



希教國際控股有限公司 XJ International Holdings Co., Ltd.

(Formerly known as “Hope Education Group”)

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1765

2024 Interim Report





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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Xu Changjun

Mr. Wang Huiwu (*Chief Executive Officer*)

Ms. Lou Qunwei

(appointed with effect from 26 April 2024)

Mr. Li Tao (*re-designated from an executive Director to a non-executive Director with effect from 24 January 2024*)

Mr. Huang Zhongcai

(appointed with effect from 24 January 2024)

(resigned with effect from 26 April 2024)

Non-executive Directors

Mr. Zhang Bing (*Chairman*)

(appointed with effect from 5 January 2024)

Mr. Li Tao

(re-designated from an executive Director to a

non-executive Director with effect from 24 January 2024)

Mr. Tang Jianyuan

Mr. He Shengli (*Chairman*)

(resigned with effect from 5 January 2024)

Mr. Lu Zhichao

(resigned with effect from 16 January 2024)

Independent Non-executive Directors

Mr. Zhang Jin

Mr. Liu Zhonghui

Mr. Xiang Chuan

Audit Committee

Mr. Zhang Jin (*Chairman*)

Mr. Li Tao (*appointed with effect from 24 January 2024*)

Mr. Tang Jianyuan

Mr. Liu Zhonghui

Mr. Xiang Chuan

Mr. Lu Zhichao

(resigned with effect from 16 January 2024)

Nomination and Remuneration Committee

Mr. Liu Zhonghui (*Chairman*)

Mr. Wang Huiwu

Mr. Xiang Chuan

Strategy and Development Committee

Mr. Wang Huiwu (*Chairman*)

Mr. Xu Changjun

Mr. Zhang Bing

(appointed with effect from 5 January 2024)

Ms. Lou Qunwei

(appointed with effect from 26 April 2024)

Mr. Li Tao

Mr. Huang Zhongcai

(appointed with effect from 24 January 2024)

(resigned with effect from 26 April 2024)

Mr. Lu Zhichao

(resigned with effect from 16 January 2024)

Mr. He Shengli (*resigned with effect from 5 January 2024*)

AUTHORIZED REPRESENTATIVES

Mr. Li Tao

Ms. Chan Yin Wah

COMPANY SECRETARY

Ms. Chan Yin Wah

Mr. Huang Zhongcai

(resigned with effect from 26 April 2024)

REGISTERED OFFICE

PO Box 309, Uglan House

Grand Cayman, KY1-1104

Cayman Islands



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AUDITOR

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

COMPLIANCE ADVISOR

Giraffe Capital Limited
3/F, 8 Wyndham Street
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PRINCIPAL SHARE REGISTRAR

Maples Fund Services (Cayman) Limited
PO Box 1093, Boundary Hall
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Cayman Islands

HONG KONG SHARE REGISTRAR

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

PRINCIPAL BANKERS

Bank of China

COMPANY'S WEBSITE

www.hopeedu.com

STOCK CODE

1765

MANAGEMENT DISCUSSION AND ANALYSIS

HIGHLIGHTS

1. Increasing investment in school operations for the improvement of operating conditions

We continued to increase our investment in school operations for the improvement of our operating conditions. During the Reporting Period, the Company invested capital expenditure and resources on building new campuses, expanding sites, purchasing teaching facilities and equipment and improving and beautifying the environment of our campuses. During the Reporting Period, the Company invested more than RMB100 million in software and hardware for training constructions, built more than 50 new training units, and applied for more than 20 new majors.

2. Building a team of excellent teachers through recruitment and nurturing

We have made increasing efforts in recruiting teachers and improving quality and capabilities of teachers. During the Reporting Period, we welcomed more than 930 teachers, among which, our talents with professional skill levels or above had reached more than 140 individuals; 1,845 training sessions of various kinds for teachers were conducted; our school teachers had participated in competitions which earned us a total of 241 awards, including 40 national awards and 80 provincial awards.

3. Rising reputation in school operation and strengthening our capability to serve our society

We encourage our schools to improve their reputation in order to make them more appealing to students and we continuously strengthen our capability in serving our society. In the 2023–2024 school year, the Company recruited more than 100,000 new students in its schools for the first time, and the number of enrolled students exceeded 290,000, hitting another record high. In the past five years, the compound growth rate of our new student enrolment reached 26.4%, and that of our enrolled students was 27.6%.

4. Putting students as the top priority and strengthening employment services

We support our schools to strive in career preparation in order to improve students' satisfaction with their employment. During the Reporting Period, the schools continued to reform and optimise content and methods of teaching, and enhanced the provision of professional knowledge and skills required for front-line positions; we also instructed and assisted our students to obtain vocational qualification certificates and skill level certificates of various types. The employment department newly expanded up to 1,000 units of school-enterprise cooperation, and 27 large-scale mutual selections and 387 special job fairs have been held, offering more than 80,000 internship and employment positions to our graduates.



5. Promoting educational cooperation internationally and accelerating cultivation of internationalized talents

As we were continuously raising the quality of talents by operating three universities overseas, we actively fuelled the sharing of quality educational resources among domestic and overseas schools and five of our Sino-Foreign cooperation projects were proceeding smoothly; we deepened the development of international education and strengthened the training of talents with an international vision. To date, we have established presence in 39 overseas countries and secured cooperation with 104 schools overseas; Shinawatra University in Thailand signed memorandum of understanding with 111 international universities; INTI International University in Malaysia hosted more than 18 international seminars and published over 580 articles in international journals.

REVIEW ON INDUSTRY POLICIES

The 2024 Government Work Report (《2024年政府工作報告》) that was considered and approved at the Second Session of the Fourteenth National People's Congress clearly stated: It is of great importance to "deeply implement the strategy of rejuvenating the country through science and education and strengthen the fundamental support for high-quality development; to adhere to the coordinated promotion of building a strong educational system, greater scientific and technological strength, and a quality workforce; to deploy and implement the innovation chain, the industry chain, the capital chain and the talent chain in integration"; and to formulate the "outline for the implementation of the construction plan for strengthening the country with education"; so as to guide and standardise the development of private education and vigorously improve the quality of vocational education.

Our Business Development Achievements by Schools

1. *Implementing the connotative development strategy and adhering to the position of teaching centres*

Our schools adhere to the guidance of quality construction and actively promoted qualified assessments of undergraduate colleges, the conversion of independent colleges and the construction projects meeting the standard operating conditions of vocational schools following the requirements of education authorities. Guided by high-quality employment and based on the construction of characteristic schools, the Company's schools implemented the plan of "supporting outstanding teaching and research programmes and cultivating special programmes", continuously optimised construction of majors and curricula, focused on major teaching practices such as teaching and learning through theories, teaching and learning through practicing and job internship, which strengthened the teaching of professional skills required for front-line positions by optimising the content and methods of teaching. We helped students obtain various vocational qualification certificates and skill level certificates, and are committed to cultivating excellent applied and technical talents.

MANAGEMENT DISCUSSION AND ANALYSIS

During the Reporting Period, all colleges together had up to 23 first-class undergraduate major construction sites at the provincial level, and up to 44 “1 + X” certificate pilot majors, and 70 key (characteristic) construction majors at the school level; and formulated 348 professional construction plans, and continued to deepen professional construction.

2. *Combining learning and competition and integrating industry and education to support economic development*

Our schools improved teachers’ teaching ability in various ways, organised and carried out various competitions such as classroom teaching skills competitions for teachers and professional analysis competitions in schools; and encouraged and supported teachers and students to participate in various domestic and foreign professional competitions to promote teaching and learning through competitions.

Our schools have executed in-depth integration of industry and education, school-enterprise cooperation and collaborative education; and some of our schools cooperated with enterprises to jointly start order form classes and achieved new breakthroughs.

3. *Strengthening information construction and constructing smart campuses*

We continued to promote the network security management and information construction of our schools to improve the quality of education and teaching. We supported the construction of a number of international data corporation (IDC) server rooms, added equipment for security service, constructed basic networks, and upgraded existing basic equipment and backbone networks; we expanded the construction of standardised test venues and classrooms; we supported the construction of more than 40 training units and more than 400 multimedia classrooms for various majors such as architecture, robotics, electronic commerce, medicine, big data, financial simulation, e-commerce and livestreaming.

4. *Taking up social responsibility and carrying out various training services*

All colleges and universities gave full play to the advantages of resources in the education industry and actively organised entrepreneurship training for college students, new-type farmer training, entrepreneurship training for people returning to hometowns, training for resettling in new positions and veterans training. During the Reporting Period, there were more than 30,000 trainees in entrepreneurship training for college students and more than 50,000 trainees in various types of social training carried out.



Significant Events during the Reporting Period

1. On 26 September 2023, pursuant to the Company's share option scheme adopted on 18 March 2022, the Company granted an aggregate of 190,000,000 share options to 18 eligible participants to subscribe for 190,000,000 ordinary shares with nominal value of US\$0.00001 each in the share capital of the Company upon exercise. For details, please refer to the announcements of the Company dated 18 March 2022, 26 September 2023 and 3 October 2023.
2. With effect from 5 January 2024, Mr. He Shengli has resigned as the chairman of the Board and a non-executive Director of the Company due to change in work arrangement, and Mr. Zhang Bing has been appointed as the chairman of the Board and a non-executive Director of the Company. For details, please refer to the announcement of the Company dated 5 January 2024.
3. On 8 January 2024, Guilin Shanshui Vocational College and Guilin Economic and Technological Development Zone Administration Committee (the "Committee") entered into the project cooperation agreement, pursuant to which the Committee will transfer the land use right to a plot of land located at Guilin Economic and Technological Economic Zone, Guilin, China with a total area of approximately 350 mu at an estimated consideration of approximately RMB98 million. For details, please refer to the announcement of the Company dated 8 January 2024.
4. With effect from 16 January 2024, Mr. Lu Zhichao has resigned as a non-executive Director due to a change in his work arrangement. Meanwhile, Mr. Lu Zhichao has resigned from the audit committee and the strategy and development committee. For details, please refer to the announcement of the Company dated 16 January 2024.
5. With effect from 24 January 2024, Mr. Li Tao has been re-designated from an executive Director to a non-executive Director, and has been appointed as a member of the audit committee, and Mr. Huang Zhongcai has been appointed as an executive Director and a member of the strategy and development committee. For details, please refer to the announcement of the Company dated 24 January 2024.
6. On 31 January 2024, Jiangxi Cultural Performance Investment Management Company Limited ("Jiangxi Cultural Performance") and Chengdu Maysunshine Education Management Company Limited ("Chengdu Maysunshine") entered into the transfer agreement, pursuant to which, Chengdu Maysunshine has agreed to sell and Jiangxi Cultural Performance has agreed to acquire 100% equity interest in Jiangxi Changzhen Industrial Co., Ltd. and Gongqing College of Nanchang University Backend Services Company Limited, and the current and potential shareholders' interest included in those equity interest as well as the current and potential sponsor interest in the Gongqing College entitled to Jiangxi Changzhen Industrial Co., Ltd. as the sponsor of the Gongqing College, at a total consideration of RMB500 million. For details, please refer to the announcement of the Company dated 1 February 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

- On 5 February 2024, the English name of the Company has been changed from “Hope Education Group Co., Ltd.” to “XJ International Holdings Co., Ltd.” and the dual foreign name in Chinese of the Company has been changed from “希望教育集團有限公司” to “希教國際控股有限公司”. In addition, the stock short names of the Company for trading in the Shares on the Stock Exchange have been changed from “HOPE EDU” to “XJ INTL HLDGS” in English and from “希望教育” to “希教國際控股” in Chinese with effect from 9:00 a.m. on 8 February 2024. The stock code of the Company remains as “1765”. For details, please refer to the announcements of the Company dated 15 November 2023, 5 January 2024 and 5 February 2024 and the circular of the Company dated 15 December 2023.
- On 29 February 2024, the Company disclosed in relation to, among other matters, the issue of the zero coupon convertible bonds due 2026 pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance. For details, please refer to the announcement of the Company dated 29 February 2024.
- For the period from 16 January 2024 to 29 February 2024, Mr. Wang Huiwu, the controlling shareholder of the Company, gradually increased in shareholding in the Company. For details, please refer to the announcements of the Company dated 16 January 2024, 17 January 2024, 18 January 2024, 22 January 2024, 14 February 2024 and 29 February 2024.

Our Students

The Group believes the pragmatic teaching philosophy of its schools, its well-developed curriculum system, good-quality teachers as well as its high graduate employment rate help the Group to attract high-quality students who are seeking for their ideal employment.

	Student Enrollment	
	As at 29 February 2024 ¹	As at 28 February 2023 ²
Schools		
Undergraduate colleges	142,455	143,402
Junior colleges	136,772	124,905
Technical education	11,700	12,146
Total	290,927	280,453



Campus Utilization Rate

	For the six months ended 29 February 2024¹	For the six months ended 28 February 2023 ²
Total number of student enrollment	290,927	280,453
Total capacity	309,376	307,574
Overall utilization rate	94%	91%

Notes:

1. The student information is based on the official records of the relevant education authorities in China or the internal records of the Group's schools, including the students of Gongqing College under disposal.
2. The student information is based on the official records of the relevant education authorities in China or the internal records of the Group's schools, including the students of Hebi College disposed in August 2023 and Gongqing College under disposal.

OUTLOOK

1. Comprehensively implementing the quality-first development strategy

Higher education in China has entered the brand new stage of high-quality development, and the Company will always view raising education and teaching quality and the quality of cultivating talents as our core task and mission as we operate our schools, which is in our firm grasp. We have to continuously strengthen the construction of teaching facilities and equipment and training capabilities, fuel the construction of teaching teams, deepen reform of teaching, strengthen specific majors, comprehensively improve the quality of talent cultivation, and contribute to the construction of a country with a strong educational system and develop new quality productivity.

2. Promoting strategies in development overseas at a steady pace

We will firmly promote internationalised development, continuously optimize and strengthen overseas schools with INTI International University in Malaysia as the leader, and realise sharing of quality teaching resources among domestic and overseas schools. We will effectively carry out Sino-Foreign cooperation projects, and provide more internationalized talents for our society.

3. Making every effort to ensure the smooth operation of the Company and our schools

We will resolve debt risks through market means in accordance with laws and regulations; continuously optimize our assets; continue to deepen lean management; and ensure the smooth operation of the Company and our schools by all means.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Non-IFRS Measurement

To supplement the Group's interim condensed financial information which are presented in accordance with IFRS, the Company also uses adjusted gross profit, adjusted net profit and other adjusted figures as additional financial measures, which are not required by, or presented in accordance with, IFRS. The Company believes that these non-IFRS measures facilitate comparisons of operating performance from period to period and company to company by eliminating potential impacts of items that the management do not consider to be indicative of the Group's operating performance.

The financial results for the six months ended 29 February 2024 and 28 February 2023 are as follows:

Items	For the six months ended 29 February 2024 <i>(in millions of RMB)</i> (Unaudited)	For the six months ended 28 February 2023 <i>(in millions of RMB)</i> (Unaudited)
Revenue	2,042.17	1,934.83
Less: Cost of sales	1,143.21	962.25
Gross profit	898.96	972.58
Add: Other income and gains	252.86	177.30
Less: Selling expenses	146.91	153.57
Administrative expenses	295.76	282.72
Finance costs	154.02	170.97
Other expenses	101.36	12.25
Fair value losses on convertible bonds	146.51	91.54
Add: Share of profits of a joint venture	26.96	17.41
Profit before tax	334.22	456.24
Income tax expense	94.51	27.79
Profit for the period	239.71	428.45
Adjusted gross profit	923.13	1,018.29
Adjusted net profit	429.16	602.22

Calculation of adjusted gross profit

Items	For the six months ended 29 February 2024 <i>(in millions of RMB)</i> (Unaudited)	For the six months ended 28 February 2023 <i>(in millions of RMB)</i> (Unaudited)
Gross profit	898.96	972.58
Add:		
1. Depreciation and amortisation arising from valuation appreciation	24.17	29.54
2. Equity-settled share option expenses	—	16.17
Adjusted gross profit	923.13	1,018.29

Description:

Adjusted gross profit is calculated as gross profit for the period after eliminating (i) additional depreciation and amortisation from temporary fair value adjustment of identifiable assets acquired; and (ii) equity-settled share option expenses.

Calculation of adjusted net profit

Items	For the six months ended 29 February 2024 <i>(in millions of RMB)</i> (Unaudited)	For the six months ended 28 February 2023 <i>(in millions of RMB)</i> (Unaudited)
Net profit	239.71	428.45
Add:		
1. Depreciation and amortisation arising from valuation appreciation	25.45	32.35
2. Finance cost accrued at amortised cost because of deferred payment of conversion fees	12.89	13.72
3. Fair value losses on convertible bonds	146.51	91.54
4. Equity-settled share option expenses	12.63	43.84
5. Finance cost accrued at amortised cost because of deferred payment of equity acquisition	9.92	9.35
6. Impairment losses	94.02	—
Less:		
1. Foreign exchange gain, net	18.72	17.03
2. Gain on disposal of subsidiaries	93.25	—
Adjusted net profit	429.16	602.22

MANAGEMENT DISCUSSION AND ANALYSIS

Description:

Adjusted net profit is measured by excluding (i) additional depreciation and amortisation resulting from the temporary fair value adjustment of the identifiable assets acquired; (ii) finance cost accrued at amortised cost because of deferred payment of conversion fees; (iii) fair value losses on convertible bonds; (iv) equity-settled share option expenses; (v) finance cost accrued at amortised cost because of a payment due over one year for the acquisition of equity interest under the relevant agreement; (vi) impairment losses, mainly include the impairment losses on assets classified as held for sale of RMB86.26 million; (vii) foreign exchange gain, net; and (viii) gains on disposal of subsidiaries.

Overview

For the six months ended 29 February 2024, we recorded revenue of RMB2,042.17 million, adjusted gross profit of RMB923.13 million and gross profit of RMB898.96 million.

For the six months ended 29 February 2024, adjusted net profit of the Group was RMB429.16 million and net profit was RMB239.71 million.

Revenue

For the six months ended 29 February 2024, revenue of the Group reached RMB2,042.17 million, representing an increase of RMB107.34 million or 5.5% from RMB1,934.83 million for the corresponding period of last year. Such increase was mainly due to the significant increase in the number of students enrolled and the adjustment of the charging standard.

Cost of Sales

For the six months ended 29 February 2024, the cost of sales of the Group was RMB1,143.21 million, representing an increase of RMB180.96 million or 18.8% from RMB962.25 million for the corresponding period of last year. Such increase was mainly due to regulatory requirements such as schools conversion and teaching evaluations, enhancement of teaching quality as well as the increased investment in terms of personnel and resources.

Gross Profit

For the six months ended 29 February 2024, gross profit of the Group was RMB898.96 million, representing a decrease of RMB73.62 million or 7.6% from RMB972.58 million for the corresponding period of last year.

For the six months ended 29 February 2024, adjusted gross profit of the Group was RMB923.13 million, representing a decrease of RMB95.16 million or 9.3% from RMB1,018.29 million for the corresponding period of last year.



Selling Expenses

For the six months ended 29 February 2024, selling expenses of the Group amounted to RMB146.91 million, representing a decrease of RMB6.66 million or 4.3% from RMB153.57 million for the corresponding period of last year. Such decrease was mainly due to the decrease in advertising fees, as a result of coordination of enrollment and brand effect. Selling expenses accounted for 7.2% of the revenue for the period, representing a decrease from 7.9% for the corresponding period of last year.

Administrative Expenses

For the six months ended 29 February 2024, administrative expenses of the Group amounted to RMB295.76 million, representing an increase of RMB13.04 million or 4.6% from RMB282.72 million for the corresponding period of last year. Such increase was mainly due to the increase in remuneration of employees.

Finance Costs

For the six months ended 29 February 2024, finance costs of the Group amounted to RMB154.02 million, representing a decrease of RMB16.95 million or 9.9% from RMB170.97 million for the corresponding period of last year, which was mainly due to the change in loan scale and structure of the Group.

Profits for the Reporting Period

For the six months ended 29 February 2024, adjusted net profit of the Group amounted to RMB429.16 million, representing a decrease of RMB173.06 million or 28.7% from RMB602.22 million for the corresponding period of last year.

For the six months ended 29 February 2024, net profit of the Group amounted to RMB239.71 million, representing a decrease of RMB188.74 million or 44.1% from RMB428.45 million for the corresponding period of last year.

MANAGEMENT DISCUSSION AND ANALYSIS

Capital Commitments

The Group's capital commitments were primarily related to the acquisition of property, plant and equipment. The following table sets forth a summary of our capital commitments as of the dates indicated:

	As at 29 February 2024 <i>(in millions of RMB)</i>	As at 31 August 2023 <i>(in millions of RMB)</i>
Contracted, but not provided for:		
Property, plant and equipment	1,801.12	971.63
Prepaid land lease payments	102.63	37.73
	1,903.75	1,009.36

Liquidity and Financial Resources

As of 29 February 2024, the Group had total cash and bank balances of RMB2,672.24 million (31 August 2023: RMB2,927.73 million), among which: (i) cash and cash equivalents amounted to RMB2,565.23 million (31 August 2023: RMB2,827.72 million); and (ii) pledged and restricted deposits amounted to RMB107.01 million (31 August 2023: RMB100.01 million).

Indebtedness

Bank Loans and Other Borrowings

The Group's bank loans and other borrowings primarily consist of short-term working capital loans and long-term loans for constructing school buildings and facilities and merger and acquisitions. The Group supplements its working capital and finances its expenditure primarily through borrowings obtained from banks. As of 29 February 2024, the aggregate loan balance amounted to RMB3,810.25 million (31 August 2023: RMB3,473.01 million), mostly denominated in RMB. As of 29 February 2024, the Group's bank loans and other borrowings bore effective interest rates ranging from 3.80% to 10.65% per annum (31 August 2023: 3.90% to 10.65%).

Current Ratio

As at 29 February 2024, current assets of the Group amounted to RMB4,001.55 million, consisting of cash and cash equivalents and pledged and restricted deposits of RMB2,664.72 million, amounts due from related parties of RMB24.24 million, prepayments, deposits and other receivables of RMB745.07 million, assets classified as held for sale of RMB488.47 million and other current assets of RMB79.05 million. Current liabilities of the Group amounted to RMB10,549.59 million, including other payables and accruals of RMB2,450.65 million, contract liabilities of RMB1,574.24 million, interest-bearing bank and other borrowings of RMB3,765.97 million, convertible bonds of RMB2,306.39 million and other current liabilities of RMB452.34 million. As at 29 February 2024, current ratio (current assets divided by current liabilities) of the Group was 0.38 (31 August 2023: 0.44).

Contingent Liabilities

As at 29 February 2024, the Group did not have material contingent liabilities.

Charge on Group Assets

As at 29 February 2024, certain of the Group's non-current assets, time deposits, equity interests in certain subsidiaries and buildings and car parks of third parties were pledged to secure the bank loans granted to the Group. For details, please refer to Note 18 to the condensed consolidated financial statements. Save for the charges disclosed above and in the condensed consolidated financial statements, the Group did not have any other charges on its assets.

Net Debt to Equity Ratio

Net debt to equity ratio equals to total interest-bearing bank and other borrowings of RMB3,810.25 million, net of cash and cash equivalents of RMB2,565.23 million, pledged and restricted deposits of RMB107.01 million divided by total equity of RMB8,635.57 million at the end of the Reporting Period. The Group's net debt to equity ratio increased from 6.5% as of 31 August 2023 to 13.2% as of 29 February 2024, primarily due to continuous investment of the Group in teaching facilities, equipment and construction of campus.

Debt to Equity Ratio

As of 29 February 2024, debt to equity ratio of the Group (calculated by dividing total interest-bearing bank and other borrowings by total equity) was approximately 44.1% (31 August 2023: 41.2%).

MANAGEMENT DISCUSSION AND ANALYSIS

Events after the Reporting Period

1. On 4 March 2024, the Company disclosed about an event of alleged default occurred in respect of the convertible bonds on 2 March 2024 pursuant to Rules 13.09, 37.47, 37.47A, 37.47B(a) and 37.47E of the Listing Rules and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance. For details, please refer to the announcements of the Company dated 22 February 2021, 2 March 2021, 3 March 2021, 22 February 2024, 29 February 2024 and 4 March 2024.
2. On 5 March 2024, trading in the convertible bonds of the Company on the Stock Exchange was suspended with effect from 1:00 p.m. on 5 March 2024 until further notice. For details, please refer to the announcement of the Company dated 5 March 2024.
3. On 5 March 2024, the Company received a statutory demand, from the legal representatives acting on behalf of the creditor of the convertible bonds of the Company. For details, please refer to the announcement of the Company dated 6 March 2024.
4. On 28 March 2024, a winding-up petition was filed with the High Court of the Hong Kong Special Administrative Region for the winding-up of the Company. For details, please refer to the announcements of the Company dated 28 March 2024 and 14 April 2024.
5. With effect from 26 April 2024, Mr. Huang Zhongcai has resigned as an executive Director, a member of the strategy and development committee and a joint company secretary of the Company due to change in work arrangement and Ms. Lou Qunwei has been appointed as an executive Director of the Company. For details, please refer to the announcement of the Company dated 26 April 2024.

Foreign Currency Risk and Management

The majority of the Group's revenue and expenditures are denominated in Renminbi, the functional currency of the Company. As at 29 February 2024, certain bank balances and cash were denominated in Thailand Baht and Ringgit Malaysia. The Group has not entered into any financial arrangements for hedging purpose as it is expected that there will be no material foreign exchange exposure.



Human Resources, Employees and Remuneration Policy

As at 29 February 2024, the Group had approximately 16,299 faculty members. The remuneration of employees is determined on the basis of current industry practices and the educational background, experience and performance of employees. As required by the PRC laws and regulations, the Group participates in various employee social security plans for its employees that are administered by local governments, including housing, pension, medical, maternity, work injury and unemployment insurance and share option scheme (for the scheme, please refer to page 26 of this report). On the basis of the current remuneration system, the Group issued the Guiding Opinions on Remuneration Supplementary Scheme in line with the local economic level, revised the school assessment system, urged and guided all colleges to implement the care and love policy, improved the benefits of faculty members, and fully mobilized the working enthusiasm of faculty members.

INTERIM DIVIDEND

The Board did not recommend any payment of interim dividend to the Shareholders for the Reporting Period (six months ended 28 February 2023: Nil).

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in this report, the Group did not have other plans for material investments and capital assets.

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. The Board strives for adhering to the principles of corporate governance and has adopted sound corporate governance practices to meet the legal and commercial standards, focusing on areas such as internal control, fair disclosure and accountability to all Shareholders to ensure the transparency and accountability of all operations of the Company. The Company believes that effective corporate governance is the foundation to create more value for the Shareholders. The Board will continue to review and improve the corporate governance practices of the Group from time to time to ensure that the Group is led by an effective Board in order to optimize return for Shareholders.

Throughout the six months ended 29 February 2024, the Company has complied with the code provisions contained in Part 2 of the Corporate Governance Code.

MANAGEMENT DISCUSSION AND ANALYSIS

CHANGE IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, changes in information of the Directors since the disclosure made in the 2023 annual report published on 15 December 2023 and up to the date of this interim report of the Company are set out below:

Name of Directors	Details of Change
Mr. He Shengli	He has resigned as the chairman of the Board and a non-executive Director, and ceased to be a member of the strategy and development committee of the Board with effect from 5 January 2024.
Mr. Lu Zhichao	He has resigned as a non-executive Director, and ceased to be a member of the audit committee and the strategy and development committee of the Board with effect from 16 January 2024.
Mr. Zhang Bing	He has been appointed as the chairman of the Board and a non-executive Director, and a member of the strategy and development committee of the Board, with effect from 5 January 2024.
Mr. Huang Zhongcai	He served as an executive Director and a member of the strategy and development committee of the Board from 24 January 2024 to 26 April 2024. He has resigned as a joint company secretary of the Company with effect from 26 April 2024.
Mr. Li Tao	He has been re-designated from an executive Director to a non-executive Director and has been appointed as a member of the audit committee of the Board with effect from 24 January 2024.
Ms. Lou Qunwei	She has been appointed as an executive Director and a member of the strategy and development committee of the Board with effect from 26 April 2024.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has also adopted the Model Code set out in Appendix C3 of the Listing Rules as its code of conduct regarding securities transactions by the Directors during the six months ended 29 February 2024.

Having made specific enquiry with all Directors of the Company, it is confirmed that all Directors have complied with the required standard set out in the Model Code regarding securities transactions by the Directors throughout the six months ended 29 February 2024.



MANAGEMENT DISCUSSION AND ANALYSIS

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.

AUDIT COMMITTEE AND REVIEW OF INTERIM FINANCIAL INFORMATION

The audit committee of the Board has reviewed the accounting principles and practices adopted by the Group and discussed matters in relation to internal control and financial reporting. The audit committee of the Board has reviewed the Group's interim results and unaudited condensed consolidated financial statements for the six months ended 29 February 2024.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 29 February 2024, the interests or short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of 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 or short positions which they were 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 otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Name of Directors	Position	Capacity/ Nature of Interest	Number of Shares/ Underlying Shares Held pursuant to Share Options	Approximate Percentage of Shareholding in the Company as at 29 February 2024 ⁽⁸⁾
Wang Huiwu ⁽¹⁾	Executive Director and Chief Executive Officer	Founder of a discretionary trust who can influence how the trustee exercises his/her discretion Beneficial interest	3,717,553,240(L)	
			<u>170,772,000(L)</u>	
			3,888,325,240	47.27%
Li Tao ⁽²⁾	Non-executive Director	Beneficial interest	5,697,167(L)	0.07%
Zhang Bing	Non-executive Director and Chairman	Beneficial interest	5,001,484(L)	0.06%
Tang Jianyuan ^{(3) and (4)}	Non-executive Director	Beneficial interest	20,000,000 ⁽⁷⁾ (L)	0.24%
Xu Changjun	Executive Director	Beneficial interest	5,000,000 ⁽⁷⁾ (L)	0.06%
Lou Qunwei ⁽⁵⁾	Executive Director	Beneficial interest	10,000,000 ⁽⁷⁾ (L)	0.12%
Huang Zhongcai ⁽⁶⁾	Executive Director	Beneficial interest	16,697,702(L)	0.20%

(L) Long position

Notes:

- (1) As at 29 February 2024, Wang Huiwu (汪輝武) holds 100% interest in Maysunshine Trust Limited (Credit Suisse Trust Limited as trustee), Maysunshine Trust Limited holds 100% interest in Maysunshine Holdings Limited, Maysunshine Holdings Limited holds 96% interest in Maysunshine Limited, Maysunshine Limited holds 49% interest in Hope Education Investment Limited, and Hope Education Investment Limited holds 45.2% interest in the Company. Accordingly, Wang Huiwu (汪輝武) is deemed as holding interest in the Company through Hope Education Investment Limited.

- (2) Li Tao (李濤) is interested in 5,697,167 share options to subscribe for 5,697,167 Shares granted under the 2018 Pre-IPO Share Option Scheme.
- (3) As at 29 February 2024, Tang Jianyuan (唐健源) holds approximately 82.96% interest in Striving Origin Company Limited (生搏根源有限公司); Striving Origin Company Limited (生搏根源有限公司) holds approximately 13.50% interest in Tequ Group Limited; Tequ Group Limited holds approximately 16.615% interest in Hope Education Investment Limited; and Hope Education Investment Limited holds approximately 45.2% interest in the Company.
- (4) As at 29 February 2024, Liu Birong (劉碧容) holds approximately 17.04% interest in Striving Origin Company Limited (生搏根源有限公司); Striving Origin Company Limited (生搏根源有限公司) holds approximately 13.50% interest in Tequ Group Limited; Tequ Group Limited holds approximately 16.615% interest in Hope Education Investment Limited; and Hope Education Investment Limited holds approximately 45.2% interest in the Company. Liu Birong (劉碧容) is the spouse of Tang Jianyuan (唐健源). Accordingly, Tang Jianyuan (唐健源) is deemed to be interested in the same number of shares of Striving Origin Company Limited (生搏根源有限公司) held by Liu Birong (劉碧容).
- (5) Lou Qunwei (婁群偉) has been appointed as an executive Director with effect from 26 April 2024.
- (6) Huang Zhongcai (黃忠財) was appointed as an executive Director with effect from 24 January 2024 and resigned with effect from 26 April 2024. Huang Zhongcai (黃忠財) is interested in 16,697,702 share options to subscribe for 16,697,702 Shares, of which 1,697,702 were granted under the 2018 Pre-IPO Share Option Scheme and 15,000,000 were granted under the 2022 Share Option Scheme.
- (7) These underlying shares represent the interests of share options (being regarded as unlisted physically settled equity derivatives) granted to each of the related grantees under the 2022 Share Option Scheme to subscribe for Shares.
- (8) As at 29 February 2024, the number of issued Shares was 8,224,974,706 Shares.

Save as disclosed above, as at 29 February 2024, none of the Directors and chief executives of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be entered in the register required to be kept by the Company pursuant to Section 352 of the SFO or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save for the share options granted to the Directors under the 2018 Pre-IPO Share Option Scheme and the 2022 Share Option Scheme, at no time during the six months ended 29 February 2024 was the Company, or its holding company, subsidiaries or fellow subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other corporations.

OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

To the knowledge of any of the Directors or chief executives of the Company, as at 29 February 2024, the following persons (other than the Directors or chief executives of the Company) or corporations had interests or short positions in the Shares or underlying Shares of the Company which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept under Section 336 of the SFO:

Name of Shareholders	Capacity/ Nature of Interest	Number of Shares Held	Approximate Percentage of Shareholding in the Company as at 29 February 2024 ⁽²⁾
Hope Education Investment Limited ⁽¹⁾	Beneficial interest	3,717,553,240(L)	45.20%
Credit Suisse Trust Limited ⁽¹⁾	Trustee	3,717,553,240(L)	45.20%
Maysunshine Limited ⁽¹⁾	Interest in controlled corporation	3,717,553,240(L)	45.20%
Maysunshine Holdings Limited ⁽¹⁾	Interest in controlled corporation	3,717,553,240(L)	45.20%
Tequ Group A Limited ⁽¹⁾	Interest in controlled corporation	3,717,553,240(L)	45.20%
Tequ Group (Hong Kong) Company Limited ⁽¹⁾	Interest in controlled corporation	3,717,553,240(L)	
	Beneficial interest	42,242,703(L)	
		3,759,795,943	45.71%
Shanghai Yi Zeng Management Co., Ltd. (上海乙增管理有限公司) ⁽¹⁾	Interest in controlled corporation	3,759,795,943(L)	45.71%
Sichuan Tequ Investment ⁽¹⁾	Interest in controlled corporation	3,759,795,943(L)	45.71%
Chengdu West Hope Group Limited (成都華西 希望集團有限公司) ("West Hope") ⁽¹⁾	Interest in controlled corporation	3,759,795,943(L)	45.71%
Sichuan Puhua Agricultural Technology Development Limited (四川普華農業科技發展有限公司) ⁽¹⁾	Interest in controlled corporation	3,759,795,943(L)	45.71%
Zhang Qiang (張強) ⁽¹⁾	Interest in controlled corporation	3,759,795,943(L)	45.71%
Wang Degen (王德根) ⁽¹⁾	Interest of spouse	3,759,795,943(L)	45.71%
Chen Yuxin (陳育新) ⁽¹⁾	Interest in controlled corporation	3,759,795,943(L)	45.71%
Zhao Guiqin (趙桂琴) ⁽¹⁾	Interest in controlled corporation	3,759,795,943(L)	45.71%

(L) Long position



Notes:

- (1) Hope Education Investment Limited, a BVI company, is owned as to 49% by Maysunshine Limited, 34.385% by Tequ Group A Limited and 16.615% by Tequ Group Limited.

Maysunshine Limited is owned as to 96.00% by Maysunshine Holdings Limited, which is in turn 100% beneficially owned by Wang Huiwu (汪輝武) whereas Credit Suisse Trust Limited acts as trustee.

Thus, Maysunshine Limited, Tequ Group A Limited and Maysunshine Holdings Limited are deemed to be interested in 3,717,553,240 Shares of long position.

Tequ Group A Limited is a wholly-owned subsidiary of Tequ Group (Hong Kong) Company Limited. Tequ Group (Hong Kong) Company Limited is wholly owned by Shanghai Yi Zeng Enterprise Management Co., Ltd. (上海乙增企業管理有限公司). Shanghai Yi Zeng Enterprise Management Co., Ltd. (上海乙增企業管理有限公司) is wholly owned by Sichuan Tequ Investment, which is in turn owned as to 49% by West Hope, 40.09% by Sichuan Puhua Agricultural Technology Development Limited (四川普華農業科技發展有限公司) and 10.91% by Sichuan Desheng Ronghe Industrial Group Co., Ltd (四川德盛榮和實業集團有限公司). West Hope is owned as to 60% by Chen Yuxin (陳育新) and 40% by Zhao Guiqin (趙桂琴). Chen Yuxin (陳育新) and Zhao Guiqin (趙桂琴) are spouses. Sichuan Puhua Agricultural Technology Development Limited (四川普華農業科技發展有限公司) is owned as to 52.20% by Zhang Qiang (張強). Wang Degen (王德根) and Zhang Qiang (張強) are spouses.

Thus, Tequ Group (Hong Kong) Company Limited, Shanghai Yi Zeng Enterprise Management Co., Ltd. (上海乙增企業管理有限公司), Sichuan Tequ Investment, West Hope, Sichuan Puhua Agricultural Technology Development Limited (四川普華農業科技發展有限公司), Zhang Qiang (張強), Wang Degen (王德根), Chen Yuxin (陳育新) and Zhao Guiqin (趙桂琴) are deemed to be interested in 3,759,795,943 Shares of long position.

- (2) As at 29 February 2024, the number of issued Shares was 8,224,974,706 Shares.

Save as disclosed above, as at 29 February 2024, the Directors or chief executives of the Company were not aware of any other person or corporation who has interests or short positions in the Shares or underlying Shares of the Company which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept under Section 336 of the SFO.

2018 PRE-IPO SHARE OPTION SCHEME

As at 29 February 2024, the number of relevant Shares subject to outstanding options granted under the 2018 Pre-IPO Share Option Scheme was 230,287,254 Shares, representing approximately 2.8% of the issued share capital of the Company. As at 29 February 2024, our Company had granted pre-IPO share options to 321 participants under the 2018 Pre-IPO Share Option Scheme.

OTHER INFORMATION

The following table discloses movements in the outstanding options granted to all grantees under the 2018 Pre-IPO Share Option Scheme:

Grantees	Number of share options					As at 29 February 2024	Date of grant	Exercise period	Exercise price per share option <i>HK\$</i> <i>per share</i>	Vesting period	Weighted average closing price of the Company's shares		
	As at 1 September 2023	Granted during the period	Exercised during the period	Lapsed during the period	As at 29 February 2024						Price of the Company's share immediately before the grant date of share options <i>RMB</i> <i>per share</i>	Immediately before the exercise date <i>RMB</i> <i>per share</i>	At the exercise date of share options <i>HK\$</i> <i>per share</i>
Director													
Li Tao	5,697,167	—	—	—	5,697,167	18 March 2018	From 2 February 2019 to 18 March 2038	1.07	From 18 March 2018 to 2 February 2019	—	—	—	—
Huang Zhongcai	1,697,702	—	—	—	1,697,702	18 March 2018	From 2 February 2019 to 18 March 2038	1.07	From 18 March 2018 to 2 February 2019	—	—	—	—
Sub-total	7,394,869	—	—	—	7,394,869					—	—	—	—
Employees (including Senior Management) and other grantees of 320 individuals	222,892,385	—	—	—	222,892,385	18 March 2018	From 2 February 2019 to 18 March 2038	0.68/1.07/1.30	From 18 March 2018 to 2 February 2019	—	—	—	—
Total	230,287,254	—	—	—	230,287,254					—	—	—	—

As at 29 February 2024, save as disclosed above, no share options were exercised, cancelled or lapsed under the 2018 Pre-IPO Share Option Scheme.

Note:

As at 1 September 2023 and 29 February 2024, no share option was available for grant under the 2018 Pre-IPO Share Option Scheme of the Company.

Details of the 2018 Pre-IPO Share Option Scheme adopted by the Company on 18 March 2018 are set out in Note 25 to the condensed financial information of this report.



2022 SHARE OPTION SCHEME

The Company adopted the 2022 Share Option Scheme on 18 March 2022 to provide incentives or rewards to eligible participants for their past services or performance.

The following table discloses movements in the outstanding options granted to all grantees under the 2022 Share Option Scheme:

	Date of Grant	Vesting Date	Exercise Period	Granted/ Vested during the Reporting Period	Exercised during the Reporting Period	Share Options Cancelled/ Lapsed during the Reporting Period	Exercise Price of Share <i>HKS per Share</i>	Number of Share Options Outstanding at 1 September 2023	Number of Share Options Outstanding at 29 February 2024
Directors/Substantial Shareholders of the Company									
Xu Changjun	11 May 2022	1 December 2022	during the period from 11 May 2023 to 30 November 2032	—	—	—	0.486	5,000,000	5,000,000
Tang Jianyuan	11 May 2022	1 December 2022	during the period from 11 May 2023 to 30 November 2032	—	—	—	0.486	5,000,000	5,000,000
	26 September 2023	26 September 2024	during the period from 26 September 2024 to 30 November 2032	15,000,000	—	—	0.493	—	15,000,000
He Shengli	11 May 2022	1 December 2022	during the period from 11 May 2023 to 30 November 2032	—	—	10,000,000	0.486	10,000,000	—
	26 September 2023	26 September 2024	during the period from 26 September 2024 to 30 November 2032	15,000,000	—	15,000,000	0.493	—	—
Lou Qunwei ⁽⁵⁾	26 September 2023	26 September 2024	during the period from 26 September 2024 to 30 November 2032	10,000,000	—	—	0.493	—	10,000,000
Huang Zhongcai ⁽⁶⁾	11 May 2022	1 December 2022	during the period from 11 May 2023 to 30 November 2032	—	—	—	0.486	5,000,000	5,000,000
	26 September 2023	26 September 2024	during the period from 26 September 2024 to 30 November 2032	10,000,000	—	—	0.493	—	10,000,000
Employees (non-connected persons)									
	11 May 2022	1 December 2022	during the period from 11 May 2023 to 30 November 2032	—	—	22,236,000	0.486	390,081,822	367,845,822
	26 September 2023	26 September 2024	during the period from 26 September 2024 to 30 November 2032	140,000,000	—	—	0.493	—	140,000,000
Total				190,000,000	—	47,236,000		415,081,822	557,845,822

OTHER INFORMATION

Notes:

1. The validity period of share options granted on 11 May 2022 is from 1 December 2022 to 30 November 2032 (both day inclusive). No share options could be exercised before 10 May 2023. The closing price of the Shares on 10 May 2022 was HK\$0.455. As at 1 September 2023, the number of relevant Shares available for grant under the 2022 Share Option Scheme was 190,249,248 Shares. As at 29 February 2024, the number of relevant Shares available for grant under the 2022 Share Option Scheme was 249,248 Shares.
2. On 26 September 2023, the Company granted an aggregate of 190,000,000 share options to 18 eligible participants to exercise and subscribe for 190,000,000 ordinary Shares with nominal value of US\$0.00001 each in the share capital. For details, please refer to the announcements of the Company dated 26 September 2023 and 3 October 2023. The validity period of share options granted on 26 September 2023 is from the date of the grant to 30 November 2032 (both day inclusive). The closing price of the Shares on 25 September 2023 was HK\$0.490. The vesting of such share options is subject to the satisfaction of certain performance targets and other conditions as the Board at its sole discretion may have stipulated and which have been communicated to the grantees in writing. The performance targets are related to (i) financial parameters of the Group and (ii) individual performance indicators relevant to the grantees' roles and responsibilities. The average fair value of the options granted on 26 September 2023 was HK\$0.1448 per Share at the date of grant. Details of the valuation including the accounting standard and policy adopted are set out in Note 25 to the condensed financial information of this report.

The number of Shares that may be issued in respect of options granted under all schemes of the Company during the Reporting Period divided by the weighted average number of Shares in issue for the Reporting Period was 2.31%.



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

FOR THE SIX MONTHS ENDED 29 FEBRUARY 2024

	Notes	For the six months ended	
		29 February 2024 RMB'000 (Unaudited)	28 February 2023 RMB'000 (Unaudited)
REVENUE	4	2,042,168	1,934,831
Cost of sales		(1,143,210)	(962,246)
Gross profit		898,958	972,585
Other income and gains	4	252,856	177,303
Selling expenses		(146,910)	(153,568)
Administrative expenses		(295,762)	(282,721)
Fair value losses on convertible bonds		(146,511)	(91,541)
Other expenses		(101,351)	(12,246)
Finance costs	5	(154,023)	(170,972)
Share of profits of a joint venture		26,958	17,406
PROFIT BEFORE TAX	6	334,215	456,246
Income tax expense	7	(94,505)	(27,788)
PROFIT FOR THE PERIOD		239,710	428,458
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		(56,505)	16,472
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		183,205	444,930
Profit attributable to:			
Owners of the Company		223,866	428,407
Non-controlling interests		15,844	51
		239,710	428,458
Total comprehensive income attributable to:			
Owners of the Company		166,060	444,439
Non-controlling interests		17,145	491
		183,205	444,930
Earnings per share attributable to ordinary equity holders of the Company:			
Basic	8	RMB0.027	RMB0.053
Diluted		RMB0.027	RMB0.052

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

29 FEBRUARY 2024

	Notes	29 February 2024 RMB'000 (Unaudited)	31 August 2023 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	9	11,196,982	11,024,746
Right-of-use assets	9	1,816,442	1,934,308
Interests in land held for property development	9	729,171	735,719
Other intangible assets	9	1,253,420	1,256,563
Investment properties		257,111	261,419
Goodwill	10	2,031,706	2,040,254
Investment in a joint venture		—	553,665
Prepayments, deposits and other receivables	13	384,793	318,136
Pledged and restricted deposits	14	7,520	7,520
Amounts due from related parties	24(c)	34,931	—
Deferred tax assets		23,862	24,520
Contract cost assets		9,580	3,018
Total non-current assets		17,745,518	18,159,868
CURRENT ASSETS			
Trade receivables	12	65,432	104,591
Prepayments, deposits and other receivables	13	745,071	669,313
Amounts due from related parties	24(c)	24,236	45,399
Contract cost assets		13,621	11,461
Pledged and restricted deposits	14	99,484	92,488
Cash and cash equivalents	14	2,565,233	2,827,722
Assets classified as held for sale	11	488,472	390,563
Total current assets		4,001,549	4,141,537
CURRENT LIABILITIES			
Contract liabilities		1,574,242	2,123,601
Trade payables	15	56,594	48,167
Other payables and accruals	16	2,450,648	2,826,225
Deferred income	17	72,210	77,956
Lease liabilities		33,153	33,091
Convertible bonds	19	2,306,390	2,183,887
Interest-bearing bank and other borrowings	18	3,765,968	1,638,351
Amounts due to related parties	24(c)	76,512	83,573
Liabilities directly associated with the assets classified as held for sale	11	5,293	228,588
Tax payable		208,575	167,542
Total current liabilities		10,549,585	9,410,981
NET CURRENT LIABILITIES	1	(6,548,036)	(5,269,444)
TOTAL ASSETS LESS CURRENT LIABILITIES		11,197,482	12,890,424

continued/...



INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

29 FEBRUARY 2024

	Notes	29 February 2024 RMB'000 (Unaudited)	31 August 2023 RMB'000
NON-CURRENT LIABILITIES			
Other payables	16	788,278	845,956
Deferred income	17	1,519,475	1,536,440
Lease liabilities		102,590	116,735
Interest-bearing bank and other borrowings	18	44,283	1,834,662
Deferred tax liabilities		104,854	114,654
Contract liabilities		2,433	2,243
Total non-current liabilities		2,561,913	4,450,690
NET ASSETS		8,635,569	8,439,734
EQUITY			
Equity attributable to owners of the Company			
Issued capital	20	559	559
Reserves		8,617,596	8,438,906
Non-controlling interests		8,618,155	8,439,465
		17,414	269
Total equity		8,635,569	8,439,734

Zhang Bing

Director

Wang Huiwu

Director

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 29 FEBRUARY 2024

	Attributable to owners of the Company							Total	Non-controlling interests	Total equity
	Issued capital	Share premium*	Capital reserve*	Statutory surplus reserve*	Share option reserve*	Retained profits*	Exchange fluctuation reserve*			
	RMB'000 (note 20)	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 September 2023	559	5,131,685	598,468	666,496	136,986	1,937,186	(31,915)	8,439,465	269	8,439,734
Profit for the period	—	—	—	—	—	223,866	—	223,866	15,844	239,710
Other comprehensive income for the period:										
Exchange differences on translation of foreign operations	—	—	—	—	—	—	(57,806)	(57,806)	1,301	(56,505)
Total comprehensive income for the period	—	—	—	—	—	223,866	(57,806)	166,060	17,145	183,205
Equity-settled share option arrangements	—	—	—	—	12,630	—	—	12,630	—	12,630
Transfer from retained profits	—	—	—	41,904	—	(41,904)	—	—	—	—
As at 29 February 2024 (unaudited)	559	5,131,685	598,468	708,400	149,616	2,119,148	(89,721)	8,618,155	17,414	8,635,569
As at 1 September 2022	545	5,017,040	598,468	582,705	103,790	1,810,878	(60,444)	8,052,982	(5,157)	8,047,825
Profit for the period	—	—	—	—	—	428,407	—	428,407	51	428,458
Other comprehensive income for the period:										
Exchange differences on translation of foreign operations	—	—	—	—	—	—	16,032	16,032	440	16,472
Total comprehensive income for the period	—	—	—	—	—	428,407	16,032	444,439	491	444,930
Acquisition of a subsidiary	—	—	—	—	—	—	—	—	4,375	4,375
Equity-settled share option arrangements	—	—	—	—	43,848	—	—	43,848	—	43,848
Disposal of a subsidiary	—	—	—	—	—	—	—	—	(30)	(30)
Transfer from retained profits	—	—	—	49,422	—	(49,422)	—	—	—	—
As at 28 February 2023 (unaudited)	545	5,017,040	598,468	632,127	147,638	2,189,863	(44,412)	8,541,269	(321)	8,540,948

* These reserve accounts comprise the consolidated reserves of RMB8,617,596,000 in the consolidated statement of financial position as at 29 February 2024 (31 August 2023: RMB8,438,906,000).



INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 29 FEBRUARY 2024

	Notes	For the six months ended	
		29 February 2024 RMB'000 (Unaudited)	28 February 2023 RMB'000 (Unaudited)
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES			
Profit before tax		334,215	456,246
Adjustments for:			
Depreciation of items of property, plant and equipment	9	224,646	206,162
Depreciation of right-of-use assets	9	35,632	31,732
Depreciation of land held for property development	9	6,548	6,000
Depreciation of investment properties		2,766	—
Amortisation of other intangible assets	9	21,876	18,166
Amortisation of contract cost assets		9,018	6,966
Deferred income released to profit or loss		(37,619)	(36,789)
Interest income		(12,965)	(15,884)
Finance costs		154,023	157,248
Earned finance income		(1,726)	—
(Gains)/losses on disposal of items of property, plant and equipment and right-of-use assets, net		(10,024)	1,354
Gain on lease modification		—	(35)
Gain on bargain purchase		—	(5,498)
Gain on disposal of subsidiaries		(93,253)	—
Gain on liquidation of a subsidiary		—	(19,171)
Impairment losses on financial assets		6,663	2,000
Share of profit of a joint venture		(26,958)	(17,406)
Fair value losses on convertible bonds		146,511	91,541
Foreign exchange gains, net		(18,724)	(17,027)
Equity-settled share option expense		12,630	43,848
Impairment losses on assets classified as held for sale		86,261	—
Gain on disposal of investment in a joint venture, net		—	(7,640)
		839,520	901,813
Decrease in prepayments, deposits and other receivables		20,836	42,134
Decrease in trade receivables		37,521	44,358
Increase in contract cost assets		(18,506)	(7,595)
Decrease in amounts due from related parties		13,415	11,614
Decrease in contract liabilities		(544,174)	(309,119)
Increase/(decrease) in trade payables		9,004	(10,401)
Increase/(decrease) in amounts due to related parties		15,684	(5,757)
Placement of restricted cash		(37,387)	(5,404)
Decrease in other payables and accruals		(341,569)	(137,317)
Receipt of government grants related to expense items		1,945	4,362
Cash generated from/(used in) operations		(3,711)	528,688
Bank interest received		12,909	6,832
Income tax paid		(61,289)	(17,557)
Net cash flows from/(used in) operating activities		(52,091)	517,963

continued/...

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 29 FEBRUARY 2024

	Note	For the six months ended	
		29 February 2024 RMB'000 (Unaudited)	28 February 2023 RMB'000 (Unaudited)
CASH FLOWS USED IN INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		(606,176)	(829,732)
Prepaid land lease payments		(34,900)	(40,460)
Additions to other intangible assets		(43,475)	(11,209)
Proceeds from disposal of items of property, plant and equipment, other intangible assets and right-of-use assets		123,288	794
Equity investments:			
Acquisition of subsidiaries		—	23,348
Payments for acquisition of subsidiaries in prior years		(822)	—
Disposal of subsidiaries	22	(12,270)	—
Amounts received from the current shareholder of the disposed subsidiaries		98,039	—
Advance received from disposal of a subsidiary		50,000	—
Proceeds from disposal of a subsidiary in the prior year		—	50,000
Proceeds from disposal of investment in a joint venture		—	7,640
Decrease/(increase) in amounts due from related parties:			
Loans repaid by a joint venture		13,575	4,306
Interest income received from a joint venture		361	71
Loans provided to a joint venture		—	(3,575)
Loans provided to an independent third party		(15,000)	—
Receipt of government grants for property, plant and equipment		12,963	27,270
Repayment of prepaid land lease payment		6,654	—
Loans and interest repaid by third parties		25,992	254,796
Net cash flows used in investing activities		(381,771)	(516,751)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES			
Proceeds from bank and other borrowings		2,029,148	1,394,747
Repayment of bank and other borrowings		(1,740,540)	(1,482,273)
Interest paid		(95,194)	(91,209)
Principal portion of lease payments		(13,470)	(10,694)
Interest portion of the lease liabilities		(4,793)	(4,276)
Receipts of loan deposits		1,300	2,600
Security deposits paid for other borrowings		(13,270)	—
Repayment to related parties		(514)	(82,467)
Repayment of other loans recorded in other payables		(14,654)	(42,967)
Placement of restricted deposits		(11,806)	—
Net cash flows from/(used in) financing activities		136,207	(316,539)

continued/...

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 29 FEBRUARY 2024

	For the six months ended	
	29 February 2024 RMB'000 (Unaudited)	28 February 2023 RMB'000 (Unaudited)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(297,655)	(315,327)
Cash and cash equivalents at beginning of the period	2,878,114	2,725,264
Effect of foreign exchange rate changes, net	(15,191)	23,460
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	2,565,268	2,433,397
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS:		
Cash and cash equivalents as stated in the interim condensed consolidated statement of financial position (note 14)	2,565,233	2,433,397
Cash attributable to the subsidiary classified as held for sale	35	—
Cash and cash equivalents as stated in the interim condensed consolidated statement of cash flows	2,565,268	2,433,397

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

29 FEBRUARY 2024

1. BASIS OF PREPARATION

The interim condensed financial information for the six months ended 29 February 2024 (the “Period”) has been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*. The interim condensed financial information does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 August 2023.

Going concern

As at 29 February 2024, the Group recorded net current liabilities of approximately RMB6,548,036,000. Included therein, the Group recorded the current portion of contract liabilities and deferred income of RMB1,574,242,000 and RMB72,210,000, respectively. The Group incurred a profit of RMB239,710,000 for the Period. The Group’s current portion of interest-bearing bank and other borrowings amounted to approximately RMB3,765,968,000, while its cash and bank balances amounted to approximately RMB2,672,237,000 including cash and cash equivalents amounted to approximately RMB2,565,233,000.

As disclosed in the Company’s announcements dated 4 March 2024, the Company has not made the redemption payment on its zero coupon guaranteed convertible bonds (Stock Code: 40600, the “Bonds”) with an aggregate principal amount of USD315,100,000 on 2 March 2024 as the Company received the redemption notice on 10 February 2024. The Bonds are redeemable at the option of the bondholders at 103.04 per cent of the principal amount on 2 March 2024 according to the terms. The Bonds were not redeemed on 2 March 2024 and have been suspended from trading on The Stock Exchange of Hong Kong Limited (the “HKEX”) since 5 March 2024. The aforesaid alleged default (the “Alleged Default”) constitutes certain trigger events under other agreements entered into by the Group with lenders, whereby the lenders are entitled to require the Group to comply with certain undertakings.

All of the above events and conditions indicated the existence of material uncertainties which may cast significant doubt on the Group’s ability to continue as a going concern.

In view of such circumstances, the directors of the Company (the “Directors”) have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern for at least 12 months from 29 February 2024. In order to improve the Group’s liquidity and cash flows to sustain the Group as a going concern, the Group has implemented the following plans and measures:

- (i) The Group will continue to explore a restructuring of the Bonds to secure the sustainable operations of the Group for the benefit of all of its stakeholders, and has engaged financial advisor and legal advisor on the matter. The Group has been working diligently with its advisers on the work for the restructuring of the Bonds.



NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

29 FEBRUARY 2024

1. BASIS OF PREPARATION *(continued)*

Going concern *(continued)*

- (ii) The Group will continue to negotiate with the existing lenders for the other agreements constituting certain trigger events in order to reach agreements with them for not taking any actions against the Group to exercise their right to demand immediate payment of the principals and interest of these borrowings.
- (iii) The Group will continue to negotiate with the existing lenders actively to seek renewal or extension for repayment of the Group's bank and other borrowings.
- (iv) The Group will continue to seek other alternative financing and borrowings to finance the settlement of the existing financial obligations and future operating and capital expenditures.
- (v) The Group will continue to take active measures to control administrative costs and maintain containment of capital expenditures.
- (vi) The Group will continue to seek suitable opportunities to dispose of its equity interests in certain subsidiaries in order to generate additional cash inflows.

The Directors have reviewed the Group's cash flow projections prepared by management. The cash flow projections cover a period of not less than twelve months from 29 February 2024. Although there is a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern, the Directors, after taking into account the above-mentioned plans and measures, are of the opinion that, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 29 February 2024. Accordingly, the Directors are satisfied that it is appropriate to prepare the interim condensed financial information of the Group for the six months ended 29 February 2024 on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether the Group will be able to implement the plans and measures as described above. Whether the Group will be able to continue as a going concern will depend upon the following:

- (i) The successful conclusion of the restructuring of the Bonds.
- (ii) The successful negotiation with the existing lenders for the other agreements constituting certain trigger events and reaching agreements with them for not taking any actions against the Group to exercise their right to demand immediate payment of the principals and interest of these borrowings.

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

29 FEBRUARY 2024

1. BASIS OF PREPARATION *(continued)*

Going concern *(continued)*

- (iii) The successful negotiation with banks and financial institutions on the extension for repayments of borrowings.
- (iv) The successful completion of obtaining additional new sources of financing as and when needed.
- (v) The successful disposal of the Group's equity interests in certain subsidiaries when suitable.

Should the Group be unable to achieve the above-mentioned plans and measures and operate as a going concern, adjustments may have to be made to write down the carrying values of assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the interim condensed financial information.

2. CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed 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 International Financial Reporting Standards ("IFRSs") for the first time for the current 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 Group has assessed the impact of the adoption of the amendments and concluded that the amendments did not have any significant financial impact on the financial position and performance of the Group.



NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

29 FEBRUARY 2024

3. OPERATING SEGMENT INFORMATION

For the six months ended 29 February 2024

	Domestic education RMB'000 (Unaudited)	Global education RMB'000 (Unaudited)	Other RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Segment revenue (note 4)				
Revenue from external customers	1,843,674	198,494	—	2,042,168
Intersegment sales	—	24,467	—	24,467
	1,843,674	222,961	—	2,066,635
<i>Reconciliation:</i>				
Elimination of intersegment sales				(24,467)
Revenue from external customers				2,042,168
Segment results	594,946	30,230	(12,179)	612,997
<i>Reconciliation:</i>				
Interest income				12,965
Foreign exchange differences, net				18,724
Fair value change on convertible bonds				(146,511)
Non-lease-related finance costs				(149,230)
Unallocated corporate expenses				(14,730)
Profit before tax				334,215

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

29 FEBRUARY 2024

3. OPERATING SEGMENT INFORMATION *(continued)*

For the six months ended 28 February 2023

	Domestic education RMB'000 (Unaudited)	Global education RMB'000 (Unaudited)	Other RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Segment revenue (note 4)				
Revenue from external customers	1,759,027	175,804	—	1,934,831
Intersegment sales	—	11,540	—	11,540
	1,759,027	187,344	—	1,946,371
<i>Reconciliation:</i>				
Elimination of intersegment sales				(11,540)
Revenue from external customers				1,934,831
Segment results				
	652,815	61,874	(8,411)	706,278
<i>Reconciliation:</i>				
Interest income				15,884
Foreign exchange differences, net				17,027
Fair value change on convertible bonds				(91,541)
Non-lease-related finance costs				(166,697)
Unallocated corporate expenses				(24,705)
Profit before tax				456,246



NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

29 FEBRUARY 2024

3. OPERATING SEGMENT INFORMATION *(continued)*

The following table presents information of assets and liabilities of the Group's operating segments as at 29 February 2024 and 31 August 2023:

	Domestic education RMB'000	Global education RMB'000	Other RMB'000	Total RMB'000
Segment assets				
29 February 2024 (Unaudited)	16,744,404	1,339,160	1,023,216	19,106,780
31 August 2023	16,992,472	1,370,484	1,038,669	19,401,625
Segment liabilities				
29 February 2024 (Unaudited)	6,689,009	336,405	1,393	7,026,807
31 August 2023	7,859,960	370,735	1,512	8,232,207

4. REVENUE, OTHER INCOME AND GAINS

Revenue

An analysis of revenue is as follows:

	For the six months ended	
	29 February 2024 RMB'000 (Unaudited)	28 February 2023 RMB'000 (Unaudited)
Revenue from contracts with customers	2,042,168	1,934,831

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

29 FEBRUARY 2024

4. REVENUE, OTHER INCOME AND GAINS *(continued)*

Revenue *(continued)*

Disaggregated revenue information for revenue from contracts with customers

For the six months ended 29 February 2024

Segments	Note	Domestic education RMB'000 (Unaudited)	Global education RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Types of goods or services				
Tuition fees		1,601,108	174,385	1,775,493
Boarding fees		146,052	5,069	151,121
Sales of books and daily necessities		45,109	—	45,109
Others	(i)	51,405	19,040	70,445
Total revenue from contracts with customers		1,843,674	198,494	2,042,168
Timing of revenue recognition				
Services transferred over time		1,798,565	198,494	1,997,059
Goods transferred at a point in time		45,109	—	45,109
Total revenue from contracts with customers		1,843,674	198,494	2,042,168

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

29 FEBRUARY 2024

4. REVENUE, OTHER INCOME AND GAINS *(continued)*

Revenue *(continued)*

Disaggregated revenue information for revenue from contracts with customers (continued)

For the six months ended 28 February 2023

Segments	Note	Domestic education RMB'000 (Unaudited)	Global education RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Types of goods or services				
Tuition fees		1,510,330	161,913	1,672,243
Boarding fees		141,845	4,823	146,668
Sales of books and daily necessities		32,954	—	32,954
Others	(i)	73,898	9,068	82,966
Total revenue from contracts with customers				
		1,759,027	175,804	1,934,831
Timing of revenue recognition				
Services transferred over time		1,726,073	175,804	1,901,877
Goods transferred at a point in time		32,954	—	32,954
Total revenue from contracts with customers				
		1,759,027	175,804	1,934,831

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

29 FEBRUARY 2024

4. REVENUE, OTHER INCOME AND GAINS *(continued)*

Other income and gains

An analysis of other income and gains is as follows:

	Notes	For the six months ended	
		29 February 2024 RMB'000 (Unaudited)	28 February 2023 RMB'000 (Unaudited)
Other income			
Bank interest income		12,909	11,139
Interest income from loans to related parties		56	501
Interest income from loans to independent third parties		—	4,244
Total interest income		12,965	15,884
Deferred income released to profit or loss:			
— related to assets	17	27,258	26,176
— related to expenses	17	10,361	10,613
Government grants received	(ii)	7,645	8,819
Service income	(iii)	44,734	34,446
Earned finance income		1,726	—
Others		24,159	31,876
		128,848	127,814
Gains			
Gains on disposal of items of property, plant and equipment and right-of-use assets, net		12,031	118
Gain on disposal of subsidiaries	22	93,253	—
Gain on disposal of investment in a joint venture, net		—	7,640
Gain on liquidation of a subsidiary		—	19,171
Gain on bargain purchase		—	5,498
Gain on lease modification		—	35
Gain on exchange differences, net		18,724	17,027
		124,008	49,489
Total other income and gains		252,856	177,303

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

29 FEBRUARY 2024

4. REVENUE, OTHER INCOME AND GAINS *(continued)*

Other income and gains *(continued)*

Notes:

- (i) During the Period and the six months ended 28 February 2023, "Others" mainly represented income received from the provision of other education services, including self-study examination education services, adult education services, registration services and training services to the students, which was amortised within the training periods of the services rendered.
- (ii) Government grants received represented the subsidies compensated for the incurred operating expenses arising from teaching activities, which are recognised as other income in profit or loss when received. There were no unfulfilled conditions or contingencies relating to these grants.
- (iii) During the Period and the six months ended 28 February 2023, service income mainly represented income derived from granting the rights of canteen and convenient store operations to independent third-party operators.

5. FINANCE COSTS

An analysis of the Group's finance costs is as follows:

	For the six months ended	
	29 February 2024 RMB'000 (Unaudited)	28 February 2023 RMB'000 (Unaudited)
Interest on bank loans and other borrowings	135,686	145,585
Less: Interest capitalised	(9,258)	(2,544)
Interest on lease liabilities	4,793	4,275
Increase in the discounted amounts of payables arising from the passage of time	22,802	23,656
	154,023	170,972
Capitalisation rate of borrowing costs capitalised	7.98%	7.05%

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

29 FEBRUARY 2024

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	Note	For the six months ended	
		29 February 2024 RMB'000 (Unaudited)	28 February 2023 RMB'000 (Unaudited)
Cost of services provided		1,143,210	962,246
Management fees*		63,227	58,288
Equity-settled share option expense		12,630	43,848
Impairment losses on financial assets		6,663	2,000
Impairment losses on assets classified as held for sale	11	86,261	—
Auditors' remuneration		1,600	3,100
Fair value losses on convertible bonds		146,511	91,541

* During the Period and the six months ended 28 February 2023, management fees represented the annual fees payable to the universities into which the Group had entered cooperation agreements to operate independent colleges. Management fees are charged based on a certain percentage of tuition fees received or receivable by the Group.

7. INCOME TAX

The major components of income tax expense of the Group for the Period and for the six months ended 28 February 2023 are as follows:

	For the six months ended	
	29 February 2024 RMB'000 (Unaudited)	28 February 2023 RMB'000 (Unaudited)
Current — Mainland China	94,955	13,384
Current — Malaysia	5,009	3,726
Deferred	(5,459)	10,678
Total tax charged for the period	94,505	27,788

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

29 FEBRUARY 2024

7. INCOME TAX *(continued)*

The Company is not subject to income tax from the business carried out in the Cayman Islands.

No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the Period and the six months ended 28 February 2023.

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 People’s Republic of China (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.

As at the date of approval of the interim condensed financial information, except for two schools which were incorporated as non-profit private schools, the PRC Schools are in the process of classification registrations and remain as private non-enterprise units.

Considering that the relevant taxation policy on 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 have been announced, if the school nature has not yet been changed, the PRC Schools did not pay corporate income tax for the income from formal educational services and have enjoyed the preferential tax treatments during the Period. Following the completion of the registration of the PRC Schools as for-profit private schools, the PRC Schools may be subject to PRC corporate income tax at a rate of 25% in respect of income from the provision of formal educational services, if they do not enjoy any preferential tax treatment.

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

29 FEBRUARY 2024

7. INCOME TAX *(continued)*

According to the Circular on Issues Concerning Tax Policies for In-depth Implementation of Western Development Strategies, certain subsidiaries that are located in Sichuan Province and engaged in the encouraged business are entitled to a preferential CIT rate of 15%. Certain subsidiaries that were established in Horgos, Xinjiang Autonomous Region are exempted from income tax for the first five years after they have obtained their first production and operation income, in accordance with the preferential tax rules.

All of the Group's non-school subsidiaries established in the PRC were subject to PRC corporate income tax at a rate of 25% during the Period, except those subsidiaries which are mentioned above.

Subsidiaries incorporated in Malaysia were subject to corporate income tax at a rate of 24% during the Period.

Non-school subsidiaries incorporated in Thailand were subject to corporate income tax at a rate of 20% and the school incorporated in Thailand was exempted from corporate income tax during the Period.

Subsidiaries incorporated in Hungary were subject to corporate income tax at a rate of 9% during the Period.

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculations of the basic and diluted earnings per share attributable to ordinary equity holders of the Company are based on the following data:

	For the six months ended	
	29 February 2024 RMB'000 (Unaudited)	28 February 2023 RMB'000 (Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the Company, used in the basic and diluted earnings per share calculation	223,866	428,407



NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

29 FEBRUARY 2024

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY *(continued)*

Number of shares

	Notes	For the six months ended	
		29 February 2024 (Unaudited)	28 February 2023 (Unaudited)
Shares			
Weighted average number of ordinary shares used in the basic earnings per share calculation	(i)	8,224,974,706	8,027,550,706
Effect of dilution — weighted average number of ordinary shares:	(ii)		
Share options — 2022 Share Option Scheme		—	137,554,217
Weighted average number of ordinary shares used in the diluted earnings per share calculation		8,224,974,706	8,165,104,923

Notes:

- (i) The weighted average number of 8,224,974,706 ordinary shares was the ordinary shares in issue during the Period (six months ended 28 February 2023: 8,027,550,706 ordinary shares in issue).
- (ii) The weighted average number of ordinary shares were assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.
- (iii) No adjustment has been made to the basic earnings per share amount presented for the Period in respect of a dilution for the share options under the 2018 Pre-IPO Share Option Scheme and 2022 Share Option Scheme as the exercise prices were higher than the average market price of the Company during the Period.
- (iv) When taking convertible bonds into account in the calculation of diluted earnings per share, the profit attributable to ordinary equity holders of the Company would increase by RMB122,503,000 (six months ended 28 February 2023: RMB107,862,000) and the weighted average number of ordinary shares would increase by 634,545,925 (six months ended 28 February 2023: 634,545,925), and had an anti-dilutive effect on the basic earnings per share for the Period and the six months ended 28 February 2023 and thus was ignored in the calculation of diluted earnings per share.

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

29 FEBRUARY 2024

9. INTERESTS IN LAND HELD FOR PROPERTY DEVELOPMENT, PROPERTY, PLANT AND EQUIPMENT, OTHER INTANGIBLE ASSETS AND RIGHT-OF-USE ASSETS

	Interests in land held for property development	Property, plant and equipment	Other intangible assets	Right-of-use assets
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	(note (a))	(note (b))	(note (c))	
Carrying amounts at 1 September 2023	735,719	11,024,746	1,256,563	1,934,308
Additions	—	453,552	25,045	68,824
Disposals	—	(21,610)	(19)	(148,062)
Transferred to assets held for sale	—	(18)	—	—
Depreciation/amortisation charged to profit or loss for the Period	(6,548)	(224,646)	(21,876)	(35,632)
Exchange realignment	—	(35,042)	(6,293)	(2,996)
Carrying amounts at 29 February 2024	729,171	11,196,982	1,253,420	1,816,442

Notes:

- (a) The Group's interests in land use rights for property development are in respect of prepayments for the rights to use certain pieces of land situated in Mainland China over fixed periods and held under leases with terms of 40 to 70 years.
- (b) As at 29 February 2024, the Group has been in the customary process of obtaining the relevant property ownership certificates for certain buildings with an aggregate net carrying amount of approximately RMB1,931,056,000 (31 August 2023: RMB2,472,990,000). The Group's buildings can only be sold, transferred or mortgaged when the relevant certificates have been obtained.
- (c) As at 29 February 2024, management concluded that there was no impairment indicator of trade name with indefinite useful life with a net carrying amount of RMB142,789,000 and thus no impairment test was performed with details in note 10.
- (d) As at 29 February 2024, certain of the Group's property, plant and equipment with a net carrying amount of approximately RMB11,386,000 (31 August 2023: RMB11,589,000) were pledged to secure the bank loans granted to the Group (note 18(a)).
- (e) As at 29 February 2024, the Group's leasehold land with a net carrying amount of approximately RMB15,832,000 (31 August 2023: RMB16,121,000) was pledged to secure the bank loans granted to the Group (note 18(a)).

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

29 FEBRUARY 2024

10. GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE LIVES

	Intangible assets with indefinite lives	Goodwill
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cost and net carrying amount at 1 September 2023	149,031	2,040,254
Exchange realignment	(6,242)	(8,548)
Cost and net carrying amount at 29 February 2024	142,789	2,031,706

The Group performed its annual impairment testing as at each 31 August and when circumstances indicated that the carrying value may be impaired. The Group's impairment test for goodwill and intangible assets with indefinite lives is based on value-in-use calculations. The key assumptions used to determine the recoverable amount for the different cash-generating units were disclosed in the annual consolidated financial statements for the year ended 31 August 2023. During the Period, in the opinion of management, there were no significant adverse changes in the operating results and macro environment for the education business in Mainland China. And management concluded that there was no impairment indicator of goodwill and intangible assets with indefinite lives as at 29 February 2024. Accordingly, management did not perform impairment testing on goodwill and intangible assets with indefinite lives as at 29 February 2024.

11. ASSETS/LIABILITIES CLASSIFIED AS HELD FOR SALE

	29 February 2024	31 August 2023
Note	RMB'000	RMB'000
	(Unaudited)	
Non-current assets classified as held for sale	—	13,708
Assets of disposal groups classified as held for sale (a)	488,472	376,855
Total assets classified as held for sale	488,472	390,563
Liabilities of disposal groups classified as held for sale	5,293	228,588

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

29 FEBRUARY 2024

11. ASSETS/LIABILITIES CLASSIFIED AS HELD FOR SALE *(continued)*

Note:

(a) Assets/liabilities of disposal groups classified as held for sale consisted of:

	29 February 2024 RMB'000 (Unaudited)	31 August 2023 RMB'000
Property, plant and equipment	18	180,502
Right-of-use assets	—	40,838
Other intangible assets	—	1,000
Pledged and restricted deposits	—	98,039
Cash and bank balances	35	50,392
Prepayments and other receivables	187	5,314
Trade receivables	—	770
Investment in a joint venture	574,493	—
	574,733	376,855
Impairment losses on assets classified as held for sale	(86,261)	—
Total assets of disposal groups classified as held for sale	488,472	376,855
Contract liabilities	—	50,324
Other payables and accruals	1,000	170,774
Tax payable	3,659	3
Amount due to related parties	634	13
Deferred income	—	4,344
Other long-term payables	—	3,130
Total liabilities of disposal groups classified as held for sale	5,293	228,588

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

29 FEBRUARY 2024

11. ASSETS/LIABILITIES CLASSIFIED AS HELD FOR SALE *(continued)*

Note: *(continued)*

(a) Assets/liabilities of disposal groups classified as held for sale consisted of: *(continued)*

On 31 January 2024, the Group entered into an agreement to dispose of its entire interests in Jiangxi Changzhen Industrial Co., LTD (“Jiangxi Changzhen”) to an independent third party for a total consideration of RMB500,000,000 to be paid in five separate instalments, which in turn indirectly disposed of the 100% ownership interest in Gongqing College of Nanchang University, a joint venture of the Group. As at 29 February 2024, Jiangxi Changzhen was classified as a disposal group held for sale as the disposal was in progress and expected to be completed within next one year. In accordance with IFRS 5, assets classified as held for sale with a carrying amount of RMB574,733,000 were written down to their fair value of RMB488,472,000, less limited costs to sell, resulting in a loss of RMB86,261,000, which was included in “other expenses” in profit or loss for the Period.

On 28 August 2023, the Group entered into a sale and purchase agreement to dispose of its entire interests in Hebi Hongyi Education Consulting Co., Ltd., which holds a 100% sponsor right in Hebi Automotive Engineering Professional College engaging in the provision of higher education services (the major operation of the Group), to an independent third party for a total consideration of RMB304,000,000, subject to an adjustment of the liabilities assumed by the third party, which was determined based on the amount audited by an auditor appointed by the third party. The disposal was completed on 4 September 2023 with further details refer to note 22.

12. TRADE RECEIVABLES

An ageing analysis of the trade receivables as at the end of the Period, based on the transaction date and net of loss allowance, is as follows:

	29 February 2024 RMB'000 (Unaudited)	31 August 2023 RMB'000
Within 1 month	18,638	43,388
1 to 2 months	2,257	765
2 to 3 months	1,624	9,759
Over 3 months	42,913	50,679
	65,432	104,591

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

29 FEBRUARY 2024

13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Notes	29 February 2024 RMB'000 (Unaudited)	31 August 2023 RMB'000
Current portion:			
Loans to third parties, interest receivables included	(a)	460,268	471,260
Cash in transit		3,760	59,212
Prepayments for management fees		11,763	47
Prepaid expenses		90,747	62,895
Deposits		36,046	27,595
Staff advances		34,084	26,334
Amounts due from the local finance department		—	78,735
Loans to the government		30,641	24,581
Rental receivables from third parties		27,752	19,642
Receivables arising from the disposal of subsidiaries		70,252	—
Receivables arising from the disposal of items of property, plant and equipment and right-of-use assets		70,000	—
Other receivables		97,121	79,712
		932,434	850,013
Impairment allowance		(187,363)	(180,700)
		745,071	669,313
Non-current portion:			
Prepayments for property, plant and equipment		61,685	36,833
Prepayments for intangible assets		2,219	969
Prepaid expenses		49,339	—
Prepayments for land lease payments		142,397	174,917
Loans to a third party	(a)	—	15,000
Security deposits for other borrowings		93,865	90,417
Receivables arising from the disposal of subsidiaries		35,288	—
		384,793	318,136
		1,129,864	987,449

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

29 FEBRUARY 2024

13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES *(continued)*

Notes:

- (a) Loans to third parties and interest receivables from third parties consisted of:

	Notes	29 February 2024 RMB'000 (Unaudited)	31 August 2023 RMB'000
Guixi Property:	(i)		
Principal		321,919	347,911
Less: impairment allowance		(154,406)	(154,406)
		167,513	193,505
Zhongsheng Real Estate:	(ii)		
Principal		107,000	107,000
Interest receivables		31,349	31,349
Less: impairment allowance		(21,333)	(21,333)
		117,016	117,016
		284,529	310,521

- (i) Loans to Chengdu Wuhou Guixi Property Development Company Limited ("Guixi Property"), a company controlled by the previous ultimate shareholder of Sichuan TOP IT Vocational Institute, bear interest at a fixed rate of 7.5% per annum. The loans are secured by the pledge of buildings and certain car parks (the "Collaterals") belonging to Guixi Property. Meanwhile, the Group requested property preservation on a 40% equity interests held by Guixi Property and a receivable from the disposal of a sponsor rights of a hospital (the "Preserved Properties"), which had been passed by the people's court.

During the Period, parts of the Collaterals had been auctioned and the proceeds from the disposal of collaterals had been used to repay the principal due from Guixi Property.

As at 29 February 2024, after considering the repayment of the loans through the proceeds from the auction, the remaining principal of RMB321,919,000 has been past due. The Group had recognised an impairment allowance amounting to RMB154,406,000 as at 29 February 2024 (31 August 2023: RMB154,406,000).

The Group has taken actions in recovering the principal through the Collaterals and the Preserved Properties.

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

29 FEBRUARY 2024

13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES *(continued)*

Notes: *(continued)*

- (a) Loans to third parties and interest receivables from third parties consisted of: *(continued)*
- (ii) The balance represented loans to Chongqing Zhongsheng Real Estate Development Co. Ltd. (“Zhongsheng Real Estate”), a former subsidiary of the Group, which bears interest at a fixed rate of 8% per annum. The loan and interest receivable are secured by 100% equity interests in Zhongsheng Real Estate. The Group had recognised an impairment allowance amounting to RMB21,333,000 as at 29 February 2024 (31 August 2023: RMB21,333,000).
- (b) In addition to the impairment allowance in (a), impairment allowance amounting to RMB11,624,000 (31 August 2023: RMB4,961,000) is related to the non-recovery of the deposits and other receivables.

Except as disclosed above, all the receivables are interest-free, are not secured with collateral and have no recent history of default.

14. CASH AND CASH EQUIVALENTS

	Note	29 February 2024 RMB'000 (Unaudited)	31 August 2023 RMB'000
Cash and bank balances		2,672,237	2,927,730
<i>Less:</i>			
<i>Pledged deposits for medium term notes — current</i>	18(a)	(11,608)	—
<i>Restricted bank balance in escrow accounts</i>			
Current		(85,857)	(71,611)
Non-current		(7,520)	(7,520)
<i>Other restricted bank balances — current</i>		(2,019)	(20,877)
Total pledged and restricted deposits		(107,004)	(100,008)
Cash and cash equivalents		2,565,233	2,827,722

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

29 FEBRUARY 2024

14. CASH AND CASH EQUIVALENTS *(continued)*

The cash and bank balances were denominated in the following currencies:

	29 February 2024 RMB'000 (Unaudited)	31 August 2023 RMB'000
RMB	1,893,734	2,574,279
Hong Kong Dollar ("HK\$")	14,169	16,554
Malaysian Ringgit ("RM")	337,235	186,474
United States Dollar ("US\$")	48,900	67,736
Thailand Baht ("THB")	371,836	76,474
Euro ("EUR")	5,902	5,842
Hungarian Forint ("HUF")	461	371
Cash and bank balances	2,672,237	2,927,730

15. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the Period, based on the invoice date, is as follows:

	29 February 2024 RMB'000 (Unaudited)	31 August 2023 RMB'000
Within 1 month	10,002	14,212
1 to 2 months	13,190	8,786
2 to 3 months	15,515	4,627
Over 3 months	17,887	20,542
	56,594	48,167

The trade payables are non-interest-bearing and are normally settled on terms of one to ten months.

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

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16. OTHER PAYABLES AND ACCRUALS

Note	29 February 2024 RMB'000 (Unaudited)	31 August 2023 RMB'000
Current portion:		
	679,822	758,573
	621,658	629,591
	136,091	219,211
	191,698	195,439
	118,075	229,562
	34,115	35,023
	23,028	36,190
	24,340	41,643
	56,999	64,537
	118,550	120,748
	211,337	253,890
(a)	17,003	30,003
	75,832	75,832
	78,760	80,682
	50,000	41,961
	13,340	13,340
	2,450,648	2,826,225
Non-current portion:		
	438,578	505,143
	342,159	332,238
	7,541	8,575
	788,278	845,956
	3,238,926	3,672,181

Note:

- (a) As at 29 February 2024, loans from third parties provided by a company controlled by a former shareholder of Xi'an Siyuan University ("Shaanxi University"), which bore interest at an interest rate of 15.5% per annum, were unsecured and repayable on demand.

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

29 FEBRUARY 2024

17. DEFERRED INCOME

	Government grants related to expense items	Government grants related to assets
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
At 1 September 2023	36,382	1,578,014
Government grants received	1,945	12,963
Released to profit or loss (note 4)	(10,361)	(27,258)
At 29 February 2024	27,966	1,563,719
<i>Current</i>	27,966	44,244
<i>Non-current</i>	—	1,519,475

Deferred income related to assets mainly represents the government grants received for subsidies relating to the construction of certain buildings. These grants related to assets are released to profit or loss as other income over the expected useful lives of the relevant assets.

Deferred income related to expense items refers to government grants received for the purpose of subsidising teaching-related operating costs incurred during the provision of education services. Upon completion of the operating activities, the grants would be released to profit or loss as other income on a systematic basis over the periods that the costs, for which they are intended to compensate, are expensed.

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

29 FEBRUARY 2024

18. INTEREST-BEARING BANK AND OTHER BORROWINGS

	29 February 2024			31 August 2023		
	Effective interest rate (%) (Unaudited)	Maturity (Unaudited)	RMB'000 (Unaudited)	Effective interest rate (%)	Maturity	RMB'000
Current						
Bank loans — secured	3.80–7.00	2024–2025	690,000	3.90–7.00	2023–2024	540,000
Bank loans — unsecured	4.40	2024	12,276	4.85	2023–2024	64,173
Current portion of:						
— long term bank loans	4.85–6.00	2024–2027	282,900	5.00–6.84	2023–2024	89,200
— secured [^]						
— medium term notes	5.30	2028	244,555	—	—	—
— secured [^]						
— guaranteed debentures	5.62	2026	253,510	—	—	—
— secured [^]						
— syndicated loan	—	—	—	2.25+HIBOR	2023–2024	85,579
— secured						
— other borrowings	6.61–10.65	2024–2028	2,282,727	6.81–10.65	2023–2024	859,399
— secured [^]						
			3,765,968			1,638,351
Non-current						
Bank loans — secured	—	—	—	5.00–6.84	2024–2026	29,800
Syndicated loan	—	—	—	2.25+HIBOR	2024–2025	473,156
— secured						
Other borrowings	8.82–9.01	2025–2026	44,283	6.81–10.65	2024–2026	1,331,706
— secured						
			44,283			1,834,662
			3,810,251			3,473,013

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

29 FEBRUARY 2024

18. INTEREST-BEARING BANK AND OTHER BORROWINGS *(continued)*

Notes:

The Group's bank and other borrowings are denominated in the following currencies:

	29 February 2024 RMB'000 (Unaudited)	31 August 2023 RMB'000
RMB	3,312,186	2,914,278
HKD	—	558,735
RM	244,555	—
THB	253,510	—
Bank and other borrowings	3,810,251	3,473,013

^ As mentioned in note 1, the Alleged Default of the Group have resulted in certain trigger events in certain bank and other loans of RMB1,981,507,000 whereby the lenders are entitled to require the Group to comply with certain undertakings and repay immediately.

The Group's bank loans and other borrowings are secured by:

(a) Mortgages over the following assets:

(i) Certain of the Group's non-current assets are pledged for bank loans of RMB18,000,000 as at 29 February 2024 (31 August 2023: RMB18,000,000):

	29 February 2024 RMB'000 (Unaudited)	31 August 2023 RMB'000
<i>Net book amount of:</i>		
Property, plant and equipment (note 9(d))	11,386	11,589
Prepaid land lease payments (note 9(e))	15,832	16,121
	27,218	27,710

(ii) Deposits amounting RMB11,608,000 (note 14) were set aside as security for the payment of an one-year interest payable arising from the medium term notes of the Group amounting to RMB244,555,000 (31 August 2023: Nil).

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

29 FEBRUARY 2024

18. INTEREST-BEARING BANK AND OTHER BORROWINGS *(continued)*

Notes: *(continued)*

- (b) Pledges of equity interests in the following subsidiaries to secure the bank loans granted to the Group:
- (i) 100% of the equity interest in Sichuan Guojian Investment Limited, the guarantee granted by the Company, and the rights over tuition fees of Southwest Jiaotong University Hope College have been provided or pledged to Yunnan International Trust Co., Ltd. in relation to the Group's asset-backed notes of RMB533,251,000 as at 29 February 2024 (31 August 2023: RMB664,261,000).
 - (ii) 100% of the equity interest in Sichuan TOP Education Co., Ltd., the guarantee granted by the Company, and the rights over tuition fees of Sichuan TOP IT Vocational Institute have been provided or pledged to Yunnan International Trust Co., Ltd. in relation to the Group's asset-backed notes of RMB524,950,000 as at 29 February 2024.
 - (iii) 100% of the equity interest in Sichuan Yonghe Education Investment Limited has been pledged for the bank loans of RMB120,000,000 as at 29 February 2024.
- (c) The rights over tuition or boarding fees of the following schools:

	Loan amount	
	29 February 2024 RMB'000 (Unaudited)	31 August 2023 RMB'000
Southwest Jiaotong University Hope College	533,251	664,261
Shaanxi University	105,000	97,000
Sichuan Tianyi College	90,000	—
Sichuan TOP IT Vocational Institute	524,950	—
Sichuan Hope Automotive Technician School, Kunshan Gongmao Technical School and Business School	100,000	—
	1,353,201	761,261



NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

29 FEBRUARY 2024

18. INTEREST-BEARING BANK AND OTHER BORROWINGS *(continued)*

In addition, certain of the Group's bank and other borrowings are guaranteed by the following parties:

	Loan amount	
	29 February 2024 RMB'000 (Unaudited)	31 August 2023 RMB'000
Related parties' guarantees		
— Tequ Education and Mr. Wang Huiwu	—	10,800
— Mr. Wang Huiwu	1,159,244	1,302,438
	1,159,244	1,313,238
Former shareholders of:		
— Shaanxi University	105,000	97,000
— Jinken Vocational and Technical College	18,000	18,000
	123,000	115,000
Third party's guarantee		
— Credit Guarantee and Investment Facility	498,065	—
	1,780,309	1,428,238

19. CONVERTIBLE BONDS

On 2 March 2021, Tequ Mayflower Limited, a wholly-owned subsidiary of the Company completed the issue of the Bonds with the aggregate principal amount of US\$350,000,000 (equivalent to approximately RMB2,259,775,000) with a maturity date on 2 March 2026. During the year ended 31 August 2022, the Group had repurchased the Bonds with the aggregate principal amount of US\$34,900,000 at a consideration of US\$20,991,250 (equivalent to approximately RMB140,698,000).

The Bonds are convertible at the option of the bondholders into ordinary shares of the Company, on or after 12 April 2021 to the close of business on the seventh day prior to the maturity date at an initial conversion price of HK\$3.85 per share. The Bonds are redeemable at the option of the bondholders at 103.04 per cent of the principal amount on 2 March 2024. Any convertible bonds not converted will be redeemed on 2 March 2026 at 105.11 per cent of its principal amount.

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

29 FEBRUARY 2024

19. CONVERTIBLE BONDS *(continued)*

The Group designated the convertible bonds (including the conversion option) as financial liabilities at fair value through profit or loss which are initially recognised at fair value, with transaction costs relating to the issuance of the convertible bonds immediately charged to profit or loss. In subsequent periods, such convertible bonds are remeasured at fair value. The change in fair value that is attributed to change in credit risk is recognised in other comprehensive income with the remaining fair value change recognised in profit or loss.

As mentioned in note 1, the Bonds were classified as current liabilities as at 29 February 2024 due to the redemption notice received by the Company on 10 February 2024. The Bonds were not redeemed on 2 March 2024 and have been suspended from trading on the HKEX since 5 March 2024. As at the date of approval of the financial statements, the debt restructuring was in progress.

As at 29 February 2024, the fair values of the convertible bonds were RMB2,306,390,000 (31 August 2023: RMB2,183,887,000).

20. SHARE CAPITAL

	29 February 2024 US\$ (Unaudited)	31 August 2023 US\$
Authorised:		
10,000,000,000 shares of US\$0.00001 each	100,000	100,000
Issued and fully paid:		
8,224,974,706 ordinary shares (31 August 2023: 8,224,974,706 ordinary shares) of US\$0.00001 each	82,250	82,250
Equivalent to approximately	RMB558,695	RMB558,695

21. DIVIDENDS

At the meeting of the board of directors held on 30 April 2024, the Directors did not recommend any payment of interim dividend (six months ended 28 February 2023: Nil).



NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

29 FEBRUARY 2024

22. DISPOSAL OF SUBSIDIARIES

	Note	RMB'000 (Unaudited)
Net assets disposed of:		
Property, plant and equipment		179,373
Right-of-use assets		40,838
Other intangible assets		1,000
Cash and bank balances		54,231
Trade receivables		770
Prepayments and other receivables		4,417
Other payables and accruals		(169,468)
Contract liabilities		(51,165)
Deferred income		(4,344)
Other long-term payables		(3,130)
		52,522
Gain on disposal of subsidiaries	4	93,253
		145,775
Satisfied by:		
Cash		41,961
Other receivables		103,814
		145,775

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	RMB'000 (Unaudited)
Cash consideration	41,961
Cash and bank balances disposed of	(54,231)
	(12,270)

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

29 FEBRUARY 2024

23. COMMITMENTS

The Group had the following contractual commitments as at the end of the reporting periods:

	29 February 2024 RMB'000 (Unaudited)	31 August 2023 RMB'000
Property, plant and equipment	1,801,123	971,629
Prepaid land lease payments	102,632	37,732
	1,903,755	1,009,361

24. RELATED PARTY TRANSACTIONS AND BALANCES

(a) Name and relationship

The directors of the Company are of the opinion that the following parties/companies are related parties that had significant transactions or balances with the Group during the Period.

Related parties	Relationships
Mr. Wang Huiwu	One of the ultimate jointly controlling parties
Mr. Wang Degen	One of the ultimate jointly controlling parties
Sichuan Mayflower Enterprise Management Co., Ltd. ("Sichuan Mayflower")	One of the jointly controlling shareholders
Sichuan Tequ Education Management Co., Ltd. ("Tequ Education")	A company jointly controlled by the controlling shareholders
Ziyang Automobile Science and Technology Vocational College ("Ziyang Technology School")	A school controlled by Tequ Education
Sichuan Mayflower Wine Sales Co., Ltd. ("Mayflower Wine Sales")	A company controlled by a close relative of Mr. Wang Huiwu
Sichuan Rongxing Driving School Co., Ltd. ("Rongxing Driving School")	A company controlled by Tequ Education
Sichuan Mayflower Construction Project Co., Ltd. ("Sichuan Mayflower Construction")	A company controlled by Mr. Wang Huiwu
Xiwang Tianyuan Insurance Brokage Co., Ltd. ("Tianyuan Insurance")	A company controlled by Mr. Wang Huiwu

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

29 FEBRUARY 2024

24. RELATED PARTY TRANSACTIONS AND BALANCES *(continued)*

(a) Name and relationship *(continued)*

Related parties	Relationships
Chengdu Mayflower Property Management Co., Ltd. ("Chengdu Mayflower Property Management")	A company controlled by Mr. Wang Huiwu
Sichuan Wuyang Construction Project Co., Ltd. ("Wuyang Construction")	A company controlled by a close relative of Mr. Wang Huiwu
Chengdu Mayflower Senior Technical School ("Chengdu Mayflower Technical")	A school controlled by Tequ Education
Guizhou Mayflower Real Estate Development Co. Ltd. ("Guizhou Mayflower Property")	A company controlled by Sichuan Mayflower
Gongqing College of Nanchang University	Joint venture of the Group
Chengdu Wanfengyuan Catering Service Co. Ltd. ("Chengdu Wanfengyuan Catering Service")	A company controlled by a close relative of Mr. Wang Huiwu
Chengdu Pengyang Enterprise Management Consulting Co., Ltd. ("Chengdu Pengyang")	A company controlled by Mr. Wang Huiwu
Xi'an Siyuan Middle School	A school legally owned by the Group
Sichuan Tequ Mayflower Education Management Co., Ltd. ("Sichuan Tequ Mayflower")	A company controlled by Mr. Wang Huiwu
Yinchuan Bahan Catering Management Co., Ltd.	A company controlled by Tequ Education
Chengdu Wukuaiwu Catering Management Co., Ltd. ("Chengdu Wukuaiwu Catering Management")	A company controlled by Tequ Education
Sichuan Top Computer Vocational School	A school controlled by Tequ Education
Chengdu Wuhou District Jiuyiling Cultural Training School Co., Ltd. ("Jiuyiling Cultural Training School")	A company controlled by Tequ Education
Chengdu Jiuhan Enterprise Management Co., Ltd. ("Chengdu Jiuhan Enterprise Management")	A company controlled by Tequ Education

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

29 FEBRUARY 2024

24. RELATED PARTY TRANSACTIONS AND BALANCES *(continued)*

(b) Transactions with related parties

In addition to the transactions detailed elsewhere in this report, the Group had the following transactions with related parties:

(i) *Loans provided to Gongqing College of Nanchang University*

	For the six months ended	
	29 February 2024 RMB'000 (Unaudited)	28 February 2023 RMB'000 (Unaudited)
Loans provided	—	3,575
Loans received	(13,575)	(4,306)
Interest expense charged	56	501
Interest received	(361)	(71)
Effective interest rate, per annum	6.5%–8%	6.5%–8%

The above loans are unsecured.

(ii) *Loans received from related parties:*

	For the six months ended	
	29 February 2024 RMB'000 (Unaudited)	28 February 2023 RMB'000 (Unaudited)
Loans repaid*	(514)	(75,169)
Interest expense charged	—	611
Interest paid	—	(7,298)
Effective interest rate, per annum	nil	nil–15%

The Group repaid loans to Mr. Wang Huiwu during the Period and repaid loans to Sichuan Mayflower Construction and Sichuan Tequ Mayflower during the six months ended 28 February 2023.



NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

29 FEBRUARY 2024

24. RELATED PARTY TRANSACTIONS AND BALANCES *(continued)*

(b) Transactions with related parties *(continued)*

(iii) Procurement of property, equipment and fixtures

	For the six months ended	
	29 February 2024 RMB'000 (Unaudited)	28 February 2023 RMB'000 (Unaudited)
Wuyang Construction	72,445	16,769

The considerations for the construction and procurement of properties were determined at prices mutually agreed between the Group and its related parties with reference to the arm's length pricing obtained from the market.

(iv) Goods purchased and services received from related parties

	For the six months ended	
	29 February 2024 RMB'000 (Unaudited)	28 February 2023 RMB'000 (Unaudited)
Mayflower Wine Sales	108	540
Chengdu Mayflower Property Management	1,561	1,182
Tianyuan Insurance	1,393	188
Chengdu Jiuhan Enterprise Management	1,229	—
Others	1,114	461
	5,405	2,371

The purchases of goods or services from the related parties were determined at prices mutually agreed between the Group and its related parties with reference to the pricing obtained from the market.

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

29 FEBRUARY 2024

24. RELATED PARTY TRANSACTIONS AND BALANCES *(continued)*

(b) Transactions with related parties *(continued)*

(v) Properties leased to related parties

	For the six months ended	
	29 February 2024 RMB'000 (Unaudited)	28 February 2023 RMB'000 (Unaudited)
Sichuan Top Computer Vocational School	1,979	—
Ziyang Technology School	374	944
Rongxing Driving School	143	214
Others	958	70
	3,454	1,228

Rental charges were determined at prices mutually agreed between the Group and its related parties with reference to the prevailing market price of local properties in vicinity with similar size and quality.

(vi) Goods sold and services provided to related parties

	For the six months ended	
	29 February 2024 RMB'000 (Unaudited)	28 February 2023 RMB'000 (Unaudited)
Gongqing College of Nanchang University	23,560	15,369
Chengdu Mayflower Property Management	650	370
Chengdu Wanfengyuan Catering Service	—	3,021
Chengdu Wukuaiwu Catering Management	2,752	4,117
Others	3,922	2,324
	30,884	25,201

Goods sold and services provided to the related parties were charged at prices mutually agreed between the Group and its related parties with reference to the pricing obtained from the market.

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

29 FEBRUARY 2024

24. RELATED PARTY TRANSACTIONS AND BALANCES *(continued)*

(c) Balances with related parties

The Group had outstanding balances due from and to related parties at the end of the Period.

Amounts due from related parties

	29 February 2024 RMB'000 (Unaudited)	31 August 2023 RMB'000
Non-trade in nature — current		
Gongqing College of Nanchang University	—	13,880
Trade in nature — current		
Chengdu Mayflower Technical	3	1,783
Gongqing College of Nanchang University	8,622	7,366
Chengdu Mayflower Property Management	983	1,397
Yinchuan Bahan Catering Management Co., Ltd.	—	2,601
Ziyang Technology School	834	3,493
Guizhou Mayflower Property	1,313	1,313
Chengdu Pengyang	5,300	8,000
Chengdu Wanfengyuan Catering Service	32	32
Sichuan Top Computer Vocational School	4,312	2,335
Others	2,837	3,199
Total current	24,236	45,399
Trade in nature — non-current		
Wuyang Construction	34,931	—
	59,167	45,399

Except for the amount due from Gongqing College of Nanchang University of RMB13,880,000 as at 31 August 2023, amounts due from the related parties are unsecured, interest-free and have no fixed terms of repayment.

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

29 FEBRUARY 2024

24. RELATED PARTY TRANSACTIONS AND BALANCES *(continued)*

(c) Balances with related parties *(continued)*

Amounts due to related parties

	29 February 2024 RMB'000 (Unaudited)	31 August 2023 RMB'000
Non-trade in nature — current		
Mr. Wang Huiwu	—	514
Trade in nature — current		
Wuyang Construction	48,880	70,477
Gongqing College of Nanchang University	64	784
Xi'an Siyuan Middle School	8,809	4,009
Jiuyiling Cultural Training School	15,538	6,726
Others	3,221	1,063
	76,512	83,059
	76,512	83,573

Payables due to related parties are unsecured, interest-free and have no fixed terms of repayment.

(d) Compensation of key management personnel of the Group:

	For the six months ended	
	29 February 2024 RMB'000 (Unaudited)	28 February 2023 RMB'000 (Unaudited)
Salaries, allowances and benefits in kind	1,576	1,605
Equity-settled share option expense	1,994	3,857
Pension scheme contributions	130	167
	3,700	5,629

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

29 FEBRUARY 2024

25. SHARE OPTION SCHEME

The Company operates two share option schemes, including the share option scheme adopted on 18 March 2018 (the “2018 Pre-IPO Share Option Scheme”) and the share option scheme adopted on 11 May 2022 (the “2022 Share Option Scheme”), for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations.

2018 Pre-IPO Share Option Scheme

During the Period, no share options under the 2018 Pre-IPO Share Option Scheme are exercised. The following table discloses the details of share options outstanding under the 2018 Pre-IPO Share Option Scheme as at 29 February 2024:

	Number of share options	Exercise price per share HK\$	Fair value per share RMB	Exercise period
2018 Pre-IPO Share Option Scheme				
Tranche A Options	168,372	0.6800	0.4427	30.1.2019–18.3.2038
Tranche B Options	125,037,323	1.0700	0.3542	30.1.2019–18.3.2038
Tranche C Options	105,081,559	1.3000	0.3133	30.1.2019–18.3.2038
	230,287,254			

2022 Share Option Scheme

On 11 May 2022, a total of 612,505,822 share options under the 2022 Share Option Scheme (the “2022 Share Option”) were granted to certain employees of the Company in respect of their services to the Group in the forthcoming year. During the Period, no share options under the 2022 Share Option are exercised and 32,236,000 share options under the 2022 Share Option are lapsed. The following table discloses the details of share options outstanding under the 2022 Share Option as at 29 February 2024:

	Number of share options	Exercise price per share HK\$	Fair value per share RMB	Exercise period
2022 Share Option	382,845,822	0.486	0.1448	11.5.2023–10.5.2032

The fair value of the share options granted under the 2022 Share Option was RMB88,665,000, of which the Group recognised a share option expense of nil during the Period (six months ended 28 February 2023: RMB43,848,000).

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

29 FEBRUARY 2024

25. SHARE OPTION SCHEME *(continued)*

2022 Share Option Scheme *(continued)*

On 26 September 2023, a total of 190,000,000 share options under the 2022 Share Option Scheme (the “2023 Share Option”) were granted to certain employees of the Company in respect of their services to the Group in the forthcoming year. During the Period, no share options under the 2023 Share Option were exercisable. The following table discloses the details of share options outstanding under the 2023 Share Option during the Period:

	Weighted average exercise price per share HK\$	Number of options
At 1 September 2023	—	—
Granted during the period	0.493	190,000,000
Forfeited during the period	0.493	(15,000,000)
At 29 February 2024	0.493	175,000,000

The exercise period of the share options granted under the 2023 Share Option is from 26 September 2024 to 30 November 2032. The fair value of the share options granted under the 2023 Share Option was RMB27,504,000, of which the Group recognised a share option expense of RMB12,630,000 during the Period (six months ended 28 February 2023: Nil).

The fair value of equity-settled share options granted during the six months ended 29 February 2024 was estimated as at the date of grant using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

Dividend yield (%)	0.00%
Expected volatility (%)	64.54%
Expected life	9 years
Risk-free interest rate (%)	4.12%
Forfeiture rate (%)	4.25%

The expected life of the options is based on the historical data over the past three years and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.



NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

29 FEBRUARY 2024

26. 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 their fair values, are as follows:

	Carrying amount		Fair value	
	29 February 2024 RMB'000 (Unaudited)	31 August 2023 RMB'000	29 February 2024 RMB'000 (Unaudited)	31 August 2023 RMB'000
Financial assets				
Pledged and restricted deposits, non-current portion	7,520	7,520	7,520	7,520
Other receivables, non-current portion	129,153	105,417	129,153	105,417
	136,673	112,937	136,673	112,937
Financial liabilities				
Other payables, non-current portion	446,119	513,718	446,119	513,718
Liability of a put option granted to a shareholder	342,159	332,238	342,159	332,238
Convertible bonds	2,306,390	2,183,887	2,306,390	2,183,887
Interest-bearing bank loans, non-current portion	44,283	1,834,662	44,283	1,891,250
	3,138,951	4,864,505	3,138,951	4,921,093

Management has assessed that the fair values of cash and cash equivalents, trade receivables, the current portion of the pledged and restricted deposits, financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and accruals, trade payables, short-term interest-bearing bank and other borrowings and the current portion of amounts due from/to related parties approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

29 FEBRUARY 2024

26. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

The Group has estimated the fair value of the non-current portion of pledged and restricted deposits by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

The fair values of the non-current interest-bearing bank and other borrowings and the non-current other payables 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 fair value as a result of the Group's own non-performance risk for non-current financial liabilities as at 29 February 2024 were assessed to be insignificant.

Liabilities measured at fair value:

	Fair value measurement using			Total
	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)	
Convertible bonds				
As at 29 February 2024	—	—	2,306,390	2,306,390
As at 31 August 2023	—	—	2,183,887	2,183,887

27. EVENTS AFTER THE REPORTING PERIOD

Except details disclosed in note 1, the Company received a winding-up petition dated 27 March 2024 filed by a bank with the Court of First Instance of the High Court of the Hong Kong Special Administrative Region. Further information can be found in the Company's announcements dated 3 March 2024, 28 March 2024, 2 April 2024 and 14 April 2024.

28. APPROVAL OF THE INTERIM CONDENSED FINANCIAL INFORMATION

The interim condensed financial information was approved and authorised for issue by the board of directors on 30 April 2024.

DEFINITIONS

In this report, unless the context otherwise requires, the following expressions shall have the meanings set forth below:

“Board” or “Board of Directors”	the board of Directors of the Company
“CG Code” or “Corporate Governance Code”	the code on corporate governance practices set out in Appendix C1 to the Listing Rules
“China” or “PRC”	the People’s Republic of China, excluding, for the purpose of this report, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Company”, “our Company”, “we” or “us”	XJ International Holdings Co., Ltd. (希教國際控股有限公司) (formerly known as Hope Education Group Co., Ltd. (希望教育集團有限公司)), an exempted company incorporated in the Cayman Islands with limited liability on 13 March 2017
“Director(s)”	the directors of our Company
“Gongqing College”	Gongqing College of Nanchang University (南昌大學共青學院)
“Group”, “our Group”, “we” or “us”	our Company, its subsidiaries and the consolidated affiliated entities from time to time, or, where the context so requires in respect of the period before our Company became the holding company of our present subsidiaries, the entities which carried on the business of the present Group at the relevant time
“HK\$”, “Hong Kong Dollar(s)” or “HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hope College”	Southwest Jiaotong University Hope College* (西南交通大學希望學院)
“IFRS”	the International Financial Reporting Standard(s)
“Listing”	the listing of the Company’s Shares on the Main Board on 3 August 2018
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules
“MOE”	Ministry of Education of the PRC
“Reporting Period”	the six months ended 29 February 2024

DEFINITIONS

“RMB” or “Renminbi”	Renminbi, the lawful currency for the time being of the PRC
“Share(s)”	ordinary share(s) of a nominal value of US\$0.00001 each in the share capital of our Company
“Shareholder(s)”	holder(s) of the Share(s)
“Shinawatra University”	Faith Star (Thailand) Company Limited and its subsidiary Shinawatra University
“State”	the central government of the PRC, including all governmental sub-divisions (such as provincial, municipal and other regional or local government entities)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it in the Listing Rules
“U.S.” or “United States”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“U.S. Dollar(s)” or “US\$” or “USD”	United States dollars, the lawful currency for the time being of the United States
“%”	percent

