

# 立德教育股份有限公司

## Leader Education Limited

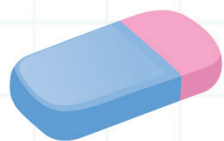
(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1449



# 2024

## INTERIM REPORT



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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### Executive Directors

Mr. Liu Laixiang  
*(Chairman and Chief Executive Officer)*  
Ms. Dong Ling  
Mr. Wang Yunfu  
Mr. Che Wenge

#### Independent Non-Executive Directors

Mr. Zhang Su  
Mr. Cao Shaoshan  
Mr. Chan Ngai Fan

### AUTHORISED REPRESENTATIVES

Mr. Liu Laixiang  
Mr. Chang Eric Jackson

### COMPANY SECRETARY

Mr. Chang Eric Jackson

### AUDIT COMMITTEE

Mr. Chan Ngai Fan *(Chairman)*  
Mr. Zhang Su  
Mr. Cao Shaoshan

### REMUNERATION COMMITTEE

Mr. Zhang Su *(Chairman)*  
Mr. Liu Laixiang  
Mr. Cao Shaoshan

### NOMINATION COMMITTEE

Mr. Liu Laixiang *(Chairman)*  
Mr. Zhang Su  
Mr. Cao Shaoshan

### REGISTERED OFFICE

Cricket Square  
Hutchins Drive  
PO Box 2681  
Grand Cayman, KY1-1111  
Cayman Islands  
Hutchins Drive

### HEAD OFFICE IN PRC

Qunying Jie No. 33, Xueyuan Road  
Limin Development Zone  
Harbin City  
Heilongjiang Province  
PRC

### PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 1426, 14/F., Solo Building  
41-43 Carnarvon Road  
Tsimshatsui  
Kowloon, Hong Kong



### AUDITOR

Ernst & Young  
*Certified Public Accountants*  
*Registered Public Interest Entity Auditor*  
27/F, One Taikoo Place  
979 King's Road  
Quarry Bay, Hong Kong

### LEGAL ADVISORS AS TO HONG KONG LAW

Morgan, Lewis & Bockius  
19th Floor, Edinburgh Tower  
The Landmark  
15 Queen's Road Central  
Hong Kong

### CAYMAN ISLANDS SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited  
Cricket Square, Hutchins Drive, PO Box 2681  
Grand Cayman, KY1-1111  
Cayman Islands

### HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited  
Level 54, Hopewell Centre  
183 Queen's Road East  
Hong Kong

### PRINCIPAL BANKERS

Industrial and Commercial Bank of China  
(Harbin City, Jingyu Branch)  
No. 41, Bei Shi Liu Dao Jie  
Daowai District  
Harbin City  
Heilongjiang Province  
PRC

Harbin Bank Co., Ltd. (Songbei Branch)  
No. 500, Shimao Da Dao  
Songbei District  
Harbin City, Heilongjiang Province  
PRC

### STOCK CODE

1449

### COMPANY WEBSITE

[www.leader-education.cn](http://www.leader-education.cn)

## FINANCIAL HIGHLIGHTS

	Six months ended 29 February 2024 RMB'000	Six months ended 28 February 2023 RMB'000	Percentage change
Revenue	170,764	152,125	+12.3%
Gross profit	64,883	73,508	-11.7%
Profit for the period	28,568	41,067	-30.4%

For the six months ended 29 February 2024, our total revenue amounted to approximately RMB170.8 million, representing an increase of approximately 12.3% as compared with the six months ended 28 February 2023. Our profit for the six months ended 29 February 2024 amounted to approximately RMB28.6 million, representing a decrease of approximately 30.4% as compared with the six months ended 28 February 2023.

As at 29 February 2024, we had a total of 11,941 full-time students, representing an increase of approximately 8.3% as compared with the number of students enrolled in the school year 2022/2023; and our average tuition fees for our undergraduate college programs increased by 12% for the six months ended 29 February 2024, as compared with the six months ended 28 February 2023.



## FINANCIAL REVIEW

### Revenue

The Group derives its revenue from the tuition fees and boarding fees that the Group collects from its students.

Revenue increased by RMB18.7 million or 12.3% from RMB152.1 million for the six months ended 28 February 2023 to RMB170.8 million for the six months ended 29 February 2024. The increase was mainly due to the following reasons: (i) revenue from tuition fees has increased by RMB19.3 million or 13.8% from RMB139.7 million for the six months ended 28 February 2023 to RMB159.0 million for the six months ended 29 February 2024; and (ii) revenue from boarding fees has decreased by RMB0.7 million or 5.6% from RMB12.5 million for the six months ended 28 February 2023 to RMB11.8 million for the six months ended 29 February 2024. For the 2023/24 school year, the tuition fee standards are RMB25,800 per year for engineering major, RMB24,800 per year for liberal arts majors and RMB27,800 per year for art majors respectively. The tuition fee standards for the 2023/24 school year are consistent with the standards for the 2022/23 school year. The boarding fee rate for the 2023/24 school year is in the range of RMB1,900 to RMB2,400 per year (2022/23 school years: RMB2,200 to RMB2,400 per year), which leads to a decrease in boarding fees. The total number of students enrolled has increased from 11,023 for the 2022/23 school year to 11,955 for the 2023/24 school year.

### Cost of Sales

Cost of sales primarily consists of remunerations and benefits of our employees, depreciation and amortisation, heating costs, training expenses, maintenance costs, teaching expenses and utilities, as well as property management cost, cleaning and greenery fees, travel expenses, office expenses, student activity costs and others.

Cost of sales increased by RMB27.3 million or 34.7% from RMB78.6 million for the six months ended 28 February 2023 to RMB105.9 million for the six months ended 29 February 2024. The increase was mainly due to: (i) staff costs increased by RMB5.9 million or 17.6% from RMB33.5 million for the six months ended 28 February 2023 to RMB39.4 million for the six months ended 29 February 2024, mainly due to the combined effects of the increase in remuneration and benefits payable to the teachers of the Group as well as the increase in the number of teachers; (ii) increase in depreciation and amortisation of RMB2.5 million, mainly due to the increase in campus buildings and teaching facilities; (iii) increase in maintenance costs of RMB1.2 million, mainly due to more maintenance on campus buildings occurred during the Period; (iv) student activity costs increased by RMB5.6 million, mainly due to the student activity costs of RMB2.6 million related to the project of ice and snow theme occurred during the Period and no such costs occurred in the Previous Period and the cost of student research has increased by RMB2.4 million; (v) entrusting third-party enterprises to carry out student internship and training expenses of RMB7.0 million occurred during the Period and no such costs occurred in the Previous Period; and (vi) other costs of sales increased due to the increase of teacher training for catering the need of developing the teaching level of school.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Gross Profits and Gross Profits Margin

Gross profits margin represents the percentage of gross profits to the revenue of the Group.

Gross profits decreased by RMB8.6 million or 11.7% from RMB73.5 million for the six months ended 28 February 2023 to RMB64.9 million for the six months ended 29 February 2024, mainly due to fact that the growth of revenue was lower than that of corresponding cost. Gross profits margin has decreased from 48.3% for the six months ended 28 February 2023 to 38.0% for the six months ended 29 February 2024. The 8.5% increase in student numbers resulted in a 12.3% increase in revenue. However, in order to meet the qualification evaluation of undergraduate teaching work during the Period, the Group incurred expenses for (i) constructing and maintaining campus buildings and teaching facilities; and (ii) organising student activities and teacher trainings. The combined effects of the abovementioned factors led to the decrease in gross profits margin.

### Other Income and Gains

Other income and gains consist primarily of bank interest income, rental income, and government grants.

With respect to other income and gains, the amount for the six months ended 29 February 2024 increased by RMB7.8 million as compared to the amount for six months ended 28 February 2023, which was mainly because government grant of RMB6.6 million was received from Shanghai Innovation Zone (Sino-Italian Hai'an Ecological Park) Management Committee in the Period while there was no relevant event incurred during the Previous Period.

### Selling Expenses

Selling expenses primarily consist of promotion expenses and admission expenses of different majors and the remunerations of personnel of our admission office.

The selling expenses for the six months ended 29 February 2024 increased by RMB0.7 million as compared to the six months ended 28 February 2023, mainly due to the increased promotion expenses for offline enrollment activities, including the production of enrollment culture wall, the printing of publicity materials, and the expense of new campus publicity video.

### Administrative Expenses

Administrative expenses consist of administrative staff's salaries costs, depreciation and amortisation, consultation fee, travel expenses incurred by our administrative staff for business trips and for running errands, heating costs, entertainment costs and others.

Administrative expenses decreased by RMB4.8 million or 19.8% from RMB24.2 million for the six months ended 28 February 2023 to RMB19.4 million for the six months ended 29 February 2024, mainly due to the decrease of consultation fee and other professional services costs, which mainly represented DA financing advisory, enterprise management service and attorney's fee.



### Finance Costs

Finance costs primarily consist of (i) interest on bank loans and other borrowings; and (ii) interest on sale and leaseback liabilities.

Finance costs increased from RMB6.7 million for the six months ended 28 February 2023 to RMB19.6 million for the six months ended 29 February 2024. The interest expenses increased by approximately RMB6.7 million from approximately RMB26.8 million for the six months ended 28 February 2023 to approximately RMB33.5 million for the six months ended 29 February 2024. During the six months ended 29 February 2024, among all interest expenses, a total amount of RMB19.6 million (six months ended 28 February 2023: RMB6.7 million) was not capitalised, which were related to (among others): (a) borrowing from Huatai Principal Investment Group Limited, primarily for repaying other loans from certain other financial institutions, and (b) borrowings from certain banks in China consisted of other borrowings and sale and leaseback liabilities which were mainly used for daily working capital or purposes not related to construction of property, plant and equipment, while interest expenses on other borrowings and sale and leaseback liabilities of approximately RMB13.9 million (six months ended 28 February 2023: RMB20.1 million) was capitalised.

### Income Tax Expenses

During the six months ended 29 February 2024, the Group did not record any taxation, which remained the same as the Previous Period.

### Profit for the Period

Due to the combined effects of aforementioned factors, the Group recorded a profit of RMB28.6 million for the six months ended 29 February 2024, representing a decrease of approximately 30.4% as compared to RMB41.1 million for the six months ended 28 February 2023.

### Property, Plant and Equipment

As at 29 February 2024, the Group's property, plant and equipment amounted to approximately RMB1,787.4 million, representing an increase of RMB10.8 million from approximately RMB1,776.6 million as at 31 August 2023. The increase was primarily due to the increase of furniture, fixtures and other equipment for daily operation in connection with the use of Hanan and Junhua Campus.

### Working Capital Sufficiency

Despite the fact that we have recorded net current liabilities positions as at 29 February 2024, our Directors are of the view that we have sufficient working capital to meet our present and future cash requirements for at least the next 12 months from the date of this interim report, based on the following considerations:

- we have been accumulating net profits;
- we expect to generate cash flow from our operations with payment of tuition fees by our students in the upcoming 2024/2025 school year; and



## MANAGEMENT DISCUSSION AND ANALYSIS

- as at the date of this interim report, we had unutilised facilities of RMB64.3 million and historically we have been able to obtain external financings and do not foresee any impediment to do so in the future if such need arises.

Our future working capital requirements will depend on a number of factors, including, but not limited to, our operating income, the size of our school operation, constructing new school campus, maintaining and upgrading existing school facilities, purchasing additional educational equipment for our school and hiring additional teachers and other staff. Going forward, we believe that our working capital requirements will be satisfied by cash generated from our operations, bank loans and other borrowings, and other funds raised from the capital markets as and when appropriate from time to time.

### Liquidity and Capital Resources

As at 29 February 2024, the Group's cash and cash equivalents were approximately RMB334.7 million, as compared with approximately RMB270.8 million as at 31 August 2023. The increase was mainly attributable to the addition of the sale and leaseback liability from Zhejiang Construction Financial Leasing Co., Ltd\* (浙江建設融資租賃有限公司).

As at 29 February 2024, the Group's bank and other borrowings and interest accruals amounted to approximately RMB1,133.9 million (as at 31 August 2023: RMB926.8 million), which were denominated in Renminbi. As at 29 February 2024, our bank and other borrowings borne effective interest rates ranged from 4.00% to 14.89% per annum (as at 31 August 2023: 4.00%–14.99%).

### Gearing Ratio

As at 29 February 2024, our gearing ratio, which was calculated as total debt (including all interest-bearing bank loans and other borrowing) divided by total equity, was approximately 1.2, which increased by 0.2 compared with at 31 August 2023.

### Capital Expenditures

Capital expenditures during the Period were primarily related to the construction of the school premises of Hanan Campus, maintaining and upgrading existing school premises and acquisition of new school and land for education purpose. For the six months ended 29 February 2024, the Group's capital expenditures were RMB38.2 million (six months ended 28 February 2023: RMB88.3 million).

### Capital Commitments

As at 29 February 2024, the Group had contracted but not provided for capital commitments of approximately RMB124.2 million (as at 31 August 2023: RMB144.2 million), which were primarily related to the acquisition of property, plant and equipment.

### Contingent Liabilities

As at 29 February 2024, the Group had no significant contingent liabilities.



### Foreign Exchange Risk Management

The functional currency of the Company is RMB. The majority of the Group's revenue and expenditures are denominated in RMB. During the six months ended 29 February 2024, the Group did not experience any significant difficulties in or impacts on its operations or liquidity due to fluctuations in currency exchange rates. The Directors believe that the Group has sufficient foreign exchange to meet its own foreign exchange requirements and will adopt practical and effective measures to prevent exposure to exchange rate risk. The Group did not enter into any financial instrument for hedging purpose.

### Significant Investments, Acquisitions and Disposals

During the Period, there were no significant investments held nor other material acquisitions and disposals of subsidiaries, associates and joint ventures.

### Pledge of Assets

As at 29 February 2024, the Group's sale and leaseback liabilities of approximately RMB641.3 million (as at 31 August 2023: RMB394.3 million) were guaranteed by the Group's total fixed assets of approximately RMB128.9 million (as at 31 August 2023: RMB179.8 million).

## BUSINESS REVIEW

### Overview

As of 29 February 2024, the Group operated one school, namely, Heilongjiang College of Business and Technology in Harbin City, Heilongjiang Province. Heilongjiang College of Business and Technology is divided into two campuses, namely Songbei Campus and Hanan Campus.

In addition, the Group acquired a lot of 86,056 sq.m. in Hai'an City, Jiangsu Province in January 2021 to build the Yangtze River Delta Industry-Education Integration Base. The construction has commenced and is expected to be put into operation at the end of 2024. On 10 October 2023, we established Tianjin Quanren Vocational Secondary School Co., Ltd.\* (天津全人職業中等專業學校有限公司) in Baodi District, Tianjin, which is currently under construction. On 8 December 2023, we established Nantong Junhua Secondary Vocational School Co., Ltd.\* (南通峻華中等職業學校有限公司) in Hai'an City, Jiangsu Province, which is currently under construction.

As of 29 February 2024, the school occupied an aggregated gross site area of approximately 637,898.04 sq.m. and gross floor area of 342,727.24 sq.m., with a total property, plant and equipment value of RMB1,787.44 million.

## MANAGEMENT DISCUSSION AND ANALYSIS

As of 29 February 2024, the school had 762 teachers and 11,941 full-time students enrolled in bachelor's degree program. The table below sets out the statistics of student enrollment in the past three school years (excluding students who subsequently withdrew during the respective school years):

School years	Number of students
2021/2022	9,891
2022/2023	11,023
2023/2024	11,941

As of 29 February 2024, the utilisation rate of our school was 85.46% (as of 28 February 2023: 86.83%), which is calculated by dividing the number of students enrolled in the bachelor's degree program by the maximum student capacity for the current school year of 13,972.

The school offers 26 undergraduate majors in 2023/24 school year, including 11 in engineering, 5 in management, 3 in economics, 2 in literature and 5 in art.

In the 2023/2024 school year, the average tuition fee and boarding fee of our school were RMB24,796 and RMB2,249, respectively, representing an increase of 12% and 11% from the average tuition fee and boarding fee of RMB21,857 and RMB1,993 in the 2022/2023 school year.

During the Period, the school took “cultivating people with virtue, fostering high-quality application-oriented talents, serving the society, and running a school satisfactory to the people” as its educational purpose; it also adhered to the operating philosophy of “education-oriented, quality-based, school-enterprise integration, and development with innovation” to exert increasing efforts on the construction of various majors and courses, take the construction requirements for new engineering and business disciplines as the standards, and optimise the construction and layout adjustment of disciplines and majors, as well as the training program and curriculum system in line with the actual development of the school in order to enrich curriculum resources, strengthen practical teaching and improve teaching and curriculum assessment methods and comprehensively improve the quality of application-oriented talents cultivated.

**A new chapter opened in the cultivation of application-oriented talents and a step further in undergraduate teaching.** Major clusters integrating new business disciplines, creative design, electronic information and intelligent manufacturing were constructed. The talent cultivation program was optimised through giving full play to the leading role of marketing major as the provincial-level first-class undergraduate major. The school-level first-class (featured) majors and key majors were identified to solidly establish curriculum, among which, 4 majors comprising software engineering, electrical engineering and automation, marketing, and broadcasting and television program production were recognised as school-level first-class (featured) majors. Focusing on the newly revised talent cultivation program and talent cultivation objectives, we have vigorously developed curriculum driven by information technology. Our three courses, namely “Consumer Behavior” (《消費者行為學》) “TED Speech Viewing-listening-speaking” (《TED演講視聽說》) and “Introduction to Management” (《管理學導論》) were awarded as provincial-level first-class courses. Remarkable achievements were made in our innovation and entrepreneurship programs and academic competitions. The school vigorously promoted the integration of innovation and entrepreneurship education with professional education, and actively encouraged teachers and students to participate in and carry out disciplinary competitions, which have achieved remarkable results. In 2023, 299 innovation and entrepreneurship projects in aggregate were approved at national, provincial and school levels. Our students participated in various types of academic competitions at all levels, and won 241 awards at provincial level or above, including 31 awards at national level and 210 awards at provincial level.

## MANAGEMENT DISCUSSION AND ANALYSIS



As the building of faculty team stepped into a new phase and the introduction of talents advanced steadily, our title evaluation system was improved, and therefore our title structure of faculty was optimised. The teaching level of our teachers was elevated on an ongoing basis with focus on teacher training. 146 new teachers received induction training, and 334 teachers were trained to bolster their comprehensive quality and teaching skills. We organized 62 attendances of major heads, directors of teaching and research department and backbone teachers to go to Macau University of Science and Technology and Changshu Institute of Technology respectively for special training, and 56 teachers to participate in corporate trainings offered by technical enterprises based in Shenzhen. A total of 598 teacher attendees took trainings throughout the Period.

Further progress was witnessed in our teaching and research and in the industry-education integration. Our teaching and research made fruitful results. In 2023, our teachers issued 71 academic papers, obtained 10 patents and 20 software copyrights, and published 12 textbooks and 5 monographs, while our students issued 8 papers and obtained 32 patents. A total of 41 vertical research projects at provincial level and above have been approved, and 56 projects at school level have been set up, including 36 teaching reform projects and 20 scientific research projects. 120 horizontal research projects were carried out in collaboration with various enterprises. New achievements were accomplished in the construction of industry academies. In 2023, Kunshan Q Tech Electronic Information Industry Academy and Huayu Xingye Software Technology and Application Industry Academy were officially established, and the school co-founded the Longtie Industry Academy with Heilongjiang Provincial Railway Group Company\* (黑龍江省鐵路集團公司). Together with existing Phoenix Creative Academy, the school currently has a total of four industrial academies in the real sense. In the past five years, our industrial academies put in place 6 co-built laboratories and enterprise master teacher workshops, through which 63 enterprise courses and independent practical training courses were co-developed and provided, a total of 899 students had their enterprise internship completed and more than 600 graduate papers (design) were accomplished, and 201 jobs were offered, with 34 young teacher being seconded to enterprises for training.

Student enrollment and employment recorded a new high with notable achievement in the enrollment. In 2023, the school planned to enroll 3,959 students in 22 provinces, representing an increase of 172 students from the previous year; 3,962 and 3,676 students were admitted and registered respectively, reaching an overall yield rate of 92.78%, representing a growth of 2.83 percentage points from 2022. Our work on employment once again received awards. The initial employment rate of graduates of 2023 reached 85.94%, and 41.04% of students stayed in Heilongjiang for career development, both indicators were higher than the provincial average. Our school was granted the title of “Provincial Demonstration Unit in Employment and Entrepreneurship of University Graduates” (全省高校畢業生就業創業工作示範單位) again and was elected as the director unit of the Employment Collaboration of Private Colleges and Universities in Heilongjiang Province (黑龍江省民辦高校就業協作體理事長單位). Mycos’s data shows that the overall satisfaction rate of employers towards 2023 graduates of our school came up to 97.37%.

A new picture was seen in our campus construction and service guarantee with the vigorous advancement of intelligent campus. Our intelligent campus unified portal based on Huawei Cloud WeLink – “Yun Shang Hei Gong Shang” (雲上黑工商) platform was officially launched. Our digital business system encompassing “office collaboration, intelligent teaching, campus information, exchanges and communication” enabled “handling and management all within one network”. We pushed forward the digitalization of financial management to realize online approval through financial OA system.

## MANAGEMENT DISCUSSION AND ANALYSIS

### PROSPECTS

#### Market Overview

The Company is a large private formal higher education service provider in Heilongjiang Province, ranking top in the private education sector of the province. It has been growing rapidly over the last few years.

As of 29 February 2024, the State issued many policy documents to support and encourage the development of education, including vocational and private education.

Policy documents that were published in recent years included the Overall Plan for Coordinating and Promoting the Construction of World-Class Universities and First-class Disciplines, Implementation Plan for the Reform on National Vocational Education, Proposal of the Central Committee of the Communist Party of China and the State Council on Comprehensively Deepening the Reform of Teacher Force Construction in the New Era and China's Education Modernization 2035, which have established the top-level design and strategic deployment for the development of higher education in China.

In particular, favourable policies for private and vocational education announced in 2021 included:

In June 2021, the Vocational Education Law of the People's Republic of China (Revised Draft) was submitted to the National People's Congress for deliberation. The draft stated that "vocational education and general education have the same importance" and supported private schools.

Decree No. 741 of the Implementing Regulations of the Law of the People's Republic of China on the Promotion of Private Education, which came into effect on 1 September 2021, expressly encourages enterprises to organise or participate in organizing private vocational schools through sole proprietorship, joint venture and cooperation in accordance to relevant laws. It also grants all private schools the right to change their sponsors regardless of their nature.

### DEVELOPMENT STRATEGY

#### Development Direction and Targets

The Company will solidify the talent cultivation positioning of "fostering inter-disciplinary application-oriented talents with noble moral character, service dedication, innovation and entrepreneurship awareness, solid professional and theoretical knowledge, strong practical ability and great competence"; adhere to the service orientation of "establishing foothold in Heilongjiang, seeking further development around the Yangtze River Delta in the pursuit of nationwide presence, catering to industry needs, and actively integrating itself into the dual circulation of domestic and foreign markets"; and follow the development target of "constructing a high-level application-oriented private college that meets social needs, serves regional economic and social development and has distinctive characteristics".



## MANAGEMENT DISCUSSION AND ANALYSIS



### Development Plan

- Firstly: We will establish in-depth cooperation with international education groups to improve dual education and talent training model.
- Secondly: We will invest in vocational education and establish vocational colleges, education groups and school-enterprise integration bases in the Yangtze River Delta and Beijing-Tianjin-Hebei, gradually forming a new schooling model of school-enterprise integration.
- Thirdly: We will develop big health-related majors and sub-academies.
- Fourthly: We will develop a digital lifelong learning system, and create a “future learning centre” and a website featuring a wide selection of digital education.
- Fifthly: We will combine our leading majors with the Belt and Road Initiative, and actively promote education for foreign students.

In the future, the Company will develop systematic, multi-tiered and multi-dimensional operation of education services, scale up schooling step by step, and create values for Shareholders.

### Progress of transforming into a For-profit Private School

In accordance with the Implementation Rules for the Classification and Registration of Private Schools issued by the Ministry of Education and other four agencies and relevant documents, as well as the implementation opinion on “encouraging social forces to engage in education to promote the healthy development of private schools” announced successively in various provinces, the Heilongjiang College of Business and Technology has made significant progress in its application for transforming into a for-profit school, and its application has been approved by the Ministry of Education. In compliance with relevant documents and policies to be issued by the competent education authorities, the school will firmly protect the legal rights of students during the three-year transition period, complete the transfer of assets from non-profit to for-profit school, and enforce the property rights of legal entities. It will complete the procedures of credit and debt disposal, and transfer of teachers’ employment contracts and employment affiliation. The school will improve its operation and management plan during the transition period to achieve smooth non-profit to for-profit transformation.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Updates to the Plan to Comply With the Qualification Requirement

Details of the updates on the PRC laws and regulations which have a material impact on the Group have been set out in the sections headed “Latest Regulatory Development” and “PRC Laws and Regulations Relating to Foreign Ownership in the Education Industry” in the Annual Report of the Company.

As disclosed in the Prospectus and the Annual Report, we have adopted a specific plan and have taken concrete steps which we believe are meaningful endeavors to demonstrate compliance with the Qualification Requirement. On 15 October 2019, Leader Education LLC was established in Chicago, Illinois and is an indirect wholly-owned subsidiary of the Company. Leader Education LLC plans to operate and manage a higher education institution (the “US School”) in the State of Illinois, US to be established, which is planned to provide programs focusing on business studies. On 21 February 2020, we filed a notice of intent for operation to the Illinois Board of Higher Education (“IBHE”). On 22 May 2020, we entered into a service agreement with an independent third party, with an aim to design the education program to be offered by the US School and submit applications with the IBHE regarding the establishment of the US School. Due to the spread of the COVID-19 in various countries around the world from 2020 to 2022, the Group’s progress in establishing the US School has been slow and was unable to advance in a timely manner. Although the COVID-19 came to an end in 2023, due to the increasingly complicated international environment, particularly the fierce international competition, our progress in establishing the US School has also been affected. Competition is emphasized in the education system of the United States. Keen competition can be seen both in terms of standardized examinations and courses, but we did not adopt a blind approach to proceed, which resulted in the failure of the establishment of the US School as scheduled. However, we will actively identify problems and continue to improve, hoping to complete the application for establishment of the US School as soon as possible.

### EMPLOYEES AND REMUNERATION POLICY

As of 29 February 2024, the Group had 762 full-time employees and 167 part-time employees (as of 28 February 2023: 686 full-time employees and 206 part-time employees). The Company believes that attracting, recruiting and retaining high-quality employees are essential to the success and sustainability of the Group. The remuneration policy and package of the Group’s employees are periodically reviewed in accordance with industry practice and financial results of the Group. The Group provides external and internal training programs to its employees. The Group participates in various employee social security plans for its employees that are administered by local governments, including housing, pension, medical insurance, maternity insurance and unemployment insurance. The total remuneration cost (including directors’ fee) incurred by the Group for the six months ended 29 February 2024 was RMB48.1 million (six months ended 28 February 2023: RMB38.8 million).



## INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE IN SHARES

As at 29 February 2024, the interests and short positions of Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the “SFO”)) as recorded in the register required to be kept under section 352 of the SFO, or as notified the Company and the Stock Exchange pursuant to the Model Code, are as follows:

### (i) Directors’ interests in the Company

Name of Director	Capacity/Nature of interest	Number of Shares interested <sup>(1)</sup>	Approximate percentage of shareholding <sup>(1)</sup>
Mr. Liu Laixiang <sup>(2)</sup>	Interest in controlled corporation	496,674,000 (L)	74.5% (L)
Ms. Dong Ling <sup>(3)</sup>	Interest in controlled corporation	496,674,000 (L)	74.5% (L)

Notes:

- (1) The letter “L” denotes the person’s long position in the Shares.
- (2) Junhua Education is 100% owned by Mr. Liu and he is therefore deemed to be interested in all the Shares held by Junhua Education. Mr. Liu is the spouse of Ms. Dong and he is therefore deemed to be interested in the Shares held by Ms. Dong.
- (3) Shuren Education is 100% owned by Ms. Dong and she is therefore deemed to be interested in all the Shares held by Shuren Education. Ms. Dong is the spouse of Mr. Liu and she is therefore deemed to be interested in the Shares held by Mr. Liu.

### (ii) Directors’ interests in associated corporation of the Company

Name of Director	Name of associated cooperation	Capacity/Nature of interest	Amount of registered capital	Percentage of shareholding <sup>(1)</sup>
Mr. Liu Laixiang <sup>(2)</sup>	Harbin Xiangge Enterprise Management Ltd.* (哈爾濱祥閣企業管理有限公司)	Beneficial owner/ interest of spouse	RMB40,000,000	100% (L)
Ms. Dong Ling <sup>(3)</sup>	Harbin Xiangge Enterprise Management Ltd.* (哈爾濱祥閣企業管理有限公司)	Beneficial owner/ interest of spouse	RMB40,000,000	100% (L)
Mr. Liu Laixiang <sup>(4)</sup>	Heilongjiang College of Business and Technology	Interest in a controlled corporation/ interest of spouse	RMB183,000,000	100% (L)
Ms. Dong Ling <sup>(5)</sup>	Heilongjiang College of Business and Technology	Interest in a controlled corporation/ interest of spouse	RMB183,000,000	100% (L)

## OTHER INFORMATION

Notes:

- (1) The letter “L” denotes the person’s long position in the relevant shares/securities.
- (2) Mr. Liu is the beneficial owner of 40% of equity interest in Harbin Xiangge; his spouse, Ms. Dong is the beneficial owner of the remaining 60% of equity interest. Mr. Liu is deemed to be interest in all the equity interest held by Ms. Dong in Harbin Xiangge.
- (3) Ms. Dong is the beneficial owner of 60% of equity interest in Harbin Xiangge; her spouse, Mr. Liu is the beneficial owner of the remaining 40% of equity interest. Ms. Dong is deemed to be interest in all the equity interest held by Mr. Liu in Harbin Xiangge.
- (4) Harbin Xiangge is the sole school sponsor and holding all equity interest of Heilongjiang College of Business and Technology. Harbin Xiangge is 40% owned by Mr. Liu and thus he is deemed to be interested in all the shares held by Harbin Xiangge in Heilongjiang College of Business and Technology; at the same time, he is the spouse of Ms. Dong and he is therefore deemed to be interested in the shares held by Ms. Dong through Harbin Xiangge under the SFO.
- (5) Harbin Xiangge is the sole school sponsor and holding all equity interest of Heilongjiang College of Business and Technology. Harbin Xiangge is 60% owned by Ms. Dong and thus she is deemed to be interested in all the shares held by Harbin Xiangge in Heilongjiang College of Business and Technology; at the same time, she is the spouse of Mr. Liu and she is therefore deemed to be interested in the shares held by Mr. Liu through Harbin Xiangge under the SFO.

Save as disclosed above and to the best knowledge of the Directors, as at 29 February 2024, none of the Directors or the chief executive of the Company has any interests and/or short positions in the Shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

## SUBSTANTIAL SHAREHOLDERS’ INTEREST IN THE COMPANY

So far as is known to any Director or chief executive of the Company, as at 29 February 2024, the following corporations/persons (other than Directors or the chief executive of the Company) had interests of 5% or more in the issued shares of the Company according to the register of interests required to be kept by the Company under section 336 of the SFO:

Name	Capacity/Nature of interest	Number of Shares interested <sup>(1)</sup>	Approximate Percentage of shareholding <sup>(1)</sup>
Junhua Education Limited <sup>(2)(3)</sup>	Beneficial owner	196,674,000	29.5%
Shuren Education Limited <sup>(4)(5)</sup>	Beneficial owner	300,000,000	45.0%

Notes:

- (1) The letter “L” denotes the person’s long position in the Shares.
- (2) Junhua Education is 100% owned by Mr. Liu and he is therefore deemed to be interested in all the shares of the Company held by Junhua Education under the SFO.

- (3) Mr. Liu is the spouse of Ms. Dong. Mr. Liu is deemed to be interested in all the shares of the Company in which Ms. Dong is interested under the SFO.
- (4) Shuren Education is 100% owned by Ms. Dong and she is therefore deemed to be interested in all the shares of the Company held by Shuren Education under the SFO.
- (5) Ms. Dong is the spouse of Mr. Liu. Ms. Dong is deemed to be interested in all the shares of the Company in which Mr. Liu is interested under the SFO.

Save as disclosed above and to the best knowledge of the Directors, as at 29 February 2024, no person (other than the Directors or chief executives of the Company) had registered an interest or a short position in the Shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO.

### Directors' Right to Acquire Shares or Debentures

Save as disclosed in this interim report, at no time during the Period was the Company or any of its subsidiaries a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of Shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their respective spouses or children under the age of 18 were granted any right to subscribe for the share capital or debt securities of the Company or any other body corporate or had exercised any such right.

### PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 29 February 2024.

There have been no option, convertible securities or similar rights or arrangements, issued or granted by the Group during the six months ended 29 February 2024 and as at the date of this interim report.

### STRUCTURED CONTRACTS

Please refer to the section headed "Structured Contracts" in the Prospectus and "Report of the Directors — Non-exempt Continuing Connected Transactions — Structured Contracts" in the Annual Report for details. The Board has reviewed the overall performance of the Structured Contracts (as defined in the Prospectus) and considered that the Group has complied with the Structured Contracts in all material respects during the Period.

### UPDATE ON DIRECTORS' INFORMATION

Mr. Chan Ngai Fan has been appointed as an independent non-executive director of Persistence Resources Group Ltd (HKEX stock code: 2489) since 30 November 2023.

Save as disclosed above, there is no other changes in Directors' information for the six months ended 29 February 2024 and up to the date of this interim report.



## OTHER INFORMATION

### CORPORATE GOVERNANCE CODE

The Company is committed to the establishment of good corporate governance practices and procedures with a view to being a transparent and responsible organization which is open and accountable to the Shareholders.

During the six months ended 29 February 2024 except for the deviations noted below, the Company had complied with the code provisions of the CG Code and, where appropriate, adopted the recommended best practices as set out in the CG Code.

#### CG Code C.2.1

CG Code C.2.1 provides that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Liu Laixiang is currently both the Chief Executive Officer and Chairman of the Board. As Mr. Liu has been managing the business and in charge of the overall strategic planning of Harbin Xiangge since 2007 and Heilongjiang College of Business and Technology (including its predecessor) since 2011, the Board believes that vesting the roles and functions of both Chief Executive Officer and Chairman in the same person can ensure consistent leadership and efficient discharge of executive functions within the Group which is beneficial to the overall operation and management of our Group. The balance of power and authority is ensured by the operation of the senior management and the Board, both of which comprise experienced and high-calibre individuals. The Board comprises five other experienced and high-calibre individuals including two other executive Directors (excluding Ms. Dong Ling, who is Mr. Liu's spouse) and three independent non-executive Directors, who would be able to offer advice from various perspectives. For major decisions of our Group, the Board will make consultations with appropriate Board committees and senior management. The Group considers that the balance of power and authority of the Board will not be impaired under the present arrangement. Therefore, our Directors consider that the present arrangement is beneficial to and in the interest of our Company and our Shareholders as a whole.

Our Directors will continue to review and consider splitting the roles of the Chairman of our Board and the Chief Executive Officer of our Company at an appropriate time if necessary.

#### CG Code D.2.5

Under CG Code provision D.2.5, the Group should have an internal audit function. The Group conducted a review on the need for setting up an internal audit department. Having considered the Group's relatively simple operating structure, the Board considered that it shall be directly responsible for risk management and internal control systems of the Group. The Board, through the Audit Committee, had conducted a review on the risk management and internal control systems of the Group. The review covered material controls, including financial, operational and compliance controls and risk management functions of the Group. Appropriate measures have been put in place to manage the risks and no major issue was identified.

## **COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS**

The Company has adopted the Model Code set out in Appendix C3 to the Listing Rules as its code of conduct regarding securities transactions by the Directors. Having made specific enquiries to all Directors of the Company, all Directors confirmed that they have complied with the required standards set out in the Model Code regarding directors' and supervisors' securities transactions throughout the six months ended 29 February 2024.

Meanwhile, since the Listing Date, the Company has also adopted a code of conduct regarding employees' securities transactions on terms no less exacting than the standards set out in the Model Code for the compliance by its relevant employees who are likely to be in possession of unpublished inside information of the Company in respect of their dealings in the Company's securities.

## **SHARE OPTION SCHEME**

The Company's Share Option Scheme was conditionally approved by the then Shareholders on 22 July 2020 and was adopted pursuant a resolution of the Board passed on 22 July 2020. Details of the Share Option Scheme are set out under the section headed "Statutory and General Information — F. Share Option Scheme" in the Prospectus and "Share Option Scheme" in the Annual Report respectively. No option has been granted since then and up to the date of this interim report and therefore, there was no outstanding options as at 29 February 2024 and no options were exercised or cancelled or lapsed during the six months ended 29 February 2024.

The total number of Shares available for grant under the Share Option Scheme was 66,666,700 Shares at 1 September 2023 and 29 February 2024. There is no service provider sublimit under the Share Option Scheme. The number of Shares that may be issued in respect of options and awards granted under all schemes of the Company during the Period divided by weighted average number of Shares in issue for the Period is nil.

## **INTERIM DIVIDEND**

The Board has resolved not to declare any interim dividend for the six months ended 29 February 2024 (six months ended 28 February 2023: HK10.5 cents per ordinary share).

## **SUBSEQUENT EVENTS**

As at the date of this interim report, there was no significant event subsequent to 29 February 2024.

## **PUBLIC FLOAT**

As at the date of this interim report, based on the information that is publicly available to the Group and to the best knowledge of the Directors, the Group maintained sufficient public float as the public Shareholders held not less than 25% of the issued share capital of the Group as required by the Listing Rules.

## OTHER INFORMATION

### AUDIT COMMITTEE

The Company has established the Audit Committee with written terms of reference. The Audit Committee currently comprises three independent non-executive Directors, Mr. Chan Ngai Fan, Mr. Zhang Su and Mr. Cao Shaoshan. Mr. Chan Ngai Fan is the chairman of the Audit Committee. The primary duties of the Audit Committee include but not limited to supervising our internal control, risk management, financial information disclosure and financial reporting matters. Its composition and written terms of reference are in line with the CG Code.

The Audit Committee of the Company has reviewed the unaudited interim results for the six months ended 29 February 2024 including the interim report and discussed with the management of the Company and is of the view that such financial information and report have been prepared in compliance with the applicable accounting standards, the Listing Rules and other applicable legal requirements, and that adequate disclosure has been made with no disagreement by the Audit Committee of the Company.

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER 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)
<b>REVENUE</b>	4	170,764	152,125
Cost of sales		(105,881)	(78,617)
Gross profit		64,883	73,508
Other income and gains	4	9,751	1,993
Selling expenses		(1,818)	(1,085)
Administrative expenses		(19,475)	(24,239)
Other expenses, net		(5,213)	(2,438)
Finance costs	6	(19,550)	(6,672)
Share of losses of a joint venture		(10)	-
<b>PROFIT BEFORE TAX</b>	5	28,568	41,067
Income tax expense	7	-	-
<b>PROFIT FOR THE PERIOD</b>		<b>28,568</b>	<b>41,067</b>

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 29 February 2024

	Note	Six months ended 29 February 2024 RMB'000 (Unaudited)	Six months ended 28 February 2023 RMB'000 (Unaudited)
<b>OTHER COMPREHENSIVE INCOME</b>			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of financial statements		6,657	(1,566)
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods		6,657	(1,566)
Other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of financial statements of the Company		(2,193)	4,908
Net other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods		(2,193)	4,908
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>4,464</b>	<b>3,342</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>33,032</b>	<b>44,409</b>
Profit attributable to:			
Owners of the parent		28,573	41,067
Non-controlling interests		(5)	-
		<b>28,568</b>	<b>41,067</b>
Total comprehensive income attributable to:			
Owners of the parent		33,037	44,409
Non-controlling interests		(5)	-
		<b>33,032</b>	<b>44,409</b>
Earnings per share attributable to ordinary equity holders of the parent:			
Basic and diluted	9		
– For profit for the period		<b>RMB0.0429</b>	<b>RMB0.0616</b>



# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

29 February 2024

	Notes	29 February 2024 RMB'000 (Unaudited)	31 August 2023 RMB'000 (Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	1,787,441	1,776,559
Right-of-use assets		62,150	64,827
Other intangible assets		3,687	3,289
Investment in a joint venture		372	382
An equity investment designated at fair value through other comprehensive income		3,000	3,000
Prepayments for purchase of property, plant and equipment and right-of-use assets		44,487	35,188
Other non-current assets		22,050	20,150
<b>Total non-current assets</b>		<b>1,923,187</b>	<b>1,903,395</b>
<b>CURRENT ASSETS</b>			
Prepayments, other receivables and other assets		39,105	21,664
Cash and cash equivalents		334,697	270,776
<b>Total current assets</b>		<b>373,802</b>	<b>292,440</b>
<b>CURRENT LIABILITIES</b>			
Contract liabilities	11	126,416	284,512
Other payables and accruals	12	90,090	64,941
Interest-bearing bank and other borrowings and interest accruals	13	509,604	360,347
Deferred income		2,020	7,821
<b>Total current liabilities</b>		<b>728,130</b>	<b>717,621</b>
<b>NET CURRENT LIABILITIES</b>		<b>(354,328)</b>	<b>(425,181)</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>1,568,859</b>	<b>1,478,214</b>

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

29 February 2024

	Notes	29 February 2024 RMB'000 (Unaudited)	31 August 2023 RMB'000 (Audited)
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank and other borrowings and interest accruals	13	624,327	566,488
Deferred income		2,580	2,806
Total non-current liabilities		<u>626,907</u>	<u>569,294</u>
Net assets		<u>941,952</u>	<u>908,920</u>
<b>EQUITY</b>			
Equity attributable to owners of the parent			
Share capital	14	46,292	46,292
Reserves		895,680	862,643
Non-controlling interests		941,972 (20)	908,935 (15)
Total equity		<u>941,952</u>	<u>908,920</u>

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 29 February 2024



	Attributable to owners of the parent						Total RMB'000
	Share capital RMB'000 Note 14	Capital reserve RMB'000	Statutory surplus reserve RMB'000	Retained profits RMB'000	Exchange fluctuation reserve RMB'000	Non- controlling interests RMB'000	
At 1 September 2023 (audited)	46,292	221,784	147,153	489,405	4,301	(15)	908,920
Profit for the period	-	-	-	28,573	-	(5)	28,568
Other comprehensive income for the period:							
Exchange differences on translation of financial statements	-	-	-	-	4,464	-	4,464
Total comprehensive income for the period	-	-	-	28,573	4,464	(5)	33,032
Transfer from retained profits	-	-	3,403	(3,403)	-	-	-
At 29 February 2024 (unaudited)	<u>46,292</u>	<u>221,784</u>	<u>150,556</u>	<u>514,575</u>	<u>8,765</u>	<u>(20)</u>	<u>941,952</u>

	Attributable to owners of the parent						Total RMB'000
	Share capital RMB'000 Note 14	Capital reserve RMB'000	Statutory surplus reserve RMB'000	Retained profits RMB'000	Exchange fluctuation reserve RMB'000	Non- controlling interests RMB'000	
As at 1 September 2022 (audited)	46,292	286,007	139,411	439,544	1,498		912,752
Profit for the period	-	-	-	41,067	-		41,067
Other comprehensive income for the period:							
Exchange differences on translation of financial statements	-	-	-	-	3,342		3,342
Total comprehensive income for the period	-	-	-	41,067	3,342		44,409
Transfer from retained profits	-	-	6,179	(6,179)	-		-
As at 28 February 2023 (unaudited)	<u>46,292</u>	<u>286,007</u>	<u>145,590</u>	<u>474,432</u>	<u>4,840</u>		<u>957,161</u>

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

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)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		28,568	41,067
Adjustments for:			
Finance costs	6	19,550	6,672
Share of losses of a joint venture		10	–
Bank interest income	4	(450)	(129)
Gain on disposal of right-of-use assets	5	(775)	–
Depreciation of property, plant and equipment	5	26,053	21,795
Depreciation of right-of-use assets	5	738	1,650
Amortisation of other intangible assets	5	852	603
		<u>74,546</u>	<u>71,658</u>
(Increase)/decrease in prepayments, other receivables and other assets		(12,471)	9,974
Increase in other payables and accruals		26,514	4,108
Decrease in contract liabilities		(158,096)	(90,462)
(Decrease)/increase in deferred income		(6,027)	5,049
		<u>(75,534)</u>	<u>327</u>
Cash generated (used in)/from operations			
Interest received		450	129
Tax paid		–	–
		<u>(75,084)</u>	<u>456</u>
Net cash flows (used in)/from operating activities			

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 29 February 2024

	Six months ended 29 February 2024 RMB'000 (Unaudited)	Six months ended 28 February 2023 RMB'000 (Unaudited)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Increase in prepayments for purchase of property, plant and equipment and right-of-use assets	(4,113)	(2,175)
Purchase of items of property, plant and equipment	(29,511)	(85,302)
Additions to other intangible assets	(1,250)	(708)
Addition to right-of-use assets	–	(1,463)
	(34,874)	(89,648)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
New bank loans and other borrowings	124,200	175,621
Repayment of bank loans and other borrowings	(163,031)	(121,407)
Interest paid	(7,054)	(6,276)
Interest element of sale and leaseback liabilities	(18,341)	(10,332)
Principal portion of sale and leaseback liabilities	240,554	10,417
Principal portion of rental payments	–	(1,789)
Payment for other non-current assets	(6,870)	(12,700)
	169,458	33,534
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		
	59,500	(55,658)
Cash and cash equivalents at beginning of period	270,776	253,087
Effect of foreign exchange rate changes, net	4,421	3,372
	334,697	200,801
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>334,697</b>	<b>200,801</b>

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 29 February 2024

## 1. CORPORATE AND GROUP INFORMATION

Leader Education Limited (the “Company”) was incorporated in the Cayman Islands on 17 June 2019 as an exempted company with limited liability under the laws of the Cayman Islands. The address of the registered office of the Company is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands, Hutchins Drive.

The Company is an investment holding company. During the six months ended 29 February 2024 (the “Period”), the Company and its subsidiaries (collectively referred to as the “Group”) were principally engaged in providing private higher education services in the People’s Republic of China (the “PRC”).

### 2.1 BASIS OF PREPARATION

The unaudited interim condensed consolidated financial information of the Group for the Period has been prepared in accordance with International Accounting Standard (“IAS”) 34 *Interim Financial Reporting* issued by the International Accounting Standards Board. The unaudited interim condensed consolidated financial information does not include all the information and disclosures required in the Group’s annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 August 2023. The unaudited interim condensed consolidated financial information is presented in Renminbi (“RMB”), and all values are rounded to the nearest thousand except otherwise indicated.

#### Going concern

The Group recorded net current liabilities of RMB354,328,000 as at 29 February 2024. Included therein were the contract liabilities of RMB126,416,000 which will be settled by education services provided by the Group rather than settled by cash.

In view of the net current liabilities position, the directors of the Group have given careful consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern. Taking into account the financial resources available to the Group, including the internally generated funds from operation and existence of facility of RMB64,273,000, and the ability of management in adjusting the pace of its operation expansion, the directors of the Group are of the opinion that the Group is able to meet in full its financial obligations as and when they fall due for the foreseeable future and it is appropriate to prepare the unaudited interim condensed consolidated financial information on a going concern basis.





## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 29 February 2024

### 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 August 2023 except for the adoption of the following new and revised IFRSs for the first time for the Period's financial information:

IFRS 17	<i>Insurance Contracts</i>
Amendments to IAS 1 and IFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to IAS 8	<i>Definition of Accounting Estimates</i>
Amendments to IAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to IAS 12	<i>International Tax Reform – Pillar Two Model Rules</i>

The nature and the impact of the new and revised IFRSs that are applicable to the Group are described below:

- (a) Amendments to IAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to IFRS Practice Statement 2 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.
- (b) Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 29 February 2024

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(Continued)*

- (c) Amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in IAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions.

Prior to the initial application of these amendments, the Group applied the initial recognition exception and did not recognise a deferred tax asset and a deferred tax liability for temporary differences for transactions related to leases. The Group has applied the amendments on temporary differences related to leases as at 1 September 2022.

Upon the application of the amendments, the Group has determined the temporary differences arising from right-of-use assets and lease liabilities separately. However, they did not have any material impact on the overall deferred tax balances presented in the consolidated statement of financial position as the related deferred tax balances qualified for offsetting under IAS 12.

- (d) Amendments to IAS 12 *International Tax Reform – Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

## 3. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the provision of private higher education services in the PRC.

IFRS 8 *Operating Segments* requires operating segments to be identified on the basis of internal reporting about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to segments and to assess their performance.

The information reported to the directors, who are the chief operating decision makers, for the purpose of resource allocation and assessment of performance does not contain discrete operating segment financial information and the directors reviewed the financial results of the Group as a whole. Therefore, no further information about operating segments is presented.

### Geographical information

During the Period, all of the Group's revenue was generated in the PRC and over 90% of its long-term assets/capital expenditure were located/incurred in the PRC. Accordingly, no geographical information is presented.



## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 29 February 2024

### 3. OPERATING SEGMENT INFORMATION *(Continued)*

#### Information about major customers

No revenue derived from service provided to a single customer accounted for 10% or more of the total revenue of the Group during the Period.

### 4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue, other income and gain is as follows:

	Six months ended 29 February 2024 RMB'000 (Unaudited)	Six months ended 28 February 2023 RMB'000 (Unaudited)
<b>Revenue from contracts with customers</b>		
Tuition fees	159,002	139,664
Boarding fees	11,762	12,461
	<hr/>	<hr/>
Total revenue from contracts with customers	170,764	152,125
	<hr/>	<hr/>
<b>Other income and gains</b>		
Rental income	683	425
Bank interest income	450	129
Government grants*		
– Related to income	7,081	448
– Related to assets	225	255
Gain on disposal of right-of-use assets	775	–
Others	537	736
	<hr/>	<hr/>
	9,751	1,993
	<hr/>	<hr/>

\* There are no unfulfilled conditions or contingencies relating to such government grants recognised.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 29 February 2024

### 4. REVENUE, OTHER INCOME AND GAINS (Continued)

Revenue from contracts with customers

#### (i) Disaggregated revenue information

	Six months ended 29 February 2024 RMB'000 (Unaudited)	Six months ended 28 February 2023 RMB'000 (Unaudited)
<i>Timing of revenue recognition</i>		
Tuition fees recognised over time	159,002	139,664
Boarding fees recognised over time	11,762	12,461
	<u>170,764</u>	<u>152,125</u>

### 5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Six months ended 29 February 2024 RMB'000 (Unaudited)	Six months ended 28 February 2023 RMB'000 (Unaudited)
Employee benefit expense (excluding directors' remuneration):		
Wages and salaries	40,084	32,518
Pension scheme contributions	7,062	5,841
	<u>47,146</u>	<u>38,359</u>
Depreciation of property, plant and equipment	26,053	21,795
Depreciation of right-of-use assets	738	1,650
Amortisation of other intangible assets	852	603
Central heating cost	5,732	4,964
Gain on disposal of right-of-use assets	(775)	–
Bank interest income	(450)	(129)
Government grants		
– related to income	(7,081)	(448)
– related to assets	(225)	(255)



## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 29 February 2024

### 6. FINANCE COSTS

	Six months ended 29 February 2024 RMB'000 (Unaudited)	Six months ended 28 February 2023 RMB'000 (Unaudited)
Interest on bank loans and other borrowings	8,777	11,945
Interest on sale and leaseback liabilities	24,748	14,896
Total interest expense	33,525	26,841
Less: Interest capitalised	(13,975)	(20,169)
	<u>19,550</u>	<u>6,672</u>

### 7. INCOME TAX

	Six months ended 29 February 2024 RMB'000 (Unaudited)	Six months ended 28 February 2023 RMB'000 (Unaudited)
Current income tax – Mainland China	<u>-</u>	<u>-</u>

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Act of the Cayman Islands and, accordingly, it is not subject to income tax from business carried out in the Cayman Islands.

Leader Education (HK) Limited, which was incorporated in Hong Kong, was subject to profits tax at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the period.

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the period.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 29 February 2024

### 7. INCOME TAX (Continued)

According to the decision (the “2016 Decision”) of the Standing Committee of the National People’s Congress on Amending the Private Schools Promotion Law (《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》), which was promulgated on 7 November 2016, and came into force on 1 September 2017, private schools are no longer being classified as either schools for which the school sponsor(s) require reasonable returns or schools for which the school sponsor(s) do not require reasonable returns. Instead, the school sponsor(s) of a private school may choose for the school to be a for-profit private school or a non-profit private school, with the exception that schools providing nine-year compulsory education must be non-profit.

On 14 May 2021, the State Council released the Implementation Rules for 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》) with an effective date of 1 September 2021 (the “2021 Implementation Rules”). The 2021 Implementation Rules are the detailed implementation rules of the Law for Promoting Private Education of the PRC. Pursuant to the 2016 Decision and the 2021 Implementation Rules, a private school may enjoy the preferential tax policies, which are not defined under neither the 2016 Decision nor the 2021 Implementation Rules, as stipulated by the related government authorities and a non-profit school may enjoy the same tax policies as enjoyed by a public school.

During the Period, Heilongjiang College of Business and Technology (“Heilongjiang College”) is in the process of classification registration and remain as a private non-enterprise unit.

Considering that the relevant taxation policy regarding schools for which the school sponsor(s) require reasonable returns or schools for which the school sponsor(s) do not require reasonable returns remains unchanged and no further new and specific tax implementation regulations are announced, if the school nature has not yet been changed, Heilongjiang College did not pay corporate income tax for the income from formal educational services and has enjoyed the preferential tax treatments during the Period. Following the completion of the registration of Heilongjiang College as a for-profit private school, Heilongjiang College may be subject to corporate income tax at a rate of 25% in respect of service fees it receives from the provision of formal educational services, if it does not enjoy any preferential tax treatment. As such, significant impact on the Group’s profit and loss may arise.

Pursuant to the PRC Corporate Income Tax Law and the respective regulations, except for Heilongjiang Liankang Business Information Consulting Co., Ltd. (“Liankang Consulting”), Tianjin Quanren Education Technology Co., Ltd., Tianjin Quanren Vocational School Co., Ltd., Nantong Junhua Vocational School Co., Ltd. and Hai’an Junhua Vocational Skills Training School Co., Ltd. that are subject to the preferential rate of 20% under the Notice Regarding the Implementation on Tax Reduction/Exemption Policies for Small and Micro-sized Enterprises (SMEs), other companies of the Group which operate in Mainland China are subject to Corporate Income Tax (“CIT”) at a rate of 25% on their respective taxable income.





## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 29 February 2024

### 8. INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 29 February 2024 (six months ended 28 February 2023: HK10.5 cents per ordinary share).

### 9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share is based on the profit for the period attributable to owners of the parent, and the weighted average number of ordinary shares of 666,667,000 (28 February 2023: 666,667,000) in issue during the Period.

The Group had no potentially dilutive ordinary shares in issue during the periods ended 29 February 2024 and 28 February 2023.

The calculations of basic and diluted earnings per share are based on:

	Six months ended 29 February 2024 RMB'000 (Unaudited)	Six months ended 28 February 2023 RMB'000 (Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation	<u>28,573</u>	<u>41,067</u>
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	<u>666,667,000</u>	<u>666,667,000</u>

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 29 February 2024

### 10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 29 February 2024, the Group acquired assets with a cost of RMB38,257,000 (28 February 2023: RMB86,166,000) as additions to property, plant and equipment.

### 11. CONTRACT LIABILITIES

Details of contract liabilities are as follows:

	29 February 2024 RMB'000 (Unaudited)	31 August 2023 RMB'000 (Audited)
Tuition fees	116,190	263,409
Boarding fees	10,226	21,103
	<u>126,416</u>	<u>284,512</u>

The Group receives tuition and boarding fees from students in advance prior to the beginning of each academic year. Tuition and boarding fees are recognised proportionately over the relevant period of the applicable program. The students are entitled to the refund of the payment in relation to the proportionate service not yet provided.

### 12. OTHER PAYABLES AND ACCRUALS

	29 February 2024 RMB'000 (Unaudited)	31 August 2023 RMB'000 (Audited)
Payables for purchase of property, plant and equipment	11,128	12,493
Payables for co-operation costs	931	2,450
Miscellaneous expenses received from students (note (i))	44,072	20,886
Payables for salaries and welfares	11,663	9,767
Payables for labour union expenditure	3,414	3,416
Other tax payable	33	2
Other payables	18,849	15,927
	<u>90,090</u>	<u>64,941</u>

The above balances are unsecured and non-interest-bearing.

Note (i): The amounts represent the miscellaneous expenses received from students which will be paid out on behalf of students.



## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 29 February 2024

### 13. INTEREST-BEARING BANK AND OTHER BORROWINGS AND INTEREST ACCRUALS

	29 February 2024			31 August 2023		
	Effective interest rate (%)	Maturity	RMB'000 (Unaudited)	Effective interest rate (%)	Maturity	RMB'000 (Audited)
<b>Current</b>						
Sale and leaseback liabilities	7.33-14.89	2024-2025	309,921	7.33-14.99	2024	232,867
Bank loans – unsecured	5.00-10.71	2024	138,919	5.00-10.71	2024	105,450
Current portion of long term bank loans – secured	4.95	2024-2025	11,627	5.15-5.80	2024	14,021
Other borrowings – secured	–	–	–	14.09	2024	5,295
Other borrowings – unsecured	9.72-10.68	2024-2025	49,137	–	–	–
Lease liabilities	–	–	–	6.64	2024	2,714
			<u>509,604</u>			<u>360,347</u>
<b>Non-current</b>						
Sale and leaseback liabilities	7.33-14.89	2025-2027	331,377	7.33-14.99	2025-2026	161,470
Bank loans – secured	4.95	2025-2027	75,085	5.15-5.80	2025-2027	113,517
Bank loans – unsecured	–	–	–	10.71	2024	488
Other borrowing – unsecured	4.00	2030	217,865	4.00	2030	291,013
			<u>624,327</u>			<u>566,488</u>
			<u>1,133,931</u>			<u>926,835</u>

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 29 February 2024

### 13. INTEREST-BEARING BANK AND OTHER BORROWINGS AND INTEREST ACCRUALS

(Continued)

	29 February 2024 RMB'000 (Unaudited)	31 August 2023 RMB'000 (Audited)
Analysed into:		
Sale and leaseback liabilities:		
Within one year	309,921	232,867
In the second year	242,507	132,397
In the third to fifth years, inclusive	88,870	29,073
	<u>641,298</u>	<u>394,337</u>
Lease liabilities		
Within one year	–	2,714
Bank loans repayable:		
Within one year	150,546	119,471
In the second year	19,765	10,488
In the third to fifth years, inclusive	55,320	73,857
Over five years	–	29,660
	<u>225,631</u>	<u>233,476</u>
Other borrowings repayable:		
Within one year	49,137	5,295
In the third to fifth years, inclusive	217,865	291,013
	<u>267,002</u>	<u>296,308</u>
	<u><u>1,133,931</u></u>	<u><u>926,835</u></u>



## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 29 February 2024

### 13. INTEREST-BEARING BANK AND OTHER BORROWINGS AND INTEREST ACCRUALS

(Continued)

Notes:

Certain of the Group's bank and other borrowings and interest accruals are secured by:

- (a) Pledge of rights over tuition fees and boarding fees of Heilongjiang College for bank loans and interest accruals of RMB86,712,000 and RMB94,857,000 as at 29 February 2024 and 31 August 2023, respectively.
- (b) Pledge of a 100% equity interest of Liankang Consulting for other loans and interest accruals of nil and RMB5,295,000 as at 29 February 2024 and 31 August 2023, respectively.

Certain of the Group's bank and other borrowings and interest accruals are guaranteed by the following related parties:

	29 February 2024 RMB'000 (Unaudited)	31 August 2023 RMB'000 (Audited)
Jointly, Mr. Liu Laixiang and Ms. Dong Ling Harbin Xiangzhen Yincheng Zhiye Limited ("Yincheng Zhiye") 哈爾濱祥振引城置業有限公司	811,861	439,968
Harbin Junfengda Property Development Limited ("Junfengda Property") 哈爾濱竣峰達房地產開發有限公司	71,402	63,427
Daqing Xiangge Enterprise Management Limited ("Daqing Xiangge") 大慶市祥閣企業管理有限公司	319,879	172,055
	75,526	98,928
	<u>1,278,668</u>	<u>774,378</u>

The carrying value of the Group's equipment held under sale and leaseback liabilities as at 29 February 2024 was RMB128.9 million (31 August 2023: RMB179.8 million). Leased assets were pledged as security for the related sale and leaseback liabilities.

All borrowings are denominated in RMB as at 29 February 2024.

The Group's other borrowing are unsecured, bear interest at a rate of 4.00%-10.68% (31 August 2023: 4.00%) and will be repayable in 2024-2030.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 29 February 2024

### 14. SHARE CAPITAL

#### Shares

	29 February 2024 RMB'000 (Unaudited)	31 August 2023 RMB'000 (Audited)
Authorised:		
1,000,000,000 ordinary shares of US\$0.01 each as at 29 February 2024 (31 August 2023: 1,000,000,000 ordinary shares)	<u>69,714</u>	<u>69,714</u>
Issued and fully paid:		
666,667,000 ordinary shares as at 29 February 2024 (31 August 2023: 666,667,000 ordinary shares)	<u>46,292</u>	<u>46,292</u>

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Share capital RMB'000
At 31 August 2023, 1 September 2023 and 29 February 2024	<u>666,667,000</u>	<u>46,292</u>

### 15. COMMITMENTS

The Group had the following capital commitments at the end of the Period:

	29 February 2024 RMB'000 (Unaudited)	31 August 2023 RMB'000 (Audited)
Contracted, but not provided for:		
Buildings	<u>124,231</u>	<u>144,150</u>



# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 29 February 2024



## 16. RELATED PARTY TRANSACTIONS

### (a) Name and relationship of related parties

<u>Name</u>	<u>Relationship</u>
Ms. Dong Ling 董玲	One of the controlling shareholders
Mr. Liu Laixiang 劉來祥	One of the controlling shareholders
Daqing Xiangge	Company controlled by Mr. Liu Laixiang
Yincheng Zhiye	Company controlled by Ms. Dong Ling
Junfengda Property	A subsidiary of Harbin Xiangge until 20 January 2020 and of Yincheng Zhiye since 20 January 2020

### (b) Guarantees provided by related parties

Related parties provided guarantees for the Group's interest-bearing bank and other borrowings and interest accruals free of charge.

### (c) Compensation of key management personnel of the Group:

	Six months ended 29 February 2024 RMB'000 (Unaudited)	Six months ended 28 February 2023 RMB'000 (Unaudited)
Salaries, allowances and benefits in kind	1,930	1,677
Pension contributions	23	20
	<u>1,953</u>	<u>1,697</u>

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 29 February 2024

### 17. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	29 February 2024	
	Carrying amounts RMB'000 (Unaudited)	Fair values RMB'000 (Unaudited)
<b>Financial assets</b>		
An equity investment designated at fair value through other comprehensive income	3,000	3,000
Other non-current assets	22,050	18,299
	<u>25,050</u>	<u>21,299</u>
<b>Financial liabilities</b>		
Interest-bearing bank and other borrowings and interest accruals (other than lease liabilities)	<u>1,133,931</u>	<u>1,091,144</u>

	31 August 2023	
	Carrying amounts RMB'000 (Audited)	Fair values RMB'000 (Audited)
<b>Financial assets</b>		
An equity investment designated at fair value through other comprehensive income	3,000	3,000
Other non-current assets	20,150	17,047
	<u>23,150</u>	<u>20,047</u>
<b>Financial liabilities</b>		
Interest-bearing bank and other borrowings and interest accruals (other than lease liabilities)	<u>924,121</u>	<u>801,195</u>

Management has assessed that the fair values of cash and cash equivalents, financial assets included in prepayments, other receivables and other assets and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short term maturities of these instruments.



## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 29 February 2024

### 17. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

At the end of each period, the finance department analyses the movements in the values of financial instruments.

The fair values of other non-current assets and interest-bearing bank and other borrowings and interest accruals have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in the Group's own non-performance risk for other non-current assets and interest-bearing bank and other borrowings and interest accruals as at the end of each year/period were assessed to be insignificant.

The fair values of unlisted equity investments designated at fair value through other comprehensive income have been estimated using a market based valuation technique based on assumptions that are not supported by observable market prices or rate.

#### Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

#### *Assets measured at fair value*

As at 29 February 2024

	Fair value measurement using			Total RMB'000 (Unaudited)
	Quoted prices in active markets (Level 1) RMB'000 (Unaudited)	Significant observable inputs (Level 2) RMB'000 (Unaudited)	Significant unobservable inputs (Level 3) RMB'000 (Unaudited)	
An equity investment designated at fair value through other comprehensive income	-	3,000	-	3,000

As at 31 August 2023

	Fair value measurement using			Total RMB'000 (Audited)
	Quoted prices in active markets (Level 1) RMB'000 (Audited)	Significant observable inputs (Level 2) RMB'000 (Audited)	Significant unobservable inputs (Level 3) RMB'000 (Audited)	
An equity investment designated at fair value through other comprehensive income	-	3,000	-	3,000

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 29 February 2024

### 17. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

#### Fair value hierarchy *(Continued)*

The group did not have any financial liabilities measured at fair value as at 31 August 2023 and 29 February 2024.

During the year ended 31 August 2023 and the Period, there were no transfers of fair value measurement between Level 1 and Level 2, or transfers into or out of Level 3 for both financial assets and financial liabilities. The Group's policy is to recognize transfers between levels of the fair value hierarchy as at the end of each year/period in which they occur.

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

#### *Assets for which fair values are disclosed*

As at 29 February 2024

	Fair value measurement using			Total RMB'000 (Unaudited)
	Quoted prices in active markets (Level 1) RMB'000 (Unaudited)	Significant observable inputs (Level 2) RMB'000 (Unaudited)	Significant unobservable inputs (Level 3) RMB'000 (Unaudited)	
Other non-current assets	-	18,299	-	18,299

As at 31 August 2023

	Fair value measurement using			Total RMB'000 (Audited)
	Quoted prices in active markets (Level 1) RMB'000 (Audited)	Significant observable inputs (Level 2) RMB'000 (Audited)	Significant unobservable inputs (Level 3) RMB'000 (Audited)	
Other non-current assets	-	17,047	-	17,047



## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 29 February 2024

### 17. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value hierarchy *(Continued)*

*Liabilities for which fair values are disclosed*

As at 29 February 2024

	Fair value measurement using			Total RMB'000 (Unaudited)
	Quoted prices in active markets (Level 1) RMB'000 (Unaudited)	Significant observable inputs (Level 2) RMB'000 (Unaudited)	Significant unobservable inputs (Level 3) RMB'000 (Unaudited)	
Interest-bearing bank and other borrowings and interest accruals (other than lease liabilities)	–	1,091,144	–	1,091,144

As at 31 August 2023

	Fair value measurement using			Total RMB'000 (Audited)
	Quoted prices in active markets (Level 1) RMB'000 (Audited)	Significant observable inputs (Level 2) RMB'000 (Audited)	Significant unobservable inputs (Level 3) RMB'000 (Audited)	
Interest-bearing bank and other borrowings and interest accruals (other than lease liabilities)	–	801,195	–	801,195

### 18. EVENTS AFTER THE PERIOD

There were no significant events taken place subsequent to 29 February 2024 and up to the date of approval of these financial statements.

## DEFINITIONS

In this interim report, the following expressions shall have the following meanings unless the context requires otherwise:

“Annual Report”	the 2023 annual report published by the Company on 21 December 2023
“Audit Committee”	the audit committee of the Company
“Board”	the board of directors of the Company
“CG Code”	the corporate governance code contained in Appendix C1 to the Listing Rules
“China” or “PRC”	the People’s Republic of China, excluding, for the purpose of this interim report, Hong Kong, Macau and Taiwan
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company”	Leader Education Limited (立德教育股份有限公司) (stock code: 1449), an exempted company incorporated in the Cayman Islands with limited liability on 17 June 2019
“Controlling Shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”, “our Group”, “we” or “us”	the Company, its subsidiaries and the consolidated affiliated entities from time to time, or, where the context so requires in respect of the period before the Company became the holding company of our present subsidiaries, the entities which carried on the business of the present Group at the relevant time
“Hanan Campus”	a campus of Heilongjiang College of Business and Technology, located at North of Yucai Road, West Street of Limin Development Zone, Harbin City, Heilongjiang Province, the PRC
“Harbin Xiangge”	Harbin Xiangge Enterprise Management Ltd.* (哈爾濱祥閣企業管理有限公司), formerly known as Harbin Xiangge Zhiye Co Ltd.* (哈爾濱祥閣置業有限公司), a limited liability company established under the laws of the PRC and held as to 60% by Ms. Dong Ling and 40% by Mr. Liu Laixiang each being an executive Director and a Controlling Shareholder of the Company
“Heilongjiang College of Business and Technology”, “School” or “our school”	Heilongjiang College of Business and Technology (黑龍江工商學院), a private regular undergraduate institution approved and established under the laws of PRC and a consolidated affiliated entity of the Company
“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
“IFRS”	the International Financial Reporting Standards (which include all International Financial Reporting Standards, International Accounting Standards and interpretations) issued by the International Accounting Standards Board
“Junhua Education”	Junhua Education Limited (竣華教育有限公司), a company incorporated under the laws of the BVI on 18 June 2019 and wholly-owned by Mr. Liu, our Controlling Shareholder
“Listing Date”	6 August 2020, since which the Shares of the Company have been listed on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange
“Model Code”	the model code for securities transactions by directors of listed issuers as set out in Appendix C3 to the Listing Rules
“Mr. Liu”	Mr. Liu Laixiang (劉來祥), the Chairman, the Chief Executive Officer, an executive Director and a Controlling Shareholder and the spouse of Ms. Dong
“Ms. Dong”	Ms. Dong Ling (董玲), an executive Director and a Controlling Shareholder and the spouse of Mr. Liu
“Period”	the six months ended 29 February 2024
“Prospectus”	the prospectus of the Company dated 27 July 2020
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended and supplemented from time to time
“Share(s)”	the ordinary share(s) of US\$0.01 each in the share capital of the Company
“Shareholder(s)”	the shareholder(s) of the Company
“Share Option Scheme”	the Company’s share option scheme which was conditionally approved by the then Shareholders on 22 July 2020 and was adopted pursuant a resolution of the Board passed on 22 July 2020
“Shuren Education”	Shuren Education Limited (樹人教育有限公司), a company incorporated under the laws of the BVI on 18 June 2019 and wholly-owned by Ms. Dong, our Controlling Shareholder

## DEFINITIONS

“Songbei Campus”	a campus of Heilongjiang College of Business and Technology, located at Xinxing Dongguang Village, Zhoujia Dongyue Village, Shuangcheng District, Harbin City, Heilongjiang Province, the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto under Section 15 of the Companies Ordinance
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“%”	per cent.

If there is any inconsistency between the Chinese names of entities or enterprises established in the PRC and their English translations, the Chinese names shall prevail. The English translation of company or entity names in Chinese or another language which are marked with “\*” and the Chinese translation of company or entity names in English which are marked with “\*” is for identification purpose only.