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 29 FEBRUARY 2024

INTERIM RESULTS

The Board is pleased to announce the unaudited consolidated interim results of the Group for the six months ended 29 February 2024 ("**Interim Results**"), together with the comparative information for the six months ended 28 February 2023. 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		
	29 February 2024	28 February 2023	Difference
	RMB'000	*RMB'000*	*RMB'000*
	(Unaudited)	*(Unaudited)*	*(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.

FINANCIAL INFORMATION

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 sales	*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		**(49,588)**	(41,139)
(Loss)/profit before income tax		**(14,613)**	20,966
Income tax credit	*7*	**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)*	*8*	**(0.01)**	0.02
— Diluted (loss)/earnings per share *(expressed in RMB per share)*	*8*	**(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		**3,161,952**	2,786,752
Right-of-use assets		**450,521**	460,741
Intangible assets		**264,921**	265,641
Other non-current assets		**94,586**	124,196
Deferred income tax assets		**2,236**	1,834
		3,974,216	3,639,164
Current assets			
Trade receivables	*10*	**7,278**	12,370
Other receivables and prepayments		**109,023**	96,044
Financial assets at fair value through profit or loss ("**FVPL**")		**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
Shares-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		**1,540,230**	1,457,080
Deferred revenue		**111,809**	78,560
Contract liabilities		**1,133**	1,333
Other non-current payables		**268,368**	261,464
Lease liabilities		**73,114**	72,150
		1,994,654	1,870,587
Current liabilities			
Accruals and other payables	*11*	**237,744**	265,160
Amount due to a related party		**34,739**	27,463
Borrowings		**783,584**	594,890
Current income tax liabilities		**43,035**	43,222
Deferred revenue		**8,176**	5,782
Contract liabilities		**284,339**	454,025
Lease liabilities		**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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM 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) 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 during the eight months at 31 August 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 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 consolidated financial statements are presented in Renminbi ("**RMB**") and rounded to the nearest thousand yuan ("**RMB'000**"), unless otherwise stated.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES

This note provides a list of the material accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to the periods 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 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 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 condensed consolidated interim financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

(a) *New and amended standards adopted by the Group*

A number of new or amended standards became applicable for the current reporting period commencing 1 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.

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

Acquisition-related costs are expensed as incurred.

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

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

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

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

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 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 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 programme management services	**2,334**	2,196
Others	**2,993**	2,494
	332,060	321,670

The analysis of revenue recognised over time and at a point in time as required by IFRS 15 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 programme 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 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.

(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 RMB1,250,101,000 (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.

4 OTHER INCOME

	Six months ended 29 February 2024	Six months ended 28 February 2023
	RMB'000	*RMB'000*
	(Unaudited)	*(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 JUAS 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 IFRS 15 is set out below:

	Six months ended 29 February 2024	Six months ended 28 February 2023
	RMB'000	*RMB'000*
	(Unaudited)	*(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

5 OTHER LOSSES — NET

	Six months ended 29 February 2024	Six months ended 28 February 2023
	RMB'000	*RMB'000*
	(Unaudited)	*(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	**(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	Six months ended 28 February 2023
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
Charging:		
Staff 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 staff 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.*

7 INCOME TAX CREDIT

The amount of income tax credit charged to profit or loss in the interim condensed consolidated statement of profit or loss and other 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**	–

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

9 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).

10 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.

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

	As at 29 February 2024	As at 31 August 2023
	RMB'000	*RMB'000*
	(Unaudited)	*(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.

11 ACCRUALS AND OTHER PAYABLES

	As at 29 February 2024	As at 31 August 2023
	RMB'000	*RMB'000*
	(Unaudited)	*(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.

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) JUAS, 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 Institute, 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, among others, 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 cooperate 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.

Our Schools

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

Jiangxi University of Applied Science (JUAS)

JUAS 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 Wenli Jishi College (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 Institute of Industry and Trade (Guizhou Institute)

Guizhou Institute 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%.

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 JUAS			
— Undergraduate programs	**15,782**	13,941	13.21
— Junior college programs	**3,950**	5,778	(31.64)
Vocational education programs carried out by Jishi College			
— Vocational programs	**3,328**	4,986	(33.25)
Junior college programs and vocational education programs carried out by Guizhou Institute			
— Junior college programs	**8,563**	8,680	(1.35)
— Vocational programs	**332**	1,477	(77.52)
High school education programs carried out by Chen Lin High School			
— High school education 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.

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		
	29 February 2024	28 February 2023	% change
	RMB	*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 student enrollment in the corresponding period.

(2) Average boarding fees are calculated by dividing the total boarding fees received by student enrollment 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.

The 2021 Implementation Regulations

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

The 2021 Implementation Regulations primarily include: (i) a non-profit private school shall enjoy the same tax policies as that enjoyed by a public school and the relevant tax concession, and a for-profit school shall enjoy tax preferential treatments and other preferential policies applied to industries encouraged by the state for development, of which the specific provisions shall be formulated jointly by the administrative department for finance, taxation and other relevant administrative departments of the State Council; (ii) the local people's governments with the principle of treating non-profit private schools equally as public schools, and for schools that provide education for academic credentials, may provide lands by means of bid invitation, auction or listing, assigning contracts, long-term lease or combination of sale as well as rental, and may give appropriate preferential treatment on charges for the assignment or rental of land, and may permit payment in instalments; (iii) a non-profit private school shall use the accounts filed with the competent authorities for charging fees and financial transactions, and a for-profit private school shall deposit the income into a specific settlement account of its own; (iv) a private school shall conduct any connected transactions in a manner that is open, justified and fair and shall establish disclosure mechanisms for such transactions; and (v) any agreement involving material interests or any long-term and recurring agreement entered into between a non-profit private school and its connected party shall be reviewed by the relevant government authorities in terms of necessity, legitimacy and compliance.

Pursuant to the Decision on Amending the Law for Promoting Private Education of the PRC (《關於修改〈中華人民共和國民辦教育促進法〉的決定》) 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 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 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 (the "**Application**"). As at the date of this announcement, the Application is still under process. Prior to the completion of the registration, JUAS 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 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 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), cooperate 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 JUAS (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 cooperate 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.

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

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

- **Continue to attract, 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 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.

FINANCIAL REVIEW

The following table sets forth key items of our Group's 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		
	29 February 2024	28 February 2023	% change
	RMB'000	*RMB'000*	
	(Unaudited)	*(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)

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	28 February 2023	Change	Change
	RMB'000	*RMB'000*	*RMB'000*	*%*
	(Unaudited)	*(Unaudited)*		
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 JUAS 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.

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 Institute.

- 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 JUAS 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 JUAS.

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 staff 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.

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 JUAS 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, among others, (i) investment in financial assets must be fully discussed by the Directors and approved by at least two-third of the votes in a Board meeting; (ii) the Group may only use idle funds or spare cash to purchase financial products, and such investment shall not affect its operation activities and investment in relation to our main scope of business; (iii) financial instruments provided by sizable and reputable licenced commercial banks are preferred; (iv) futures trading is prohibited unless with prior written approval by the Board; and (v) the Group must conduct regular review of investments of financial products and the Group's finance team is in charge of the review and risk assessment of financial products with reference to the Group's financial condition, cash position, operating cash requirements, as well as changes in interest rates. In the event of significant fluctuations in the financial assets, the Group's finance team shall conduct analysis in a timely manner and provide the relevant information to the financial controller.

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.

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 expected 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 staff 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.

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 announcement.

Liquidity and Capital Resources

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

As at 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 Company's Audit Committee is responsible for reviewing and supervising the Group's financial reporting process and internal control system. The Group closely monitors the level of its working capital, particularly in view of its strategies to continue 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 assets, 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 JUAS 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.

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 of new buildings and facilities in JUAS.

CHARGE ON ASSETS

The Group's long-term and short-term bank borrowings of RMB1,250,101,000 (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 herein, 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 announcement, 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 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 29 February 2024 and up to the date of this announcement.

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 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 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.

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 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 (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 to the plan at 5% of the employees' relevant income. Contributions to the MPF Scheme vest immediately.

The Group's contributions to the defined contribution schemes vest fully and immediately with the employees. Accordingly, (i) for the 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 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 AFTER THE REPORTING PERIOD

Save as disclosed in this announcement, subsequent to 29 February 2024 and up to the date of this announcement, 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.

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 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 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 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 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 29 February 2024.

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 29 February 2024.

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND 2024 INTERIM REPORT

This Interim Results announcement was published on the website of Hong Kong Exchanges and Clearing Limited (https://www.hkexnews.hk) and on the website of the Company (https://www.chenlin-edu.com). The interim report of the Group for the six months ended 29 February 2024 will be published on the above websites in due course.

DEFINITIONS

"Amendment Decision"	the Decision of the Standing Committee of the National People's Congress on Amending the Law for Promoting Private Education of the PRC (全國人民代表大會常務委員會關於修改《中華人民共和國民辦教育促進法》的決定) promulgated by Order No. 55 of the President of the PRC on 7 November 2016, and became effective on 1 September 2017
"Audit Committee"	the audit committee of the Board, comprising solely the independent non-executive Directors
"Board"	the board of Directors of the Company
"Chen Lin High School"	Zhengzhou Airport Economy Zone Chen Lin High School (鄭州航空港區辰林高級中學) (formerly known as Zhengzhou Airport Economy Zone Yu Ren High School (前稱鄭州航空港區育人高級中學), a private high school located in Henan Province, PRC, established in 2017, which offers high school programs, and the sponsor of which is Henan Kun Ren Education Science Technology Co., Ltd (河南坤仁教育科技有限公司), one of the Consolidated Affiliated Entities
"CG Code"	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
"Chairman"	the chairman of the Board
"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), a company incorporated under the laws of the Cayman Islands with limited liability on 25 May 2018 and listed on the Stock Exchange on 13 December 2019 (Stock Code: 1593)

"Consolidated Affiliated Entities"	the entities we control through the Contractual Arrangements
"Contractual Arrangements"	certain contractual arrangements entered by us on 15 September 2018
"Director(s)"	the director(s) of the Company
"double qualification teachers"	full-time teachers with title of lecturer and above in addition to professional qualification or industry experience
"Group", "we" or "us"	the Company and all of its subsidiaries and companies whose financial results have been consolidated and accounted as the subsidiaries of our Company by virtue of the Contractual Arrangements, 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 located 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

"Independent Third Party"	an individual(s) or company(ies) who or which is/are to the best of our Director's knowledge, information and belief, having made all reasonable enquiries, is/are not our connected persons as defined under the Listing Rules
"Jishi College"	Jiangxi Wenli Jishi College (江西文理技師學院), a private full-time vocational college located in Jiangxi Province, PRC, which offers vocational programs, comprising two campuses in Nanchang and Longnan
"JUAS"	Jiangxi University of Applied Science (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
"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 C3 to the Listing Rules
"MOE"	the Ministry of Education of the PRC (中華人民共和國教育部)
"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 our Company on 30 January 2023
"Schools"	JUAS, Jishi College, Guizhou Institute and Chen Lin 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
"%"	per cent

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

Nanchang, the PRC, 26 April 2024

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