ended 31 August 2022, we also generated income by providing a variety of education related services. Our education related services mainly include (i) internship management services, through which we introduce qualified students from our Schools and other schools to participate in various internship programs, and (ii) a variety of tutoring and program management services, including qualification exam review services, personal development training services and education program management services offered to enterprises and education institutions. For the year ended 31 August 2022, our revenue generated from education related services amounted to approximately RMB1.7 million, representing a decrease of approximately 91.76% as compared with the Pro Forma Period. The decrease in revenue from education related services was primarily because less education related service fee was charged by JUAS for the year ended 31 August 2022.

REGULATORY UPDATE

Amendment Decision

The Decision of the Standing Committee of the National People's Congress on Amending the Law for Promoting Private Education 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》) (the "**Amendment Decision**") became effective on 29 December 2018. Pursuant to the Amendment Decision, the school sponsors of private schools providing non-compulsory education may, at their own discretion, elect to register the schools as for-profit private schools or non-profit private schools. In addition to the Amendment Decision, state-level government authorities also issued certain implementing rules. On 30 December 2016, five state-level government authorities, including the MOE, jointly issued the Implementing Measures on Classification Registration of Private Schools (民辦學校分類登記實施細則), specifying measures for the establishment and classification registration of private schools, and procedures for existing private schools to register as for- profit and non-profit private schools pursuant to provincial rules to be promulgated by local provincial governments. The Implementing Rules for the Supervision and Administration of For-Profit Private Schools (營利性民辦學校監督管理實施細則) were issued on 30 December 2016, specifying measures concerning the establishment, modification and termination of for- profit private schools, and the educational and teaching related activities and financial management conducted by for-profit private schools. In addition, the Several Opinions on Encouraging Social Support for Education to Promote Private Education (關於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) were issued on 29 December 2016, providing policies for promoting private education.

Implementation Regulations

On the 14 May 2021, the PRC State Council issued the Implementation Regulations of the People's Republic of China on the Law Regarding the Promotion of Private Education (《中華人民共和國民辦教育促進法實施條例》) (the "**Implementation Regulations**"). The new regulations would be officially implemented on 1 September 2021, which may have a considerable impact on the education industry.

The Implementation Regulations primarily include: (i) a non-profit private school shall enjoy the same tax policies as that enjoyed by a public school and the relevant tax concession, and a for-profit school shall enjoy tax preferential treatments and other preferential policies applied to industries encouraged by the state for development, of which the specific provisions shall be formulated jointly by the administrative department for finance, taxation and other relevant administrative departments of the State Council; (ii) the local people's governments with the principle of treating non-profit private schools equally as public schools, and for schools that provide education for academic credentials, may provide lands by means of bid invitation, auction or listing, assigning contracts, long-term lease or combination of sale as well as rental, and may give appropriate preferential treatment on charges for the assignment or rental of land, and may permit payment in instalments; (iii) a non-profit private school shall use the accounts filed with the competent authorities for charging fees and financial transactions, and a for-profit private school shall deposit the income into a specific settlement account of its own; (iv) a private school shall conduct any connected transactions in a manner that is open, justified and fair and shall establish disclosure mechanisms for such transactions; and (v) any agreement involving material interests or any long-term and recurring agreement entered into between a non-profit private school and its connected party shall be reviewed by the relevant government authorities in terms of necessity, legitimacy and compliance.

Pursuant to the Decision on Amending the Law for Promoting Private Education of the PRC approved by the Standing Committee of the National People's Congress in November 2016 which took effect on 1 September 2017 (the "**2016 Decision**"), 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 29 June 2018, the government of Jiangxi Province promulgated the Jiangxi Implementation Opinions, pursuant to which private higher institutions in Jiangxi Province, including JUAS, are required to complete their registration as either for-profit private schools or non-profit private schools before September 2022. Under the existing regulatory environment and based on the interpretation of the 2016 Decision and related implementing rules and the existing ownership structure of JUAS, in March 2022, JUAS submitted the decision to the Jiangxi Education Department to register as a for-profit private school. As at the date of this announcement, JUAS has applied for the registration as a for-profit private school (the "**JUAS Application**") and has been informed that the JUAS Application has been preliminary allowed. Subsequently, JUAS shall proceed with post-application corporate actions, such as applying for pre-registration of for-profit private school names, amending the articles of association of the school, transferring assets and liabilities etc.

On 2 September 2022, the government of Guizhou Province promulgated the Guizhou Implementation Measures, pursuant to which private higher institutions in Guizhou Province, including Guizhou Institute, are required to apply their registration as either for-profit private schools or non-profit private schools before 31 December 2022. Under the existing regulatory environment and based on the interpretation of the 2016 Decision and related Implementation Regulations and the existing ownership structure of Guizhou Institute, on 21 October 2022, Guizhou Institute submitted the decision to the Guizhou Education Department to register as a for-profit private school. As at the date of this announcement, Guizhou Institute has applied for the registration as for-profit private school (the "**Guizhou Institute Application**") and the Guizhou Institute Application is currently pending preliminary approval from Guizhou Education Department.

As such, as at the date of this announcement, JUAS and Guizhou Institute remain as non-profit private schools.

So far as our Directors are aware, during the year ended 31 August 2022 and up the date of this announcement, there is no other material regulatory updates in relation to the foreign investment in the education sector in the PRC.

We have established a special committee (the "**Special Committee**") to (i) pay close attention to the latest development of the relevant laws, regulations and policies on private education sector in the PRC (the "**Relevant Rules**") and hold periodic meetings to discuss such development; (ii) where necessary, engage professional advisors, including PRC legal advisors, at the cost of the Company, to assist the Special Committee to understand the latest development of the Relevant Rules; and (iii) report and make recommendations to the Board for final decision based on the research reports and/or independent and professional advice as well as the Special Committee's major findings and preliminary conclusions. The Special Committee is chaired by Mr. Huang Yulin and comprises (i) three senior management members of our Company; (ii) two independent non-executive Directors with extensive experience in the education industry; and (iii) four senior management members of the Schools who are responsible for the day-to-day management and operation affairs of the Schools.

PRINCIPAL RISKS RELATING TO OUR BUSINESS

There are certain risks involved in our operations and our prospects and future financial results could be materially and adversely affected by these risks. The following highlights the principal risks exposed to the Group and is not meant to be exhaustive:

- we are subject to uncertainties brought by the Amendment Decision and the Implementation Regulations;

- our business is largely dependent on the market recognition of our brand and the reputation of our Schools and our Group;

- we generate a substantial portion of our revenue from operating our four Schools;

- we may be exposed to liquidation risks, and our business, financial condition and results of operation may be materially and adversely affected as a result;

- the level of tuition and boarding fees we are able to charge and our ability to maintain and raise the level of tuition and boarding fees are crucial to our business;

- our business operations depend on our ability to recruit and retain our senior management, qualified teachers and other professional employees;

- we may not be able to maintain good relationship with our existing cooperative enterprises, successfully compete with our competitors or find new cooperative enterprises, any of which may materially and adversely affect the business and prospects of our internship management service; and

- we may not be able to successfully deliver and expand our tutoring and program management services, which could adversely affect our business and prospects.

OUTLOOK AND GROWTH STRATEGIES

The private education sector in China has been growing rapidly in recent years primarily driven by the increasing demand for private education, growing market demand for talents with practical skills, increasing diversification and strengthened education quality, as well as governmental support. We believe that in 2023, China's private education sector will remain on a secular growth trend and there is significant potential with opportunities.

To achieve our goals, in 2023, we intend to pursue the following business strategies:

- **Continue to improve our Schools' facilities, enhance our brand recognition and reputation, and expand our business and school network**

  To benefit from and seize the growth opportunities in the private education industry in China, we intend to continue offering quality education and attracting more talents to our Schools. As an important measure to enhance our education services, we plan to construct, renovate and upgrade the facilities and infrastructure of our current Schools' campus.

- **Continue to optimise our program and course offerings in order to enhance the competitiveness of our students**

  As an education service provider, the quality and coverage of the programs and course offerings are crucial for our Schools in providing quality education services. We intend to improve our education quality, expand the scale of our business operations and diversify our revenue primarily through optimize program offerings, strengthen school-enterprise collaboration and international collaboration, and develop online education courses.

- **Further strengthen and diversify our education related services**

  We believe that the provision of education related services has substantial market potential in China. To continue improving our profitability, we plan to further strengthen and diversify our education related services. We believe a diverse portfolio of educational services provided by us will be instrumental in enhancing our brand awareness and widening our revenue base. We plan to explore the opportunities to cooperate with other education providers to secure more qualified students for our internship management services. We also intend to proactively identify and cooperate with more suitable education institutions in Jiangxi Province as well as other regions in China. On the other hand, leveraging our reputation in the private education industry, we plan to seek cooperation opportunities with more enterprises located in developed areas in China, thereby further grow our internship management services.

- **Continue to attract, train and retain talented teachers and other professionals**

  We believe that hiring, retaining and training outstanding teachers is crucial in providing quality education to students. We intend to continue attracting and retaining teachers with professional expertise, teaching experience and/or work experience in relevant fields. To achieve this goal, we will continue applying high standards in our recruitment of teachers, and target applicants who have postgraduate degree or have extensive work experience in relevant field. We plan to expand our faculty team with more "double qualification teachers", experienced technical experts, well-recognized business administrators, and other personnel with expertise who are qualified to deliver skill-focused curriculums at our Schools on either full-time or part-time basis. In addition, we also intend to hire professors from other education institutions with experience to serve in academic leadership roles at our Schools.

IMPACT OF THE CORONAVIRUS DISEASE 2019 ("COVID-19")

After the outbreak of the COVID-19 in early 2020, a series of precautionary and control measures have been and continued to be implemented across the PRC, including the extension of the Chinese New Year holiday nationwide, postponement of work and school resumption in some regions, certain level of restrictions and controls over the travelling of people and traffic arrangements, quarantine of certain residents, heightening of hygiene and epidemic prevention requirements in factories and offices and encouraged social distancing, etc.

In the view of the outbreak of the COVID-19, the Group has taken a series of necessary health precaution to mitigate the potential impact of the COVID-19 outbreak, including the implementation of prevention and control policies released by the relevant government authorities. However, with the "back to normal" policy of Jiangxi Province and Guizhou Province, the 2022 autumn semester started as usual and teachers and students were able to return to schools.

As a result, considering the increase in the Group's revenue recorded for the year ended 31 August 2022, the Directors are of the view that the Group is able to resist the impact of the COVID-19. As of the date of this announcement, the Group does not anticipate any significant financial impact resulting from the COVID-19, following which the Group will pay close attention to the situation of the COVID-19 and continue to assess the impact of the epidemic disease on the Group's finances and operations from time to time, as the case may be.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 August 2022.

FINANCIAL REVIEW

The Annual Results covered the financial year ended 31 August 2022. On 11 June 2021, the Board announced the change of the financial year end date of the Group from 31 December to 31 August (the "**Change**"). The Change is to align the financial year end date of the Group with the academic year of the schools operated by the Group in the PRC, which ends in August each year. The Board considers that the Change will follow more closely with the business cycle in which the Group operates, and better reflect the operational results of the Group for the financial year. To provide meaningful comparative information, the Group prepared pro forma financial information covering the Pro Forma Period, and such pro forma financial information has not been audited. The following table sets forth key items of the Group's consolidated statement of comprehensive income for the year ended 31 August 2022, with comparative information for the Pro Forma Period, and the eight months ended 31 August 2021.

	For the year ended 31 August			For the eight months ended 31 August
	2022	2021		2021
	RMB'000	*RMB'000*	% change	*RMB'000*
	(Audited)	(Pro forma) *(Note)*		(Audited)
Revenue	**514,956**	380,067	35.49	218,082
Cost of revenue	**(332,153)**	(180,979)	83.53	(134,364)
Other income	**27,977**	23,285	20.15	7,406
Other expenses	**(10,127)**	(6,863)	47.56	(3,210)
Other losses — net	**(44,069)**	(3,649)	1,107.70	230
Net impairment losses on financial assets	**(5,895)**	(13,979)	(57.83)	(10,378)
Selling expenses	**(29,133)**	(5,864)	396.81	(473)
Administrative expenses	**(93,979)**	(82,455)	13.98	(56,718)
Finance costs — net	**(57,848)**	(44,213)	30.84	(37,315)
(Loss)/profit before income tax	**(30,271)**	65,350	(146.32)	(16,740)
Income tax expenses	**(7,714)**	(2,539)	203.82	(1,980)
(Loss)/profit for the year/period	**(37,985)**	62,811	(160.48)	(18,720)

Note:

The pro forma financial information for the year ended 31 August 2021 is comprised of (1) the financial results for the period from 1 September 2020 to 31 December 2020, which are derived from the 2020 annual financial results after deduction of the unaudited financial results for the eight months from 1 January 2020 to 31 August 2020 and (2) the eight-month financial results, which are derived from the annual financial results (audited) for the eight months ended 31 August 2021.

Revenue

The following table sets forth the breakdown of our revenue for the year ended 31 August 2022, together with comparative information for the Pro Forma Period, and the eight months ended 31 August 2021:

	For the year ended 31 August				For the eight months ended 31 August
	2022	2021	Change	Change	2021
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	%	*RMB'000*
	(Audited)	(Pro forma) *(Note)*			(Audited)
Education services					
Tuition fees	**465,491**	311,812	153,679	49.29	188,445
Boarding fees	**44,386**	33,063	11,323	34.25	19,894
Sub-total	**509,877**	344,875	165,002	47.84	208,339
Education related services					
Internship management fees	**1,644**	3,673	(2,029)	(55.24)	1,029
Tutoring and program management fees	**64**	17,045	(16,981)	(99.62)	1,092
Sub-total	**1,708**	20,718	(19,010)	(91.76)	2,121
Others	**3,371**	14,474	(11,103)	(76.71)	7,622
Total	**514,956**	380,067	134,889	35.49	218,082

Note:

The pro forma financial information for the year ended 31 August 2021 is comprised of (1) the financial results for the period from 1 September 2020 to 31 December 2020, which are derived from the 2020 annual financial results after deduction of the unaudited financial results for the eight months from 1 January 2020 to 31 August 2020 and (2) the eight-month financial results, which are derived from the annual financial results (audited) for the eight months ended 31 August 2021.

Our revenue generated from education services for the year ended 31 August 2022 consisted of tuition fees and boarding fees.

For the year ended 31 August 2022, our revenue from tuition fees amounted to approximately RMB465.49 million, representing an increase of approximately 49.29% as compared with the Pro Forma Period. Such increase was mainly attributable to (i) the acquisition of Guizhou Institute and Yu Ren High School in April 2021 and July 2021 respectively; and (ii) the growth in the number of enrolled students from 23,659 as at 31 August 2021 to 29,049 as at 31 August 2022.

For the year ended 31 August 2022, our revenue from boarding fees amounted to approximately RMB44.39 million, representing an increase of approximately 34.25% as compared with the Pro Forma Period. Such increase was mainly attributable to the increase in the number of enrolled students from 23,659 as at 31 August 2021 to 29,049 as at 31 August 2022.

Our revenue generated from education related services for the year ended 31 August 2022 consisted of internship management fees as well as tutoring and program management fees.

For the year ended 31 August 2022, our revenue from internship management fees amounted to approximately RMB1.64 million, representing a decrease of approximately 55.24% as compared with the Pro Forma Period. Such decrease was mainly attributable to the policy change of internship program, which increased the requirements for internship application. Students now can only apply for the internship that matches their major. Therefore, the internship management fee decreased as the number of qualified applicants decreased.

For the year ended 31 August 2022, our revenue from tutoring and program management fees amounted to approximately RMB0.06 million and representing a decrease of approximately 99.62% as compared with the Pro Forma Period. The reason behind the fluctuation was the shift in the Group's business strategy. As the number of newly enrolled students increased, the Group has placed more efforts on the development of its course arrangement and academic education, rather than the cooperation program with other entities.

Our revenue generated from other services for the year ended 31 August 2022 was primarily derived from (i) miscellaneous charges to students and (ii) commission income from books and services suppliers. The fee received from other services is recognised as revenue when relevant service is rendered to the customers. For the year ended 31 August 2022, our revenue generated from other services amounted to approximately RMB3.37 million, representing a decrease of approximately 76.71% as compared with the Pro Forma Period. Such decrease was mainly attributable to the decrease in the average miscellaneous charges paid by the students, as JUAS lowered the miscellaneous charge rate starting from September 2021.

Cost of Revenue

Our cost of revenue primarily consisted of employee benefit expenses, depreciation and amortization expenses, students activities expenses, educational supplies and consumables, repair and maintenance and others. For the year ended 31 August 2022, the cost of revenue of the Group amounted to approximately RMB332.15 million, representing an increase by 83.53% as compared with the Pro Forma Period. Such increase was mainly because (i) based on the Group's adherence to high-quality development, it has continuously improved and increased investment in teaching quality and resources and student activities; and (ii) there was an increase in depreciation cost of property, plant and equipment.

Gross Profit and Gross Profit Margin

Our gross profit was approximately RMB182.80 million for the year ended 31 August 2022, representing a decrease of approximately 8.18% as compared with the Pro Forma Period. Our gross profit margin was approximately 35.50% for the year ended 31 August 2022, as compared with approximately 52.38% for the Pro Forma Period. The decrease in gross profit and gross profit margin was mainly due to the increase in employee benefit expenses and other costs outweighed the increase in revenue.

Other Income

Other income primarily included government grants, sub-contracting income (mainly from the sub-contracting operation of canteen catering and stores in our Schools' campus), self-operating canteen income and others during the year ended 31 August 2022. For the year ended 31 August 2022, the Group's other income amounted to approximately RMB27.98 million, representing an increase of approximately 20.15% as compared with the Pro Forma Period. Such increase was mainly attributable to the increase in government grants.

Expenses

Other Expenses

Other expenses primarily consisted of employee benefit expenses, promotion expenses, self-operating canteen expenses, depreciation and amortisation expenses. Our other expenses amounted to approximately RMB10.13 million, representing an increase of approximately 47.56% as compared with the Pro Forma Period. Such increase was mainly attributable to the increase in employee benefit expenses, depreciation and amortisation expenses.

Other losses — net

Our other losses — net primarily consisted of net fair value (losses)/gains on financial assets at fair value through profit or loss and net foreign exchange losses, donation and others. For the year ended 31 August 2022, our other losses — net amounted to approximately RMB44.07 million, representing an increase of approximately 1,107.70% as compared with the Pro Forma Period. The increase was mainly attributable to loss on financial assets at fair value through profit or loss in relation to the Group's investment in the shares of Sinic Holdings (Group) Company Limited, which is a company listed on the Stock Exchange (stock code: 2103) ("**Sinic Holdings**"). The trading of its shares has been suspended since September 2021 and up to the date of this announcement. The investment was fully provided for impairment as at 31 August 2022.

Internal control and investment policy in relation to financial assets

The Group's investment in financial assets was mainly the result of its cash management objective to improve returns on its available capital including cash and undistributed profits. Subject to approval of the Board, the Group may make short-term investments on equities, bonds, funds and derivatives products which can be readily realized within one year. The Group has established internal procedures in relation to investments in financial assets, which include, among others, (i) investment in financial assets must be fully discussed by the Directors and approved by at least two-third of the votes in a Board meeting; (ii) the Group may only use idle funds or spare cash to purchase financial products, and such investment shall not affect its operation activities and investment in relation to our main scope of business; (iii) financial instruments provided by sizable and reputable licenced commercial banks are preferred; (iv) futures trading is prohibited unless with prior written approval by the Board; and (v) the Group must conduct regular review of investments of financial products and the Group's finance team is in charge of the review and risk assessment of financial products with reference to the Group's financial condition, cash position, operating cash requirements, as well as changes in interest rates. In the event of significant fluctuations in the financial assets, the Group's finance team shall conduct analysis in a timely manner and provide the relevant information to the financial controller.

The management of the Group implements risk control measures in relation to investment in financial assets from time to time. The fair value loss resulted from the Group's investment in Sinic Holdings was mainly attributable to its liquidity issues and the trading of its shares was suspended suddenly in the middle of a trading day, which made it very difficult for the management of the Group to take action to minimise its loss. Afterwards, the Directors and the management of the Group have continuously followed the updates on Sinic Holdings, assessed the financial effect brought about by such event and discussed on feasible remediation solutions.

Net Impairment Losses on Financial Assets

Our net impairment losses on financial assets primarily represented impairment of trade receivables. For the year ended 31 August 2022, our net impairment losses on financial assets amounted to approximately RMB5.90 million, representing a decrease of approximately 57.83% as compared with the Pro Forma Period. The decrease was mainly attributable to our enhanced management on collection of trade receivables, which in turn resulted in the decrease in trade receivables.

Selling Expenses

Our selling expenses primarily consisted of promotion expenses, travelling and office expenses, and others which mainly included costs incurred for promotional materials in connection with student recruitments. Our selling expenses amounted to approximately RMB29.13 million for the year ended 31 August 2022, representing an increase of approximately 396.81% as compared with the Pro Forma Period. Such increase was mainly due to increased recruitment campaigns in Jishi College and Guizhou Institute.

Administrative Expenses

Our administrative expenses primarily consisted of (i) employee benefit expenses for our administrative staff, (ii) depreciation and amortisation expenses for administrative facilities, (iii) professional service fees, (iv) repair and maintenance expenses for administrative facilities, and (v) general office expenses mainly including office expenses and transportation expenses, and other expenses of similar nature. For the year ended 31 August 2022, our administrative expenses amounted to approximately RMB93.98 million, representing an increase of approximately 13.98% as compared with the Pro Forma Period. Such increase was mainly because of the increased salaries, electricity bill and repair and maintenance expenses.

Finance Costs — Net

Our net finance costs reflected the sum of interest expenses we paid on bank borrowings and other borrowings after netting off the interest income we received from cash and cash equivalents. Our net finance costs amounted to approximately RMB57.85 million for the year ended 31 August 2022, representing an increase of approximately 30.84% as compared with the Pro Forma Period. Such increase was mainly in line with the increase in borrowings from approximately RMB1,243.21 million as at 31 August 2021 to approximately RMB1,370.75 million as at 31 August 2022.

Income Tax Expenses

For the year ended 31 August 2022, our income tax expenses primarily consisted of PRC Enterprise Income Tax. Our income tax expenses were approximately RMB7.71 million for the year ended 31 August 2022, representing an increase of approximately 203.82% as compared with the Pro Forma Period. Such increase was mainly because income tax expenses increased as a result of the acquisition of Guizhou Institute in April 2021, which is not exempt from PRC enterprise income tax.

(Loss)/Profit for the Year

For the year ended 31 August 2022, our loss for the year amounted to approximately RMB37.99 million, as compared with profit for the year of approximately RMB62.81 million for the Pro Forma Period. Such loss for the year was mainly attributable to (i) a fair value loss on financial assets of approximately RMB42.52 million in relation to the Group's investment in the shares of Sinic Holdings. The trading of its shares has been suspended since September 2021 and up to the date of this announcement; (ii) an increase of approximately RMB13.64 million in finance costs, as we increased the borrowings from approximately RMB1,243.21 million as at 31 August 2021 to approximately RMB1,370.75 million as at 31 August 2022; and (iii) an increase of approximately RMB23.27 million in selling expenses due to increased recruitment campaigns in Jishi College and Guizhou Institute.

Financial Positions

As at 31 August 2022, our total equity was approximately RMB811.08 million, as compared with approximately RMB845.13 million as at 31 August 2021. The decrease in equity was mainly attributable to the loss for the year.

As at 31 August 2022, our current assets were approximately RMB371.57 million, as compared with approximately RMB474.35 million as at 31 August 2021. The decrease was mainly attributable to (i) the decreases in cash and cash equivalents, which was due to construction of school buildings and facilities of JUAS and Guizhou Institution and new campus of Jishi College; and (ii) the decrease in financial asset attributable to fair value loss in relation to the Group's investment in the shares of Sinic Holdings. The trading of its shares has been suspended since September 2021 and up to the date of this announcement.

The Group has established internal procedures in relation to investment in financial assets. In particular, investment in financial assets must be fully discussed by the Directors and approved by at least two-third of the votes in a Board meeting. For further details on the Group's internal procedures and risk control measures in relation to investment in financial assets, see "Financial Review — Expenses — Other losses-net — Internal control and investment policy in relation to financial assets" in this announcement.

Liquidity and Capital Resources

Our primary uses of cash are to fund our working capital requirement, loan repayment and related interest expenses. We have funded our operations principally with the cash generated from our operations and borrowings.

As at 31 August 2022, we had cash and cash equivalents of approximately RMB286.21 million, as compared with approximately RMB314.46 million as at 31 August 2021. Such decrease was mainly attributable to the higher operating expenditure during the year.

Our total borrowings increased from approximately RMB1,243.21 million as at 31 August 2021 to approximately RMB1,370.75 million as at 31 August 2022. As at 31 August 2022, all our bank borrowings were dominated in RMB, among which approximately RMB390.45 million are repayable within one year and approximately RMB980.30 million are payable more than one year. For the year ended 31 August 2022, the weighted average effective interest rate of our borrowings was approximately 6.36%, as compared with 6.92% for the eight months ended 31 August 2021.

Internal control and policy in relation to liquidity and capital resources

The Group's finance department is responsible for financial control, accounting, reporting, group credit and internal control function of the Group. In addition, the Company's Audit Committee is responsible for reviewing and supervising the Group's financial reporting process and internal control system. The Group closely monitors the level of its working capital, particularly in view of its strategies to continue expanding the Schools and the scope of its education related services. The Group's working capital requirements depend on a number of factors, including, but not limited to, operating income, the scale of Schools, maintaining and upgrading the premises of the Schools, purchasing additional educational facilities and equipment for Schools, expanding scope of education related services, and hiring additional teachers and staff. In addition, the Group closely monitor its available cash reserve and maturity profile of existing debt obligations, and if required, it may borrow additional loans or utilize its existing banking facilities to satisfy unexpected capital needs.

Gearing Ratio

As at 31 August 2022, our gearing ratio, which is calculated as net debt divided by total equity, was approximately 144.58%, as compared with approximately 112.79% as at 31 August 2021. The increase in gearing ratio was mainly attributable to the increase in total borrowings and the decrease in total equity.

Capital Expenditure

Our capital expenditures during the year ended 31 August 2022 amounted to approximately RMB543.45 million, which was primarily used for the construction of school buildings and facilities at the JUAS and Guizhou Institution and new campus of Jishi College and purchase of office furniture and fixtures and computer software.

Property, Plant and Equipment

Property, plant and equipment of the Group as at 31 August 2022 increased to approximately RMB2,185.65 million from approximately RMB1,558.45 million as at 31 August 2021. Such increase was mainly attributable to the increase in the construction of school buildings and facilities at the JUAS and Guizhou Institution and new campus of Jishi College and the purchase of office furniture and fixtures and computer software.

CHARGE ON ASSETS

Except for the disclosures in notes 3, 9 and 16 of the financial information of this announcement, there was no other material charge on the Group's assets as at 31 August 2022.

CONTINGENT LIABILITIES, GUARANTEES AND LITIGATIONS

Save as disclosed in this announcement, we did not have any unrecorded significant contingent liabilities or guarantees or any material litigation against us as at 31 August 2022 and up to the date of this announcement.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As at the date of this announcement, the Group has not entered into any off-balance sheet transactions.

SIGNIFICANT INVESTMENTS HELD

Save as disclosed herein, the Group did not have other significant investments held as at 31 August 2022 and up to the date of this announcement.

The Group entered into the following agreements during the year ended 31 August 2022:

(i) In November 2021, Nanchang Di Guan and Junyiyuan Technology Development Group Limited (君億園科技發展集團有限公司) ("**Junyiyuan**"), an independent third party, entered into an agreement, pursuant to which Nanchang Di Guan acquired from Junyiyuan the right to operate and manage Jiangxi Aviation Technician College (江西航空技師學院) for a term of 10 years at a consideration of

RMB49.53 million. Up to the date of this announcement, Nanchang Di Guan and Junyiyuan have been working on obtaining the approval of the transfer of operating rights from the relevant authorities. This is expected to be finished by the end of 2022.

(ii) In December 2021, Chen Lin Education Science and Jiangxi Henghuida Agricultural Science and Technology Co., Ltd. (江西恒暉大農業科技有限公司) ("**Henghuida**"), an independent third party, signed a non-legally binding memorandum which sets out the intention of the parties to cooperate in education projects relating to agriculture, health care, ecology and sustainable development. The Group made a deposit amounting to RMB21,000,000 to Henghuida according to the memorandum. As at the date of this announcement, the parties were still negotiating details of the cooperation.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

The Group did not have any other material acquisitions or disposals of subsidiaries and associated companies during the year ended 31 August 2022 and up to the date of this announcement.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in this announcement, as at the date of this announcement, the Group did not have other plans for material investments or capital assets.

FOREIGN CURRENCY RISK

The Group primarily operates its business in the PRC. The currency in which the Group denominates and settles substantially all of its transactions is RMB. Any depreciation of RMB would adversely affect the value of any dividends the Group pay to Shareholders outside of the PRC. The Group currently does not engage in hedging activities designed or intended to manage foreign exchange rate risk. The Group will continue to monitor foreign exchange changes to best preserve the Group's cash value.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 August 2022, we had 2,356 full-time employees (as at 31 August 2021, we had 1,738 full-time employees), mostly based in Jiangxi Province, PRC.

The remuneration or our employees is based on their performance, experiences, and market comparable analysis. In addition to salary, we also provide various incentives, including share-based compensation such as RSUs granted pursuant to the Company's RSU Scheme as well as performance-based bonuses to better motivate our employees.

As required by the PRC law, we contribute to housing funds and maintain mandatory social insurance plans for our employees based in the PRC, covering pension, medical, unemployment, work injury and maternity leave. The Group participates in a Mandatory Provident Fund Scheme under the Rules and regulations of Mandatory Provident Fund Schemes Ordinance for all of its employees in Hong Kong. For the year ended 31 August 2022, our employee remuneration totaled to approximately RMB208.49 million, as compared with RMB94.40 million for the eight months ended 31 August 2021.

We grant RSUs to our employees to incentivise them to contribute to our growth. As at 31 August 2022, RSUs in respect of 26,094,700 underlying Shares, representing approximately 2.61% of the share capital of our Company as at 31 August 2022, have been granted to 39 participants pursuant to the RSU Scheme. As of 31 August 2022, RSUs in respect of 21,252,800 underlying Shares, have been vested.

The employees of the subsidiaries of the Group established in the PRC (other than Hong Kong) participate in defined contribution retirement benefit schemes managed by the local government authorities, whereby these subsidiaries are required to contribute to the schemes at a rate of 16% (2021: 16%) of the basic salary. Employees of these subsidiaries are entitled to retirement benefits, calculated based on a percentage of the average salaries level in the PRC (other than Hong Kong), from the abovementioned retirement schemes at their normal retirement age.

The Group also participates in a pension scheme under the rules and regulations of Mandatory Provident Fund Scheme (the "**MPF Scheme**") for all its qualifying employees in Hong Kong. Under the MPF Scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$30,000. Contributions to the MPF Scheme vest immediately.

The Group's contributions to the defined contribution schemes vest fully and immediately with the employees. Accordingly, (i) for the year ended 31 August 2022 and for the eight months ended 31 August 2021, there was no forfeiture of contributions under the defined contribution schemes; and (ii) there were no forfeited contributions available for the Group to reduce its existing level of contributions to the defined contribution schemes as at 31 August 2022. No forfeited contributions may be used if there is forfeited contributions.

The remuneration of Directors and members of senior management of the Company is determined on the basis of each individual's responsibilities, qualification, position, experience, performance, seniority and time devoted to our business. They receive compensation in the form of salaries, performance-related bonus, RSUs, and other allowances and benefits-in-kind, including the Company's contribution to their pension schemes on their behalf.

IMPORTANT EVENTS AFTER THE REPORTING PERIOD

The Group has been in active communications with banks and other financial institutions to secure the necessary borrowings and to obtain new facilities to fund the Group's capital expenditures and operations. Subsequent to 31 August 2022 and up to the date of this announcement, the Group has obtained bank borrowings of RMB350 million.

Save for the above, the Group had no material subsequent events which have not been reflected in the financial statement.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The annual general meeting of the Company (the "**2023 AGM**") is scheduled to be held on Monday, 30 January 2023. A notice convening the 2023 AGM and the book closure of register of members, for the purpose of ascertaining Shareholders' entitlement to attend the 2023 AGM, will be published and despatched in the manner as required by the Listing Rules in due course.

In order to ascertain Shareholder's entitlement to attend and vote at the 2023 AGM, the register of members of the Company will be closed from Friday, 20 January 2023 to Monday, 30 January 2023, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for attending and voting at the 2023 AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Thursday, 19 January 2023.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company, nor any of its subsidiaries, has purchased, sold or redeemed any listed securities of the Company during the year ended 31 August 2022.

NON-COMPLIANCE WITH CG CODE AND LISTING RULES

For the year ended 31 August 2022, the Company has complied with the CG Code and Listing Rules except for the following one deviation which is explained below:

According to provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Huang Yulin is the chairman of the Board and the chief executive officer of the Company (the "**Chief Executive Officer**"). The Board believes that having the same individual in both roles as the Chairman and the Chief Executive Officer ensures that the

Group has consistent leadership and could make and implement the overall strategy of the Group more effectively. In addition, under the current composition of the Board, namely six executive Directors, one non-executive Director and four independent non-executive Directors, we believe that the interests of shareholders of the Company are adequately and fairly represented. The Board considers that the present corporate governance arrangement does not impair the balance of power and authority within the Group.

SCOPE OF WORK OF THE COMPANY'S AUDITOR

The figures in respect of the Group's consolidated balance sheet, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 August 2022 as set out in this Annual Results announcement have been agreed by the Company's auditor to the amounts set out in the Group's consolidated financial statements for the year ended 31 August 2022. The work performed by the Company's auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, and Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Company's auditor on this Annual Results announcement.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors.

Having made specific enquiry of all Directors of the Company, all Directors have all confirmed that they have complied with the Model Code and the code of conduct of the Company regarding securities transactions by Directors throughout the year ended 31 August 2022.

AUDIT COMMITTEE

The Company has established the Audit Committee with written terms of reference in compliance with the CG Code. As at the date of this announcement, the Audit Committee consists of four independent non-executive Directors, namely Mr. Sy Lai Yin, Sunny, Mr. Chen Wanlong, Mr. Huang Juyun and Mr. Wang Donglin. Mr. Sy Lai Yin, Sunny is the chairman of the Audit Committee, who possesses suitable professional qualifications. The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed auditing and financial reporting matters including the review of the Annual Results and the consolidated financial statements of the Group for the year ended 31 August 2022.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND 2022 ANNUAL REPORT

This Annual Results announcement was published on the website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and on the website of the Company (www.chenlin-edu.com). The annual report of the Group for the year ended 31 August 2022 will be despatched to Shareholders and available on the above websites in December 2022.

DEFINITIONS

"Amendment Decision"	the Decision of the Standing Committee of the National People's Congress on Amending the Law for Promoting Private Education 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) promulgated by Order No. 55 of the President of the PRC on 7 November 2016, and became effective on 29 December 2018
"Audit Committee"	the audit committee of the Board, comprising solely the independent non-executive Directors of the Company
"Board"	the board of Directors of the Company
"CG Code"	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
"Chen Lin Education Science"	Chen Lin Education Science (Jiangxi) Co., Ltd. (辰林教育科技(江西)有限責任公司), a wholly-foreign owned enterprise incorporated under the laws of the PRC with limited liability on 5 September 2018 and indirectly wholly-owned by the Company
"China" or "PRC"	the People's Republic of China, unless otherwise stated, excludes the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan of China herein
"Company" or "our Company"	Chen Lin Education Group Holdings Limited (辰林教育集團控股有限公司）, a company incorporated under the laws of the Cayman Islands with limited liability on 25 May 2018 and listed on the Stock Exchange on 13 December 2019 (Stock Code: 1593)

"Consolidated Affiliated Entities"	the entities we control through the Contractual Arrangements
"Contractual Arrangements"	certain contractual arrangements entered by us on 15 September 2018
"Director(s)"	the director(s) of the Company
"double qualification teachers"	full-time teachers with title of lecturer and above in addition to professional qualification or industry experience
"Group", "we" or "us"	the Company and all of its subsidiaries and companies whose financial results have been consolidated and accounted as the subsidiaries of our Company by virtue of the contractual arrangements entered into on 15 September 2018, or, where the context so requires, in respect of the period before our Company became the holding company of our current subsidiaries, the business operated by such subsidiaries or their predecessors (as the case may be)
"Guizhou Implementation Measures"	Measures for Changing the Type of Legal Person Registration of Existing Private Schools in Guizhou Province (《貴州省現有民辦學校變更法人登記類型辦法》)
"Guizhou Institute"	Guizhou Institute of Industry and Trade (貴州工貿職業學院), a higher vocational college locates in Guizhou Province, PRC, established in May 2015, which offers vocational programs and junior college programs
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"IFRSs"	the International Financial Reporting Standards
"Implementation Regulations"	the Regulations on the Implementation of the Law for Promoting Private Education of the PRC (《中華人民共和國民辦教育促進法實施條例》) issued by the PRC State Council on 14 May 2021

"Independent Third Party"	an individual(s) or company(ies) who or which is/are to the best of our Director's knowledge, information and belief, having made all reasonable enquiries, is/are not our connected persons as defined under the Listing Rules
"Jiangxi Implementation Opinions"	Current Implementation Measures for Categorical Registration of Private Schools in Jiangxi Province (江西省現有民辦學校分類登記實施辦法)
"Jishi College"	Jiangxi Wenli Jishi College (江西文理技師學院), a full-time vocational college locates in Jiangxi Province, PRC, which offers vocational programs, established in November 2019
"JUAS"	Jiangxi University of Applied Science (江西應用科技學院), a private university locates in Jiangxi Province, PRC which offers both undergraduate and junior college programs, established in April 2002
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)
"Model Code"	the Model Code of Securities Transactions by Directors of the Listed Issuers as set out in Appendix 10 to the Listing Rules
"MOE"	the Ministry of Education of the PRC (中華人民共和國教育部)
"Nanchang Di Guan"	Nanchang Di Guan Education Consultancy Co., Ltd. (南昌迪冠教育諮詢有限公司), a company established under the laws of the PRC with limited liability on 17 September 2009, being one of the Consolidated Affiliated Entities
"Pro Forma Period"	the pro forma financial year ended 31 August 2021
"RMB"	Renminbi, the lawful currency of the PRC
"RSU(s)"	restricted share units granted pursuant to the RSU Scheme

"RSU Scheme"	the restricted share unit scheme adopted by our Company on 20 August 2019
"Schools"	JUAS, Jishi College, Guizhou Institute and Yu Ren High School
"senior management"	the senior management of the Company
"Share(s)"	ordinary share(s) of HK$0.0001 each in the issued share capital of the Company
"Shareholder(s)"	holder(s) of Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Yu Ren High School"	Zhengzhou Airport Economy Zone Yu Ren High School (鄭州航空港區育人高級中學), a private high school locates in Henan Province, PRC, established in 2017, which offers high school program
"%"	per cent

By order of the Board
Chen Lin Education Group Holdings Limited
Huang Yulin
Chairman

Nanchang, the PRC, 30 November 2022

As of the date of this announcement, the executive Directors are Mr. Huang Yulin, Mr. Yang Ruichen, Mr. Liu Chunbin, Mr. Wang Li, Ms. Gan Tian and Mr. Wang Shenghua; the non-executive Director is Mr. Li Cunyi and the independent non-executive Directors are Mr. Sy Lai Yin, Sunny, Mr. Chen Wanlong, Mr. Huang Juyun and Mr. Wang Donglin.