



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

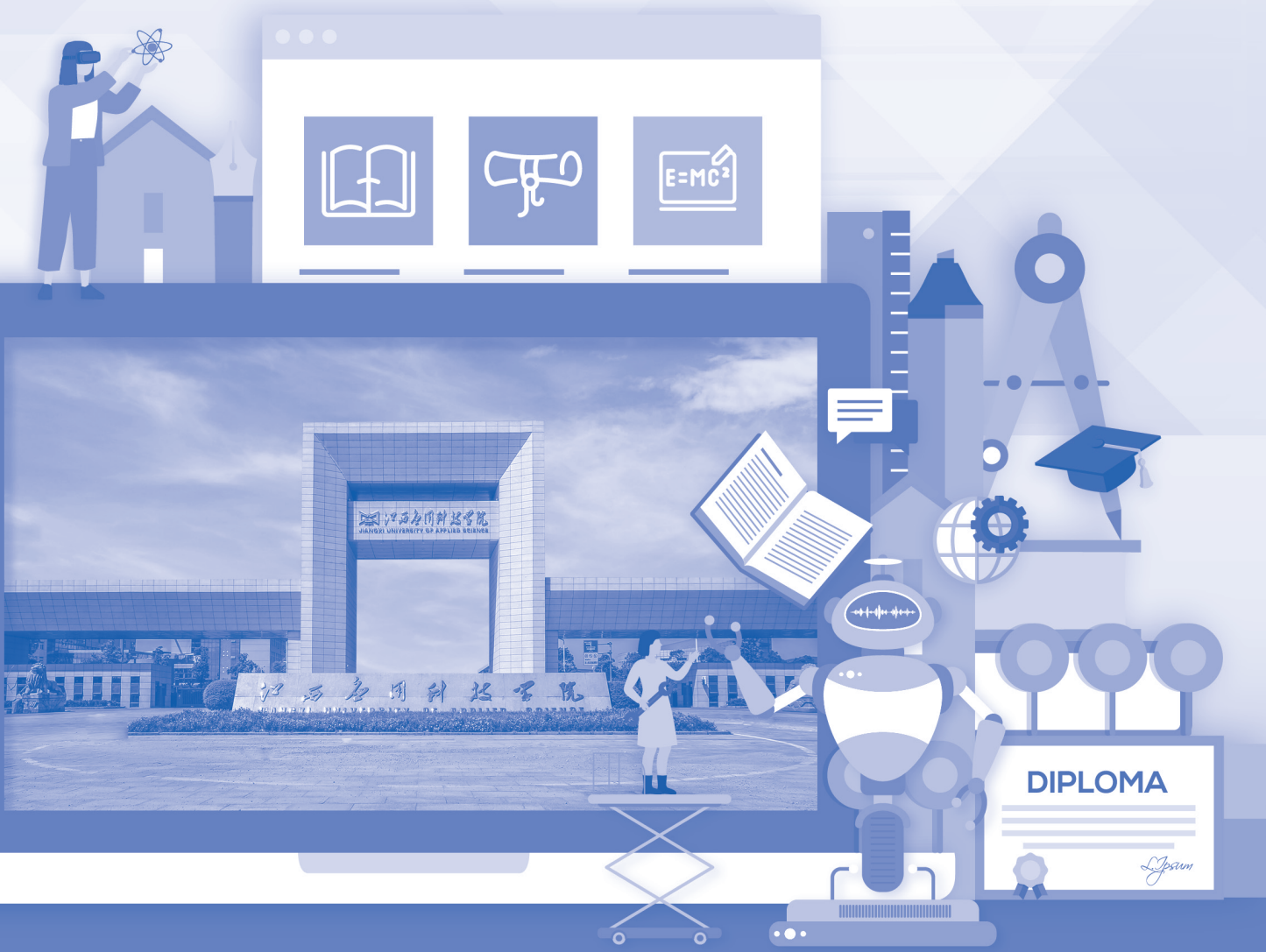
(Incorporated in the Cayman Islands with limited liability)
Stock Code : 1593

2024 | Interim Report



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DEFINITIONS

“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 with effect from 1 September 2021
“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, comprising solely the independent non-executive Directors
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“CEO”	the chief executive officer of the Company
“CG Code”	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
“Chairman”	the chairman of the Board
“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
“Chen Lin High School”	Zhengzhou Airport Economy Zone Chen Lin High School (鄭州航空港區辰林高級中學), a private high school located 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
“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
“Company” or “our Company”	Chen Lin Education Group Holdings Limited (辰林教育集團控股有限公司), a company incorporated under the laws of the Cayman Islands with limited liability on 25 May 2018 and listed on the main board of the Stock Exchange on 13 December 2019 (Stock Code: 1593)
“Consolidated Affiliated Entities”	the entities we control through the Contractual Arrangements, namely Chen Lin High School, Gan Zhou Chen Lin, Guizhou College, Guizhou Xikai, Henan Kunren, Jishi College, JXIAS, Nanchang Di Guan, and Ruicheng Education



DEFINITIONS

“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
“Contractual Arrangements”	certain contractual arrangements entered by us on 15 September 2018
“Director(s)”	the director(s) of the Company
“double qualification teachers”	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 College”	Guizhou Vocational College of Industry and Trade (貴州工貿職業學院), a higher vocational college located 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 in May 2015, being the sponsor of Guizhou College, 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 in May 2017, being the sponsor of Chen Lin High School, one of the Consolidated Affiliated Entities
“HK\$” and “HK cents”	Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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
“Independent Third Party”	an individual(s) or company(ies) who or which is/are to the best of our Director’s knowledge, information and believe, having made all reasonable enquiries, is/are not our connected persons as defined under the Listing Rules
“Jishi College”	Jiangxi College of Arts and Sciences Technicians (江西文理技師學院), a full-time vocational college located in Jiangxi Province, PRC, which offers vocational programs, established in November 2019, comprising two campuses in Nanchang and Longnan, and the sponsor of which is Ruicheng Education, one of the Consolidated Affiliated Entities
“JXIAS”	Jiangxi Institute of Applied Science and Technology (江西應用科技學院), a private university located in Jiangxi Province, PRC, which offers both undergraduate and junior college programs, established in 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 C3 to the Listing Rules
“MOE”	the Ministry of Education of the PRC (中華人民共和國教育部)
“Nanchang Di Guan”	Nanchang Di Guan Education Consultancy Co., Ltd. (南昌迪冠教育諮詢有限公司), a company established under the laws of the PRC with limited liability in September 2009, being the sponsor of JXIAS, one of the Consolidated Affiliated Entities
“Prospectus”	the prospectus of the Company dated 27 November 2019
“RMB”	Renminbi, the lawful currency of the PRC
“RSU(s)”	restricted share units granted pursuant to the RSU Scheme
“RSU Scheme”	the restricted share unit scheme adopted by our Company on 20 August 2019 and amended by an ordinary resolution passed by the Shareholders on 30 January 2023
“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 in June 2020, being the sponsor of Jishi College, one of the Consolidated Affiliated Entities



DEFINITIONS

“Schools”	Chen Lin High School, Guizhou College, Jishi College and JXIAS, which are the four schools owned by our Group as at 29 February 2024
“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 of 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
“%”	per cent



CORPORATE PROFILE

BOARD OF DIRECTORS

Executive Directors

Mr. Huang Yulin (*Chairman and chief executive officer*)

Mr. Liu Chunbin (*vice president*)

Mr. Wang Li (*co-president*)

Ms. Gan Tian (*co-president*)

Mr. Wang Shenghua (*resigned on 31 January 2024*)

Mr. Yang Ruichen (*resigned on 29 February 2024*)

Non-executive Director

Mr. Li Cunyi (*resigned on 31 January 2024*)

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 (*resigned on 31 January 2024*)

NOMINATION COMMITTEE

Mr. Huang Juyun (*Chairman*)

Mr. Wang Donglin

Mr. Chen Wanlong

Ms. Gan Tian

Mr. Li Cunyi (*resigned on 31 January 2024*)

COMPANY SECRETARY

Ms. Yu Anne

AUTHORISED REPRESENTATIVES

Mr. Huang Yulin

Ms. Yu Anne

AUDITOR

BDO Limited

Certified Public Accountants

Registered Public Interest Entity Auditor

25th Floor, Wing On Centre

111 Connaught Road Central

Central

Hong Kong

LEGAL ADVISER

As to Hong Kong law

Eric Chow & Co.

in Association with Commerce &

Finance Law Offices

3401, Alexandra House

18 Chater Road

Central

Hong Kong

STOCK CODE

1593

REGISTERED OFFICE IN THE CAYMAN ISLANDS

Walkers Corporate Limited

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 BANKS

(in alphabetical order)
Bank of Jiujiang Co., Ltd.
China CITIC Bank Corporation Limited
China Everbright Bank Co., Ltd.
China Merchants Bank Co., Ltd.
Shanghai Pudong Development Bank Co., Ltd.

COMPANY'S WEBSITE

www.chenlin-edu.com



FINANCIAL PERFORMANCE HIGHLIGHTS

	For the six months ended		
	29 February 2024 RMB'000 (Unaudited)	28 February 2023 RMB'000 (Unaudited)	Change RMB'000 (Unaudited)
Revenue	332,060	321,670	10,390
Gross profit	102,244	126,695	(24,451)
(Loss)/profit for the period	(14,211)	20,966	(35,177)
Basic (loss)/earnings per share (RMB per Share)	(0.01)	0.02	(0.03)

As at 29 February 2024, we had a total of 33,825 students, representing a decrease of approximately 6.75% as compared with a total of 36,272 students as at 28 February 2023. This decrease was mainly due to the adjustment of the Group's student structure ratio between undergraduate students and junior college and vocational school students, which resulted in a decrease in the number of junior college students and vocational school students.



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

We are one of the leading providers of private comprehensive education services in Jiangxi Province, PRC, with years of experience in the private comprehensive education service industry, being an education group specializing in full-system applied undergraduate education, vocational education and quality high school education. As at 29 February 2024, we operate four Schools, namely, (i) JXIAS, a private university located in Jiangxi Province, PRC; (ii) Jishi College, a private fulltime vocational college located in Jiangxi Province, PRC, comprising two campuses located in Nanchang and Longnan, Jiangxi Province, PRC; (iii) Guizhou College, a private higher vocational college located in Guizhou Province, PRC; and (iv) Chen Lin High School, a private high school located 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 29 February 2024, our Schools had 33,825 enrolled students, consisting of 15,782 undergraduate students, 12,513 junior college students, 3,660 vocational school students and 1,870 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). We insist adopting the development strategy of “full-system vocational education and quality high school education”(全體系職業教育和優質高中教育), which emphasizes both academic education and training education, talent cultivation and service export (學歷教育與培訓教育同舉，人才培養與服務輸出並重). 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 international business, e-commerce, logistics management, internet-of-things, civil engineering, software engineering, pre-school education, intelligent science and technology, mechanical manufacturing and automation, robotics engineering and nursing and pharmacy. Based on our timely and extensive market research, the strong sensitivity in grasping the artificial intelligence (“AI”) era and the profound insight into the development of education, as well as the positive response to the structural changes and impacts of the utilization of AI development on the cultivation of applied talents, we carefully design and regularly review and adjust our program and course offerings at our Schools. We believe that our future-oriented and practical programs and curriculums will equip our students with competitiveness and practical skills that meet the rapidly evolving market demand and respond to the opportunities and challenges in the AI era. We also co-operate with a number of sizable enterprises to provide our students with internship and potential employment opportunities and have achieved favorable graduate employment outcome for our students.



MANAGEMENT DISCUSSION AND ANALYSIS

Our Schools

As of 29 February 2024, our Group operates four Schools in the PRC, including (i) JXIAS; (ii) Jishi College (comprising two campuses in Nanchang and Longnan, Jiangxi Province, PRC); (iii) Guizhou College; and (iv) Chen Lin High School.

Jiangxi Institute of Applied Science and Technology (JXIAS)

JXIAS is a private university located in Nanchang, Jiangxi Province, PRC. It was established in 2002 by our Chairman, Mr. Huang Yulin (黄玉林), and it offers undergraduate programs and junior college programs, as well as diverse education related services.

Jiangxi College of Arts and Sciences Technicians (Jishi College)

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

Guizhou Vocational College of Industry and Trade (Guizhou College)

Guizhou College is a private 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 Chen Lin High School (Chen Lin High School)

Chen Lin High School is a private 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 98.13% of revenue from our education services for the six months ended 29 February 2024, which included tuition fees and boarding fees from our undergraduate programs, junior college programs, vocational programs and high school programs. For the six months ended 29 February 2024, our revenue from tuition fees and boarding fees amounted to approximately RMB293.06 million and RMB32.79 million respectively, among which, the revenue from tuition fees represented a period-on-period increase of approximately 3.51%, and the revenue from boarding fees represented a period-on-period decrease of approximately 1.39%.



MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth detailed information regarding the number of student enrollment of our Schools as at 29 February 2024, together with comparative information as at 28 February 2023:

	Number of students as at		
	29 February 2024	28 February 2023	% Change
Higher education programs carried out by JXIAS			
— Undergraduate programs	15,782	13,941	13.21
— Junior college programs	3,950	5,778	(31.64)
Vocational programs carried out by Jishi College			
— Vocational programs	3,328	4,986	(33.25)
Junior college programs and vocational programs carried out by Guizhou College			
— Junior college programs	8,563	8,680	(1.35)
— Vocational programs	332	1,477	(77.52)
High school programs carried out by Chen Lin High School			
— High school programs	1,870	1,410	32.62
Total	33,825	36,272	(6.75)

Note: 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.



MANAGEMENT DISCUSSION AND ANALYSIS

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 29 February 2024, together with comparative information for the six months ended 28 February 2023:

	For the six months ended		% change
	29 February 2024 RMB	28 February 2023 RMB	
Average tuition fees ⁽¹⁾			
Undergraduate programs	12,395	12,390	0.04
Junior college programs	5,288	5,237	0.97
Vocational programs	3,444	2,970	15.96
High school programs	9,983	10,971	(9.01)
Average boarding fees ⁽²⁾	1,026	917	11.89

Notes:

- (1) Average tuition fees are calculated by dividing the total tuition fees received by or receivable from students enrolled in the corresponding period.
- (2) Average boarding fees are calculated by dividing the total boarding fees received by or receivable from students enrolled in the corresponding period.

Our Education Related Services

In addition to tuition fees and boarding fees, for the six months ended 29 February 2024, 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 29 February 2024, our revenue generated from education related services amounted to approximately RMB3.22 million, representing an increase of approximately 14.74% as compared with the six months ended 28 February 2023.

REGULATORY UPDATE

Amendment Decision

The Decision of the Standing Committee of the National People's Congress on Amending the Law for Promoting Private Education of the PRC (全國人民代表大會常務委員會關於修改《中華人民共和國民辦教育促進法》的決定) (the "Amendment Decision") became effective on 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.



MANAGEMENT DISCUSSION AND ANALYSIS

The 2021 Implementation Regulations

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**”) with effect from 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 the capital transactions of charging fees and organizing activities, and a for-profit private school shall deposit the income into a specific settlement account of its own; (iv) a private school shall conduct any connected transactions in a manner that is open, justified and fair and shall establish disclosure mechanisms for such transactions; and (v) any agreement involving material interests or any long-term and recurring agreement entered into between a non-profit private school and its connected party shall be reviewed by the relevant government authorities in terms of necessity, legitimacy and compliance.

Pursuant to the Amendment Decision, the school sponsor(s) of a private school may choose for the school to be a for-profit private school or a non-profit private school, with the exception that schools providing nine-year compulsory education must be non-profit. On 29 June 2018, the government of Jiangxi Province promulgated the Implementation Opinions of the People's Government of Jiangxi Province on Encouraging the Operation of Education by Social Forces and Promoting the Healthy Development of Private Education (《江西省人民政府關於鼓勵社會力量興辦教育促進民辦教育健康發展的實施意見》), pursuant to which private higher institutions in Jiangxi Province, including JXIAS, 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 Amendment Decision and related implementing rules and the existing ownership structure of JXIAS, in March 2022, JXIAS submitted the decision to the Jiangxi Education Department to register as a for-profit private school (the “**Application**”). As at the date of this interim report, the Application is still under process. Prior to the completion of the registration, JXIAS remains as a non-profit private school.

So far as our Directors are aware, during the six months ended 29 February 2024 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.



MANAGEMENT DISCUSSION AND ANALYSIS

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;
- 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 a 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.



MANAGEMENT DISCUSSION AND ANALYSIS

OUTLOOK AND GROWTH STRATEGIES

The private education sector in China has been growing rapidly in recent years primarily driven by the increasing demand for private education, growing market demand for talents with practical skills, increasing diversification and strengthened education quality, as well as governmental support. We believe that in 2024, China's private education sector will remain on a secular growth trend and there is significant potential with opportunities.

To achieve our goals, in 2024, we intend to pursue the following business strategies:

- **Continue to connect with local governments and high-quality enterprises to build industrial colleges, enhance brand awareness and reputation, and expand business and school network**

In order to benefit from and capture the growth opportunities in the private education industry in the PRC, we will continue to provide quality education and attract more talents to our Schools. As an important measure to enhance our education services, we will continue to build, renovate and upgrade the facilities and infrastructure of our existing campuses. Meanwhile, by virtue of our School's key programs "electronic information engineering", "mechanical design, manufacturing and automation" and provincial first-class program "e-commerce", we will continue to closely align with the needs of the electronic information industry of the Municipal People's Government of Longnan, Jiangxi Province (江西省龍南市人民政府), Longnan Economic and Technological Development Zone (National) Management Committee (龍南經濟技術開發區(國家級)管委會) and Longnan Electronic Information Industry Technology City (龍南電子資訊產業科技城), co-operate with local outstanding enterprises and unify local leading enterprises in the electronic information and electromechanical component equipment manufacturing industry to establish the "Electronic Information Industry College of JXIAS (Longnan)" (江西應用科技學院電子資訊產業學院(龍南)). We have also been selected as the second batch of conducting projects for the construction and cultivation of modern industrial colleges for general undergraduate programs in Jiangxi Province. We will actively co-operate with local governments to connect with high-quality enterprises to expand the scale of joint construction of industrial colleges.

- **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 scope of the programs and course offerings are crucial for our Schools in providing high-quality education services. We intend to improve our education quality, expand the scale of our business operations and diversify our revenue source primarily through optimising program offerings and curriculum settings (such as the increasing of AI general studies courses), strengthening school-enterprise collaboration (such as cooperating with AI industry enterprises to build virtual simulation teaching experiments and training bases, building an innovative collaborative education mechanism that organically integrates the education chain with the AI industry chain, and creating a high-level specialised AI talent cultivation and training bases) and international collaboration (such as the collaboration with certain universities in Malaysia, etc.), and developing 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 co-operate with other education providers to secure more qualified students for our internship management services. We also intend to proactively identify and co-operate with more suitable education institutions in Jiangxi Province, Guizhou Province and other regions in China. On the other hand, leveraging our reputation in the private education industry, we plan to seek co-operation opportunities with more enterprises located in developed areas in China, thereby further grow our internship management services.

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

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



MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

The following table sets forth key items of our Group's condensed consolidated statement of comprehensive income for the six months ended 29 February 2024, with comparative information for the six months ended 28 February 2023.

	For the six months ended		% change
	29 February 2024 RMB'000 (Unaudited)	28 February 2023 RMB'000 (Unaudited)	
Revenue	332,060	321,670	3.23
Cost of revenue	(229,816)	(194,975)	17.87
Gross profit	102,244	126,695	(19.30)
Other income	8,553	8,233	3.89
Other expenses	(715)	(606)	17.99
Other losses — net	(1,439)	(1,106)	30.11
Net impairment losses on financial assets	(1,826)	(5,848)	(68.78)
Selling expenses	(3,543)	(7,509)	(52.82)
Administrative expenses	(68,299)	(57,754)	18.26
Finance costs — net	(49,588)	(41,139)	20.54
(Loss)/profit before income tax	(14,613)	20,966	(169.70)
Income tax credit	402	—	—
(Loss)/profit for the period	(14,211)	20,966	(167.78)



MANAGEMENT DISCUSSION AND ANALYSIS

Revenue

The following table sets forth the breakdown of our revenue for the six months ended 29 February 2024, together with comparative information for the six months ended 28 February 2023:

	For the six months ended			
	29 February 2024 RMB'000 (Unaudited)	28 February 2023 RMB'000 (Unaudited)	Change RMB'000	Change %
Education services				
Tuition fees	293,059	283,119	9,940	3.51
Boarding fees	32,785	33,248	(463)	(1.39)
Sub-total	325,844	316,367	9,477	3.00
Education related services				
Internship management fees	889	613	276	45.02
Tutoring and program management fees	2,334	2,196	138	6.28
Sub-total	3,223	2,809	414	14.74
Others	2,993	2,494	499	20.01
Total	332,060	321,670	10,390	3.23

Our revenue generated from education services for the six months ended 29 February 2024 consisted of tuition fees and boarding fees.

- For the six months ended 29 February 2024, our revenue from tuition fees amounted to approximately RMB293.06 million, representing an increase of approximately 3.51% as compared with the six months ended 28 February 2023. Such increase in the revenue from tuition fees was mainly attributable to the increase in revenue from tuition fee from undergraduate programs offered by JXIAS and high school programs offered by Chen Lin High School.
- For the six months ended 29 February 2024, our revenue from boarding fees amounted to approximately RMB32.79 million, representing a decrease of approximately 1.39% as compared with the six months ended 28 February 2023. Such slight decrease in the revenue from boarding fees was mainly attributable to the structural adjustment of newly enrolled students, resulting in the drop in the average number of students enrolled.



MANAGEMENT DISCUSSION AND ANALYSIS

Our revenue generated from education related services for the six months ended 29 February 2024 consisted of internship management fees as well as tutoring and program management fees.

- For the six months ended 29 February 2024, our revenue from internship management fees amounted to approximately RMB0.89 million, representing an increase of approximately 45.02% as compared with the six months ended 28 February 2023. Such increase in the revenue from internship management fees was mainly attributable to the increase in internship management fees received by Guizhou College.
- For the six months ended 29 February 2024, our revenue from tutoring and program management fees amounted to approximately RMB2.33 million and representing an increase of approximately 6.28% as compared with the six months ended 28 February 2023. Such increase in the revenue from tutoring and program management fees was mainly attributable to the increase in program management fees related to JXIAS and Jishi College.

Our revenue generated from other services for the six months ended 29 February 2024 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 recognized as revenue when relevant service is rendered to the customers. For the six months ended 29 February 2024, our revenue generated from other services amounted to approximately RMB2.99 million, representing an increase of approximately 20.01% as compared with the six months ended 28 February 2023. Such increase was mainly attributable to the increase in relevant service programs of JXIAS.

Cost of Revenue

Our cost of revenue primarily consisted of employee costs, depreciation and amortisation expenses, education and teaching operating expenses including students activities and training expenses, electricity and water expenses, repair and maintenance and others. For the six months ended 29 February 2024, the cost of revenue of the Group amounted to approximately RMB229.82 million, representing an increase of approximately 17.87% as compared with the six months ended 28 February 2023. The increase was mainly attributable to (i) in order to further attract, cultivate and retain talented teachers and other professionals, and to continue to enhance the ratio of teaching resources, the Group's employee costs for the six months ended 29 February 2024 increased as compared to the six months ended 28 February 2023; and (ii) in order to further improve the quality of education services, the Group's education operation expenses for the six months ended 29 February 2024, including expenditures on student activities and training, increased as compared to the six months ended 28 February 2023.

Gross Profit and Gross Profit Margin

Our gross profit was approximately RMB102.24 million for the six months ended 29 February 2024, representing a decrease of approximately 19.30% as compared with the six months ended 28 February 2023. Our gross profit margin was approximately 30.79% for the six months ended 29 February 2024, as compared with approximately 39.39% for the six months ended 28 February 2023. The decrease in gross profit margin was mainly attributable to the fact that the increase in cost of revenue exceeded the increase in revenue, which resulted from the Group's increase in investments in teaching resources and education services quality upgrading, with the aim to better serve the existing students, and to attract and serve the new students to be admitted to the Schools in September 2024.



MANAGEMENT DISCUSSION AND ANALYSIS

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 29 February 2024. Our other income for the six months ended 29 February 2024 was RMB8.55 million, representing a slight increase of approximately 3.89% as compared with the six months ended 28 February 2023. Such increase was mainly attributable to the increase in government grants received for procurement of laboratory apparatus and equipment and the sub-contracting income received from the operations from JXIAS and the campus stores in the School's campus to other parties.

Expenses

Other expenses

Other expenses primarily consisted of employee benefit expenses, promotion expenses, self-operating canteen expenses, depreciation and amortisation expenses. Our other expenses for the six months ended 29 February 2024 was approximately RMB0.72 million, representing an increase of approximately 17.99% as compared with the six months ended 28 February 2023.

Other losses — net

Our other losses — net primarily consisted of net fair value (losses)/gains on financial assets at fair value through profit or loss, net foreign exchange gains/(losses), donation outlay and net losses on disposal of property, plant and equipment. For the six months ended 29 February 2024, our other losses — net amounted to approximately RMB1.44 million, representing an increase of approximately 30.11% as compared with the six months ended 28 February 2023. Such increase was mainly attributable to the net losses generated from the disposal of property, plant and equipment.

Internal control and investment policy in relation to financial assets

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

Net impairment losses on financial assets

Our net impairment losses on financial assets primarily represented impairment of trade receivables and other receivables. For the six months ended 29 February 2024, our net impairment losses on financial assets amounted to approximately RMB1.83 million, representing a decrease of approximately 68.78% as compared with the six months ended 28 February 2023. Such decrease was mainly attributable from the timely recovery of the relevant amounts.



MANAGEMENT DISCUSSION AND ANALYSIS

Selling expenses

Our selling expenses primarily consisted of promotion expenses, travelling and office expenses, and others which mainly included costs incurred for promotional materials in connection with student recruitments. Our selling expenses amounted to approximately RMB3.54 million for the six months ended 29 February 2024, representing a decrease of approximately 52.82% as compared with the six months ended 28 February 2023. Such decrease was mainly attributable to the Group's control over the budget of the relevant selling expenses.

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 29 February 2024, our administrative expenses amounted to approximately RMB68.30 million, representing an increase of approximately 18.26% as compared with the six months ended 28 February 2023. Such increase was mainly attributable to the further increase in employee benefit expenses for executives and increase in depreciation and amortization expenses for administrative facilities.

Finance costs — net

Our net finance costs reflected the sum of interest expenses we paid on bank borrowings and other borrowings, net of amounts capitalised, expensed after netting off the interest income we received from cash and cash equivalents. For the six months ended 29 February 2024, our net finance costs amounted to approximately RMB49.59 million, representing an increase of approximately 20.54% as compared with the six months ended 28 February 2023. Such increase was consistent with the increase in borrowings for the construction and improvement of relevant institutional infrastructures to enhance students' learning and living experience.

Loss/profit for the period

For the six months ended 29 February 2024, our loss amounted to approximately RMB14.21 million, as compared with profit of approximately RMB20.97 million for the six months ended 28 February 2023. Although the Group generated a period-on-period increase in unaudited revenue of approximately RMB10.39 million for the six months ended 29 February 2024, the loss for the such period was mainly attributable to the following reasons: (i) in order to further attract, cultivate and retain talented teachers and other professionals, and to continue to enhance the ratio of teaching resources, the Group's employee costs for the six months ended 29 February 2024 increased by approximately RMB33.84 million as compared to the six months ended 28 February 2023; and (ii) in order to further improve the quality of education services, the Group's education operation expenses for the six months ended 29 February 2024, including expenditures on student activities and training, increased by approximately RMB13.15 million as compared to the six months ended 28 February 2023.

Financial Positions

As at 29 February 2024, our total equity was approximately RMB831.15 million, as compared with approximately RMB845.37 million as at 31 August 2023. Such decrease was mainly attributable to the loss for the six months ended 29 February 2024.

As at 29 February 2024, our current assets were approximately RMB246.03 million, as compared with approximately RMB487.02 million as at 31 August 2023. Such decrease was mainly attributable to the decrease in balance of cash and cash equivalents.



MANAGEMENT DISCUSSION AND ANALYSIS

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

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 29 February 2024, we had cash and cash equivalents of approximately RMB126.18 million, as compared with approximately RMB374.62 million as at 31 August 2023. Such decrease was mainly attributable to the payment of operating capital inputs, payment of construction works of Schools and payment of interest expenses, etc..

Our total borrowings increased from approximately RMB2,051.97 million as at 31 August 2023 to approximately RMB2,323.81 million as at 29 February 2024. As at 29 February 2024, all of our bank borrowings were denominated in RMB, among which approximately RMB783.58 million are repayable within one year and approximately RMB1,540.23 million are payable after one year. For the six months ended 29 February 2024, the weighted average effective interest rate of our borrowings was approximately 5.66% (for the year ended 31 August 2023: approximately 5.66%).

Internal control and policy in relation to liquidity and capital resources

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

Gearing Ratio

As at 29 February 2024, our gearing ratio, which is calculated as net debt divided by total equity, was 277.71%, as compared to approximately 212.52% as at 31 August 2023. The increase in gearing ratio was mainly attributable to the increase in borrowings related to the construction of buildings for JXIAS and Jishi College.

Capital Expenditure

Our capital expenditures during the six months ended 29 February 2024 amounted to approximately RMB422.28 million, which was primarily used for the procurement of property, plant and equipment as well as construction of buildings.



MANAGEMENT DISCUSSION AND ANALYSIS

Property, Plant and Equipment

Property, plant and equipment of the Group as at 29 February 2024 increased to approximately RMB3,161.95 million from approximately RMB2,786.75 million as at 31 August 2023. Such increase was mainly attributable to the completion and commissioning of some of new buildings and facilities in JXIAS.

CHARGE ON ASSETS

The Group's long-term and short-term bank borrowings of RMB1,250,102,000 (31 August 2023: RMB798,905,000), long-term borrowings from a financial institution of RMB46,602,000 (31 August 2023: RMB71,355,000) and borrowings under finance lease arrangement of RMB18,625,000 (31 August 2023: RMB53,709,000) were secured by the pledge of the rights over the collection of tuition fees and boarding fees of the Group's schools.

Save as disclosed in this interim report, there was no other material charge on the Group's assets as at 29 February 2024.

CONTINGENT LIABILITIES, GUARANTEES AND LITIGATIONS

Save as disclosed in this interim report, we did not have any unrecorded significant contingent liabilities, guarantees or any litigation against us as at 29 February 2024 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 in this interim report, the Group did not have other significant investments held as at 29 February 2024 and up to the date of this interim report.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

The Group did not have any material acquisitions or disposals of subsidiaries and associated companies during the six months ended 29 February 2024 and up to the date of this interim report.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in this interim report, as at the date of this interim report, the Group did not have any future 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.



MANAGEMENT DISCUSSION AND ANALYSIS

EMPLOYEES AND REMUNERATION POLICIES

As at 29 February 2024, we had 2,497 employees (as at 28 February 2023: 2,439 employees), mostly based in Jiangxi 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 (the "**MPF 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 29 February 2024, our employee remuneration totaled to approximately RMB128.42 million, as compared with RMB94.58 million for the six months ended 28 February 2023.

We grant RSUs to our employees to incentivise them to contribute to our growth. As at 29 February 2024, RSUs in respect of 26,094,700 underlying Shares, representing approximately 2.61% of the share capital of our Company as at 29 February 2024, have been granted to 39 participants pursuant to the RSU Scheme. As of 29 February 2024, RSUs in respect of 26,094,700 underlying Shares, have been vested.

The employees of the subsidiaries of the Group established in the PRC (other than Hong Kong) participate in defined contribution retirement benefit schemes managed by the local government authorities, whereby these subsidiaries are required to contribute to the schemes at a rate of 16% (for the six months ended 28 February 2023: 16%) of the basic salary. Employees of these subsidiaries are entitled to retirement benefits, calculated based on a percentage of the average salaries level in the PRC (other than Hong Kong), from the abovementioned retirement schemes at their normal retirement age.

The Group also participates in a pension scheme under the rules and regulations of the MPF Scheme for all its qualifying employees in Hong Kong. Under the MPF Scheme, the employer and its employees are each required to make contributions of 5% of the employees' relevant income to the MPF account. Contributions to the MPF Scheme shall vest immediately.

The Group's contributions to the defined contribution schemes vest fully and immediately with the employees. Accordingly, (i) for the six months ended 29 February 2024 and for the six months ended 28 February 2023, there was no forfeiture of contributions under the defined contribution schemes; and (ii) there were no forfeited contributions available for the Group to reduce its existing level of contributions to the defined contribution schemes as at 29 February 2024. No forfeited contributions may be used if there is forfeited contributions.

The remuneration of Directors and members of senior management 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 29 February 2024, 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	560,962,000	56.10%
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	1,745,000	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 29 February 2024.
- (3) 493,462,000 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, both Mr. Huang Yulin and 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 (which was fully vested to him).
- (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 350,000 Shares; and (ii) is interested in the RSUs granted to him under the RSU Scheme entitling him to receive 1,395,000 Shares (which was fully vested to him).



OTHER INFORMATION

INTERESTS IN OTHER MEMBERS OF THE GROUP

Name of Director	Name of associated corporations of the Group	Capacity/Nature of interest	Approximate percentage of registered capital
Mr. Huang Yulin	Nanchang Di Guan, JXIAS, Ruicheng Education, Jishi College, Guizhou Xikai,	Beneficial owner	74.00%
	Guizhou College, Henan Kunren, Chen Lin High School and Gan Zhou Chen Lin ⁽²⁾	Interest in a controlled corporation	74.00%
Mr. Wang Li	Nanchang Di Guan, JXIAS, Ruicheng Education, Jishi College, Guizhou Xikai, Guizhou College, Henan Kunren, Chen Lin High School and Gan Zhou Chen Lin ⁽²⁾	Interest of spouse	13.00%

Notes:

- (1) All interests stated are long positions.
- (2) Nanchang Di Guan, JXIAS, Ruicheng Education, Jishi College, Guizhou Xikai, Guizhou College, Henan Kunren, Chen Lin High School and Gan Zhou Chen Lin, by virtue of the Contractual Arrangements, all of them are accounted as subsidiaries of the Group. Nanchang Di Guan holds 100.00% of the sponsor's interest of JXIAS; Ruicheng Education holds 100.00% of the sponsor's interest of Jishi College; Guizhou Xikai holds 100.00% sponsor's interest of Guizhou College; Henan Kunren holds 100% sponsor's interest of Chen Lin High School.

Save as disclosed above, as at 29 February 2024, 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 29 February 2024, the following persons (other than Directors or chief executives of the Company) 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	493,462,000	49.35%
	Interest in a controlled corporation	67,500,000	6.75%
Ms. Xiong Yan ⁽⁴⁾	Interest of spouse	560,962,000	56.10%

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 29 February 2024.
- (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 relevant 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 29 February 2024, the Directors are not aware of any other person (other than Directors or chief executives of the Company) 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 29 February 2024 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 initially 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. 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. 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.

The RSU Scheme will be valid and effective for a term of ten (10) years, commencing from 20 August 2019 (unless it is terminated earlier in accordance with its terms). As at 29 February 2024, the remaining life of the RSU Scheme was approximately five years and six months. Pursuant to the amendments to the 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.

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. The 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 29 February 2024 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 ⁽¹⁾
Directors of our Company				
Mr. Wang Li	Executive Director and co-president	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)				
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 ⁽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 ⁽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 29 February 2024.
- (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.
- (3) All the RSUs granted above were granted on 20 August 2019 before the listing of the Company on the Stock Exchange on 13 December 2019.

During the six months ended 29 February 2024, (i) no RSU was granted under the RSU Scheme; and (ii) none of the RSUs granted under the RSU Scheme was vested, converted, cancelled or lapsed.

A total of 40,020,000 shares had been reserved for the RSU scheme, comprising (i) 13,925,300 shares, representing approximately 1.39% of the issued share capital of the Company, that remained grantable under the RSU Scheme; and (ii) 26,094,700 shares, representing approximately 2.61% of the issued share capital of the Company, that had been granted and vested but not yet converted under the RSU Scheme. For any future grants of RSUs under the RSU Scheme, the Company will first utilize the remaining 13,925,300 existing shares.

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) be vested 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 in this interim report, subsequent to 29 February 2024 and up to the date of this interim report, the Group had no material subsequent events which have not been reflected in the financial statements.

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 29 February 2024.

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 29 February 2024 and up to the date of this interim report.



OTHER INFORMATION

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

Save for the RSUs, at no time during the six months ended 29 February 2024, 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 29 February 2024 (For the six months ended 28 February 2023: Nil).

COMPLIANCE WITH THE CG CODE AND LISTING RULES

For the six months ended 29 February 2024, 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 and the CEO. The Board believes that having the same individual in both roles as the Chairman and the CEO 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 four executive Directors 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 C3 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors.

Having made specific enquiry of all Directors, 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 29 February 2024.

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.



OTHER INFORMATION

CHANGES IN DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, the change in Directors' information subsequent to the date of the annual report for the year ended 31 August 2023 of the Company and up to the date of this interim report are set out below:

Mr. Wang Shenghua (“**Mr. Wang**”) has tendered his resignation as an executive Director with effect from 31 January 2024 in order to pursue other personal commitments. Mr. Li Cunyi (“**Mr. Li**”) has tendered his resignation as the non-executive Director, and a member of each of the remuneration committee and nomination committee of the Board with effect from 31 January 2024 in order to pursue other personal commitments. Both Mr. Wang and Mr. Li have each confirmed that they have no disagreement with the Board and there are no matters relating to their resignations that need to be brought to the attention of the Shareholders and the Stock Exchange. For further details, please refer to the announcement of the Company dated 31 January 2024.

Mr. Yang Ruichen (“**Mr. Yang**”) has tendered his resignation as an executive Director and the chief financial officer of the Company with effect from 29 February 2024 in order to pursue other personal commitments. Mr. Yang has confirmed that he has no disagreement with the Board and there are no matters relating to his resignation that need to be brought to the attention of the Shareholders or the Stock Exchange. For further details, please refer to the announcement of the Company dated 29 February 2024.

Save as disclosed above, there is no information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

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 29 February 2024 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 aspects.

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 as required under Rule 3.21 of the Listing Rules.

REVIEW OF INTERIM REPORT

The Audit Committee has reviewed the interim report (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 risk management, internal control and financial reporting matters of the Group for the six months ended 29 February 2024.

The interim financial information for the six months ended 29 February 2024 has not been audited or reviewed by the Group's external auditor in accordance with Hong Kong Standards on Auditing or Hong Kong Standards on Review Engagements issued by the Hong Kong Institute of Certified Public Accountants.



INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 29 February 2024

	Notes	Six months ended 29 February 2024 RMB'000 (Unaudited)	Six months ended 28 February 2023 RMB'000 (Unaudited)
Revenue	3	332,060	321,670
Cost of revenue	6	(229,816)	(194,975)
Gross profit		102,244	126,695
Other income	4	8,553	8,233
Other expenses	6	(715)	(606)
Other losses — net	5	(1,439)	(1,106)
Net impairment losses on financial assets	6	(1,826)	(5,848)
Selling expenses	6	(3,543)	(7,509)
Administrative expenses	6	(68,299)	(57,754)
Operating profit		34,975	62,105
Finance income		200	185
Finance costs		(49,788)	(41,324)
Finance costs — net	7	(49,588)	(41,139)
(Loss)/profit before income tax		(14,613)	20,966
Income tax credit	8	402	—
(Loss)/profit for the period		(14,211)	20,966
Other comprehensive income for the period		—	—
(Loss)/profit and total comprehensive income for the period, all attributable to shareholders of the Company		(14,211)	20,966
(Loss)/earnings per Share attributable to shareholders of the Company			
— Basic (loss)/earnings per Share (expressed in RMB per Share)	9	(0.01)	0.02
— Diluted (loss)/earnings per Share (expressed in RMB per Share)	9	(0.01)	0.02



INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

As at 29 February 2024

	Notes	As at 29 February 2024 RMB'000 (Unaudited)	As at 31 August 2023 RMB'000 (Audited)
Assets			
Non-current assets			
Property, plant and equipment	11	3,161,952	2,786,752
Right-of-use assets	10	450,521	460,741
Intangible assets	12	264,921	265,641
Other non-current assets		94,586	124,196
Deferred income tax assets	17	2,236	1,834
		3,974,216	3,639,164
Current assets			
Trade receivables	13	7,278	12,370
Other receivables and prepayments	14	109,023	96,044
Financial assets at fair value through profit or loss ("FVPL")	15	101	105
Restricted bank balances		3,451	3,887
Cash and cash equivalents		126,177	374,618
		246,030	487,024
Total assets		4,220,246	4,126,188
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		138,026	138,026
Share-based payments reserve		53,382	53,382
Retained earnings		175,894	190,105
Total equity		831,154	845,365



INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (Continued)

As at 29 February 2024

	Notes	As at 29 February 2024 RMB'000 (Unaudited)	As at 31 August 2023 RMB'000 (Audited)
Liabilities			
Non-current liabilities			
Borrowings	20	1,540,230	1,457,080
Deferred revenue	21	111,809	78,560
Contract liabilities	3	1,133	1,333
Other non-current payables	18	268,368	261,464
Lease liabilities	10	73,114	72,150
		1,994,654	1,870,587
Current liabilities			
Accruals and other payables	16	237,744	265,160
Amount due to a related party	23	34,739	27,463
Borrowings	20	783,584	594,890
Current income tax liabilities		43,035	43,222
Deferred revenue	21	8,176	5,782
Contract liabilities	3	284,339	454,025
Lease liabilities	10	2,821	19,694
		1,394,438	1,410,236
Total liabilities		3,389,092	3,280,823
Total equity and liabilities		4,220,246	4,126,188
Net current liabilities		(1,148,408)	(923,212)
Total assets less current liabilities		2,825,808	2,715,952



INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 29 February 2024

	Equity attributable to owners of the Company						
	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Statutory surplus reserves RMB'000	Share-based payments reserve RMB'000	Retained earnings RMB'000	Total RMB'000
Balance at 31 August 2023 (audited)	89	433,763	30,000	138,026	53,382	190,105	845,365
Loss for the period	-	-	-	-	-	(14,211)	(14,211)
Profit appropriation to statutory reserves	-	-	-	-	-	-	-
Balance at 29 February 2024 (unaudited)	89	433,763	30,000	138,026	53,382	175,894	831,154
Balance at 31 August 2022 (audited)	89	433,763	30,000	130,539	52,769	163,919	811,079
Profit for the period	-	-	-	-	-	20,966	20,966
Share-based compensation expense	-	-	-	-	513	-	513
Profit appropriation to statutory reserves	-	-	-	13,272	-	(13,272)	-
Balance at 28 February 2023 (unaudited)	89	433,763	30,000	143,811	53,282	171,613	832,558



INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 29 February 2024

	Six months ended 29 February 2024 RMB'000 (Unaudited)	Six months ended 28 February 2023 RMB'000 (Unaudited)
Cash flows from operating activities		
Cash used in operations	(143,852)	(35,934)
Income tax paid	(187)	–
Net cash used in operating activities	(144,039)	(35,934)
Cash flows from investing activities		
Government grants received relating to purchases of property, plant and equipment	38,814	12,344
Purchases of property, plant and equipment	(416,894)	(283,988)
Decrease in deposits and prepayments to certain corporate projects	29,600	–
Purchases of intangible assets	(764)	–
Net cash used in investing activities	(349,244)	(271,644)
Cash flows from financing activities		
Proceeds from borrowings	736,450	350,000
Repayments of borrowings	(457,886)	(101,050)
Decrease in restricted bank balances	436	110,000
Borrowings from a related party	7,276	4,747
Payments of lease liabilities	(15,909)	(188,172)
Others financing costs	–	(1,546)
Interest paid	(25,525)	(23,806)
Net cash generated from financing activities	244,842	150,173
Net decrease in cash and cash equivalents	(248,441)	(157,405)
Cash and cash equivalents at the beginning of period	374,618	286,206
Exchange gains on cash and cash equivalents	–	(6)
Cash and cash equivalents at the end of period	126,177	128,795



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 29 February 2024

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 Act (2023 Revision, as consolidated and revised) (the “**Companies Act**”) of the Cayman Islands. The address of its registered office is 190 Elgin Avenue, George Town, Grand Cayman KY1-9008, Cayman Islands. The headquarter 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 Institute of Applied Science and Technology (江西應用科技學院) (“**JXIAS**”) since 1984. In December 2020, the Group acquired Jiangxi College of Arts and Sciences Technicians (江西文理技師學院) (“**Jishi College**”) from a third party. In April and July 2021, the Group further acquired Guizhou Vocational College of Industry and Trade (貴州工貿職業學院) (“**Guizhou College**”) and Zhengzhou Airport Economy Zone Chen Lin High School (鄭州航空港區辰林高級中學) (“**Chen Lin 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 interim condensed consolidated financial statements are presented in Renminbi (“**RMB**”) and rounded to the nearest thousand yuan (“**RMB’000**”), unless otherwise stated.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

The interim condensed consolidated financial statements for the six months ended 29 February 2024 of the Group have been prepared in accordance with all applicable International Financial Reporting Standards (“**IFRSs**”) issued by International Accounting Standards Board and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622.

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

The preparation of interim condensed 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.



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 29 February 2024

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

(a) New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period commencing 1 September 2023. The Group did not change its accounting policies or make retrospective adjustments as a result of adopting these standards.

Amendments to IAS 1 and IFRS Practice Statement 2	Disclosures of Accounting Policies
Amendments to IAS 8	Disclosures of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

(b) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for the period ended 29 February 2024 and have not been early adopted by the Group. These standards are set out as below:

Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements (amendments)

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

2.2 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.



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 29 February 2024

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Principles of consolidation and equity accounting (continued)

Business combinations (continued)

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 interim condensed 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.

2.3 Going Concern

The Group incurred a net loss of RMB14,211,000 for the six months ended 29 February 2024, and the Group's current liabilities exceeded current assets by RMB1,148,408,000 as at 29 February 2024. The Group's current liabilities included deferred revenue and contract liabilities with total amount of RMB292,515,000 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 29 February 2024. Accordingly, the Group's interim condensed consolidated financial information have been prepared on a going concern basis.



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 29 February 2024

3 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 29 February 2024 and 28 February 2023 are as follows:

	Six months ended 29 February 2024 RMB'000 (Unaudited)	Six months ended 28 February 2023 RMB'000 (Unaudited)
Tuition fees	293,059	283,119
Boarding fees	32,785	33,248
Internship management fees	889	613
Tutoring and program management services	2,334	2,196
Others	2,993	2,494
	332,060	321,670



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 29 February 2024

3 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 29 February 2024 RMB'000 (Unaudited)	Six months ended 28 February 2023 RMB'000 (Unaudited)
Recognised over time		
Tuition fees	293,059	283,119
Boarding fees	32,785	33,248
Internship management fees	889	613
Tutoring and program management services	2,334	2,196
Others	–	26
Recognised at a point in time		
Others	2,993	2,468
	332,060	321,670

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

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

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



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 29 February 2024

3 SEGMENT INFORMATION (continued)

(c) Contract liabilities

The Group has recognised the following contract liabilities:

	As at 29 February 2024 RMB'000 (Unaudited)	As at 31 August 2023 RMB'000 (Audited)
Contract liabilities related to tuition fees	249,352	390,265
Contract liabilities related to boarding fees	26,781	48,699
Contract liabilities related to other revenue	7,688	14,661
Contract liabilities related to other income	1,651	1,733
	285,472	455,358

(d) Unsatisfied contracts

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

	As at 29 February 2024 RMB'000 (Unaudited)	As at 31 August 2023 RMB'000 (Audited)
Expected to be recognised within one year		
Tuition fees	249,352	390,265
Boarding fees	26,781	48,699
Other revenue	7,688	14,661
Other income	518	400
Expected to be recognised within one to two years		
Other income	400	400
Expected to be recognised more than two years		
Other income	733	933
	285,472	455,358

(e) Pledge of revenue proceeds

The Group's long-term and short-term bank borrowings of RMB1,250,102,000 (31 August 2023: RMB798,905,000), long-term borrowings from a financial institution of RMB46,602,000 (31 August 2023: RMB71,355,000) and borrowings under finance lease arrangement of RMB18,625,000 (31 August 2023: RMB53,709,000) 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 INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 29 February 2024

4 OTHER INCOME

	Six months ended 29 February 2024 RMB'000 (Unaudited)	Six months ended 28 February 2023 RMB'000 (Unaudited)
Government grants (i)		
— Recognised from deferred revenue	3,171	652
— Recognised during the period	196	4,800
Sub-contracting income (ii)	1,300	–
Others	3,886	2,781
	8,553	8,233

- (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 JXIAS and the campus stores in the School's campus to other parties.

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 29 February 2024 RMB'000 (Unaudited)	Six months ended 28 February 2023 RMB'000 (Unaudited)
Recognised over time		
Sub-contracting income	1,300	–
Others	1,243	1,961
Recognised at a point in time		
Others	2,643	820
	5,186	2,781



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 29 February 2024

5 OTHER LOSSES — NET

	Six months ended 29 February 2024 RMB'000 (Unaudited)	Six months ended 28 February 2023 RMB'000 (Unaudited)
Donation outlay	(10)	(900)
Net losses on disposal of property, plant and equipment	(611)	–
Net fair value (losses)/gains on financial assets at fair value through profit or loss (note 15)	(3)	8
Net foreign exchange gains/(losses)	81	(2)
Others	(896)	(212)
	(1,439)	(1,106)

6 OPERATING PROFIT

In addition to the items disclosed in note 5, the following operating items have been charged to the operating profit.

	Six months ended 29 February 2024 RMB'000 (Unaudited)	Six months ended 28 February 2023 RMB'000 (Unaudited)
Charging:		
Employee costs		
— Salaries, wages and bonuses	103,959	77,605
— Contributions to pension plan and share-based compensation expense	12,499	8,305
— Housing fund, medical insurance and other social insurance	11,964	8,670
Total employee costs	128,422	94,580
Depreciation and amortisation of		
— Property, plant and equipment	47,082	44,934
— Right-of-use assets	10,220	9,935
— Intangible assets	1,484	9,379
Net impairment losses on financial assets	1,826	5,848
Others*	115,165	102,016
	175,777	172,112
	304,199	266,692

* Others mainly represent education and teaching operating expenses, which include student activities, training expenses and other related expenses.



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 29 February 2024

7 FINANCE COSTS — NET

	Six months ended 29 February 2024 RMB'000 (Unaudited)	Six months ended 28 February 2023 RMB'000 (Unaudited)
Finance income		
— Interest income derived from deposits	200	185
Finance cost		
— Interest expense on bank borrowings	(30,000)	(25,523)
— Interest expense on other borrowings	(36,034)	(13,657)
— Interest cost on lease liabilities	(2,390)	(2,144)
Less: Borrowing cost capitalised on qualifying assets	18,636	—
	(49,788)	(41,324)
Finance costs — net	(49,588)	(41,139)

8 INCOME TAX CREDIT

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

	Six months ended 29 February 2024 RMB'000 (Unaudited)	Six months ended 28 February 2023 RMB'000 (Unaudited)
Current tax — PRC Enterprise Income Tax (the “PRC EIT”)		
— for the period	—	—
Deferred tax		
— for the period	402	—
Income tax credit	402	—



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 29 February 2024

8 INCOME TAX CREDIT (continued)

Cayman Islands

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Act 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 Schools have 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 INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 29 February 2024

9 (LOSS)/EARNINGS PER SHARE

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

	Six months ended 29 February 2024 (Unaudited)	Six months ended 28 February 2023 (Unaudited)
(Loss)/profit attributable to shareholders of the Company (RMB'000)	(14,211)	20,966
Weighted average number of ordinary shares for the purpose of calculating basic (loss)/earnings per share	960,000,000	960,000,000
Basic (loss)/earnings per share (expressed in RMB per share)	(0.01)	0.02

The diluted (loss)/earnings per share for the six months ended 29 February 2024 and 28 February 2023 were equivalent to the basic (loss)/earnings per share.

10 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 29 February 2024 RMB'000 (Unaudited)	As at 31 August 2023 RMB'000 (Audited)
Right-of-use assets		
Land use rights	361,109	365,460
Favourable lease	16,462	18,277
Buildings	68,883	72,327
Equipment	4,067	4,677
Total right-of-use assets	450,521	460,741
Lease liabilities		
Current	2,821	19,694
Non-current	73,114	72,150
Total lease liabilities	75,935	91,844



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 29 February 2024

11 MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

As of 29 February 2024, the Group's property, plant and equipment amounted to approximately RMB3,162 million, representing an increase of 13.46% as compared with 31 August 2023.

12 INTANGIBLE ASSETS

	Goodwill RMB'000	Student base RMB'000	Computer software RMB'000	Total RMB'000
(Audited)				
At 31 August 2023				
Cost	261,519	38,295	5,808	305,622
Accumulated amortisation	–	(37,036)	(2,945)	(39,981)
Net book amount	261,519	1,259	2,863	265,641
(Unaudited)				
Six months ended 29 February 2024				
Opening net book amount	261,519	1,259	2,863	265,641
Addition	–	–	764	764
Amortisation charge (note 6)	–	(1,259)	(225)	(1,484)
Closing net book amount	261,519	–	3,402	264,921
(Unaudited)				
As at 29 February 2024				
Cost	261,519	38,295	6,572	306,386
Accumulated amortisation	–	(38,295)	(3,170)	(41,465)
Net book amount	261,519	–	3,402	264,921



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 29 February 2024

13 TRADE RECEIVABLES

	As at 29 February 2024 RMB'000 (Unaudited)	As at 31 August 2023 RMB'000 (Audited)
Trade receivables (i)		
— related to students fees	11,078	15,282
— related to other services	8,407	7,953
	19,485	23,235
Less: Provision for impairment	(12,207)	(10,865)
	7,278	12,370

(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.

As at 29 February 2024 and 31 August 2023, the ageing analysis of the trade receivables based on the transaction date is as follows:

	As at 29 February 2024 RMB'000 (Unaudited)	As at 31 August 2023 RMB'000 (Audited)
Up to 1 year	8,965	15,238
1 to 2 years	3,963	2,534
2 to 3 years	1,614	3,399
Over 3 years	4,943	2,064
	19,485	23,235

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



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 29 February 2024

13 TRADE RECEIVABLES (continued)

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

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

	As at 29 February 2024 RMB'000 (Unaudited)	As at 31 August 2023 RMB'000 (Audited)
As at the beginning of the period/year	10,865	12,991
Expected credit loss recognised/(reversed) during the period/year	1,342	(2,126)
As at the end of the period/year	12,207	10,865

(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.

14 OTHER RECEIVABLES AND PREPAYMENTS

	As at 29 February 2024 RMB'000 (Unaudited)	As at 31 August 2023 RMB'000 (Audited)
Other receivables	58,448	51,215
Deposit for campus constructions (i)	40,133	35,133
Prepayments to suppliers	12,518	5,735
Input value added tax to be deducted	1,272	6,825
	112,371	98,908
Less: Provision for impairment	(3,348)	(2,864)
	109,023	96,044

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

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 INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 29 February 2024

15 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 29 February 2024 RMB'000 (Unaudited)	As at 31 August 2023 RMB'000 (Audited)
Current assets		
Financial assets at FVPL		
— Equity investment, listed	101	105

Movements in equity investment is analysed as follows:

	As at 29 February 2024 RMB'000 (Unaudited)	As at 31 August 2023 RMB'000 (Audited)
Securities listed on the Hong Kong Stock Exchange		
As at the beginning of the period/year	105	96
Fair value (losses)/gains (note 5)	(3)	4
Foreign exchange (losses)/gains	(1)	5
As at the end of period/year	101	105

As at 29 February 2024, equity investment classified as financial assets at FVPL represented the Group's equity investment in companies listed on the Hong Kong Stock Exchange, which are quoted in an active market.



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 29 February 2024

16 ACCRUALS AND OTHER PAYABLES

	As at 29 February 2024 RMB'000 (Unaudited)	As at 31 August 2023 RMB'000 (Audited)
Employee benefit payables	41,312	32,756
Payables for purchases of property, plant and equipment	79,542	143,620
Payables to suppliers on behalf of students	11,853	9,390
Letter of credit	2,832	3,777
Payables to students:		
Prepayments received from students (a)	5,521	6,318
Government subsidies and other payables to students (b)	28,518	14,485
Insurance fund from government (c)	5,017	4,917
Payables for purchases of services	4,794	5,148
Retention money payables for campus constructions	6,256	5,146
Other taxes payable	6,138	6,129
Other payables and accruals	45,961	33,474
	237,744	265,160

- (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 accruals and other payables approximated their fair values as at the balance sheet date. Accruals and other payables were denominated in RMB.



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 29 February 2024

17 DEFERRED INCOME TAX ASSETS

	As at 29 February 2024 RMB'000 (Unaudited)	As at 31 August 2023 RMB'000 (Audited)
Deferred income tax assets:		
— to be recovered within 12 months	—	—
— to be recovered over 12 months	2,236	1,834
	2,236	1,834

18 OTHER NON-CURRENT PAYABLES

	As at 29 February 2024 RMB'000 (Unaudited)	As at 31 August 2023 RMB'000 (Audited)
Payables to government authority in respect of government grants received	268,368	261,464
	268,368	261,464

The Group recognised other non-current payables to government authority amounting to RMB269,670,000 as at 30 April 2021, the date of acquisition of Guizhou College from a third party, and RMB268,368,000 as at 29 February 2024 (31 August 2023: RMB261,464,000). The payables to government authority were related to government grants received by Guizhou College and Guizhou Xikai Education Investment Company Limited, the sponsor company to Guizhou College, for the construction of the school campus of the predecessor school of Guizhou College in the past years. The government grants were assessed to be with ongoing conditions and requirements that have not been fully fulfilled by Guizhou College and its sponsor, and accordingly the grants were recognised as payables to government authorities, and the amounts payable were stated at their fair values.

19 DIVIDEND

At a meeting of the Board held on 26 April 2024, the Board resolved not to propose an interim dividend in respect of the six months ended 29 February 2024 (for the six months ended 28 February 2023: Nil).



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 29 February 2024

20 BORROWINGS

	As at 29 February 2024 RMB'000 (Unaudited)	As at 31 August 2023 RMB'000 (Audited)
Non-current:		
Long-term bank borrowings, secured	928,850	565,800
Long-term bank borrowings, unsecured	–	300,000
Long-term borrowings from a financial institution, secured	14,987	47,007
Borrowing under finance lease arrangement	596,393	544,273
	1,540,230	1,457,080
Current:		
Current portion of long-term bank borrowings, secured	180,996	133,003
Current portion of long-term bank borrowings, unsecured	16,000	39,122
Current portion of long-term borrowings from a financial institution, secured	31,615	24,348
Short-term bank borrowings, secured	140,256	100,102
Short-term bank borrowings, unsecured	20,000	–
Borrowing under finance lease arrangement	394,717	298,315
	783,584	594,890
Total borrowings	2,323,814	2,051,970

For the six months ended 29 February 2024, the weighted average effective interest rates on borrowings were 5.66% (31 August 2023: 5.66%).

(a) Details of securities and guarantees to the borrowings

The Group's long-term and short-term bank borrowings, secured as at 29 February 2024 of RMB1,250,102,000 (31 August 2023: RMB798,905,000) 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 and short-term bank borrowings, unsecured as at 29 February 2024 of RMB36,000,000 (31 August 2023: RMB339,122,000) 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 RMB46,602,000 (31 August 2023: RMB71,355,000) 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.



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 29 February 2024

20 BORROWINGS (continued)

(a) Details of securities and guarantees to the borrowings (continued)

The Group's borrowing under finance lease arrangement of RMB991,110,000 (31 August 2023: RMB842,588,000) 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 29 February 2024 RMB'000 (Unaudited)	As at 31 August 2023 RMB'000 (Audited)
Within 1 year	783,584	594,890
Over 1 year	1,540,230	1,457,080
Total	2,323,814	2,051,970

21 DEFERRED REVENUE

	As at 29 February 2024 RMB'000 (Unaudited)	As at 31 August 2023 RMB'000 (Audited)
Government grants		
Non-current	111,809	78,560
Current	8,176	5,782
Total	119,985	84,342

The government grants were received from the local government as subsidies to the Group's purchases of land use right and 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.



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 29 February 2024

21 DEFERRED REVENUE (continued)

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

	As at 29 February 2024 RMB'000 (Unaudited)	As at 31 August 2023 RMB'000 (Audited)
As at the beginning of the period/year	84,342	72,266
Additions	38,814	18,494
Released to other income	(3,171)	(6,418)
Closing net book amount	119,985	84,342

22 COMMITMENTS

Capital expenditure commitments

Significant capital expenditure commitments are set out below:

	As at 29 February 2024 RMB'000 (Unaudited)	As at 31 August 2023 RMB'000 (Audited)
Contracted but not recognised as liabilities		
— Commitments for acquisition of property, plant and equipment	289,849	233,533

23 RELATED PARTY TRANSACTION

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.



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 29 February 2024

23 RELATED PARTY TRANSACTION (continued)

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.

Save as disclosed elsewhere in this condensed interim financial information, 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 29 February 2024 and 28 February 2023, and the balances arising from related party transactions as at the respective balance sheet dates.

(a) Transaction with related parties

	Six months ended 29 February 2024 RMB'000 (Unaudited)	Six months ended 28 February 2023 RMB'000 (Unaudited)
Loans from a related party — Mr. Huang Yulin	7,276	4,747

(b) Balances with related parties

	As at 29 February 2024 RMB'000 (Unaudited)	As at 31 August 2023 RMB'000 (Audited)
Amount due to a related party — Mr. Huang Yulin (non-trade)	34,739	27,463

The amount due to a related party is unsecured, interest bearing at 4.8% per annum (31 August 2023: 4.8% per annum) and payable on demand.



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 29 February 2024

23 RELATED PARTY TRANSACTION (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 29 February 2024 RMB'000 (Unaudited)	Six months ended 28 February 2023 RMB'000 (Unaudited)
Salaries and bonuses	5,718	6,080
Share-based payments	–	328
Other benefits	306	325
	6,024	6,733

24 CONTINGENT LIABILITIES

As at 29 February 2024, the Group had no significant contingent liability (31 August 2023: Nil).