



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



INTERIM REPORT
2023

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DEFINITIONS

“Amendments”	the amendments to the RSU Scheme, key changes of which are set out in the announcement of the Company dated 30 November 2022 and the circular of the Company dated 6 January 2023
“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 1 September 2017
“Audit Committee”	the audit committee of the Board
“Board”	the board of Directors of the Company
“BVI”	the British Virgin Islands
“CEO”	the chief executive officer of the Company
“CG Code”	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
“Chairman”	the chairman of the Board
“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 indirect wholly-owned by the Company
“Chen Lin Elite Holdings”	Chen Lin Elite Holdings Limited, a company incorporated under the laws of the BVI on 5 July 2018 and wholly-owned by Huangyulin Holdings
“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), an exempted company incorporated under the laws of the Cayman Islands with limited liability on 25 May 2018 and whose shares were listed on the Stock Exchange on 13 December 2019 (Stock Code: 1593)
“Consolidated Affiliated Entities”	the entities we control through the Contractual Arrangements, namely Nanchang Di Guan, Gan Zhou Chen Lin, JUAS, Ruicheng Education, Guizhou Xikai, Henan Kunren, Guizhou Institute, Yu Ren High School and Jishi College
“Consultation Conclusions”	Consultation conclusions on the proposed amendments to Listing Rules relating to share schemes of listed issuers and housekeeping rule amendment published by the Stock Exchange in July 2022

DEFINITIONS

“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
“Gan Zhou Chen Lin”	Gan Zhou Chen Lin Education Investment Co., Ltd. (贛州辰林教育投資有限公司), a company established under the laws of the PRC with limited liability, one of the Consolidated Affiliated Entities
“Group”, “we” or “us”	the Company and all of its subsidiaries and companies whose financial results have been consolidated and accounted for as the subsidiaries of our Company by virtue of the Contractual Arrangements, 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 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, and the sponsor of which is Guizhou Xikai, one of the Consolidated Affiliated Entities
“Guizhou Xikai”	Guizhou Xikai Education Investment Co., Ltd (貴州西凱教育投資有限公司), a company established under the laws of the PRC with limited liability on 5 May 2015, being the sponsor of Guizhou Institute, one of the Consolidated Affiliated Entities
“Henan Kunren”	Henan Kun Ren Education Science Technology Co., Ltd (河南坤仁教育科技有限公司), a company established under the laws of the PRC with limited liability on 25 May 2017, being the sponsor of Yu Ren High School, one of the Consolidated Affiliated Entities
“HK\$” and “HK cents”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huangguandi Holdings”	Huangguandi Holdings Limited, a company incorporated under the laws of the BVI on 13 June 2018 and wholly-owned by Mr. Huang Guandi
“Huangyuan Holdings”	Huangyuan Holdings Limited, a company incorporated under the laws of the BVI on 13 June 2018 and wholly-owned by Ms. Huang Yuan
“Huangyulin Holdings”	Huangyulin Holdings Limited, a company incorporated under the laws of the BVI on 22 May 2018 and wholly-owned by Mr. Huang Yulin

DEFINITIONS

“IFRSs”	the International Financial Reporting Standards
“2021 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
“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, and the sponsor of which is Ruicheng Education, one of the Consolidated Affiliated Entities
“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 on 11 April 2002, and the sponsor of which is Nanchang Di Guan, one of the Consolidated Affiliated Entities
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as amended, supplemented or otherwise modified 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)
“MOE Draft for Comments”	the Draft Revision of the Regulations on the Implementation of the Law for Promoting Private Education of the PRC (the Draft for Comments) (《中華人民共和國民辦教育促進法實施條例(修訂草案)(徵求意見稿)》) issued by the MOE on 20 April 2018 to seek public comments
“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 the sponsor of JUAS, one of the Consolidated Affiliated Entities
“Pro Forma Period”	for the six months ended 28 February 2022
“Prospectus”	the prospectus issued by the Company dated 27 November 2019
“RMB”	Renminbi, the lawful currency of the PRC
“RSU(s)”	restricted share unit(s) granted pursuant to the RSU Scheme

DEFINITIONS

“RSU Scheme”	the restricted share unit scheme adopted by our Company on 20 August 2019
“Ruicheng Education”	Nanchang Ruicheng Education Consultancy Co., Ltd. (南昌市瑞誠教育諮詢有限公司), a company established under the laws of the PRC with limited liability on 24 June 2020, being the sponsor of Jishi College, one of the Consolidated Affiliated Entities
“Schools”	JUAS, Jishi College, Guizhou Institute and Yu Ren High School, which are four schools owned by our Group as at 28 February 2023
“Senior Management”	the senior management of the Company
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (as amended, supplemented or otherwise modified from time to time)
“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
“US\$”	United States dollars, the lawful currency of the United States
“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, and the sponsor of which is Henan Kunren, one of the Consolidated Affiliated Entities
“%”	per cent

CORPORATE PROFILE

BOARD OF DIRECTORS

Executive Directors

Mr. Huang Yulin (*Chairman and chief executive officer*)
Mr. Yang Ruichen (*chief financial officer*)
Mr. Liu Chunbin (*vice president*)
Mr. Wang Li (*co-president*)
Ms. Gan Tian (*co-president*)
Mr. Wang Shenghua

Non-executive Director

Mr. Li Cunyi

Independent Non-executive Directors

Mr. Sy Lai Yin, Sunny
Mr. Chen Wanlong
Mr. Huang Juyun
Mr. Wang Donglin

AUDIT COMMITTEE

Mr. Sy Lai Yin, Sunny (*Chairman*)
Mr. Huang Juyun
Mr. Chen Wanlong
Mr. Wang Donglin

REMUNERATION COMMITTEE

Mr. Chen Wanlong (*Chairman*)
Mr. Huang Juyun
Mr. Sy Lai Yin, Sunny
Mr. Wang Li
Mr. Li Cunyi

NOMINATION COMMITTEE

Mr. Huang Juyun (*Chairman*)
Mr. Wang Donglin
Mr. Chen Wanlong
Mr. Li Cunyi
Ms. Gan Tian

COMPANY SECRETARY

Ms. Yu Anne

AUTHORISED REPRESENTATIVES

Mr. Huang Yulin
Ms. Yu Anne

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor
22/F, Prince's Building
Central
Hong Kong

LEGAL ADVISER

As to Hong Kong law
Tian Yuan Law Firm LLP
Suites 3304–3309, 33/F.
Jardine House
One Connaught Place
Central, Hong Kong

STOCK CODE

1593

REGISTERED OFFICE IN THE CAYMAN ISLANDS

190 Elgin Avenue
George Town
Grand Cayman KY1-9008
Cayman Islands

CORPORATE PROFILE

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN CHINA

No. 001, Xinjian Lianfu Dadao
Nanchang
Jiangxi
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

40th Floor, Dah Sing Financial Centre
No. 248 Queen's Road East
Wanchai
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG SHARE REGISTRAR

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

PRINCIPAL BANK

China Construction Bank, Jiangxi Branch
Xin Jian sub-branch
No. 280, Jiefang Road
Xin Jian District
Nanchang, Jiangxi
PRC

COMPANY'S WEBSITE

www.chenlin-edu.com

FINANCIAL PERFORMANCE HIGHLIGHTS

	For the six months ended		% change
	28 February 2023 RMB'000 (Unaudited)	28 February 2022 RMB'000 (Unaudited)	
Revenue	321,670	287,237	11.99
Gross profit	126,695	105,489	20.10
Profit/(loss) for the period	20,966	(35,827)	158.52
Basic earnings/(loss) per share (RMB per Share)	0.02	(0.04)	150.00

As at 28 February 2023, we had a total of 36,272 students, representing an increase of approximately 0.95% as compared with a total of 35,929 students as at 28 February 2022. This increase was mainly because of the increasing number of students enrolled in JUAS, Guizhou Institution and Yu Ren High School.

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 28 February 2023, we operate four Schools, comprising (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.

We offer undergraduate programs, junior college programs, vocational programs and high school programs, as well as diverse education related services. As at 28 February 2023, our Schools had 36,272 enrolled students, consisting of 13,941 undergraduate students, 14,458 junior college students, 6,463 vocational school students and 1,410 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 urbanisation 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 at 28 February 2023, our Group owns four schools in 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 a 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 98.35% of revenue from our education services for the six months ended 28 February 2023, which included tuition fees for our undergraduate programs, junior college programs, vocational programs and high school programs, as well as boarding fees. For the six months ended 28 February 2023, our revenue from tuition fees and boarding fees amounted to approximately RMB283.12 million and RMB33.25 million respectively, representing an increase of approximately 10.91% and 29.44% as compared with the six months ended 28 February 2022.

The following table sets forth detailed information regarding the number of student enrollment of our Schools as at 28 February 2023, together with comparative information as at 28 February 2022:

	Number of students as at		
	28 February 2023	28 February 2022	% change
Higher education programs carried out by JUAS			
— Undergraduate programs	13,941	11,375	22.56
— Junior college programs	5,778	7,502	(22.98)
Vocational education programs carried out by Jishi College			
— Vocational programs	4,986	5,073	(1.71)
Vocational education programs carried out by Guizhou Institute⁽²⁾			
— Junior college programs	8,680	8,687	(0.08)
— Vocational programs	1,477	1,654	(10.70)
High school education programs carried out by Yu Ren High School⁽²⁾			
— High school education	1,410	1,638	(13.92)
Total	36,272	35,929	0.95

MANAGEMENT DISCUSSION AND ANALYSIS

Notes:

- (1) The operating data for student enrollment presented in this table is based on records of our Schools submitted to competent PRC education authorities at the beginning of the corresponding school year.
- (2) Guizhou Institute and Yu Ren High School were acquired by our Group in April 2021 and July 2021, respectively.

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 six months ended 28 February 2023, together with comparative information for the six months ended 28 February 2022:

	For the six months ended		% change
	28 February 2023 (RMB)	28 February 2022 (RMB)	
Average tuition fees⁽¹⁾			
Undergraduate programs	12,390	11,591	6.89
Junior college programs	5,237	5,425	(3.47)
Vocational programs ⁽²⁾	2,970	2,928	1.43
High school programs ⁽²⁾	10,971	9,696	13.15
Average boarding fees⁽³⁾	917	715	28.25

Notes:

- (1) Average tuition fees are calculated by dividing the total tuition fees received by student enrolment in the corresponding period.
- (2) Guizhou Institute and Yu Ren High School were acquired by our Group in April 2021 and July 2021, respectively.
- (3) Average boarding fees are calculated by dividing the total boarding fees received by student enrolment in the corresponding period.

Our Education Related Services

In addition to tuition fees and boarding fees, for the six months ended 28 February 2023, 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 six months ended 28 February 2023, our revenue generated from education related services amounted to approximately RMB2.81 million, representing an increase of approximately 119.80% as compared with the six months ended 28 February 2022. JUAS and Jishi College provided more training and education programs for students to take.

MANAGEMENT DISCUSSION AND ANALYSIS

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 1 September 2017. 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.

The 2021 Implementation Regulations

On 14th 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 "**2021 Implementation Regulations**"). The new regulations has been officially implemented since 1 September 2021, which may have a considerable impact on the education industry.

The 2021 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 interim report, (i) JUAS has applied for the registration as for-profit private school (the "**Application**"); (ii) the Application is currently pending on the completion of post-application corporate actions, such as applying for pre-registration of for-profit private school names, amending the articles of association of the school, carrying out financial liquidation and etc.; and (iii) we have been informed that JUAS is preliminary allowed to register as a for-profit private school and it remains as a non-profit private school before completion of the registration.

So far as our Directors are aware, during the six months ended 28 February 2023 and up to the date of this interim report, there is no material regulatory updates in relation to the foreign investment in the education sector in the PRC that may have affected the operation of the Group.

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 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 2021 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;

MANAGEMENT DISCUSSION AND ANALYSIS

- 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 government support. We believe that in the second half of 2022/2023 school year, China's private education sector will still remain on a secular growth trend and there is significant potential with opportunities.

To achieve our goals, in the second half of 2022/2023 school year, 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 will 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 optimise program offerings, strengthen school-enterprise collaboration and international collaboration, and develop online education courses.

MANAGEMENT DISCUSSION AND ANALYSIS

- **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 institutes 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 of 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-recognised 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 institutes with experience to serve in academic leadership roles at our Schools.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

The interim results covered a period of six months from 1 September 2022 to 28 February 2023.

	For the six months ended		% change
	28 February 2023 (RMB'000) (Unaudited)	28 February 2022 (RMB'000) (Unaudited)	
Revenue	321,670	287,237	11.99
Cost of revenue	(194,975)	(181,748)	7.28
Gross profit	126,695	105,489	20.10
Other income	8,233	8,207	0.32
Other expenses	(606)	(4,686)	(87.07)
Other losses — net	(1,106)	(39,813)	(97.22)
Net impairment losses on financial assets	(5,848)	(5,312)	10.09
Selling expenses	(7,509)	(12,583)	(40.32)
Administrative expenses	(57,754)	(47,565)	21.42
Finance costs — net	(41,139)	(36,674)	12.17
Profit/(loss) before income tax	20,966	(32,937)	(163.65)
Income tax expenses	—	(2,890)	(100.00)
Profit/(loss) for the period	20,966	(35,827)	(158.52)

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue

The following table sets forth the breakdown of our revenue for the six months ended 28 February 2023, together with comparative information for the six months ended 28 February 2022:

	For the six months ended			
	28 February 2023 (RMB'000) (Unaudited)	28 February 2022 (RMB'000) (Unaudited)	Change (RMB'000)	Change %
Education services				
Tuition fees	283,119	255,261	27,858	10.91
Boarding fees	33,248	25,686	7,562	29.44
Sub-total	316,367	280,947	35,420	12.61
Education related services				
Internship management fees	613	692	(79)	(11.42)
Tutoring and program management fees	2,196	586	1,610	274.74
Sub-total	2,809	1,278	1,531	119.80
Others	2,494	5,012	(2,518)	(50.24)
Total	321,670	287,237	34,433	11.99

Our revenue generated from education services for the six months ended 28 February 2023 consisted of tuition fees and boarding fees.

For the six months ended 28 February 2023, our revenue from tuition fees amounted to approximately RMB283.12 million, representing an increase of approximately 10.91% as compared with the six months ended 28 February 2022. Such increase was mainly attributable to the growth in the number of enrolled undergraduate students of JUAS from 11,375 for the six months ended 28 February 2022 to 13,941 for the six months ended 28 February 2023 and increases in average tuition fees for JUAS, Jishi College and Yu Ren High School.

For the six months ended 28 February 2023, our revenue from boarding fees amounted to approximately RMB33.25 million, representing an increase of approximately 29.44% as compared with the six months ended 28 February 2022. Such increase was mainly attributable to the increases in average boarding fees for JUAS and Guizhou Institution.

Our revenue generated from education related services for the six months ended 28 February 2023 consisted of internship management fees as well as tutoring and program management fees.

MANAGEMENT DISCUSSION AND ANALYSIS

For the six months ended 28 February 2023, our revenue from internship management fees amounted to approximately RMB0.61 million, representing a decrease of approximately 11.42% as compared with the six months ended 28 February 2022. The decrease was mainly attributable to drop of the decrease in the number of qualified applicants in Guizhou Institution which in turn resulted in decrease in service fee.

For the six months ended 28 February 2023, our revenue from tutoring and program management fees amounted to approximately RMB2.20 million and representing an increase of approximately 274.74% as compared with the six months ended 28 February 2022. Such increase was mainly attributable to the increase in the number of students taking our training and education program at JUAS and Jishi College.

Our revenue generated from other services for the six months ended 28 February 2023 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 six months ended 28 February 2023, our revenue generated from other services amounted to approximately RMB2.49 million, representing a decrease of approximately 50.24% as compared with the six months ended 28 February 2022. Such decrease was mainly attributable to the decrease in the average miscellaneous charges paid by the students, as JUAS has reduced the miscellaneous charge rate starting from September 2021.

Cost of Revenue

Our cost of revenue primarily consisted of employee benefit expenses, depreciation and amortisation expenses, students activities expenses, electricity and water expenses, repair and maintenance and others. For the six months ended 28 February 2023, the cost of revenue of the Group amounted to approximately RMB194.98 million, representing an increase of approximately 7.28% as compared with the six months ended 28 February 2022. The increase was mainly attributable to the increase in employee benefit expenses and student activities expenses as we continue to commit to improve our teaching quality and student learning experience.

Gross Profit and Gross Profit Margin

Our gross profit was approximately RMB126.70 million for the six months ended 28 February 2023, representing an increase of approximately 20.10% as compared with the six months ended 28 February 2022. Our gross profit margin was approximately 39.39% for the six months ended 28 February 2023, as compared with approximately 36.73% for the six months ended 28 February 2022. The increase in gross profit margin was mainly attributable to the increase in revenue outweighed the increase in cost of 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 six months ended 28 February 2023. Our other income remained relatively stable at approximately RMB8.23 million for the six months ended 28 February 2023 as compared to RMB8.21 million for the six months ended 28 February 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

Expenses

Other Expenses

Other expenses primarily consisted of employee benefit expenses, promotion expenses, self-operating canteen expenses, depreciation and amortisation expenses. Our other expenses decreased by 87.07% from RMB4.69 million for the six months ended 28 February 2022 to RMB0.61 million for the six months ended 28 February 2023. Such decrease was mainly due to the decrease in self-operating canteen expenses as we outsourced our catering services at JUAS and Yu Ren High School.

Other Losses — Net

Our other losses 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 net losses on disposal of property, plant and equipment. For the six months ended 28 February 2023, our other losses amounted to approximately RMB1.11 million, as compared with approximately RMB39.81 million for the six months ended 28 February 2022, representing an decrease of approximately 97.22%. The decrease was mainly attributable to net loss on financial assets at fair value through profit or loss in relation to the Group's investment in the shares of Sinic Holdings (stock code: 2103) which was fully provided for impairment in the previous reporting period due to the suspension of trading of Sinic Holdings' shares on 20 September 2021 and its subsequent delisting from the Stock Exchange on 13 April 2023 under Rule 6.01A(1) of the Listing Rules.

Net impairment losses on financial assets

Our net impairment losses on financial assets primarily represented impairment of trade receivable. For the six months ended 28 February 2023, our net impairment losses on financial assets amounted to approximately RMB5.85 million, as compared with approximately RMB5.31 million for the six months ended 28 February 2022.

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 decreased to approximately RMB7.51 million representing a decrease of approximately 40.32%. Such decrease was mainly attributable to the decrease in promotion expenses as we scaled back our recruitment campaigns in JUAS.

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 six months ended 28 February 2023, our administrative expenses amounted to approximately RMB57.75 million, representing an increase of approximately 21.42% as compared with the six months ended 28 February 2022. Such increase was mainly attributable to the overall improvement of administrative staff remuneration.

MANAGEMENT DISCUSSION AND ANALYSIS

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 increased from approximately RMB36.67 million for the six months ended 28 February 2022 to approximately RMB41.14 million for the six months ended 28 February 2023, representing an increase of approximately 12.17%. The increase was mainly in line with the increase in borrowing for JUAS in relation to the construction new facilities to improve student learning experience.

Profit for the period

For the six months ended 28 February 2023, our profit amounted to approximately RMB20.97 million, as compared with loss before tax of approximately RMB32.94 million the six months ended 28 February 2022. Such increase was mainly attributable to (i) a decrease in other losses — net by approximately RMB37.39 million as the loss on fair value through profit or loss on financial assets in relation to the Group's investment in the shares of Sinic Holdings (stock code: 2103) was fully provided for impairment in the previous reporting period due to the suspension of trading of Sinic Holdings' shares on 20 September 2021 and its subsequent delisting from the Stock Exchange on 13 April 2023 under Rule 6.01A(1) of the Listing Rules; and (ii) an increase in revenue by approximately RMB27.86 million due to the growth in the number of enrolled students and increases in average tuition fees for JUAS, Jishi College and Yuren High School.

Financial Positions

As at 28 February 2023, our total equity was approximately RMB832.56 million, as compared with approximately RMB811.08 million as at 31 August 2022. Such increase was mainly attributable to profit for the period.

As at 28 February 2023, our current assets were approximately RMB258.27 million, as compared with approximately RMB371.57 million as at 31 August 2022.

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. 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.

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 28 February 2023, we had cash and cash equivalents of approximately RMB128.80 million, as compared with approximately RMB286.21 million as at 31 August 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

Our total borrowings increased from RMB1,370.75 million as at 31 August 2022 to approximately RMB1,637.27 million as at 28 February 2023, respectively. As at 28 February 2023, all our bank borrowings were dominated in RMB, among which approximately RMB555.29 million are repayable within one year and approximately RMB1,081.98 million are payable more than one year. For the six months ended 28 February 2023, the weighted average effective interest rate of our borrowings was approximately 5.26% (for the year ended 31 August 2022: approximately 6.36%).

Gearing Ratio

Our gearing ratio, which is calculated as total debt divided by total assets, remained relatively stable at approximately 76.91% as at 28 February 2023 as compared to 75.97% as at 31 August 2022. The slightly increase in gearing ratio as at 28 February 2023 as compared with 31 August 2022 was mainly attributable to increase in total borrowings for campus construction in JUAS and Jishi College.

Capital Expenditure

Our capital expenditures during the six months ended 28 February 2023 amounted to approximately RMB283.99 million, which was primarily used for construction of school buildings and facilities at the JUAS and Jishi College.

Property, Plant and Equipment

Property, plant and equipment of the Group as at 28 February 2023 increased to approximately RMB2,411.02 million from approximately RMB2,185.65 million as at 31 August 2022. Such increase was mainly attributable to the completion of new buildings and facilities in JUAS.

CHARGE ON ASSETS

Save as disclosed in this interim report, there was no other material charge on the Group's assets as at 28 February 2023.

CONTINGENT LIABILITIES, GUARANTEES AND LITIGATIONS

Save as disclosed herein, we did not have any unrecorded significant contingent liabilities, guarantees or any litigation against us as at 28 February 2023 and up to the date of this interim report.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As at the date of this interim report, 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 28 February 2023 and up to the date of this interim report.

AMENDMENTS TO RSU SCHEME

Reference is made to the announcement of the Company dated 30 November 2022 and the circular of the Company dated 6 January 2023 regarding the amendments to the RSU scheme of the Company, to bring in line with the amendments to the Listing Rules relating to share scheme of listed issuers, which is effective on 1 January 2023 pursuant to the Consultation Conclusions.

The relevant amendments to the RSU scheme of the Company was duly approved by the Shareholders at an extraordinary general meeting of the Company held on 30 January 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

Save as disclosed herein, the Group did not have any other material acquisitions or disposals of subsidiaries and associated companies during the six months ended 28 February 2023 and up to the date of this interim report.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed herein, as at the date of this interim report, 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 28 February 2023, we had 2,439 employees (as at 28 February 2022: 2,005 employees), mostly based in Jiangxi Province and Guizhou Province, the PRC.

The remuneration of 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 six months ended 28 February 2023, our employee remuneration totaled to approximately RMB94.58 million, as compared with RMB95.49 million for the six months ended 28 February 2022.

We grant RSUs to our employees to incentivise them to contribute to our growth. As at 28 February 2023, RSUs in respect of 26,094,700 underlying Shares, representing approximately 2.61% of the share capital of our Company, has been granted to 39 participants pursuant to the RSU Scheme. As at 28 February 2023, RSUs in respect of 513,453 underlying Shares, have been vested.

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.

OTHER INFORMATION

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

As at 28 February 2023, the interests or short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

INTERESTS IN THE COMPANY

Name of Director/chief executive	Capacity/Nature of interest	Number of Shares held ⁽¹⁾	Approximate percentage of issued share capital ⁽²⁾
Mr. Huang Yulin ^{(3) (4)}	Interest in a controlled corporation	557,804,000	55.78%
Mr. Wang Li ^{(5) (6)}	Beneficial owner	2,391,000	0.24%
	Interest of spouse	21,871,000	2.19%
Mr. Liu Chunbin ⁽⁷⁾	Beneficial owner	1,717,000	0.17%

Notes:

- (1) All interest stated are long positions.
- (2) The calculation is based on the total number of 1,000,000,000 Shares in issue as at 28 February 2023.
- (3) 490,304,000 Shares are registered under the name of Huangyulin Holdings, the issued share capital of which is owned as to 100% by Mr. Huang Yulin. Accordingly, Mr. Huang Yulin is deemed to be interested in such number of Shares held by Huangyulin Holdings for the purpose of Part XV of the SFO.
- (4) 67,500,000 Shares are registered under the name of Chen Lin Elite Holdings, the issued share capital of which is owned as to 100% by Huangyulin Holdings. Accordingly, Huangyulin Holdings is deemed to be interested in such number of Shares held by Chen Lin Elite Holdings for the purpose of Part XV of the SFO.
- (5) Mr. Wang Li is interested in the RSUs granted to him under the RSU Scheme entitling him to receive 2,391,000 Shares subject to vesting.
- (6) Mr. Wang Li is the spouse of Ms. Huang Yuan. Accordingly, Mr. Wang Li is deemed to be interested in the Shares in which Ms. Huang Yuan is interested.
- (7) Mr. Liu Chunbin (i) directly holds and beneficially owns 322,000 Shares; and (ii) is interested in the RSUs granted to him under the RSU Scheme entitling him to receive 1,395,000 Shares subject to vesting.

OTHER INFORMATION

INTERESTS IN OTHER MEMBERS OF THE GROUP

Name of Director	Name of other members of the Group	Capacity/Nature of interest	Approximate percentage of registered capital ⁽¹⁾
Mr. Huang Yulin	Nanchang Di Guan ⁽²⁾	Beneficial owner	74.00%
	JUAS, Ruicheng Education, Jishi College, Guizhou Xikai, Guizhou Institute, Henan Kunren, Yu Ren High School and Gan Zhou Chen Lin ⁽²⁾	Interest in a controlled corporation	74.00%

Notes:

(1) All interests stated are long positions.

(2) By virtue of the Contractual Arrangements, Nanchang Di Guan, JUAS, Ruicheng Education, Jishi College, Guizhou Xikai, Guizhou Institute, Henan Kunren, Yu Ren High School and Gan Zhou Chen Lin are accounted as subsidiaries of the Group. Nanchang Di Guan holds 100.00% of Ruicheng Education, Guizhou Xikai, Henan Kunren and Gan Zhou Chen Lin. Meanwhile, Nanchang Di Guan holds 100.00% of the sponsor's interest of JUAS; Ruicheng Education holds 100.00% of the sponsor's interest of Jishi College; Guizhou Xikai holds 100.00% sponsor's interest of Guizhou Institute; and Henan Kunren holds 100% sponsor's interest of Yu Ren High School.

Save as disclosed above, as at 28 February 2023, none of the Directors nor the chief executive of the Company had any interests or short positions in any of the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code; or to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO.

OTHER INFORMATION

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

So far as the Directors were aware, as at 28 February 2023, the following persons or corporations who had interests or short positions in the Shares or underlying Shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO; or which were required to be disclosed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of part XV of the SFO, were as follows:

Name	Capacity/Nature of interest	Number of Shares held ⁽¹⁾	Approximate percentage of issued share capital ⁽²⁾
Huangyulin Holdings ⁽³⁾	Beneficial owner	490,304,000	49.03%
	Interest in a controlled corporation	67,500,000	6.75%
Ms. Xiong Yan ⁽⁴⁾	Interest of spouse	557,804,000	55.78%

Notes:

- (1) All interest stated are long positions.
- (2) The calculation is based on the total number of 1,000,000,000 Shares in issue as at 28 February 2023.
- (3) The entire share capital of Chen Lin Elite Holdings is directly owned by Huangyulin Holdings. Accordingly, Huangyulin Holdings is deemed to be interested in the 67,500,000 shares held by Chen Lin Elite Holdings.
- (4) Ms. Xiong Yan is the spouse of Mr. Huang Yulin. Accordingly, Ms. Xiong Yan is deemed to be interested in the Shares in which Mr. Huang Yulin is interested.

Save as disclosed above, as at 28 February 2023, the Directors are not aware of any other person or corporation who had interests or short positions in the Shares or underlying Shares of the Company which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO; or which would require to be disclosed to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO.

OTHER INFORMATION

DIRECTORS' INTEREST IN COMPETING BUSINESS

During the six months ended 28 February 2023 and up to the date of this interim report, none of the Directors or their respective close associates (as defined in the Listing Rules) had any interest in a business that competes or may compete, either directly or indirectly, with the business of the Group, other than being a director of the Company and/or its subsidiaries.

RSU SCHEME

On 20 August 2019, the RSU Scheme was approved and adopted by the Directors of our Company. The purpose of the RSU Scheme is to incentivise Directors, senior management and employees of our Group for their contribution to our Group, to attract, motivate and retain skilled and experienced personnel to strive for the future development and expansion of our Group by providing them with the opportunity to own equity interests in our Company. Persons eligible to receive RSUs under the RSU Scheme are existing employees, Directors (whether executive or non-executive, but excluding independent non-executive Directors) or officers of our Company or any member of our Group or any person who, in the sole opinion of the Board, has contributed or will contribute to any member of our Group (the “**RSU Eligible Persons**”). Further details of the principal terms of the RSU Scheme are set out in the Prospectus.

Pursuant to the Consultation Conclusions, Chapter 17 of the Listing Rules has been amended to govern both share award schemes and share option schemes with effect from 1 January 2023. In light of the above, the Board has resolved on 30 November 2022 in relation to the Amendments to be made to the RSU Scheme in order to bring in line with the amended rules, and the Amendments were duly approved by the Shareholders in an extraordinary general meeting of the Company held on 30 January 2023.

The RSU Scheme will be valid and effective for a period of ten (10) years, commencing from 20 August 2019 (unless it is terminated earlier in accordance with its terms). As at 28 February 2023, the remaining life of the RSU Scheme was approximately six years and six months. Pursuant to the amendments to Listing Rules with effect from 1 January 2023, the eligible persons under the RSU Scheme are subject to Rule 17.03A of the Listing Rules. The maximum number of RSUs that may be granted under the RSU Scheme shall not exceed 100,000,000 Shares in aggregate (excluding RSUs that have lapsed or been cancelled in accordance with the rules of the RSU Scheme) representing 10% of the number of Shares in issue as at the date of amendment. For further details in relation to the Amendments please refer to the announcement of the Company dated 30 November 2022 and the circular of the Company dated 6 January 2023.

Our Company has appointed Mr. Huang Yulin as the trustee (the “**RSU Trustee**”) to assist in the administration of the RSU Scheme. Our Company may (i) allot and issue Shares to the RSU Trustee to be held by the RSU Trustee and which will be used to satisfy the Shares underlying the RSUs upon exercise and/or (ii) direct and procure the RSU Trustee to receive existing Shares from any Shareholder or purchase existing Shares (either on-market or off-market) to satisfy the Shares underlying the RSUs upon exercise. Our Company shall procure that sufficient funds are provided to the RSU Trustee by whatever means as our Board may in its absolute discretion determine to enable the RSU Trustee to satisfy its obligations in connection with the administration of the RSU Scheme.

OTHER INFORMATION

Details of the RSUs granted under the RSU Scheme as at 28 February 2023 is set out as below:

Name of the grantees	Position held within our Group	Address	Number of Shares represented by the RSUs	Approximate percentage of shareholding as at 28 February 2023⁽¹⁾
Directors of our Company				
Mr. Wang Li	Executive Director	Room 401, Unit 1, Block 9 No. 2, Jun Cai Road Honggutan New District Nanchang Jiangxi, PRC	2,391,000	0.24%
Mr. Liu Chunbin	Executive Director and vice president	Room 603, Unit 2, Block 4, No. 899, Yi Yuan Road, Honggutan New District, Nanchang, Jiangxi, PRC	1,395,000	0.14%
Senior management members of our Company (excluding those who are also Directors of our Company)				
Ms. Fang Xiaozhen	Chief operating officer	Room 502, Unit 1, Block 1, No. 81 Cui Yan Road, Wanli District, Nanchang, Jiangxi, PRC	3,268,000	0.33%

OTHER INFORMATION

Name of the grantees	Position held within our Group	Address	Number of Shares represented by the RSUs	Approximate percentage of shareholding as at 28 February 2023⁽¹⁾
Mr. Lu Dong	Vice president	Room 601, Unit 3, Block 1, Jiuzhou Hua Yi Ju, No. 20, Gongnong Road, Wanli District, Nanchang, Jiangxi, PRC	558,000	0.06%
Mr. Zhang Min	Vice president	Room 2311, Unit 3, Block 2, No. 668, Shi Mao Road, Honggutan New District, Nanchang, Jiangxi, PRC	518,000	0.05%

OTHER INFORMATION

Rank/position held with our Group	Number of Shares represented by the RSUs	Approximate percentage of shareholding as at 28 February 2023⁽¹⁾
39 management staff and employees of our Group ⁽²⁾	26,094,700	2.61%

Note:

- (1) The calculation is based on the number of 1,000,000,000 Shares in issue as at 28 February 2023.
- (2) This includes 8,130,000 RSUs held by the two Directors and three Senior Management of the Company, further details of which are set out in the tables above.

During the six months ended 28 February 2023 and up to the date of this interim report, the number of the RSUs granted under the RSU Scheme and the underlying Shares represented by such RSUs remained unchanged, and none of the RSUs granted under the RSU Scheme have been exercised, cancelled or lapsed.

The grantees of the RSUs granted under the RSU Scheme as referred to in the table above are not required to pay for grant or exercise of any RSU.

For the RSUs granted under the RSU Scheme to the named individual grantees of the RSUs set out in the table above, they shall (unless the Company shall otherwise determine and so notify such grantee in writing) vest as follows:

- (1) as to 50.0% of the RSUs on 18 November 2020;
- (2) as to 30.0% of the RSUs on 18 November 2021; and
- (3) as to 20.0% of the RSUs on 18 November 2022.

SUBSEQUENT EVENTS

Save as disclosed above, the Group had no material subsequent events which have not been reflected in the financial statement after 28 February 2023 and up to the date of this interim report.

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 six months ended 28 February 2023.

Other than the RSU Scheme, there have been no option, convertible securities or similar rights or arrangements, issued or granted by the Group during the six months ended 28 February 2023 and up to the date of this interim report.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as the RSUs, at no time during the six months ended 28 February 2023, was the Company or any of its subsidiaries a party to any arrangements to enable the Directors, the Company's chief executive or any of their spouse or children under the age of 18 to acquire benefits by means of the acquisition of Shares, underlying Shares and debentures of, the Company or any other associated companies of the Group.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 28 February 2023.

COMPLIANCE WITH CG CODE AND LISTING RULES

For the six months ended 28 February 2023, the Company has complied with the CG Code and Listing Rules except for the following deviation:

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

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 confirmed that they have complied with the Model Code and the code of conduct of the Company regarding securities transactions by Directors throughout the six months ended 28 February 2023.

SUFFICIENCY OF PUBLIC FLOAT

According to the information that is publicly available to the Company and within the knowledge of the Board, as at the date of this interim report, the Company has maintained the minimum public float of not less than 25% as required under the Listing Rules.

CHANGES IN DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, there has been no change in Directors' information subsequent to the date of the annual report for the year ended 31 August 2022 of the Company and up to the date of this interim report.

OTHER INFORMATION

COMPLIANCE WITH LAWS AND REGULATIONS

The Group has engaged professional service firms for advices regarding compliance matters with various jurisdictions which the Group's subsidiaries operate, and has kept a close watch on any new laws or regulatory changes.

During the six months ended 28 February 2023 and up to the date of this interim report, the Group has complied with the relevant laws and regulations that have a significant impact on the Company in material respects.

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 interim report, 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.

REVIEW OF INTERIM RESULTS

The Audit Committee has reviewed the interim results of the Group for the six months ended 28 February 2023 (with no disagreement), together with the management of the Company. The Audit Committee has also reviewed the accounting principles and practices adopted by the Group and discussed the auditing, risk management, internal control and financial reporting matters of the Group for the six months ended 28 February 2023.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 28 February 2023

	Note	Six months ended 28 February 2023 RMB'000 (Unaudited)	Six months ended 28 February 2022 RMB'000 (Unaudited)
Revenue	4	321,670	287,237
Cost of revenue		(194,975)	(181,748)
Gross profit		126,695	105,489
Other income	5	8,233	8,207
Other expenses		(606)	(4,686)
Other losses — net	6	(1,106)	(39,813)
Net impairment losses on financial assets	7	(5,848)	(5,312)
Selling expenses		(7,509)	(12,583)
Administrative expenses		(57,754)	(47,565)
Operating profit		62,105	3,737
Finance income		185	921
Finance costs		(41,324)	(37,595)
Finance costs — net	8	(41,139)	(36,674)
Profit/(Loss) before income tax		20,966	(32,937)
Income tax expense	9	—	(2,890)
Profit/(Loss) for the period		20,966	(35,827)
Other comprehensive income for the period		—	—
Profit/(Loss) and total comprehensive income for the period, all attributable to shareholders of the Company		20,966	(35,827)
Earnings per share attributable to shareholders of the Company			
— Basic earnings/(loss) per share (expressed in RMB per share)	10	0.02	(0.04)
— Diluted earnings/(loss) per share (expressed in RMB per share)	10	0.02	(0.04)

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

As at 28 February 2023

	Note	As at 28 February 2023 RMB'000 (Unaudited)	As at 31 August 2022 RMB'000 (Audited)
Assets			
Non-current assets			
Property, plant and equipment	12	2,411,022	2,185,646
Right-of-use assets	11	425,221	434,022
Intangible assets	13	262,542	271,921
Other non-current assets		248,396	112,301
		3,347,181	3,003,890
Current assets			
Trade receivables	14	11,371	11,221
Other receivables and prepayments	15	107,415	62,062
Financial assets at fair value through profit or loss	16	105	96
Cash and cash equivalents		128,795	286,206
Restricted bank balances		10,585	11,983
		258,271	371,568
Total assets		3,605,452	3,375,458
Equity and liabilities			
Equity attributable to shareholders of the Company			
Share capital		89	89
Share premium		433,763	433,763
Capital reserve		30,000	30,000
Statutory surplus reserves		143,811	130,539
Shares-based compensation reserve		53,282	52,769
Retained earnings		171,613	163,919
Total equity		832,558	811,079

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

As at 28 February 2023

	Note	As at 28 February 2023 RMB'000 (Unaudited)	As at 31 August 2022 RMB'000 (Audited)
Liabilities			
Non-current liabilities			
Borrowings	21	1,081,982	980,304
Deferred revenue	22	74,666	67,810
Contract liabilities	4	1,533	1,733
Other non-current liabilities	19	307,832	273,519
Lease liabilities	11	68,950	67,394
		1,534,963	1,390,760
Current liabilities			
Accruals and other payables	17	353,771	301,381
Amount due to a related party	24	21,181	16,434
Borrowings	21	555,285	390,449
Current income tax liabilities		40,719	41,805
Deferred revenue	22	4,492	4,456
Contract liabilities	4	258,929	414,709
Lease liabilities	11	3,554	4,385
		1,237,931	1,173,619
Total liabilities		2,772,894	2,564,379
Total equity and liabilities		3,605,452	3,375,458
Net current liabilities		(979,660)	(802,051)
Total assets less current liabilities		2,367,521	2,201,839

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 28 February 2023

	Unaudited							
	Equity attributable to owners of the Company							
	Note	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Statutory surplus reserves RMB'000	Share-based compensation reserve RMB'000	Retained earnings RMB'000	Total RMB'000
Balance at 31 August 2022		89	433,763	30,000	130,539	52,769	163,919	811,079
Loss for the period		-	-	-	-	-	20,966	20,966
Share-based compensation expense		-	-	-	-	513	-	513
Profit appropriation to statutory reserve		-	-	-	13,272	-	(13,272)	-
Balance at 28 February 2023		89	433,763	30,000	143,811	53,282	171,613	832,558
Balance at 31 August 2021		89	433,763	30,000	117,964	48,838	214,479	845,133
Loss for the period		-	-	-	-	-	(35,827)	(35,827)
Share-based compensation expense		-	-	-	-	2,818	-	2,818
Profit appropriation to statutory reserve		-	-	-	9,645	-	(9,645)	-
Balance at 28 February 2022		89	433,763	30,000	127,609	51,656	169,007	812,124

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 28 February 2023

Note	Six months ended 28 February 2023 RMB'000 (Unaudited)	Six months ended 28 February 2022 RMB'000 (Unaudited)
Cash flows from operating activities		
Cash (used in)/generated from operations	(35,934)	166,437
Income tax paid	–	–
Net cash (used in)/generated from operating activities	(35,934)	166,437
Cash flows from investing activities		
Government grants received relating to land use right	–	48,196
Purchases of land use right	–	(50,467)
Government grants received relating to purchase of property, plant and equipment	12,344	6,908
Acquisition of subsidiaries	–	(27,446)
Purchases of property, plant and equipment	(283,988)	(281,762)
Purchases of intangible assets	–	(660)
Loan to a third party	–	(32,867)
Net cash used in investing activities	(271,644)	(338,098)
Cash flows from financing activities		
Proceeds from borrowings	350,000	163,000
Repayments of borrowings	(101,050)	(172,578)
Decrease/(increase) in restricted bank balances	110,000	(388)
Borrowings from a related party	4,747	12,170
Payments of lease liabilities	(188,172)	(1,655)
Others financing costs	(1,546)	–
Interest paid	(23,806)	(23,768)
Net cash generated from/(used in) financing activities	150,173	(23,219)
Net decrease in cash and cash equivalents		
Cash and cash equivalents at the beginning of period	286,206	314,457
Exchange (losses)/gains on cash and cash equivalents	(6)	(37)
Cash and cash equivalents at the end of period	128,795	119,540

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 28 February 2023

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.

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 BASIS OF PREPARATION

The condensed consolidated interim financial statements for the six months ended 28 February 2023 have been prepared in accordance with International Accounting Standard 34 ("**IAS 34**") "Interim Financial Reporting" and all applicable International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 August 2022.

The condensed consolidated interim 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.

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the annual consolidated financial statements for the year ended 31 August 2022.

During the six months ended 28 February 2023, the Group has adopted all the new and revised IFRSs issued by the IASB that are relevant to its operations and effective for its accounting period beginning on 1 September 2022.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 28 February 2023

2 BASIS OF PREPARATION (continued)

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.

2.1 Accounting policies

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 August 2021.

(a) New and amended standards adopted by the Group

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 28 February 2023

2 BASIS OF PREPARATION (continued)

2.1 Accounting policies (continued)

(b) New standards and interpretations not yet adopted

New standards and amendments		Effective for annual financial periods beginning on or after
IFRS 17	Insurance Contracts	1 January 2023
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture	N/A
Amendments to IAS 1	Classification of liabilities as current or non-current	1 January 2023
Amendments to IAS 16	Property, plant and equipment: proceeds before intended use	1 January 2022
Amendments to IAS 3	Reference to the conceptual framework	1 January 2022
Amendments to IAS 37	Onerous contracts — cost of fulfilling a contract	1 January 2022
Annual Improvements to IFRS Standards 2018–2020	The improvements of IFRS 9, IFRS 16, IFRS 1 and IAS 41	1 January 2022
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

The Group has not early adopted the abovementioned new or amended standards and interpretations in this interim financial information and will apply these new or amended standards and interpretations in accordance with their respective effective dates. The Group has already commenced an assessment of the related impact to the Group of these abovementioned standards and interpretation.

2.2 Going concern

The Group incurred a net earnings of RMB20,966,000 for the six months ended 28 February 2023, and the Group's current liabilities exceeded current assets by RMB979,660,000 as at 28 February 2023. The Group's current liabilities included deferred revenue and contract liabilities with total amount of RMB263,421,000 that are not financial liabilities and will not require future cash outflows excluding these non-financial liabilities, the Group was in net current liabilities position. The Group's management closely monitors the Group's financial performance and liquidity position. The Directors are of the opinion that, taking into account, the future operational performance and the expected future operating cash inflows, and the continuous availability of borrowing facilities, the Group will have sufficient financial resources to support its operations and to meet its financial obligations as and when they fall due in the coming twelve months from 28 February 2023. Accordingly, the Group's condensed consolidated interim financial information have been prepared on a going concern basis.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 28 February 2023

2 BASIS OF PREPARATION (continued)

2.3 Principles of consolidation and equity accounting

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by IFRSs.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IFRS 9 in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previously held equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised as a gain directly in the consolidated statements of comprehensive income.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When necessary, amounts reported by subsidiaries have been adjusted to conform to the Group's accounting policies.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 28 February 2023

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

3.2 Liquidity risk

To manage the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Group expects to fund its future cash flow needs through internally generated cash flows from operations and borrowings from financial institutions. Management believes that there is no significant liquidity risk in view of the expected cash flows from operations and continuous support from banks in the coming twelve months.

3.3 Fair value estimation

(i) Fair value hierarchy

To provide an indication about the reliability of the inputs used in determining fair value, the Group classifies its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

The following table presents the Group's financial assets measured and recognised at fair value at 28 February 2023 on a recurring basis:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Assets				
Financial assets at FVPL (note 16)				
— Equity investments	105	—	—	105

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 28 February 2023

3 FINANCIAL RISK MANAGEMENT (continued)

3.3 Fair value estimation (continued)

(i) Fair value hierarchy (continued)

There were no transfers between levels 1 and 2 for recurring fair value measurements during the period.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted (unadjusted) market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

(ii) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments
- the present value of the estimated future cash flows based on observable yield curves

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 28 February 2023

4 SEGMENT INFORMATION

(a) Description of segment and principal activities

The Group is principally engaged in the provision of private tertiary education services in the PRC. The Group's chief operating decision-maker ("CODM") has been identified as the chairman and executive directors of the Board who considers the business from the service perspective.

For the purpose of resource allocation and performance assessment, the CODM reviews the overall results and financial position of the Group as a whole prepared based on the same accounting policies. Accordingly, their segment information is aggregated as a single reportable segment. Management of the Group assesses the performance of the reportable segment based on the revenue and gross profit for the period of the Group as presented in the interim condensed consolidated statements of comprehensive income.

(b) Segment revenue

Revenue for the six months ended 28 February 2023 and 28 February 2022 are as follows:

	Six months ended 28 February 2023 RMB'000 (Unaudited)	Six months ended 28 February 2022 RMB'000 (Unaudited)
Tuition fees	283,119	255,261
Boarding fees	33,248	25,686
Internship management fees	613	692
Tutoring and programme management services	2,196	586
Others	2,494	5,012
	321,670	287,237

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 28 February 2023

4 SEGMENT INFORMATION (continued)

(b) Segment revenue (continued)

The analysis of revenue recognised over time and at a point in time as required by IFRS15 is set out below:

	Six months ended 28 February 2023 RMB'000 (Unaudited)	Six months ended 28 February 2022 RMB'000 (Unaudited)
Recognised over time		
Tuition fees	283,119	255,261
Boarding fees	33,248	25,686
Internship management fees	613	692
Tutoring and programme management services	2,196	502
Others	26	–
Recognised at a point in time		
Tutoring and programme management services	–	84
Others	2,468	5,012
	321,670	287,237

The Group's revenue is subject to seasonal fluctuations. Where students are required to pay tuition fees at the beginning of that school year in September, recognition of tuition fees may be affected by regular school term breaks and vacation periods.

The Group has a large number of customers, no single customer accounted for more than 10% of the Group's revenue during the period.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 28 February 2023

4 SEGMENT INFORMATION (continued)

(c) Contract liabilities

The Group has recognised the following contract liabilities:

	As at 28 February 2023 RMB'000 (Unaudited)	As at 31 August 2022 RMB'000 (Audited)
Contract liabilities related to tuition fees	220,368	357,321
Contract liabilities related to boarding fees	33,956	44,927
Contract liabilities related to other revenue	–	12,061
Contract liabilities related to other income	6,138	2,133
	260,462	416,442

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 28 February 2023

4 SEGMENT INFORMATION (continued)

(d) Unsatisfied contracts

The following table shows unsatisfied performance obligations resulting from contracts with students or companies:

	As at 28 February 2023 RMB'000 (Unaudited)	As at 31 August 2022 RMB'000 (Audited)
Expected to be recognised within one year		
Tuition fees	220,368	357,321
Boarding fees	33,956	44,927
Other revenue	–	12,061
Other income	4,605	400
	258,929	414,709
Expected to be recognised within one to two years		
Other income	400	400
Expected to be recognised more than two years		
Other income	1,133	1,333
	260,462	416,442

(e) Pledge of revenue proceeds

The Group's long-term bank borrowings of RMB1,018,131,000 (as at 31 August 2022: RMB763,169,000), long-term borrowings from a financial institution of RMB70,749,000 (31 August 2022: RMB91,313,000) and borrowings under finance lease arrangement of RMB75,807,000 (31 August 2022: RMB75,807,000) were secured by the pledge of the rights over the collection of tuition fees and boarding fees of the Group's Schools.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 28 February 2023

5 OTHER INCOME

	Six months ended 28 February 2023 RMB'000 (Unaudited)	Six months ended 28 February 2022 RMB'000 (Unaudited)
Government grants and subsidies (i)		
— Recognised from deferred revenue	652	1,214
— Recognised during the year	4,800	–
Sub-contracting income (ii)	–	3,383
Self-operated canteen income (iii)	531	2,608
Others	2,250	1,002
	8,233	8,207

- (i) Government grants and subsidies mainly represent subsidies from government for procurement of laboratory apparatus and equipment, conducting educational programmes.
- (ii) The Group receives income from sub-contracting the canteen catering operations from JUAS and the campus stores in the School's campus to other parties.
- (iii) Self-operated canteen income represent income from canteen operation of Yu Ren High School since October 2021.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 28 February 2023

5 OTHER INCOME (continued)

The analysis of other income excluding government grants recognised over time and at a point in time as required by IFRS15 is set out below:

	Six months ended 28 February 2023 RMB'000 (Unaudited)	Six months ended 28 February 2022 RMB'000 (Unaudited)
Recognised over time		
Sub-contracting income	–	3,383
Self-operated canteen income	531	2,608
Others	1,430	70
Recognised at a point in time		
Others	820	932
	2,781	6,993

6 OTHER LOSSES — NET

	Six months ended 28 February 2023 RMB'000 (Unaudited)	Six months ended 28 February 2022 RMB'000 (Unaudited)
Donations	(900)	(100)
Net fair value gains/(losses) on financial assets at fair value through profit or loss (note 16)	8	(36,465)
Net foreign exchange losses	(2)	(3,267)
Others	(212)	19
	(1,106)	(39,813)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 28 February 2023

7 OPERATING PROFIT

In addition to the items disclosed in note 6, the following operating items have been charged to the operating profit.

	Six months ended 28 February 2023 RMB'000 (Unaudited)	Six months ended 28 February 2022 RMB'000 (Unaudited)
Charging:		
Staff costs		
— Salaries, wages and bonuses	77,605	78,321
— Share-based compensation expense	513	2,818
— Contributions to pension plan	7,792	9,428
— Housing fund, medical insurance and other social insurance	8,670	4,921
Total staff costs	94,580	95,488
Depreciation and amortisation of		
— Property, plant and equipment	44,934	29,664
— Right-of-use assets	9,935	8,818
— Intangible assets	9,379	11,137
Net impairment losses on financial assets	6,254	5,312
Others	101,610	51,502
	266,692	201,921

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 28 February 2023

8 FINANCE COST — NET

	Six months ended 28 February 2023 RMB'000 (Unaudited)	Six months ended 28 February 2022 RMB'000 (Unaudited)
Finance income		
— Interest income derived from deposits	185	921
Finance cost		
— Interest expenses on bank borrowings	(25,523)	(21,249)
— Interest expenses on other borrowings	(13,657)	(18,721)
— Interest expenses relating to payables to government authority	—	(7,342)
— Finance cost on lease liabilities	(2,144)	(2,001)
Less: borrowing costs capitalised on qualifying assets	—	11,718
	(41,324)	(37,595)
Finance costs — net	(41,139)	(36,674)

9 INCOME TAX EXPENSE

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

	Six months ended 28 February 2023 RMB'000 (Unaudited)	Six months ended 28 February 2022 RMB'000 (Unaudited)
Current income tax		
Current income tax on profits for the period	—	2,890
Income tax expense is attributable to:		
Profit from continuing operations	—	2,890

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 28 February 2023

9 INCOME TAX EXPENSE (continued)

Cayman Islands

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Act of the Cayman Islands and accordingly, is exempted from Cayman Islands income tax.

British Virgin Islands

The Company's direct subsidiary in the British Virgin Islands was incorporated under the BVI Companies Act, 2004 and accordingly, is exempted from British Virgin Islands income tax.

Hong Kong

No provision for Hong Kong profit tax was provided as the Group did not have assessable profits derived from Hong Kong during the period.

Enterprise Income Tax

EIT is provided on assessable profits of entities incorporated in the PRC at the rate of 25% during the period.

According to the Implementation Rules for the Law for Promoting Private Education, private schools for which the sponsors do not require reasonable returns are eligible to enjoy the same preferential tax treatment as public schools. As a result, private schools providing academic qualification education are eligible to enjoy income tax exemption treatment if the sponsors of such schools do not require reasonable returns. The School has been granted enterprise income tax exemption for the tuition and boarding income from relevant local tax authorities.

For other profits that were not related to providing academic qualification education, the applicable tax rate was 25% during the period.

PRC Withholding Income Tax

The profits of subsidiaries of the Group in Mainland China derived are subject to withholding tax at a rate of 10% upon the distribution of such profits to foreign investors in Hong Kong. Deferred income tax liabilities have been provided for in this regard based on the expected dividends to be distributed from the Group's subsidiaries in Mainland China in the foreseeable future.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 28 February 2023

10 EARNINGS PER SHARE

(a) Basic

The basic earnings/(loss) per share is calculated on the profit/(loss) attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 28 February 2023 (Unaudited)	Six months ended 28 February 2022 (Unaudited)
Profit/(loss) attributable to shareholders of the Company (RMB'000)	20,966	(35,827)
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	960,000,000	960,000,000
Basic earnings/(loss) per share (expressed in RMB per share)	0.02	(0.04)

The diluted earning/(loss) per share for the six months ended 28 February 2023 and 28 February 2022 were equivalent to the basic earning/(loss) per share.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 28 February 2023

11 LEASES

This note provides information for leases where the Group is a lessee.

The balance sheet shows the following amounts relating to leases:

	As at 28 February 2023 RMB'000 (Unaudited)	As at 31 August 2022 RMB'000 (Audited)
Right-of-use assets		
Land use rights	350,455	330,641
Favourable lease	–	21,908
Buildings	69,437	75,566
Equipment	5,329	5,907
Total right-of-use assets	425,221	434,022
Lease liabilities		
Current	3,554	4,385
Non-current	68,950	67,394
Total lease liabilities	72,504	71,779

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 28 February 2023

12 PROPERTY, PLANT AND EQUIPMENT

As of 28 February 2023, the Group's property, plant and equipment amounted to approximately RMB2,411 million, representing an increase of 10.31% as compared with 31 August 2022.

13 INTANGIBLE ASSETS

	Goodwill RMB'000	Student base RMB'000	Computer software RMB'000	Total RMB'000
(Audited)				
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
(Unaudited)				
Six months ended 28 February 2023				
Opening net book amount	261,519	9,404	998	271,921
Amortisation charge (note 7)	–	(9,334)	(45)	(9,379)
Closing net book amount	261,519	70	953	262,542
As at 28 February 2023				
Cost	261,519	38,295	3,703	303,517
Accumulated amortisation	–	(38,225)	(2,750)	(40,975)
Net book amount	261,519	70	953	262,542

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 28 February 2023

14 TRADE RECEIVABLES

	As at 28 February 2023 RMB'000 (Unaudited)	As at 31 August 2022 RMB'000 (Audited)
Trade receivables (i)		
— related to students fees	10,358	15,026
— related to other services	9,823	9,186
	20,181	24,212
Provision for impairment	(8,810)	(12,991)
	11,371	11,221

(i) Ageing analysis of the trade receivables

Students of the Schools 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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 28 February 2023

14 TRADE RECEIVABLES (continued)

(i) Ageing analysis of the trade receivables (continued)

As at 28 February 2023 and 31 August 2022, the ageing analysis of the trade receivables based on the transaction date is as follows:

	As at 28 February 2023 RMB'000 (Unaudited)	As at 31 August 2022 RMB'000 (Audited)
Up to 1 year	9,140	14,023
1 to 2 years	3,428	7,835
2 to 3 years	5,516	2,244
Over 3 years	2,097	110
	20,181	24,212

Ageing for trade receivables related to other services is less than 1 year.

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

	As at 28 February 2023 RMB'000 (Unaudited)	As at 31 August 2022 RMB'000 (Audited)
As at the beginning of the period/year	12,991	10,906
(Reversal)/provision for receivables impairment	(4,181)	9,174
Written-off of uncollectible receivables	–	(7,089)
As at the end of the period/year	8,810	12,991

(ii) Fair values of trade receivables

Due to the short-term nature of the trade receivables, their carrying amounts approximated their fair values as at the balance sheet date and were denominated in RMB.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 28 February 2023

15 OTHER RECEIVABLES AND PREPAYMENTS

	As at 28 February 2023 RMB'000 (Unaudited)	As at 31 August 2022 RMB'000 (Audited)
Other receivables	69,848	22,014
Deposit for campus constructions (i)	20,886	28,965
Prepayments to suppliers	8,075	4,526
Input value added tax to be deducted	6,898	6,901
Government subsidy receivable (ii)	2,052	–
	107,759	62,406
Provision for impairment	(344)	(344)
	107,415	62,062

(i) The deposit for campus construction were paid to government authorities and will be refunded to the Group upon certain stages of completion of campus constructions.

(ii) The government subsidies receivable mainly represented the tuition fees paid for retired military students by JUAS, which will be recovered by financial subsidies in the future period.

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 28 February 2023

16 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 28 February 2023 RMB'000 (Unaudited)	As at 31 August 2022 RMB'000 (Audited)
Current assets		
Financial assets at fair value through profit or loss		
— Equity investment, listed	105	96

Movements in equity investment is analysed as follows:

	As at 28 February 2023 RMB'000 (Unaudited)	As at 31 August 2022 RMB'000 (Audited)
Securities listed on the Hong Kong Stock Exchange		
As at the beginning of the period/year	96	42,508
Disposals	—	—
Fair value gains/(losses) (note 5)	8	(42,517)
Foreign exchange adjustment	1	105
As at the end of period/year	105	96

As at 28 February 2023, equity investment classified as financial assets at fair value through profit or loss represented the Group's equity investment in the shares of Sinic Holdings (Group) Company Limited (stock code: 2103) ("**Sinic Holdings**") was fully provided for impairment in the previous reporting period due to the suspension of trading of Sinic Holdings' shares on 20 September 2021 and its subsequent delisting from the Stock Exchange on 13 April 2023 under Rule 6.01A(1) of the Listing Rules.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 28 February 2023

17 ACCRUALS AND OTHER PAYABLES

	As at 28 February 2023 RMB'000 (Unaudited)	As at 31 August 2022 RMB'000 (Audited)
Employee benefit payables	33,358	28,474
Payables for purchases of property, plant and equipment	176,687	173,079
Payables to suppliers on behalf of students	16,265	13,430
Letter of credit	10,000	10,000
Payables to students:		
Prepayments received from students (a)	14,254	6,026
Government subsidies and other payables to students (b)	23,991	22,040
Insurance fund from government (c)	4,960	6,626
Payables for purchases of services	1,990	5,184
Retention money payables for campus constructions	1,811	3,317
Other taxes payable	9,041	6,872
Other payables and accruals	61,414	26,333
	353,771	301,381

- (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 values of other receivables and prepayments approximated their fair values as at the balance sheet and were denominated in RMB.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 28 February 2023

18 DEFERRED INCOME TAX ASSETS AND LIABILITIES

The analysis of deferred income tax assets and liabilities is as follows:

	As at 28 February 2023 RMB'000 (Unaudited)	As at 31 August 2022 RMB'000 (Audited)
Deferred income tax assets:		
— to be recovered within 12 months	—	—

There were no significant unrecognised deferred income tax assets and liabilities as at 28 February 2023 and 31 August 2022.

19 OTHER NON-CURRENT PAYABLES

	As at 28 February 2023 RMB'000 (Unaudited)	As at 31 August 2022 RMB'000 (Audited)
Payables to government authority in respect of government grants received	266,254	266,254
Others	41,578	7,265
	307,832	273,519

The Group recognised non-current other payables to government authority amounting to RMB269,670,000 as at 30 April 2021, the date of acquisition of Guizhou Institute from a third party, and RMB266,254,000 as at 28 February 2023 (31 August 2022: RMB266,254,000). The payables to government authority were related to government grants received by Guizhou Institute and Guizhou Xikai Education Investment Company Limited, the sponsor company to Guizhou Institute, for the construction of the school campus of the predecessor school of Guizhou Institute in the 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, and the amounts payable were stated at their fair values.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 28 February 2023

20 DIVIDENDS

At a meeting of the Board held on 27 April 2023, the Board resolved not to propose an interim dividend in respect of the six months ended 28 February 2023. No dividends have been paid or declared by the Group for the six months ended 28 February 2022.

21 BORROWINGS

	As at 28 February 2023 RMB'000 (Unaudited)	As at 31 August 2022 RMB'000 (Audited)
Non-current:		
Long-term bank borrowings, secured	740,800	592,700
Long-term bank borrowings, unsecured	16,000	37,500
Long-term borrowings from financial institutions, secured	46,603	71,355
Borrowings under finance lease arrangements, secured	278,579	278,749
	1,081,982	980,304
Current:		
Current portion of long-term bank borrowings, secured	277,331	170,469
Current portion of long-term bank borrowings, unsecured	26,000	9,000
Current portion of long-term borrowings from a financial institution, secured	24,146	19,958
Borrowing under finance lease arrangements, secured	227,808	191,022
	555,285	390,449
Total borrowings	1,637,267	1,370,753

For the six months ended 28 February 2023, the weighted average effective interest rates on bank borrowings were 5.26% (31 August 2022: 6.36%).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 28 February 2023

21 BORROWINGS (continued)

(a) Details of securities and guarantees to the borrowings

The Group's long-term bank borrowings, secured as at 28 February 2023 of RMB1,018,131,000 (31 August 2022: RMB763,169,000) were obtained in the PRC, secured by the pledge of the rights over the tuition fees and boarding fees of the Group's schools, 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 28 February 2023 of RMB42,000,000 (31 August 2022: RMB46,500,000) 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 RMB70,749,000 (31 August 2022: RMB91,313,000) 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 RMB506,387,000 (31 August 2022: RMB469,771,000) were secured by the pledge of the Group's property, plant and equipment, shares of a subsidiary, 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) Other disclosures

(i) Fair values

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

(ii) Repayment periods

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

	As at 28 February 2023 RMB'000 (Unaudited)	As at 31 August 2022 RMB'000 (Audited)
Within 1 year	555,285	390,449
Over 1 years	1,081,982	980,304
Total	1,637,267	1,370,753

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 28 February 2023

22 DEFERRED REVENUE

	As at 28 February 2023 RMB'000 (Unaudited)	As at 31 August 2022 RMB'000 (Audited)
Government grants		
Non-current	74,666	67,810
Current	4,492	4,456
Total	79,158	72,266

The government grants were received from the local government as subsidies to the Group's purchase of property, plant and equipment. They are amortised to the profit or loss on a straight-line basis over the expected useful lives of the related assets.

The movements of the above deferred revenue during the year were as follows:

	As at 28 February 2023 RMB'000 (Unaudited)	As at 31 August 2022 RMB'000 (Audited)
As at the beginning of the period	72,266	19,182
Additions	12,344	56,035
Released to other income	(5,452)	(2,951)
Closing net book amount	79,158	72,266

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 28 February 2023

23 COMMITMENTS

(a) Capital expenditure commitments

Significant capital expenditure commitments are set out below:

	As at 28 February 2023 RMB'000 (Unaudited)	As at 31 August 2022 RMB'000 (Audited)
Contracted but not recognised as liabilities		
— Commitments for acquisition of property, plant and equipment	233,533	437,698

24 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control, common significant influence or joint control.

The owners, members of key management and their close family members of the Group are also considered as related parties. In the opinion of the directors, the related party transactions were carried out in the normal course of business of the Group and at terms negotiated between the Group and the respective related parties.

Related parties of the Group

Name of related parties

Relationship

Mr. Huang Yulin

The Controlling Shareholder, chairman and executive director

In addition to the above, the Group also had transactions with the relatives and affiliated persons of the Controlling Shareholders.

The following is a summary of the significant transactions carried out between the Group and its related parties in the ordinary course of business for the six months ended 28 February 2022 and 28 February 2023, and the balances arising from related party transactions as at the respective balance sheet dates.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 28 February 2023

24 RELATED PARTY TRANSACTIONS (continued)

Related parties of the Group (continued)

(a) Transactions with related parties

	Six months ended 28 February 2023 RMB'000 (Unaudited)	Six months ended 28 February 2022 RMB'000 (Unaudited)
(i) Loans from a related party — Mr. Huang Yulin	4,747	12,170
(ii) Guarantees provided by related parties to the Group's bank borrowings: — Mr. Huang Yulin and his family members (note 21(a))	1,009,136	525,531
	1,013,883	537,701

(b) Balances with related parties

	As at 28 February 2023 RMB'000 (Unaudited)	As at 31 August 2022 RMB'000 (Audited)
Amount due to a related party — Mr. Huang Yulin (non-trade)	21,181	16,434

The amount due to a related party is unsecured, non-interest bearing and payable on demand.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 28 February 2023

24 RELATED PARTY TRANSACTIONS (continued)

Related parties of the Group (continued)

(c) Key management compensation

Key management includes directors (executive and non-executive), executive officers, and the Company's secretary. The compensation paid or payable to key management for employee services is as follows:

	Six months ended 28 February 2023 RMB'000 (Unaudited)	Six months ended 28 February 2022 RMB'000 (Unaudited)
Salaries and bonuses	6,080	3,308
Share-based payments	328	1,152
Other benefits	325	1,702
	6,733	6,162

25 CONTINGENT LIABILITIES

As at 28 February 2023, the Group had no significant contingent liability (31 August 2022: Nil).