Chen Lin Education Group Holdings Limited
辰林教育集團控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1593)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 28 FEBRUARY 2023

INTERIM RESULTS

The Board is pleased to announce the unaudited consolidated interim results of the Group for the six months ended 28 February 2023 ("**Interim Results**"), together with the comparative information for the six months ended 28 February 2022. The Interim Results have been reviewed by the Audit Committee (with no disagreement), together with the management of the Company.

HIGHLIGHTS

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

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

FINANCIAL INFORMATION

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 28 February 2023

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

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

As at 28 February 2023

	Note	**As at 28 February 2023 RMB'000 (Unaudited)**	As at 31 August 2022 RMB'000 (Audited)
Assets			
Non-current assets			
Property, plant and equipment	*10*	**2,411,022**	2,185,646
Right-of-use assets	*9*	**425,221**	434,022
Intangible assets	*11*	**262,542**	271,921
Other non-current assets		**248,396**	112,301
		3,347,181	3,003,890
Current assets			
Trade receivables	*12*	**11,371**	11,221
Other receivables and prepayments	*13*	**107,415**	62,062
Financial assets at fair value through profit or loss	*14*	**105**	96
Cash and cash equivalents		**128,795**	286,206
Restricted bank balances		**10,585**	11,983
		258,271	371,568
Total assets		**3,605,452**	3,375,458
Equity and liabilities			
Equity attributable to shareholders of the Company			
Share capital		**89**	89
Share premium		**433,763**	433,763
Capital reserve		**30,000**	30,000
Statutory surplus reserves		**143,811**	130,539
Shares-based compensation reserve		**53,282**	52,769
Retained earnings		**171,613**	163,919
Total equity		**832,558**	811,079

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (Continued)
As at 28 February 2023

	Note	As at 28 February 2023 RMB'000 (Unaudited)	As at 31 August 2022 RMB'000 (Audited)
Liabilities			
Non-current liabilities			
Borrowings	16	**1,081,982**	980,304
Deferred revenue		**74,666**	67,810
Contract liabilities	3	**1,533**	1,733
Other non-current liabilities		**307,832**	273,519
Lease liabilities	9	**68,950**	67,394
		1,534,963	1,390,760
Current liabilities			
Accruals and other payables	15	**353,771**	301,381
Amount due to a related party		**21,181**	16,434
Borrowings	16	**555,285**	390,449
Current income tax liabilities		**40,719**	41,805
Deferred revenue		**4,492**	4,456
Contract liabilities	3	**258,929**	414,709
Lease liabilities	9	**3,554**	4,385
		1,237,931	1,173,619
Total liabilities		**2,772,894**	2,564,379
Total equity and liabilities		**3,605,452**	3,375,458
Net current liabilities		**(979,660)**	(802,051)
Total assets less current liabilities		**2,367,521**	2,201,839

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 28 February 2023

1 GENERAL INFORMATION

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

The Company is an investment holding company. The Company and its subsidiaries (together "**the Group**") provide comprehensive educational services in Jiangxi province, Guizhou province and Henan province of the PRC. The Group has been operating Jiangxi University of Applied Science (江西應用科技學院) ("**JUAS**") since 1984. In December 2020, the Group acquired Jiangxi Wenli Jishi College (江西文理技師學院) ("**Jishi College**") from a third party. In April and July 2021, the Group further acquired Guizhou Institute of Industry and Trade (貴州工貿職業學院) ("**Guizhou Institute**") and Zhengzhou Airport Economy Zone Yu Ren High School (鄭州航空港區育人高級中學) ("**Yu Ren High School**") from third parties, respectively.

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

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

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

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

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

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

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.

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

Acquisition-related costs are expensed as incurred.

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

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

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

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

2.3 Going Concern

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

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 28 February 2023 and 28 February 2022 are as follows:

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

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

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

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

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

(c) Contract liabilities

The Group has recognised the following contract liabilities:

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

(d) Unsatisfied contracts

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

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

(e) Pledge of revenue proceeds

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

4 OTHER INCOME

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

(i) Government grants and subsidies mainly represent subsidies from government for procurement of laboratory apparatus and equipment, conducting educational programmes.

(ii) The Group receives income from sub-contracting the canteen catering operations from JUAS and the campus stores in the School's campus to other parties.

(iii) Self-operated canteen income represent income from canteen operation of Yu Ren High School since October 2021.

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

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

5 OTHER LOSSES — NET

	Six months ended 28 February 2023 *RMB'000* *(Unaudited)*	Six months ended 28 February 2022 *RMB'000* *(Unaudited)*
Donation outlay	**(900)**	(100)
Net fair value gains/(losses) on financial assets at fair value through profit or loss (note 14)	**8**	(36,465)
Net foreign exchange losses	**(2)**	(3,267)
Others	**(212)**	19
	(1,106)	(39,813)

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

7 INCOME TAX EXPENSE

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

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

8 EARNINGS/(LOSS) PER SHARE

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

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

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

9 LEASES

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

The balance sheet shows the following amounts relating to leases:

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

10 PROPERTY, PLANT AND EQUIPMENT

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

11 INTANGIBLE ASSETS

	Goodwill	Student base	Computer software	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
(Audited)				
At 31 August 2022				
Cost	261,519	38,295	3,703	303,517
Accumulated amortisation	–	(28,891)	(2,705)	(31,596)
Net book amount	261,519	9,404	998	271,921
(Unaudited)				
Six months ended 28 February 2023				
Opening net book amount	261,519	9,404	998	271,921
Amortisation charge (note 6)	–	(9,334)	(45)	(9,379)
Closing net book amount	261,519	70	953	262,542
As at 28 February 2023				
Cost	261,519	38,295	3,703	303,517
Accumulated amortisation	–	(38,225)	(2,750)	(40,975)
Net book amount	261,519	70	953	262,542

12 TRADE RECEIVABLES

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

(i) Ageing analysis of the trade receivables

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

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

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

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

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

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

(ii) Fair values of trade receivables

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

13 OTHER RECEIVABLES AND PREPAYMENTS

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

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

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

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

14 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

Movements in equity investment is analysed as follows:

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

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

15 ACCRUALS AND OTHER PAYABLES

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

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

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

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

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

16 BORROWINGS

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

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

(a) Details of securities and guarantees to the borrowings

The Group's long-term bank borrowings, secured as at 28 February 2023 of RMB1,018,131,000 (31 August 2022: RMB763,169,000) were obtained in the PRC, secured by the pledge of the rights over the tuition fees and boarding fees of the Group's schools, shares of a subsidiary and supported by guarantees provided by subsidiaries of the Group, Mr. Huang Yulin and his family members.

The Group's long-term bank borrowings, unsecured as at 28 February 2023 of RMB42,000,000 (31 August 2022: RMB46,500,000) were obtained in the PRC and supported by guarantees provided by Mr. Huang Yulin and his family members.

The Group's long-term borrowings from a financial institution of RMB70,749,000 (31 August 2022: RMB91,313,000) were obtained in the PRC, secured by the pledge of the rights over the tuition fees and boarding fees of the Group's school, and supported by guarantees provided by subsidiaries of the Group, Mr. Huang Yulin and his family members.

The Group's borrowing under finance lease arrangement of RMB506,387,000 (31 August 2022: RMB469,771,000) were secured by the pledge of the Group's property, plant and equipment, shares of a subsidiary, rights over the tuition fees and boarding fees of the Group's schools, and supported by guarantees provided by subsidiaries of the Group, Mr. Huang Yulin and his family members.

(b) Other disclosures

(i) Fair values

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

(ii) Repayment periods

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

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

17 COMMITMENTS

(a) Capital expenditure commitments

Significant capital expenditure commitments are set out below:

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

We are one of the leading providers of private comprehensive education services in Jiangxi Province, China, with years of experience in the private comprehensive education service industry. As at 28 February 2023, we operate four Schools, comprising (i) JUAS, a private university locates in Jiangxi Province, PRC; (ii) Jishi College, a full-time vocational college locates in Jiangxi Province, PRC; (iii) Guizhou Institute, a higher vocational college locates in Guizhou Province, PRC; and (iv) Yu Ren High School, a private high school locates in Henan Province, PRC.

We offer undergraduate programs, junior college programs, vocational programs and high school programs, as well as diverse education related services. As at 28 February 2023, our Schools had 36,272 enrolled students, consisting of 13,941 undergraduate students, 14,458 junior college students, 6,463 vocational school students and 1,410 high school students. We also provide a variety of education related services, including internship management services, as well as tutoring and program management services to enterprises and education institutions.

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

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

Our Schools

As at 28 February 2023, our Group owns four schools in the PRC, including (i) JUAS, a private university locates in Jiangxi Province, PRC; (ii) Jishi College, a full-time vocational college locates in Jiangxi Province, PRC; (iii) Guizhou Institute, a higher vocational college locates in Guizhou Province, PRC; and (iv) Yu Ren High School, a private high school locates in Henan Province, PRC.

Jiangxi University of Applied Science

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

Jiangxi Wenli Jishi College

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

Guizhou Institute of Industry and Trade

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

Zhengzhou Airport Economy Zone Yu Ren High School

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

Our Education Services

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

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

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

Notes:

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

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

The following table sets forth information in relation to the average tuition fees for four types of programs per student and average boarding fees per student for the six months ended 28 February 2023, together with comparative information for the six months ended 28 February 2022:

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

Notes:

(1) Average tuition fees are calculated by dividing the total tuition fees received by student enrolment in the corresponding period.

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

(3) Average boarding fees are calculated by dividing the total boarding fees received by student enrolment in the corresponding period.

Our Education Related Services

In addition to tuition fees and boarding fees, for the six months ended 28 February 2023, we also generated income by providing a variety of education related services. Our education related services mainly include (i) internship management services, through which we introduce qualified students from our Schools and other schools to participate in various internship programs; and (ii) a variety of tutoring and program management services, including qualification exam review services, personal development training services and education program management services offered to enterprises and education institutions. For the six months ended 28 February 2023, our revenue generated from education related services amounted to approximately RMB2.81 million, representing an increase of approximately 119.80% as compared with the six months ended 28 February 2022. JUAS and Jishi College provided more training and education programs for students to take.

REGULATORY UPDATE

Amendment Decision

The Decision of the Standing Committee of the National People's Congress on Amending the Law for Promoting Private Education of the PRC (全國人民代表大會常務委員會關於修改《中華人民共和國民辦教育促進法》的決定) (the "**Amendment Decision**") became effective 1 September 2017. Pursuant to the Amendment Decision, the school sponsors of private schools providing non-compulsory education may, at their own discretion, elect to register the schools as for-profit private schools or non-profit private schools. In addition to the Amendment Decision, state-level government authorities also issued certain implementing rules. On 30 December 2016, five state-level government authorities, including the MOE, jointly issued the Implementing Measures on Classification Registration of Private Schools (民辦學校分類登記實施細則), specifying measures for the establishment and classification registration of private schools, and procedures for existing private schools to register as for-profit and non-profit private schools pursuant to provincial rules to be promulgated by local provincial governments. The Implementing Rules for the Supervision and Administration of For-Profit Private Schools (營利性民辦學校監督管理實施細則) were issued on 30 December 2016, specifying measures concerning the establishment, modification and termination of for-profit private schools, and the educational and teaching related activities and financial management conducted by for-profit private schools. In addition, the Several Opinions on Encouraging Social Support for Education to Promote Private Education (關於鼓勵社會力量興辦教育促進民辦教育健康發展的若干意見) were issued on 29 December 2016, providing policies for promoting private education.

Implementation Regulations

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

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

Pursuant to the Decision on Amending the Law for Promoting Private Education of the PRC approved by the Standing Committee of the National People's Congress in November 2016 which took effect on 1 September 2017 (the "**2016 Decision**"), school sponsor(s) of a private school may choose for the school to be a for-profit private school or a non-profit private school, with the exception that schools providing nine-year compulsory education must be non-profit. On 29 June 2018, the government of Jiangxi Province promulgated the Jiangxi Implementation Opinions, pursuant to which private higher institutions in Jiangxi Province, including JUAS, are required to complete their registration as either for-profit private schools or non-profit private schools before September 2022. Under the existing regulatory environment and based on the interpretation of the 2016 Decision and related implementing rules and the existing ownership structure of JUAS, in March 2022, JUAS submitted the decision to the Jiangxi Education Department to register as a for-profit private school. As at the date of this announcement, (i) JUAS has applied for the registration as for-profit private school (the "**Application**"); (ii) the Application is currently pending on the completion of post-application corporate actions, such as applying for pre-registration of for-profit private school names, amending the articles of association of the school, carrying out financial liquidation and etc.; and (iii) we have been informed that JUAS is preliminary allowed to register as a for-profit private school and it remains as a non-profit private school before completion of the registration.

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

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

PRINCIPAL RISKS RELATING TO OUR BUSINESS

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

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

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

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

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

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

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

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

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

OUTLOOK AND GROWTH STRATEGIES

The private education sector in China has been growing rapidly in recent years primarily driven by the increasing demand for private education, growing market demand for talents with practical skills, increasing diversification and strengthened education quality, as well as government support. We believe that in the second half of 2022/2023 school year, China's private education sector will still remain on a secular growth trend and there is significant potential with opportunities.

To achieve our goals, in the second half of 2022/2023 school year, we intend to pursue the following business strategies:

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

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

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

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

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

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

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

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

FINANCIAL REVIEW

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

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

Revenue

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

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

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

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

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

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

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

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

Our revenue generated from other services for the six months ended 28 February 2023 was primarily derived from (i) miscellaneous charges to students and (ii) commission income from books and services suppliers. The fee received from other services is recognised as revenue when relevant service is rendered to the customers. For the six months ended 28 February 2023, our revenue generated from other services amounted to approximately RMB2.49 million, representing a decrease of approximately 50.24% as compared with the six months ended 28 February 2022. Such decrease was mainly attributable to the decrease in the average miscellaneous charges paid by the students, as JUAS has reduced the miscellaneous charge rate starting from September 2021.

Cost of Revenue

Our cost of revenue primarily consisted of employee benefit expenses, depreciation and amortisation expenses, students activities expenses, electricity and water expenses, repair and maintenance and others. For the six months ended 28 February 2023, the cost of revenue of the Group amounted to approximately RMB194.98 million, representing an increase of approximately 5.82% as compared with the six months ended 28 February 2022. The increase was mainly attributable to the increase in employee benefit expenses and student activities expenses as we continue to commit to improve our teaching quality and student learning experience.

Gross Profit and Gross Profit Margin

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

Other Income

Other income primarily included government grants, sub-contracting income (mainly from the sub-contracting operation of canteen catering and stores in our Schools' campus), self-operating canteen income and others during the six months ended 28 February 2023. Our other income remained relatively stable at approximately RMB8.23 million for the six months ended 28 February 2023 as compared to RMB8.21 million for the six months ended 28 February 2022.

Expenses

Other Expenses

Other expenses primarily consisted of employee benefit expenses, promotion expenses, self-operating canteen expenses, depreciation and amortisation expenses. Our other expenses decreased by 72.16% from RMB2.18 million for the six months ended 28 February 2022 to RMB0.61 million for the six months ended 28 February 2023. Such decrease was mainly due to the decrease in self-operating canteen expenses as we outsourced our catering services at JUAS and Yu Ren High School.

Other Losses — Net

Our other losses primarily consisted of net fair value (losses)/gains on financial assets at fair value through profit or loss and net foreign exchange losses, donation and net losses on disposal of property, plant and equipment. For the six months ended 28 February 2023, our other losses amounted to approximately RMB1.11 million, as compared with approximately RMB39.11 million for the six months ended 28 February 2022, representing an decrease of approximately 97.16%. The decrease was mainly attributable to net loss on financial assets at fair value through profit or loss in relation to the Group's investment in the shares of Sinic Holdings (stock code: 2103) which was fully provided for impairment in the previous reporting period due to the suspension of trading of Sinic Holdings' shares on 20 September 2021 and its subsequent delist from the Stock Exchange on 13 April 2023 under Rule 6.01A(1) of the Listing Rules.

Net impairment losses on financial assets

Our net impairment losses on financial assets primarily represented impairment of trade receivable. For the six months ended 28 February 2023, our net impairment losses on financial assets amounted to approximately RMB5.84 million, which was relatively stable as compared with approximately RMB5.31 million for the six months ended 28 February 2022.

Selling Expenses

Our selling expenses primarily consisted of promotion expenses, travelling and office expenses, and others which mainly included costs incurred for promotional materials in connection with student recruitments. Our selling expenses decreased to approximately RMB7.51 million representing a decrease of approximately 40.32%. Such decrease was mainly attributable to the decrease in promotion expenses as we scaled back our recruitment compaigns in JUAS.

Administrative Expenses

Our administrative expenses primarily consisted of (i) employee benefit expenses for our administrative staff, (ii) depreciation and amortisation expenses for administrative facilities, (iii) professional service fees, (iv) repair and maintenance expenses for administrative facilities, and (v) general office expenses mainly including office expenses and transportation expenses, and other expenses of similar nature. For the six months ended 28 February 2023, our administrative expenses amounted to approximately RMB57.75 million, representing an increase of approximately 21.42% as compared with the six months ended 28 February 2022. Such increase was mainly attributable to the overall improvement of administrative staff remuneration.

Finance Costs — Net

Our net finance costs reflected the sum of interest expenses we paid on bank borrowings and other borrowings after netting off the interest income we received from cash and cash equivalents. Our net finance costs increased from approximately RMB36.67 million for the six months ended 28 February 2022 to approximately RMB41.14 million for the six months ended 28 February 2023, representing an increase of approximately 12.17%. The increase was mainly in line with the increase in borrowing for JUAS in relation to the construction new facilities to improve student learning experience.

Profit for the period

For the six months ended 28 February 2023, our profit amounted to approximately RMB20.97 million, representing an increase of approximately 159.69% as compared with the six months ended 28 February 2022. Such increase was mainly attributable to (i) a decrease in other losses — net by approximately RMB37.39 million as the loss on fair value through profit or loss on financial assets in relation to the Group's investment in the shares of Sinic Holdings (stock code: 2103) was fully provided for impairment in the previous reporting period due to the suspension of trading of Sinic Holdings' shares on 20 September 2021 and its subsequent delisting from the Stock Exchange on 13 April 2023 under Rule 6.01A(1) of the Listing Rules; and (ii) an increase in revenue by approximately RMB27.86 million due to the growth in the number of enrolled students and increases in average tuition fees for JUAS, Jishi College and Yuren High School.

Financial Positions

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

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

The Group has established internal procedures in relation to investment in financial assets. In particular, investment in financial assets must be fully discussed by the Directors and approved by at least two-third of the votes in a Board meeting. The management of the Group implements risk control measures in relation to investment in financial assets from time to time. The fair value loss resulted from the Group's investment in Sinic Holdings was mainly attributable to its liquidity issues and the trading of its shares was suspended suddenly in the middle of a trading day, which made it very difficult for the management of the Group to take action to minimise its loss. Afterwards, the Directors and the management of the Group have continuously followed the updates on Sinic Holdings, assessed the financial effect brought about by such event and discussed on feasible remediation solutions.

Liquidity and Capital Resources

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

As at 28 February 2023, we had cash and cash equivalents of approximately RMB128.80 million, as compared with approximately RMB286.20 million as at 31 August 2022.

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

Gearing Ratio

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

Capital Expenditure

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

Property, Plant and Equipment

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

CHARGE ON ASSETS

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

CONTINGENT LIABILITIES, GUARANTEES AND LITIGATIONS

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

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

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

SIGNIFICANT INVESTMENTS HELD

Save as disclosed herein, the Group did not have other significant investments held as at 28 February 2023 and up to the date of this announcement.

AMENDMENTS TO RSU SCHEME

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

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

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

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

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

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

FOREIGN CURRENCY RISK

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

EMPLOYEES AND REMUNERATION POLICIES

As at 28 February 2023, we had 2,439 employees (as at 28 February 2022: 2,005 employees), mostly based in Jiangxi Province and Guizhou Province, the PRC.

The remuneration or our employees is based on their performance, experiences, and market comparable analysis. In addition to salary, we also provide various incentives, including share-based compensation such as RSUs granted pursuant to the Company's RSU Scheme as well as performance-based bonuses to better motivate our employees. As required by the PRC law, we contribute to housing funds and maintain mandatory social insurance plans for our employees based in the PRC, covering pension, medical, unemployment, work injury and maternity leave. The Group participates in a Mandatory Provident Fund Scheme under the Rules and regulations of Mandatory Provident Fund Schemes Ordinance for all of its employees in Hong Kong. For the six months ended 28 February 2023, our employee remuneration totaled to approximately RMB94.58 million, as compared with RMB95.49 million for the six months ended 28 February 2022.

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

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

SUBSEQUENT EVENTS

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company, nor any of its subsidiaries, has purchased, sold or redeemed any listed securities of the Company during the six months ended 28 February 2023.

INTERIM DIVIDEND

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

COMPLIANCE WITH CG CODE AND LISTING RULES

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

According to provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Huang Yulin is the chairman of the Board and the chief executive officer of the Company (the "**Chief Executive Officer**"). The Board believes that having the same individual in both roles as the Chairman and the Chief Executive Officer ensures that the Group has consistent leadership and could make and implement the overall strategy of the Group more effectively. In addition, under the current composition of the Board, namely six executive Directors, one non-executive Director and four independent non-executive Directors, we believe that the interests of shareholders of the Company are adequately and fairly represented. The Board considers that the present corporate governance arrangement does not impair the balance of power and authority within the Group.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

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

AUDIT COMMITTEE

The Company has established the Audit Committee with written terms of reference in compliance with the CG Code. As at the date of this announcement, the Audit Committee consists of four independent non-executive Directors, namely Mr. Sy Lai Yin, Sunny, Mr. Chen Wanlong, Mr. Huang Juyun and Mr. Wang Donglin. Mr. Sy Lai Yin, Sunny is the chairman of the Audit Committee, who possesses suitable professional qualifications.

REVIEW OF INTERIM RESULTS

The Audit Committee has reviewed the Interim Results (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 28 February 2023.

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND 2023 INTERIM REPORT

This Interim Results announcement was published on the website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and on the website of the Company (www.chenlin-edu.com). The interim report of the Group for the six months ended 28 February 2023 will be despatched to Shareholders and available on the above websites in May 2023.

DEFINITIONS

"Amendment Decision"	the Decision of the Standing Committee of the National People's Congress on Amending the Law for Promoting Private Education of the PRC (全國人民代表大會常務委員關於修改《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
"CG Code"	the Corporate Governance Code as set out in Appendix 14 of the Listing Rules
"Chen Lin Education Science"	Chen Lin Education Science (Jiangxi) Co., Ltd. (辰林教育科技(江西)有限責任公司), a wholly-foreign owned enterprise incorporated under the laws of the PRC with limited liability on 5 September 2018 and indirectly wholly-owned by the Company
"China" or "PRC"	the People's Republic of China, which for the purpose of this document and unless otherwise stated, excludes Hong Kong, the Macau Special Administrative Region and Taiwan region
"Company" or "our Company"	Chen Lin Education Group Holdings Limited (辰林教育集團控股有限公司), an exempted company incorporated under the laws of the Cayman Islands with limited liability on 25 May 2018 and listed on the Stock Exchange on 13 December 2019 (Stock Code: 1593)
"Consolidated Affiliated Entities"	the entities we control through the Contractual Arrangements
"Contractual Arrangements"	certain contractual arrangements entered by us on 15 September 2018
"Director(s)"	the director(s) of the Company
"double qualification teachers"	full-time teachers with title of lecturer and above in addition to professional qualification or industry experience

"Group", "we" or "us"	the Company and all of its subsidiaries and companies whose financial results have been consolidated and accounted as the subsidiaries of our Company by virtue of the contractual arrangements entered into on 15 September 2018, or, where the context so requires, in respect of the period before our Company became the holding company of our current subsidiaries, the business operated by such subsidiaries or their predecessors (as the case may be)
"Guizhou Institute"	Guizhou Institute of Industry and Trade (貴州工貿職業學院), a higher vocational college locates in Guizhou Province, PRC, established in May 2015, which offers vocational programs and junior college programs
"HK$" 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
"IFRSs"	the International Financial Reporting Standards
"Implementation Regulations"	the Regulations on the Implementation of the Law for Promoting Private Education of the PRC (《中華人民共和國民辦教育促進法實施條例》) issued by the PRC State Council on 14 May 2021
"Jishi College"	Jiangxi Wenli Jishi College (江西文理技師學院), a full-time vocational college locates in Jiangxi Province, PRC, which offers vocational programs, established in November 2019
"JUAS"	Jiangxi University of Applied Science (江西應用科技學院), a private university locates in Jiangxi Province, PRC which offers both undergraduate and junior college programs, established in April 2002
"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
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)
"Model Code"	the Model Code of Securities Transactions by Directors of the Listed Issuers as set out in Appendix 10 to the Listing Rules

"MOE"	the Ministry of Education of the PRC (中華人民共和國教育部)
"Nanchang Di Guan"	Nanchang Di Guan Education Consultancy Co., Ltd. (南昌迪冠教育諮詢有限公司), a company established under the laws of the PRC with limited liability on 17 September 2009, being one of the Consolidated Affiliated Entities
"RMB"	Renminbi, the lawful currency of the PRC
"RSU(s)"	restricted share units granted pursuant to the RSU Scheme
"RSU Scheme"	the restricted share unit scheme adopted by our Company on 20 August 2019
"Schools"	JUAS, Jishi College, Guizhou Institute and Yu Ren High School
"senior management"	the senior management of the Company
"Share(s)"	ordinary share(s) of HK$0.0001 each in the issued share capital of the Company
"Shareholder(s)"	holder(s) of Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Yu Ren High School"	Zhengzhou Airport Economy Zone Yu Ren High School (鄭州航空港區育人高級中學), a private high school locates in Henan Province, PRC, established in 2017, which offers high school program
"%"	per cent

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

Nanchang, the PRC, 27 April 2023

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