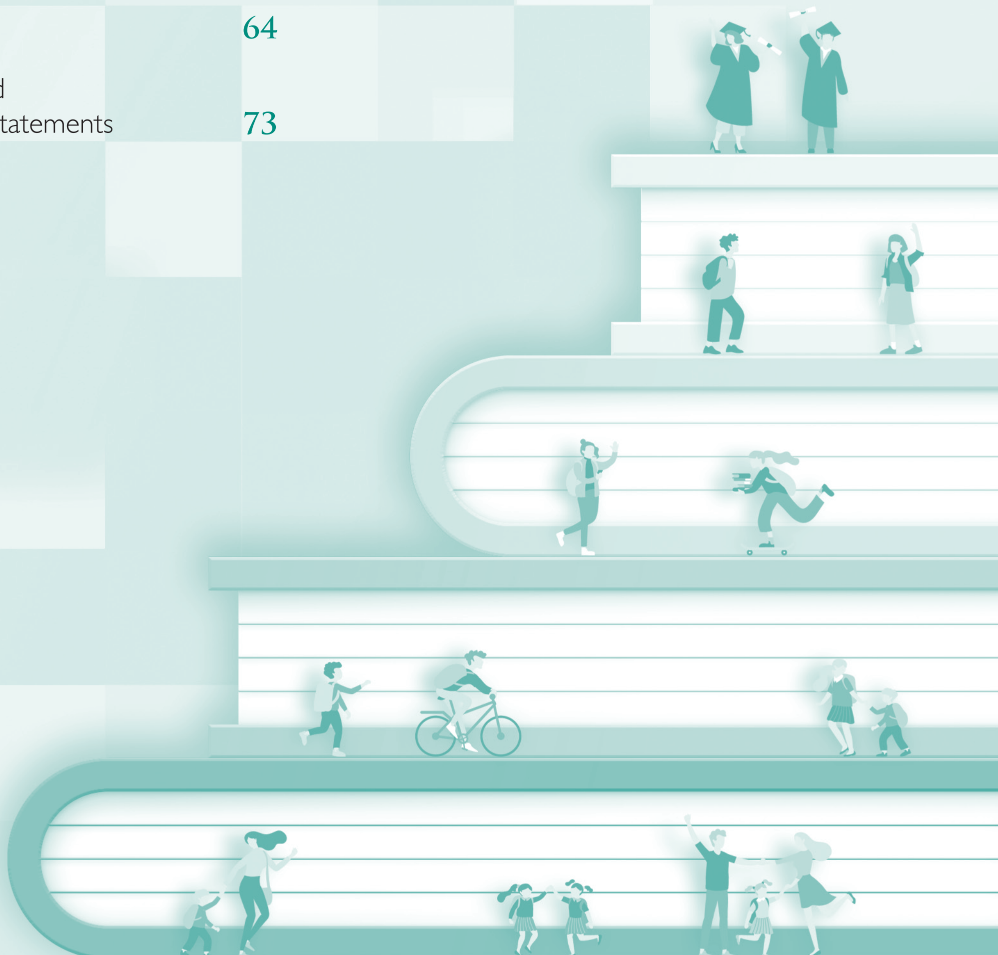
Chen Lin Education Group Holdings Limited
辰林教育集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 1593

2023 ANNUAL REPORT

CONTENTS



DEFINITIONS

"2021 Implementation Regulations"	the Regulations on the Implementation of the Law for Promoting Private Education of the PRC (《中華人民共和國民辦教育促進法實施條例》) issued by the PRC State Council on 14 May 2021
"2024 AGM"	the annual general meeting of the Company scheduled to be to be held on 19 February, 2024
"Amendment Decision"	the Decision of the Standing Committee of the National People's Congress on Amending the Law for Promoting Private Education of the PRC (全國人民代表大會常務委員會關於修改《中華人民共和國民辦教育促進法》的決定) promulgated by Order No. 55 of the President of the PRC on 7 November 2016, and became effective on 1 September 2017
"Audit Committee"	the audit committee of the Board, comprising solely the independent non-executive Directors of the Company
"Board"	the board of Directors of the Company
"BVI"	the British Virgin Islands
"CEO"	the chief executive officer of the Company
"CFO"	the chief financial officer of the Company
"CG Code"	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
"Chairman"	the chairman of the Board
"Chen Lin Education Science"	Chen Lin Education Science (Jiangxi) Co., Ltd. (辰林教育科技(江西)有限責任公司), a wholly-foreign owned enterprise incorporated under the laws of the PRC with limited liability on 5 September 2018 and indirectly wholly-owned by the Company
"Chen Lin Elite Holdings"	Chen Lin Elite Holdings Limited, a company incorporated under the laws of the BVI on 5 July 2018 and wholly-owned by Huangyulin Holdings
"Chen Lin High School"	Zhengzhou Airport Economy Zone Chen Lin High School (鄭州航空港區辰林高級中學) (formerly known as Zhengzhou Airport Economy Zone Yu Ren High School) (前稱鄭州航空港區育人高級中學), a private high school located in Henan Province, PRC, established in 2017, which offers high school program, and the sponsor of which is Henan Kunren, one of the Consolidated Affiliated Entities
"China" or "PRC"	the People's Republic of China, unless otherwise stated, excludes the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan of China

DEFINITIONS

"Company" or "our Company"	Chen Lin Education Group Holdings Limited (辰林教育集團控股有限公司), a company incorporated under the laws of the Cayman Islands with limited liability on 25 May 2018 and listed on the Stock Exchange on 13 December 2019 (Stock Code: 1593)
"controlling shareholder(s)"	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to Mr. Huang Yulin, an executive Director
"Consolidated Affiliated Entities"	the entities we control through the Contractual Arrangements, namely Gan Zhou Chen Lin, Guizhou Institute, Guizhou Xikai, Henan Kunren, Jishi College, JUAS, Nanchang Di Guan, Ruicheng Education, and Chen Lin High School
"Consultation Conclusions"	Consultation conclusions on the proposed amendments to Listing Rules relating to share schemes of listed issuers and housekeeping rule amendment published by the Stock Exchange in July 2022
"Contractual Arrangements"	certain contractual arrangements entered by us on 15 September 2018
"Director(s)"	the director(s) of the Company
"double qualification teachers"	full-time teachers with title of lecturer and above in addition to professional qualification or industry experience
"Gan Zhou Chen Lin"	Gan Zhou Chen Lin Education Investment Co., Ltd. (贛州辰林教育投資有限公司), a company established under the laws of the PRC with limited liability, one of the Consolidated Affiliated Entities
"Gao Kao"	also known as the National Higher Education Entrance Exam, an academic examination held annually in the PRC, and a prerequisite for entrance into most higher education institutions at the undergraduate level in the PRC
"Group", "we" or "us"	the Company and all of its subsidiaries and companies whose financial results have been consolidated and accounted as the subsidiaries of our Company by virtue of the Contractual Arrangements, or, where the context so requires, in respect of the period before our Company became the holding company of our current subsidiaries, the business operated by such subsidiaries or their predecessors (as the case may be)
"Guizhou Implementation Measures"	Measures for Changing the Type of Legal Person Registration of Existing Private Schools in Guizhou Province (《貴州省現有民辦學校變更法人登記類型辦法》)
"Guizhou Institute"	Guizhou Institute of Industry and Trade (貴州工貿職業學院), a higher vocational college located in Guizhou Province, PRC, established in May 2015, which offers vocational programs and junior college programs, and the sponsor of which is Guizhou Xikai, one of the Consolidated Affiliated Entities

DEFINITIONS

"Guizhou Xikai"	Guizhou Xikai Education Investment Co., Ltd (貴州西凱教育投資有限公司), a company established under the laws of the PRC with limited liability on 5 May 2015, being the sponsor of Guizhou Institute, one of the Consolidated Affiliated Entities
"Henan Kunren"	Henan Kun Ren Education Science Technology Co., Ltd (河南坤仁教育科技有限公司), a company established under the laws of the PRC with limited liability on 25 May 2017, being the sponsor of Chen Lin High School, one of the Consolidated Affiliated Entities
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Huangyulin Holdings"	Huangyulin Holdings Limited, a company incorporated under the laws of the BVI on 22 May 2018 and wholly-owned by Mr. Huang Yulin, the controlling shareholder
"IFRSs"	the International Financial Reporting Standards
"Independent Third Party"	an individual(s) or company(ies) who or which is/are to the best of our Director's knowledge, information and belief, having made all reasonable enquiries, is/are not our connected persons as defined under the Listing Rules
"Jiangxi Implementation Opinions"	Current Implementation Measures for Categorical Registration of Private Schools in Jiangxi Province (江西省現有民辦學校分類登記實施辦法)
"Jishi College"	Jiangxi Wenli Jishi College (江西文理技師學院), a full-time vocational college located in Jiangxi Province, PRC, which offers vocational programs, established in November 2019, and the sponsor of which is Ruicheng Education, one of the Consolidated Affiliated Entities
"JUAS"	Jiangxi University of Applied Science (江西應用科技學院), a private university located in Jiangxi Province, PRC, which offers both undergraduate and junior college programs, established in April 2002, and the sponsor of which is Nanchang Di Guan, one of the Consolidated Affiliated Entities
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)
"Model Code"	the Model Code of Securities Transactions by Directors of the Listed Issuers as set out in Appendix 10 to the Listing Rules
"MOE"	the Ministry of Education of the PRC (中華人民共和國教育部)

DEFINITIONS

"Nanchang Di Guan"	Nanchang Di Guan Education Consultancy Co., Ltd. (南昌迪冠教育諮詢有限公司), a company established under the laws of the PRC with limited liability on 17 September 2009, being one of the Consolidated Affiliated Entities
"Prospectus"	the prospectus issued by the Company dated 27 November 2019
"Reporting Period"	the year ended 31 August 2023
"RMB"	Renminbi, the lawful currency of the PRC
"RSU(s)"	restricted share units granted pursuant to the RSU Scheme
"RSU Scheme"	the restricted share unit scheme adopted by our Company on 20 August 2019
"Ruicheng Education"	Nanchang Ruicheng Education Consultancy Co., Ltd. (南昌市瑞誠教育咨詢有限公司), a company established under the laws of the PRC with limited liability on 24 June 2020, being the sponsor of Jishi College, one of the Consolidated Affiliated Entities
"Schools"	JUAS, Jishi College, Guizhou Institute and Chen Lin High School, which are four schools owned by our Group as at 31 August 2023
"senior management"	the senior management of the Company
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (as amended, supplemented or otherwise modified from time to time)
"Share(s)"	ordinary share(s) of HK$0.0001 each in the issued share capital of the Company
"Shareholder(s)"	holder(s) of Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"US$"	United States dollars, the lawful currency of the United States
"Yu Ren High School"	Zhengzhou Airport Economy Zone Yu Ren High School (鄭州航空港區育人高級中學), currently known as Zhengzhou Airport Economy Zone Chen Lin High School (鄭州航空港區辰林高級中學)
"%"	per cent

CORPORATE PROFILE

BOARD OF DIRECTORS

Executive Directors

Mr. Huang Yulin *(Chairman and chief executive officer)*
Mr. Yang Ruichen *(chief financial officer)*
Mr. Liu Chunbin *(vice president)*
Mr. Wang Li *(co-president)*
Ms. Gan Tian *(co-president)*
Mr. Wang Shenghua

Non-executive Director

Mr. Li Cunyi

Independent Non-executive Directors

Mr. Sy Lai Yin, Sunny
Mr. Chen Wanlong
Mr. Huang Juyun
Mr. Wang Donglin

AUDIT COMMITTEE

Mr. Sy Lai Yin, Sunny *(Chairman)*
Mr. Huang Juyun
Mr. Chen Wanlong
Mr. Wang Donglin

REMUNERATION COMMITTEE

Mr. Chen Wanlong *(Chairman)*
Mr. Huang Juyun
Mr. Sy Lai Yin, Sunny
Mr. Wang Li
Mr. Li Cunyi

NOMINATION COMMITTEE

Mr. Huang Juyun *(Chairman)*
Mr. Wang Donglin
Mr. Chen Wanlong
Mr. Li Cunyi
Ms. Gan Tian

COMPANY SECRETARY

Ms. Yu Anne

AUTHORISED REPRESENTATIVES

Mr. Huang Yulin
Ms. Yu Anne

AUDITOR

BDO Limited
Certified Public Accountants
Registered Public Interest Entity Auditor
25th Floor, Wing On Centre
111 Connaught Road Central
Central
Hong Kong

LEGAL ADVISER

As to Hong Kong law
Tian Yuan Law Firm LLP
Suites 3304–3309, 33/F.
Jardine House
One Connaught Place
Central, Hong Kong

STOCK CODE

1593

REGISTERED OFFICE IN THE CAYMAN ISLANDS

Walkers Corporate Limited
190 Elgin Avenue
George Town
Grand Cayman KY1-9008
Cayman Islands

CORPORATE PROFILE

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN CHINA

No. 001, Xinjian Lianfu Dadao
Nanchang
Jiangxi
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

40th Floor, Dah Sing Financial Centre
No. 248 Queen's Road East
Wanchai
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Walkers Corporate Limited
190 Elgin Avenue
George Town
Grand Cayman KY1-9008
Cayman Islands

HONG KONG SHARE REGISTRAR

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

PRINCIPAL BANK

China Construction Bank, Jiangxi Branch
Xin Jian sub-branch
No. 280, Jiefang Road
Xin Jian District
Nanchang, Jiangxi
PRC

COMPANY'S WEBSITE

www.chenlin-edu.com

FINANCIAL PERFORMANCE HIGHLIGHTS

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

	For the year ended 31 August		For the eight months ended 31 August	For the year ended 31 December	
	2023 RMB'000	2022 RMB'000	2021 RMB'000	2020 RMB'000	2019 RMB'000
Revenue	**563,330**	514,956	218,082	288,029	251,092
Cost of revenue	**(334,861)**	(332,153)	(134,364)	(100,387)	(79,905)
Gross profit	**228,469**	182,803	83,718	187,642	171,187
Profit/(loss) and total comprehensive income for the year attributable to:					
Profit/(loss) attributable to owners of the Company	**33,673**	(37,985)	(18,720)	77,459	83,570

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31 August			As at 31 December	
	2023 RMB'000	2022 RMB'000	2021 RMB'000	2020 RMB'000	2019 RMB'000
Assets					
Non-current assets	**3,639,164**	3,003,890	2,280,585	1,473,612	897,179
Current assets	**487,024**	371,568	474,352	542,961	584,514
Total assets	**4,126,188**	3,375,458	2,754,937	2,016,573	1,481,693
Equity and liabilities					
Total equity	**845,365**	811,079	845,133	876,378	789,797
Non-current liabilities	**1,870,587**	1,390,760	1,360,761	554,451	356,136
Current liabilities	**1,410,236**	1,173,619	549,043	585,744	335,760
Total liabilities	**3,280,823**	2,564,379	1,909,804	1,140,195	691,896
Total equity and liabilities	**4,126,188**	3,375,458	2,754,937	2,016,573	1,481,693

Note: On 11 June 2021, the Board of Directors of the Group announced the change of the financial year end date of the Group from 31 December to 31 August (the "**Change**"). The Change is to align the financial year end date of the Group with the academic year of the schools operated by the Group in the PRC, which ends in August each year. The Board considers that the Change will follow more closely with the business cycle in which the Group operates, and better reflect the operational results of the Group for the financial year.

CHAIRMAN'S STATEMENT

Dear Shareholders and investors,

On behalf of the Board of Chen Lin Education Group Holdings Limited, I am pleased to present you our annual report for the year ended 31 August 2023.

In the year of 2023, with your support and the united efforts of our employees, the Company achieved incremental growth in revenue from its main business, with total revenue of approximately RMB563.33 million for the financial year 2023, representing an increase of approximately 9.39% as compared to that of audited revenue in 2022, among which the tuition fees revenue was approximately RMB496.18 million, an increase of approximately 6.59% as compared to the last 12-month period. To improve the quality of teaching and meet the requirements for the Evaluation of Undergraduate Education, one of our affiliate school, Jiangxi University of Applied Science limited student enrollment quantity to promote education quality, which led to a 5.39% decreases in student enrollment in 2022/2023 academic year comparing with previous academic year, while undergraduate student enrolled at 31 August 2023 was still higher than that at 31 August 2022, and the school recognized a revenue of RMB439.88 million for the financial year ended 31 August 2023, an increase of approximately 15.89% comparing with previous financial year. The company has also been committed to providing high-quality education related services, and the revenue from business was RMB3.62 million for the financial year ended 31 August 2023, an increase of approximately 111.89% comparing to previous financial year.

For the improvement of our education quality, the company further invested in fixed asset to accomodate more facilities for education, as well as education related expenses, with higher borrowing for the financial year 2023. Therefore, our administrative expense for the financial year was RMB129.63 million, and net interest expense was RMB76.73 million, which represented increases of 37.94% and 32.64% respectively comparing to last financial year. With higher growth in revenue of the company than cost and expenses, the profit of financial year ended 31 August 2023 was RMB36.61 million, an increase of approximately 185.55% comparing to financial year ended 31 August 2022.

Currently, we have one undergraduate and junior college institution, Jiangxi University of Applied Science (江西應用科技學院) ("JAUS") and one vocational institution, Jiangxi Wenli Jishi College (江西文理技師學院) ("Jishi College") in the Jiangxi Province; one junior college and vocational institution, Guizhou Institute of Industry and Trade (貴州工貿學院) ("Guizhou Institute") in Guizhou Province, and one private high school Zhengzhou Airport Economy Zone Chen Lin High School (鄭州航空港區辰林高級中學) in Henan Province, allowing us to share resources and achieve benefit from synergies and economies of scale. In the current academic year, JUAS and Jishi College are under construction for expanding their capacity. Currently, the JUAS has completed the second phase construction of the campuses with approximately 170,000 square meters turn to use, can accommodate about 21,000 students. Approximately 160,000 square meters of the construction of new campus of Jishi College occupies was completed with the capacity of accommodating about 8,000 students. Guizhou Institution occupies a total area of 466,200 square meters, has constructed approximately 33,500 square meters new property, can accommodate about 12,000 students. Chen Lin High School occupies a total area of 87,912 square meters and can accommodate about 4,800 students.

CHAIRMAN'S STATEMENT

By 31st August 2023, our schools received national and provincial/municipal awards for teaching achievements, including the first-class grading in the National Chinese Core Liberal Education and Chinese Deep-learning Tutorial (全國語文核心素養培育與語文深度學習指導一等獎), first-class grading in the 'Challenger Cup' National Undergraduate Student Extra-curricular Scientific Work Competition Final (第十八屆"挑戰杯"全國大學生課外學術科技作品競賽終審決賽獲得一等獎), first-class grading in the "Datang Cup" National College New Generation Technology Competition (Province Final) (第十屆"大唐杯"全國大學生新一代信息通信技術大賽江西省賽獲得一等獎). The schools' philosophy of education is to nurture students to possess skills and take responsibilities. We will continue to provide higher education and vocational education services to more enterprises and local economies. We are dedicated in actively nurturing practical and committed talents to inject new momentum to China's development and continue to fulfil our educational mission and social responsibilities. We will continue to improve the quality of education and provide internal growth to maintain a stable enrollment base, ensuring ongoing better performance to gain the trust of our Shareholders.

Finally, on behalf of the Board, I would like to express my sincere gratitude to the Directors, management team and all employees of the Group for their efforts and contributions during the year 2023. I would also like to express my appreciation to all Shareholders and business partners for their continuous support.

Huang Yulin
Chairman

Nanchang, the PRC
18 December 2023

PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

The brief profiles of our current Directors and senior management are as below:

DIRECTORS

The Board currently comprises 11 Directors, of which six are executive Directors, one is non-executive Director and four are independent non-executive Directors. The following table sets forth information regarding the Directors.

Name	Age	Position	Date of Appointment as Director
Executive Directors			
Mr. Huang Yulin	62	Chairman, executive Director and CEO	25 May 2018
Mr. Yang Ruichen	38	Executive Director and chief financial officer (the "**CFO**")	7 July 2021
Mr. Liu Chunbin	47	Executive Director and vice president	7 July 2021
Mr. Wang Li	41	Executive Director and co-president	21 September 2018
Ms. Gan Tian	39	Executive Director and co-president	21 September 2018
Mr. Wang Shenghua	67	Executive Director and vice president	7 July 2021
Non Executive Director			
Mr. Li Cunyi	77	Non-executive Director	7 July 2021
Independent non-executive Directors			
Mr. Sy Lai Yin, Sunny	43	Independent non-executive Director	7 July 2021
Mr. Chen Wanlong	60	Independent non-executive Director	18 November 2019
Mr. Huang Juyun	60	Independent non-executive Director	18 November 2019
Mr. Wang Donglin	69	Independent non-executive Director	18 November 2019

Executive Directors

Mr. Huang Yulin (黃玉林), aged 62, is our executive Director, the Chairman and CEO. Mr. Huang is responsible for the overall management, strategic planning and decision-making of our Group. Mr. Huang is also the chairman of the board of directors of JUAS. Mr. Huang is the father-in-law of Mr. Wang Li.

Mr. Huang has over 20 years of experience in the education industry. Prior to joining our Group, Mr. Huang worked at the Ganzhou Department of Personnel and Labour Bureau (贛州行署勞動人事局) and acted as the legal representative and the chairman of Jiangxi Science and Engineering Specialist College (江西理工專修學院). Mr. Huang has been acting as the chairman of the board of directors of JUAS since 2002, where he has been in charge of the overall management of JUAS. Mr. Huang acted as the CEO from September 2018 to August 2019 and since 30 October 2020.

Mr. Huang received his college diploma in government management and politics from Jiangxi Open University (江西廣播電視大學).

PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Yang Ruichen (楊睿宸), aged 38 joined the Company in October 2020 and has served as the CFO since May 2021. Prior to that, he served as the vice president of the Company. Mr. Yang has over 15 years of experience in financial management, investment management and asset management. He served as managing director of Pine Special Opportunities FMC LLC (松樹特殊機會基金管理公司)* from April 2018 to September 2020. From March 2017 to March 2018, he was the head of the Equity Investment of the Investment and Investment Banking Department of China Great Wall Asset Management Co., Ltd (中國長城資產管理股份有限公司). From July 2009 to February 2017, he held various positions at China Huarong Asset Management Co., Ltd. (中國華融資產管理股份有限公司), including head of the finance department of the subsidiary, senior deputy manager and manager of the business review department at headquarters, deputy manager of risk management department and deputy manager of the second reorganization office. From July 2008 to June 2009, he was a consultant to CCID Consulting Co., Ltd. (賽迪顧問股份有限公司). Mr. Yang received his Bachelor Degree in business administration from Hebei GEO University (河北地質大學) in 2005. He received his Master's Degree in applied economics from Renmin University of China (中國人民大學) in 2008. He also received a Master's Degree in professional accounting from the Hong Kong Polytechnic University (香港理工大學) in 2020. He was awarded a Master of Business Administration (global online MBA program) by Imperial College London in 2022. Mr. Yang is certified as a financial risk manager. He is a fellow member of the Chartered Institution of Management Accountants and a fellow member of the Association of International Accountants and a member of the CPA Australia.

Mr. Liu Chunbin (劉春斌), aged 47, is our vice president. Mr. Liu is primarily responsible for overseeing our overall educational services as the principal's assistant since March 2015 and the head of academic affairs office of JUAS from March 2015 to April 2019. Mr. Liu joined our Group in April 2002. Mr. Liu received his college's diploma in the public relations and secretarial major from Jiangxi Normal University (江西師範大學) (formerly known as Jiangxi Normal College (江西師範學院)) in December 1998, a graduation certificate for self-taught higher education examinations (高等教育自學考試) in the secretarial major in June 2005 and his Master's Degree in engineering from Nanchang University (南昌大學) in January 2018.

Mr. Wang Li (王立), aged 41, is our executive Director and the co-president of our Company. Mr. Wang is primarily responsible for providing strategic advice on corporate developments to our Group, making recommendations on major operational matters and making managerial decisions within our Group. Mr. Wang is also a director, the principal's assistant and the head of international academic communication center of JUAS. Mr. Wang Li is the son-in-law of Mr. Huang Yulin.

Mr. Wang has over 9 years of experience in the education industry. Mr. Wang has been acting as the principal's assistant/vice principal since April 2017 and the head of international academic communication center of JUAS since December 2017, as well as a director of JUAS since November 2016. Mr. Wang also served as the head of infrastructure and engineering department of JUAS from August 2014 to July 2019. Before joining our Group, from July 2004 to December 2008, Mr. Wang Li acted as the head of corporate planning department of Ganzhou Zhong Cheng Hao Jie Fang Industrial Co., Ltd. (贛州眾成好街坊實業有限公司), where he was responsible for brand promotion planning and corporate culture development. From July 2011 to September 2012, Mr. Wang served as the chief creative officer in Han Yuan Zheng Guo Planning and Design Co., Ltd. (漢元正果策劃設計有限公司), where his responsibilities include team management and creative strategic planning.

Mr. Wang received his Bachelor's Degree in fine arts from Gan Nan Normal University (贛南師範大學) (formerly known as Gan Nan Normal College (贛南師範學院)) in July 2004.

PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

Ms. Gan Tian (干甜), aged 39, is our executive Director and the co-president of our Company. Ms. Gan is primarily responsible for providing strategic advice on corporate developments to our Group, making recommendations on major operational matters and making managerial decisions within our Group. Ms. Gan is also a director, the vice principal and the head of the international cooperation department of JUAS.

Ms. Gan has approximately 19 years of experience in the education industry. Ms. Gan served as the deputy head of the marketing and publicity department of JUAS from September 2004 to December 2004. From January 2005 to January 2011, Ms. Gan served as the head of student affairs office of JUAS, the head of art troupe of JUAS and the secretary of Youth League Committee of JUAS. Ms. Gan has been acting as the principal's assistant since January 2011, the head of the international cooperation department since April 2012, a director of JUAS since December 2015 and various other positions.

Ms. Gan received her Master's Degree in business management from Jiangxi Normal University (江西師範大學) (formerly known as Jiangxi Normal College (江西師範學院)) in June 2018, and her college diploma in business management from JUAS in July 2008.

Mr. Wang Shenghua (王勝華), aged 67, currently serves as the principal, deputy secretary of the Party Committee and director of the board of JUAS. With more than 40 years of experiences in teaching and management of colleges and universities, Mr. Wang holds a Doctoral Degree. He is also a Level-2 professor and a Master's Degree candidate's supervisor. He also worked as the deputy dean and deputy secretary of the Party Committee of Shangrao Normal College (上饒師範學院). He has been engaged in teaching and management in colleges and universities for more than 40 years. Mr. Wang was promoted to professor in May 1996 and was one of the first batch of grade II professors appointed by Jiangxi Provincial Government in 2011. He has been the leader of young and middle-aged subjects in colleges and universities of Jiangxi Province. Mr. Wang won the first "Famous Teacher" Award of Jiangxi Province in 2003 and won the second prize of Teaching Achievement Award of Jiangxi Province (ranking first). He has been entitled to have the special allowance of the State Council since 1993.

In the field of research, Mr. Wang has published two textbooks, and more than 100 papers in professional academic journals. Many of his achievements are included Science Citation Index, Engineering Index and other prestigious indexes. Mr. Wang has given lectures at important international academic conferences many times. In addition, Mr. Wang presided two projects of National Nature Science Foundation of China and 16 projects of National Nature Science Foundation of Jiangxi Province. He led the establishment of National Specialty (mathematics & applied mathematics) of Ministry of Education and Key Subjects (applied mathematics) in colleges and universities in Jiangxi Province. Mr. Wang helped the establishment of the first teaching team of mathematical analysis of colleges and universities in Jiangxi Province and the pilot program of the first comprehensive professional reform (mathematics and applied mathematics) in colleges and universities in Jiangxi Province.

Non-executive Director

Mr. Li Cunyi (李存益), aged 77, is our non-executive Director. Mr. Li is responsible for assisting in overall management, strategic planning and decision-making of our Group. Mr. Li has been the chairman of the board of supervisors of JUAS since March 2018. Mr. Li has extensive experience in the education industry. From November 2016 to January 2018, Mr. Li acted as the principal of JUAS, where his primary duties include overseeing the overall operation of JUAS. From January 2013 to November 2016, Mr. Li acted as the deputy principal of JUAS, where his duties included assisting the overall management, strategic planning and decision-making of JUAS. From November 2008 to December 2012, Mr. Li acted as a deputy dean of JUAS. Prior to joining our Group, from June 1985 to May 2007, Mr. Li was employed by Jiangxi Police College (江西公安專科學校) for various positions including professor and head of the academic affairs office. Mr. Li received his Bachelor's Degree in Chinese language and literature from Jiangxi Normal University (江西師範大學) (formerly known as Jiangxi Normal College (江西師範學院)) in August 1982.

PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

Independent Non-executive Directors

Mr. Sy Lai Yin, Sunny (施禮賢), aged 43, is our independent non-executive Director. Mr. Sy possesses over 16 years of experience in the financial industry and had experience in overseeing business development, finance services and merger and acquisition projects. He has over six years of experience in accounting and auditing with an international accountancy and professional services firm Ernst & Young. Mr. Sy has also been a director of Bradbury Securities Limited, a corporation licensed to carry on Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO since 2008. Mr. Sy is also currently an independent non-executive director of a company namely New Ray Medicine International Holding Limited listed on the Stock Exchange (stock code: 6108).

Mr. Sy graduated from Washington University with a Bachelor's Degree of Science in Business Administration. He was awarded a degree of Master of Science in Business Administration by Washington University in December 2001.

Mr. Chen Wanlong (陳萬龍), aged 60, is our independent non-executive Director.

Mr. Chen has extensive experience in the education industry. From July 1986 to December 2000, Mr. Chen held various positions within Jiangxi University of Finance and Economics (江西財經大學) including the deputy head of taxation teaching and research office, head of taxation teaching and research office, deputy head of finance and economic faculty, deputy head of teaching office and head of teaching office. From December 2000 to August 2003, Mr. Chen worked as the deputy dean at Jiangxi Science and Technology Normal University (江西科技師範大學) (formerly known as Jiangxi Normal College (江西師範學院)). From August 2003 to August 2006, Mr. Chen worked as the dean of Jiangxi Ganjiang Vocational Institution (江西贛江職業技術學院). Mr. Chen has been working as the dean of Jiangxi Institute of Fashion Technology (江西服裝學院) since August 2006.

Mr. Chen received his Bachelor's Degree in finance from Jiangxi University of Finance and Economics in July 1986, and his Doctorate Degree in industrial economics from the same university in January 2009.

Mr. Huang Juyun (黃居鋆), aged 60, is our independent non-executive Director.

Mr. Huang served as the deputy general manager of the Sunshine Life Insurance Co., Ltd. Jiangxi Branch (陽光人壽保險股份有限公司江西分公司) from July 2009 to November 2012 and served as its general manager since November 2012, where Mr. Huang has been in charge of formulating and monitoring sales targets, improving the internal control mechanisms and managing day-to-day business operations. Prior to that, Mr. Huang held various managerial positions within different branches of Taiping Life Insurance Co., Ltd. (太平人壽保險有限公司).

Mr. Huang received his Bachelor's Degree in Agricultural Management from Jiangxi Agricultural University (江西農業大學) in July 1991 and further received his Doctorate Degree in management studies from China University of Political Science and Law (中國政法大學) in June 2010.

Mr. Wang Donglin (王東林), aged 69, is our independent non-executive Director.

Mr. Wang has extensive experience in the education industry. From January 1982 to September 2000, Mr. Wang held various positions, including research assistant, lecturer, associate professor and professor, in Jiangxi Normal University (江西師範大學) (formerly known as Jiangxi Normal College (江西師範學院)). From September 2000 to October 2008, Mr. Wang served as the head of the culture research center (文化研究所) of Jiangxi Normal University. Since October 2008, Mr. Wang has served in positions, including a professor, the head of culture research center, and the head of Zheng Da research center (正大研究所) of Jiangxi Normal University. Mr. Wang has been acting as the advisor to Jiangxi People's Government since March 2017.

Mr. Wang received his Bachelor's Degree in History from Jiangxi Normal University (江西師範大學) (formerly known as Jiangxi Normal College (江西師範學院)) in August 1982.

PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Our Group also has the following senior management members to carry out our daily operation. Our senior management is responsible for the day-to-day management of our business. For biographical details of our CEO, Mr. Huang Yulin, our CFO, Mr. Yang Ruichen as well as our vice president namely Mr. Liu Chunbin and our co-presidents namely, Mr. Wang Li and Ms. Gan Tian, please refer to the paragraph headed "Executive Directors" in this section.

Ms. Fang Xiaozhen (房小珍), aged 45, is our chief operating officer. Ms. Fang is primarily responsible for our Group's day-to-day operational management, formulating development strategies for our Group. Ms. Fang has been acting as the principal's assistant/vice principal of JUAS since March 2014. Prior to that, from April 2002 to February 2014, Ms. Fang held various positions in JUAS, including the deputy officer of the chairman's office, the supervisor of career services center, the director of new campus construction office and the director of assets management department.

Ms. Fang received her college diploma through higher education diploma exam (高等教育學歷文憑考試) in English from JUAS in September 2002. She further obtained her Master's Degree in tourism management from Jiangxi Science and Technology Normal University (江西科技師範大學) in December 2015.

Mr. Zhang Min (張敏), aged 49, is our vice president. Mr. Zhang is responsible for overseeing our education related services. Mr. Zhang is also the vice principal and a supervisor of JUAS.

Mr. Zhang joined our Group in March 1999 as the head of infrastructure and engineering department of JUAS and the principal's assistant. Mr. Zhang held various positions in JUAS from March 1999 to April 2018, including the director of JUAS, the head of infrastructure and engineering department, the head of JUAS's office, the head of assets management office and the head of career development office.

Mr. Zhang received his Master's Degree in tourism management from Jiangxi Science and Technology Normal University (江西科技師範大學) in December 2015.

Mr. Lu Dong (盧東), aged 53, is our general manager of administrative and legal department. Mr. Lu is responsible for the overall management of our Group's administrative affairs.

Mr. Lu joined our Group in September 2003. He held various positions in JUAS, including the vice president of the career development center (職培中心) (from September 2003 to September 2004), the vice president of the library (from September 2004 to October 2005), the assistant to the dean of the computer science college (from October 2005 to October 2006), the vice president of the science and technology division of the headquarters of new campus (新校區指揮部科技處) (from October 2006 to March 2009), the president of information department (from March 2009 to April 2009) and the president of infrastructure and equipment department (from April 2009 to January 2014). Mr. Lu has been acting as the principal of the chairman's office of JUAS since January 2014.

Mr. Lu completed his undergraduate course in education science (through self-learning) and graduated from Jiangxi Normal University (江西師範大學) (formerly known as Jiangxi Normal College (江西師範學院)) in December 2009. Mr. Lu further completed his undergraduate course in computer science (through correspondence) and graduated from Nanchang Hang Kong University (南昌航空大學) in January 2013.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

We are one of the leading providers of private comprehensive education services in Jiangxi Province, China, with years of experience in the private comprehensive education service industry. As at 31 August 2023, we operate four Schools, comprising (i) JUAS, a private university located in Jiangxi Province, PRC; (ii) Jishi College, a full-time vocational college located in Jiangxi Province, PRC; (iii) Guizhou Institute, a higher vocational college located in Guizhou Province, PRC; and (iv) Chen Lin High School, a private high school located in Henan Province, PRC.

We offer undergraduate programs, junior college programs, vocational programs and high school programs, as well as diverse education related services. As at 31 August 2023, our Schools had 26,785 enrolled students, consisting of 10,285 undergraduate students, 10,983 junior college students, 3,924 vocational school students and 1,593 high school students. We also provide a variety of education related services, including internship management services, as well as tutoring and program management services to enterprises and education institutions.

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

Our Schools

As of 31 August 2023, our Group owns four schools in the PRC, including (i) JUAS; (ii) Jishi College; (iii) Guizhou Institute; and (iv) Chen Lin High School.

Jiangxi University of Applied Science (JUAS)

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

Jiangxi Wenli Jishi College (Jishi College)

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

Guizhou Institute of Industry and Trade (Guizhou Institute)

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

Zhengzhou Airport Economy Zone Chen Lin High School (Chen Lin High School)

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

Our Education Services

We derived approximately 98.21% of revenue from our education services for the year ended 31 August 2023, which included tuition fees and boarding fees from our undergraduate programs, junior college programs, vocational programs and high school programs. For the year ended 31 August 2023, our revenue from tuition fees and boarding fees amounted to approximately RMB496.18 million and RMB57.08 million, respectively, representing an increase of approximately 6.59% and 28.59%, respectively, as compared with the year ended 31 August 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth detailed information regarding the number of student enrollment of our Schools as at 31 August 2023, together with comparative information as at 31 August 2022:

	Number of students as at 31 August		
	2023	2022	% change
Higher education programs carried out by JUAS			
— Undergraduate programs	**10,285**	8,802	16.85
— Junior college programs	**2,782**	5,035	(44.75)
Vocational education programs carried out by Jishi College			
— Vocational programs	**3,053**	3,460	(11.76)
Junior college programs and vocational education programs carried out by Guizhou Institute			
— Junior college programs	**8,201**	8,687	(5.59)
— Vocational programs	**871**	1,654	(47.34)
High school education programs carried out by Chen Lin High School			
— High school education programs	**1,593**	1,411	12.90
Total	**26,785**	29,049	(7.79)

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

The following table sets forth information in relation to the freshman students enrolled for the years ended 31 August 2022 and 2023:

	2023	2022	% change
Freshman students enrolled[1]			
— Higher education programs carried out by JUAS	**5,882**	6,217	(5.39)
— Vocational education programs carried out by Jishi College	**1,670**	1,928	(13.38)
— Junior college programs and vocational programs carried out by Guizhou Institute[2]	**3,463**	3,271	5.87
— High school education programs carried out by Chen Lin High School[2]	**433**	772	(43.91)
Total	**11,448**	12,188	(6.07)

The following table sets forth information in relation to the average tuition fees for four types of programs per student and average boarding fees per student for the year ended 31 August 2023, together with comparative information for the year ended 31 August 2022:

	2023 RMB	2022 RMB	% change
Average tuition fees[3]			
Undergraduate programs	**21,443**	20,797	3.11
Junior college programs	**9,673**	9,793	(1.23)
Vocational programs	**6,711**	5,495	22.13
High school programs[2]	**17,862**	17,905	(0.24)
Average boarding fees[4]	**1,650**	1,220	35.25

Notes:

(1) Freshman students enrolled means the actual number of newly-enrolled students in each school year. For higher education programs, admission quota granted for each school year is generally determined by competent government authorities before the Gao Kao prior to such school year.

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

(3) Average tuition fees is calculated by dividing the total tuition fees received by the total number of student enrollment in each school year.

(4) Average boarding fees is calculated by dividing the total boarding fees received by the total number of student enrollment in each school year.

Our Education Related Services

In addition to tuition fees and boarding fees, for the year ended 31 August 2023, we also generated income by providing a variety of education related services. Our education related services mainly include (i) internship management services, through which we introduce qualified students from our Schools and other schools to participate in various internship programs, and (ii) a variety of tutoring and program management services, including qualification exam review services, personal development training services and education program management services offered to enterprises and education institutions. For the year ended 31 August 2023, our revenue generated from education related services amounted to approximately RMB3.62 million, representing an increase of approximately 111.83% as compared with the year ended 31 August 2022. The increase in revenue from education related services was primarily because higher tuition fee and boarding fee was charged by JUAS for the year ended 31 August 2023.

REGULATORY UPDATE

Amendment Decision

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

The 2021 Implementation Regulations

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

As far as our Directors are aware, during the year ended 31 August 2023 and up to the date of this report, there is no material regulatory updates in relation to the foreign investment in the education sector in the PRC that may have affected the operation of the Group.

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

PRINCIPAL RISKS RELATING TO OUR BUSINESS

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

- we are subject to uncertainties brought by the Amendment Decision and the 2021 Implementation Regulations;
- our business is largely dependent on the market recognition of our brand and the reputation of our Schools and our Group;
- we generate a substantial portion of our revenue from operating our four Schools;
- we may be exposed to liquidation risks, and our business, financial condition and results of operation may be materially and adversely affected as a result;
- the level of tuition and boarding fees we are able to charge and our ability to maintain and raise the level of tuition and boarding fees are crucial to our business;
- our business operations depend on our ability to recruit and retain our senior management, qualified teachers and other professional employees;
- we may not be able to maintain good relationship with our existing cooperative enterprises, successfully compete with our competitors or find new cooperative enterprises, any of which may materially and adversely affect the business and prospects of our internship management service; and
- we may not be able to successfully deliver and expand our tutoring and program management services, which could adversely affect our business and prospects.

MANAGEMENT DISCUSSION AND ANALYSIS

OUTLOOK AND GROWTH STRATEGIES

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

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

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

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

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

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

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

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

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

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

FINAL DIVIDEND

The Board resolved not to recommend the payment of a final dividend for the year ended 31 August 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

The following table sets forth key items of the Group's consolidated statement of profit or loss and other comprehensive income for the year ended 31 August 2023, with comparative information for the year ended 31 August 2022.

	For the year ended 31 August		
	2023 RMB'000	2022 RMB'000	% change
Revenue	**563,330**	514,956	9.39
Cost of revenue	**(334,861)**	(332,153)	0.82
Other income	**36,434**	27,977	30.23
Other expenses	**(3,124)**	(10,127)	(69.15)
Other losses — net	**(2,927)**	(44,069)	(93.36)
Net impairment losses on financial assets	**(394)**	(5,895)	(93.32)
Selling expenses	**(14,071)**	(29,133)	(51.70)
Administrative expenses	**(133,480)**	(93,979)	42.03
Finance costs — net	**(77,651)**	(57,848)	34.23
Profit/(loss) before income tax	**33,256**	(30,271)	N/A
Income tax credit/(expenses)	**417**	(7,714)	N/A
Profit/(loss) for the year	**33,673**	(37,985)	N/A

Revenue

The following table sets forth the breakdown of our revenue for the year ended 31 August 2023, together with comparative information for the year ended 31 August 2022:

	For the year ended 31 August			
	2023 RMB'000	2022 RMB'000	Change RMB'000	Change %
Education services				
Tuition fees	**496,177**	465,491	30,686	6.59
Boarding fees	**57,078**	44,386	12,692	28.59
Sub-total	**553,255**	509,877	43,378	8.51
Education related services				
Internship management fees	**1,780**	1,644	136	8.27
Tutoring and program management fees	**1,838**	64	1,774	2,771.88
Sub-total	**3,618**	1,708	1,910	111.83
Others	**6,457**	3,371	3,086	91.55
Total	**563,330**	514,956	48,374	9.39

Our revenue generated from education services for the year ended 31 August 2023 consisted of tuition fees and boarding fees.

- For the year ended 31 August 2023, our revenue from tuition fees amounted to approximately RMB496.18 million, representing an increase of approximately 6.59% as compared with the same period in 2022. Such increase was mainly attributable to higher tuition revenue generated by undergraduate programme carried out by JUAS.

- For the year ended 31 August 2023, our revenue from boarding fees amounted to approximately RMB57.08 million, representing an increase of approximately 28.59% as compared with the same period in 2022. Such increase was mainly attributable to higher boarding fee charged by JUAS and Guizhou Institute.

Our revenue generated from education related services for the year ended 31 August 2023 consisted of internship management fees as well as tutoring and program management fees.

- For the year ended 31 August 2023, our revenue from internship management fees amounted to approximately RMB1.78 million, representing an increase of approximately 8.27% as compared with the same period in 2022. Such increase was mainly attributable to increased internship management fees charged by Guizhou Institute.

- For the year ended 31 August 2023, our revenue from tutoring and program management fees amounted to approximately RMB1.84 million, representing an increase of approximately 2,771.88% as compared with the same period in 2022. Such significant increase was mainly attributable to higher tutoring and program management fees generated by JUAS and Jishi College.

Our revenue generated from other services for the year ended 31 August 2023 was primarily derived from (i) miscellaneous charges to students and (ii) commission income from books and services suppliers. The fee received from other services is recognised as revenue when relevant service is rendered. For the year ended 31 August 2023, our revenue generated from other services amounted to approximately RMB6.46 million, representing an increase of approximately 91.55% as compared with the same period in 2022. Such increase was caused by higher miscellaneous charges charged by JUAS.

Cost of Revenue

Our cost of revenue primarily consisted of employee benefit expenses, depreciation and amortization expenses, students activities expenses, educational supplies and consumables, repair and maintenance and others. For the year ended 31 August 2023, the cost of revenue of the Group amounted to approximately RMB334.86 million, which was approximately the same level as compared with the same period in 2022.

Gross Profit and Gross Profit Margin

Our gross profit was approximately RMB228.47 million for the year ended 31 August 2023, representing an increase of approximately 24.98% as compared with the same period in 2022. Our gross profit margin was approximately 40.56% for the year ended 31 August 2023, as compared with approximately 35.50% for the same period in 2022. The increase in gross profit and gross profit margin was mainly due to the growth of revenue, which is higher than the increase in cost of revenue.

Other Income

Other income primarily included government grants, sub-contracting income (mainly from the sub-contracting operation of canteen catering and stores in our Schools' campus), self-operating canteen income and others during the year ended 31 August 2023. For the year ended 31 August 2023, the Group's other income amounted to approximately RMB36.43 million, representing an increase of approximately 30.23% as compared with the same period in 2022. Such increase was mainly attributable to higher government grants recognised during the year.

Expenses

Other Expenses

Other expenses primarily consisted of employee benefit expenses, promotion expenses, self-operating canteen expenses, depreciation and amortisation expenses. Our other expenses amounted to approximately RMB3.12 million, representing a decrease of approximately 69.15% as compared with the same period in 2022. Such decrease was attributable to the outsourcing the canteen which was self-operated by the Group for the purpose of cost cutting of canteen expenses in Chen Lin High School.

Other losses — net

Our other losses — net primarily consisted of net fair value losses on financial assets at fair value through profit or loss and net foreign exchange losses, donation and others. For the year ended 31 August 2023, our other losses — net amounted to approximately RMB2.93 million, representing a decrease of approximately 93.36% as compared with the same period in 2022. The decrease was mainly attributable to decrease in other losses — net by approximately RMB41.1 million on financial assets at fair value through profit or loss in relation to the Group's investment in the shares of Sinic Holdings (Group) Company Limited, which is a company listed on the Stock Exchange (stock code: 2103) ("**Sinic Holdings**"). The trading of its shares has been suspended since September 2021 and subsequently delisted from the Stock Exchange in April 2023. The investment was fully provided for impairment as at 31 August 2022.

Internal control and investment policy in relation to financial assets

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

The management of the Group implements risk control measures in relation to investment in financial assets from time to time. The fair value loss resulted from the Group's investment in Sinic Holdings was mainly attributable to its liquidity issues and the trading of its shares was suspended suddenly in the middle of a trading day, which made it very difficult for the management of the Group to take action to minimise its loss. Afterwards, the Directors and the management of the Group have continuously followed the updates on Sinic Holdings, assessed the financial effect brought by such event and discussed on feasible remediation solutions.

Net Impairment Losses on Financial Assets

Our net impairment losses on financial assets primarily represented impairment of trade receivables. For the year ended 31 August 2023, our net impairment losses on financial assets amounted to approximately RMB0.39 million, representing a decrease of approximately 93.32% as compared with the same period in 2022. The decrease was mainly attributable to our enhanced management on collection of trade receivables, which in turn resulted in the decrease in trade receivables.

Selling Expenses

Our selling expenses primarily consisted of promotion expenses, travelling and office expenses, and others which mainly included costs incurred for promotional materials in connection with student recruitments. Our selling expenses amounted to approximately RMB14.07 million for the year ended 31 August 2023, representing a decrease of approximately 51.70% as compared with the same period in 2022. Such decrease was mainly due to the decrease in recruitment campaigns in Jishi College and Guizhou Institute.

Administrative Expenses

Our administrative expenses primarily consisted of (i) employee benefit expenses for our administrative staff, (ii) depreciation and amortisation expenses for administrative facilities, (iii) professional service fees, (iv) repair and maintenance expenses for administrative facilities, and (v) general office expenses mainly including office expenses and transportation expenses, and other expenses of similar nature. For the year ended 31 August 2023, our administrative expenses amounted to approximately RMB133.48 million, representing an increase of approximately 42.03% as compared with the same period in 2022. Such increase was mainly attributable to higher depreciation due to more fixed assets recognised, and higher employment benefit expenses caused by more employees recruited.

Finance Costs — Net

Our net finance costs reflected the sum of interest expenses we paid on bank borrowings and other borrowings after netting off the interest income we received from cash and cash equivalents. Our net finance costs amounted to approximately RMB77.65 million for the year ended 31 August 2023, representing an increase of approximately 34.23% as compared with the same period in 2022. Such increase was mainly attributable to increased financial liabilities from RMB1,998.52 million to RMB2,659.11 million as at 31 August 2023.

Income Tax Credit/(Expenses)

For the year ended 31 August 2023, our income tax expenses primarily consisted of PRC Enterprise Income Tax. The Group had income tax credit of approximately RMB0.42 million for the year ended 31 August 2023, when compared with income tax expenses of approximately RMB7.71 million for the year ended 31 August 2022. The income tax credit was mainly because of higher preferential tax exemption for the Group's schools.

Profit/(loss) for the Year

For the year ended 31 August 2023, our profit for the year amounted to approximately RMB33.67 million, as compared with loss for the year of approximately RMB37.99 million for the same period in 2022. Such profit for the year was mainly attributable to (i) a decrease in other losses — net by approximately RMB41.1 million as the loss on fair value through profit or loss on financial assets in relation to the Group's investment in the shares of Sinic Holdings, which was fully provided for impairment for the year ended 31 August 2022 due to the suspension of trading of Sinic Holdings's shares on 20 September 2021 and its subsequent delisting from the Stock Exchange on 13 April 2023 under Rule 6.01A(1) of the Listing Rules; and (ii) an increase in revenue by approximately RMB48 million due to the growth in the number of enrolled students for undergraduate programme in JUAS for the year ended 31 August 2023.

Financial Positions

As at 31 August 2023, our total equity was approximately RMB845.37 million, as compared with approximately RMB811.08 million as at 31 August 2022. The increase in equity was mainly attributable to increases in retained earnings and reserve.

As at 31 August 2023, our current assets were approximately RMB487.02 million, as compared with approximately RMB371.57 million as at 31 August 2022. The increase was mainly attributable to increases in cash and cash equivalents, as well as other receivables and payments.

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

Liquidity and Capital Resources

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

As at 31 August 2023, we had cash and cash equivalents of approximately RMB374.62 million, as compared with approximately RMB286.21 million as at 31 August 2022. Such increase was mainly attributable to higher tuition fees and boarding fee revenue generated by the schools of the company.

Our total borrowings increased from approximately RMB1,370.75 million as at 31 August 2022 to approximately RMB2,051.97 million as at 31 August 2023. As at 31 August 2023, all our bank borrowings were dominated in RMB, among which approximately RMB594.89 million are repayable within one year and approximately RMB1,457.08 million are payable after one year. For the year ended 31 August 2023, the weighted average effective interest rate of our borrowings was approximately 6.95%, as compared with 6.36% for the year ended 31 August 2022.

Internal control and policy in relation to liquidity and capital resources

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

Gearing Ratio

As at 31 August 2023, our gearing ratio, which is calculated as net debt divided by total equity, was approximately 212.52%, as compared with approximately 144.58% as at 31 August 2022. The increase in gearing ratio was mainly attributable to increases in borrowings for the construction of buildings for JUAS and Jishi College.

Capital Expenditure

Our capital expenditures during the year ended 31 August 2023 amounted to approximately RMB685.69 million, which was primarily because of acquisition of property, plant and equipment, and construction of buildings.

Property, Plant and Equipment

Property, plant and equipment of the Group as at 31 August 2023 increased to approximately RMB2,786.75 million from approximately RMB2,185.65 million as at 31 August 2022. Such increase was mainly attributable to increased acquisition of property, plant and equipment, and construction of buildings in JUAS and Jishi College.

CHARGE ON ASSETS

Except for the disclosures in notes 6, 15 and 28 of the financial information of this report, there was no other material charge on the Group's assets as at 31 August 2023.

CONTINGENT LIABILITIES, GUARANTEES AND LITIGATIONS

Save as disclosed in this report, we did not have any unrecorded significant contingent liabilities or guarantees or any material litigation against us as at 31 August 2023 and up to the date of this report.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

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

SIGNIFICANT INVESTMENTS HELD

Save as disclosed herein, the Group did not have other significant investments held as at 31 August 2023 and up to the date of this report.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

The Group did not have any other material acquisitions or disposals of subsidiaries and associated companies during the year ended 31 August 2023 and up to the date of this report.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

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

FOREIGN CURRENCY RISK

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

EMPLOYEES AND REMUNERATION POLICIES

As at 31 August 2023, we had 2,506 full-time employees (as at 31 August 2022, we had 2,356 full-time employees), mostly based in Jiangxi Province, PRC.

The remuneration or our employees is based on their performance, experiences, and market comparable analysis. In addition to salary, we also provide various incentives, including share-based compensation such as RSUs granted pursuant to the Company's RSU Scheme as well as performance-based bonuses to better motivate our employees. As required by the PRC law, we contribute to housing funds and maintain mandatory social insurance plans for our employees based in the PRC, covering pension, medical, unemployment, work injury and maternity leave. The Group participates in a Mandatory Provident Fund Scheme (the "**MPF Scheme**") under the Rules and regulations of Mandatory Provident Fund Schemes Ordinance for all of its employees in Hong Kong. For the year ended 31 August 2023, our employee remuneration totaled to approximately RMB226.64 million, as compared with RMB208.49 million for the year ended 31 August 2022.

We grant RSUs to our employees to incentivise them to contribute to our growth. As at 31 August 2023, RSUs in respect of 26,094,700 underlying Shares, representing approximately 2.61% of the share capital of our Company as at 31 August 2023, have been granted to 39 participants pursuant to the RSU Scheme. As of 31 August 2023, RSUs in respect of 26,094,700 underlying Shares, have been vested.

The employees of the subsidiaries of the Group established in the PRC (other than Hong Kong) participate in defined contribution retirement benefit schemes managed by the local government authorities, whereby these subsidiaries are required to contribute to the schemes at a rate of 16% (2022: 16%) of the basic salary. Employees of these subsidiaries are entitled to retirement benefits, calculated based on a percentage of the average salaries level in the PRC (other than Hong Kong), from the abovementioned retirement schemes at their normal retirement age.

The Group also participates in a pension scheme under the rules and regulations of the MPF Scheme for all its qualifying employees in Hong Kong. Under the MPF Scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$30,000. Contributions to the MPF Scheme vest immediately.

The Group's contributions to the defined contribution schemes vest fully and immediately with the employees. Accordingly, (i) for the year ended 31 August 2023 and for the year ended 31 August 2022, there was no forfeiture of contributions under the defined contribution schemes; and (ii) there were no forfeited contributions available for the Group to reduce its existing level of contributions to the defined contribution schemes as at 31 August 2023. No forfeited contributions may be used if there is forfeited contributions.

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

ESG PERFORMANCE

During the year, the Group has complied with the `comply or explain' provisions set out in the Environmental, Social and Governance ("**ESG**") Reporting Guide. Information about the Company's ESG policies and performance during the year which will be set out in the ESG report that will be published separately on the websites of the Stock Exchange and the Company.

SUBSEQUENT EVENTS

Save as disclosed above, the Group had no material subsequent events which have not been reflected in the financial statement after 31 August 2023 and up to the date of this report.

CORPORATE GOVERNANCE REPORT

INTRODUCTION

The Company is committed to achieving and maintaining high standards of corporate governance by focusing on principles of integrity, accountability, transparency, independence, responsibility and fairness. The Company has developed and implemented sound corporate governance policies and measures, and the Board is responsible for performing such corporate governance duties to fulfilling its responsibilities to its Shareholders and protecting and enhancing Shareholders' value through good corporate governance. The Board will continue to review and monitor the corporate governance of the Company, as well as various internal policies and procedures, including but not limited to those applicable to employees and Directors, with reference to the CG Code and other applicable legal and regulatory requirements so as to maintain a high standard of corporate governance of the Company.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions set out in the CG Code contained in Appendix 14 to the Listing Rules as its own code of corporate governance.

For the year ended 31 August 2023, the Company has complied with the CG Code and Listing Rules except for the following deviation:

According to code provision C.2.1 of Part 2 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Huang Yulin is the Chairman and the CEO. The Board believes that having the same individual in both roles as the Chairman and the CEO ensures that the Group has consistent leadership and could make and implement the overall strategy of the Group more effectively. In addition, under the current composition of the Board, namely six executive Directors, one non-executive Director and four independent non-executive Directors, we believe that the interests of Shareholders are adequately and fairly represented. The Board considers that the present corporate governance arrangement does not impair the balance of power and authority within the Group.

BOARD OF DIRECTORS

The Board is responsible for leadership and the internal control of the Company and oversees the Group's businesses, strategic decisions and performance and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. The Board has general powers for the management and is conducting the Company's business. The day-to-day operations and management are delegated by the Board to the executive Directors and management of the Group, who will implement the strategy and direction as determined by the Board. They report periodically to the Board their work and business decisions.

The Board currently consists of 11 Directors, namely Mr. Huang Yulin (Chairman and CEO), Mr. Yang Ruichen (CFO), Mr. Liu Chunbin, Mr. Wang Li, Ms. Gan Tian and Mr. Wang Shenghua as executive Directors, Mr. Li Cunyi as the non-executive Director and Mr. Sy Lai Yin, Sunny, Mr. Chen Wanlong, Mr. Huang Juyun and Mr. Wang Donglin as independent non-executive Directors. Mr. Huang Yulin is the father-in-law of Mr. Wang Li. Other than that, none of the Directors had a relationship (including financial, family or other substantial or related relationship) with each other. The Board currently has four independent Non-executive Director and consider to have bring an independent view, balance of skills and experience appropriate for the decision making of the Board.

The Board regularly reviews whether each Director has devoted sufficient time to the discharge of his or her duties and responsibilities and the contribution that he or she has made to the Company.

CORPORATE GOVERNANCE REPORT

CULTURES AND VALUES

The Company firmly believes that our purpose, values and strategies are aligned with our culture. We remain steadfast in upholding our core values and education mode of "San Yuan Yu Ren" talent development model which promotes holistic personality, comprehensive knowledge and practical abilities (三元育人之人才培養模式，提倡健全人格，複合知識及實踐能力), and strive to cultivate highly skilled, innovative and application-oriented talents for the new urbanization construction for China (為中國新型城鎮化建設培養高技能，創新型和應用型的人才).

The Board strives to adhere to the principles of good corporate governance and adopt sound corporate governance practices to promote such culture by focusing on areas such as internal control, fair disclosure and accountability to all Shareholders.

The biographies of the Directors are set out in the section headed "Profiles of Directors and Senior Management" of this report.

Each of the executive and non-executive Directors has entered into a service contract with the Company and each of the independent non-executive Directors has signed a letter of appointment with the Company for a specific term, which is renewable automatically for successive terms of three years, until terminated by not less than three months' notice in writing served by either of the Director or the Company.

The non-executive Director has signed a service contract with the Company for a term of three years, which is renewable automatically for successive terms of one year, until terminated by not less than three months' notice in writing served by either of the Director or the Company.

According to Article 108(a) of the Articles of Association, not less than one-third of the Directors for the time being shall retire from office by rotation at every annual general meeting of the Company and the retiring Directors shall be eligible for re-election. In accordance with Article 108(a) of the Articles of Association, Mr. Liu Chunbin, Mr. Sy Lai Yin, Sunny, Mr. Huang Juyun and Mr. Wang Donglin shall retire by rotation at the 2024 AGM and, being eligible, have offered themselves for re-election as Directors thereat.

The service contracts and letters of appointment are subject to termination in accordance with their respective terms. The term of the service contracts and the letters of appointment may be renewed with recommendation from the Remuneration Committee by the Board in accordance with the Listing Rules and other applicable laws.

The aggregate remuneration (including fees, salaries, contributions to pension schemes, share-based compensation expenses, discretionary bonuses, housing and other allowances and other benefits in kind) payable to the Directors for the Reporting Period was approximately RMB8.77 million.

The remuneration of the Directors is determined with reference to salaries paid by comparable companies, time commitment and responsibilities of the Directors and performance of the Group. Details of the remuneration of the Directors and senior management for the Reporting Period are set out in notes 36 and 38 to the consolidated financial statements of this Annual Report respectively.

The company has arranged appropriate insurance cover in respect of legal proceedings against the Directors. The insurance coverage protect the Directors and the Company from potential financial losses associated with legal actions.

The procedure agreed by the Board to enable Directors, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the Company's expense as required pursuant to code provision C.5.6 of Part 2 of the CG Code.

During the Reporting Period and up to the date of this report, the Board at all times met the requirements under Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules relating to the appointment of at least three independent non-executive Directors, representing one-third of the Board, of whom Mr. Sy Lai Yin, Sunny, is the Director possessing appropriate professional qualifications of accounting or related financial management expertise.

The Company has received a written confirmation of independence from each of the independent non-executive Directors pursuant to Rule 3.13 of the Listing Rules, and considered them to be independent.

The Directors shall disclose to the Company details of other offices held by each Director and the Board regularly reviews the contribution required from each Director to perform his/her responsibilities to the Company.

The Directors have access to the services of the company secretary to ensure that the Board procedures are followed. The company secretary of the Company is Ms. Yu Anne ("**Ms. Yu**"). In compliance with Rule 3.29 of the Listing Rules, Ms. Yu has undertaken no less than 15 hours of relevant professional training during the Reporting Period. Ms. Yu has the necessary qualifications and experience as required under Rules 3.28 and 8.17 of the Listing Rules.

The company secretary is responsible to prepare and circulate draft agenda and board papers. The company secretary is also responsible for keeping all Board meetings' minutes recorded in sufficient detail of the matters considered and decisions reached. Draft and final versions of the minutes are circulated to the Directors for comments and records respectively within reasonable time after each meeting and the final version is open for the Directors' inspection.

Pursuant to code provision C.6.1 of Part 2 of the CG Code, the Company has nominated Mr. Yang Ruichen, the executive Director as its contact point for Ms. Yu.

In pursuant to C.1.4 of Part 2 of the CG Code, all Directors shall participate in continuous professional development to develop and refresh their knowledge and skills to ensure that they keep abreast of the current requirements. All Directors received training materials during the Reporting Period, including updating of the Listing Rules, the responsibilities and continuous obligations of Directors and the Environmental, Social and Governance Reporting Guide. The Company has arranged suitable trainings for all Directors in order to develop and refresh their knowledge and skills as part of their continuous professional development during the Reporting Period.

The Company is committed to continuously reviewing and improving its internal systems, including those in relation to internal supervision and control, and risk management.

Change in Directors' and chief executive's information pursuant to Rule 13.51B(1) of the Listing Rules

For the year ended 31 August 2023, there was no change to information which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

BOARD DIVERSITY POLICY

In compliance with the requirement set out in Rule 13.92 of the Listing Rules, the Company has adopted a board diversity policy (the "**Board Diversity Policy**") which sets out the objective and approach of which the Board could achieve and maintain a high level of diversity. The Company recognizes the benefits of having a diversified Board, as such it will ensure that members of the Board have the appropriate balance of skills, experience and diversity of perspectives that are required to support the Group's business strategies and sustainable development. Our Company seeks to achieve Board diversity by selection of candidates for the Board through the consideration of a number of factors, including but not limited to the skills, knowledge, professional experience and qualifications, cultural and educational background, age, gender, ethnicity and length of service. All Board appointments will be based on meritocracy and candidates will be considered against objective criteria, having due regard to the benefits of diversity on the Board.

The Nomination Committee has conducted an annual review of the Board's composition and the implementation of our Board Diversity Policy. Considering multiple measurable objectives including but not limited to skills, knowledge, professional experience and qualifications, cultural and educational background, age, gender, ethnicity and length of service, and it considered that board diversity was achieved.

The Company values gender diversity across all levels of the Group. The following table sets out the gender ratio in the workforce of the Group, including the Board and other employees as at the Latest Practicable Date:

	Female	Male
Board	1 (9.09%)	10 (90.91%)
Other employees	1,327 (52.95%)	1,179 (47.05%)

The Board currently has one female Director and as such has achieved gender diversity in respect of the Board. We will continue to strive to enhance female representation and achieve an appropriate balance of gender diversity with reference to the Shareholders' expectation and international and local recommended best practices. We will also ensure that there is gender diversity when recruiting staff at mid to senior level and we are committed to provide career development opportunities for female staff so that we will have a pipeline of female senior management and potential successors to our Board in near future.

The Company plans to offer all-rounded trainings to female employees whom we consider to have the suitable experience, skills and knowledge of our operation and business, including but not limited to, business operation, management, accounting and finance, legal and compliance and research and development.

The Nomination Committee is delegated to be responsible for compliance with relevant code governing board diversity under the CG Code. The Nomination Committee will continue to review the Board Diversity Policy at least annually to ensure that its continued effectiveness, and where necessary, will make revisions that may be required and recommend any such revision to the Board for consideration and approval.

WHISTLEBLOWING POLICY

The Board adopted a whistleblowing policy, the purpose of which is to (i) foster a culture of compliance, ethical behaviour and good corporate governance across the Group; and (ii) promote the importance of ethical behaviour and encourages the reporting of misconduct, unlawful and unethical behaviour. Our staff can anonymously report any suspected corrupt incident to the Company.

ANTI-CORRUPTION POLICY

The Group strictly adheres to the rules and regulations relating to anti-corruption and fraudulent behaviors set out by the relevant authorities. At the same time, the Group maintains a high standard of business integrity throughout its operations. We require our employees to follow our employee manual and code of business conduct and ethics, negligence and corruption. We also carry out regular on the job compliance training for our senior management and employees to maintain a healthy corporate culture and enhance their compliance perception and responsibility.

BOARD MEETINGS

The Company has adopted a practice to convene Board meetings regularly which is at least four meetings per year and roughly on a quarterly basis in accordance with C.5.1 of Part 2 of the CG Code. A notice of a regular Board meeting shall be delivered to all the Directors at least 14 days in advance with the matters to be discussed specified in agenda of the meeting. For other Board and committee meetings, reasonable notice is generally served. Agendas or relevant documents of the Board or committee meetings shall be despatched to the Directors or members of the committees at least three days prior to the convening of the meetings to ensure that they have sufficient time to review the relevant documents and be adequately prepared for the meetings. When Directors or committee members are unable to attend a meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the Chairman prior to the meeting. The meeting minutes are kept by the company secretary of the Company and the copies are circulated to all Directors for reference and record purpose.

The minutes of the meetings of the Board and committees thoroughly record all significant matters under consideration and decisions made, including any concerns raised by the Directors. Draft minutes of each Board meeting and committee meeting are sent to the Directors for comments within a reasonable time after the date on which the meeting is held. Directors have a right to review the minutes of the Board meetings and the committee meetings.

The composition of the Board and their respective attendance at the Board meetings and Board committee meetings convened during the Reporting Period, as well as at the annual general meeting held on 30 January 2023, respectively, are as follows:

	No. of meetings attended/held				
	Board Meetings	Audit Committee Meetings	Remuneration Committee Meeting	Nomination Committee Meeting	Annual General Meeting
Executive Directors					
Mr. Huang Yulin *(Chairman and CEO)*	4/4	N/A	N/A	N/A	1/1
Mr. Yang Ruichen	4/4	N/A	N/A	N/A	1/1
Mr. Liu Chunbin	4/4	N/A	N/A	N/A	1/1
Mr. Wang Li	4/4	N/A	N/A	N/A	1/1
Ms. Gan Tian	4/4	N/A	N/A	N/A	1/1
Mr. Wang Shenghua	4/4	N/A	1/1	N/A	1/1

	No. of meetings attended/held				
	Board Meetings	Audit Committee Meetings	Remuneration Committee Meeting	Nomination Committee Meeting	Annual General Meeting
Non Executive Director					
Mr. Li Cunyi	4/4	N/A	1/1	1/1	1/1
Independent non-executive Directors					
Mr. Sy Lai Yin Sunny	4/4	5/5	1/1	N/A	1/1
Mr. Chen Wanlong	4/4	5/5	1/1	1/1	1/1
Mr. Huang Jujun	4/4	5/5	1/1	1/1	1/1
Mr. Wang Donglin	4/4	5/5	N/A	1/1	1/1

During the Reporting Period, 4 Board meetings were held to consider and approve among others, including (i) the annual results of the Group for the year ended 31 August 2022; and (ii) interim results of the Group for the six months ended 28 February 2023.

According to code provision C.2.7 of Part 2 of the CG Code, the Chairman held one meeting with the independent non-executive Director without the presence of other Directors.

GENERAL MEETING

General meeting proceedings are reviewed from time to time to ensure that the Company follows best corporate governance practices. The notice of annual general meeting is distributed to all Shareholders at least 21 days prior to the annual general meeting and the accompanying circular also sets out details of each proposed resolution and other relevant information as required under the Listing Rules. The chairman of the annual general meeting exercises his power under the articles of association of the Company to put each proposed resolution to the vote by way of a poll. The procedures for demanding and conducting a poll are explained at the beginning of the meeting. The announcement of the poll results of the general meeting will be published on the websites of the Stock Exchange and the Company on the day of the annual general meeting.

During the year ended 31 August 2023, one annual general meeting was held on 30 January 2023. All Directors had participated in the annual general meeting.

The forthcoming 2024 AGM will be held on Monday, 19 February 2024. The notice of the 2024 AGM will be sent to the Shareholders at least 21 days in advance.

BOARD COMMITTEES

The Company has three Board committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee. Each of the Board committees operates under its terms of reference. The terms of reference of the Board committees are available on the websites of the Company and that of the Stock Exchange.

Audit Committee

The Company has established an Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and D.3 of Part 2 of the CG Code. The Audit Committee consists of four members, namely Mr. Sy Lai Yin, Sunny, Mr. Huang Juyun, Mr. Chen Wanlong and Mr. Wang Donglin, all being our independent non-executive Directors. Mr. Sy Lai Yin, Sunny with appropriate qualifications has been appointed as the chairman of the Audit Committee. The primary duties of the Audit Committee are to review and supervise, and provide an independent view of the effectiveness of, the financial reporting process, the risk management and internal control systems of the Group, oversee the audit process and perform other duties and responsibilities as assigned by the Board from time to time.

Two Audit Committee meeting was held during the Reporting Period to review the annual results of the Group for the year ended 31 August 2022 and the interim results of the Group for the six months ended 28 February 2023. All members of the Audit Committee as at the respective meeting dates had participated in the above meetings.

According to code provision D.3.3(e)(i) of Part 2 of the CG Code and the terms of reference of the Audit Committee of the Company, the Audit Committee have met five times this year to discuss the interim and annual results of the Group, as well as the kick off meeting with the new Company's auditors during the Reporting Period. The Audit Committee has also met with the then auditors once during the Reporting Period.

Remuneration Committee

The Company has established a Remuneration Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and E.1 of Part 2 of the CG Code. The Remuneration Committee has five members, comprising three independent non-executive Directors, namely Mr. Chen Wanlong, Mr. Huang Juyun and Mr. Sy Lai Yin, Sunny, one executive Director, being Mr. Wang Li, and one non-executive Director, being Mr. Li Cunyi. Mr. Chen Wanlong is the chairman of the Remuneration Committee. The primary duties of the Remuneration Committee are to establish and review the policy and structure of the remuneration for the Directors (including the director's fees of the independent non-executive Directors) and senior management, make recommendations to the Board on employee benefit arrangements, including benefits in kind, pension rights and compensation payments (e.g. compensation payable for loss or termination of their office or appointment), and reviewing and approving matters relating to the share scheme of the Company in accordance with Chapter 17 of the Listing Rules.

Two meetings of the Remuneration Committee were held during the Reporting Period to review the remuneration policy and structure and to make recommendations to the Board on determining the annual remuneration packages of the Directors and the senior management and other related matters. All members of the Remuneration Committee as at the respective meeting dates had participated in the above meetings.

Details of the remuneration payable to each Director for the Reporting Period are set out in Note 38 to the consolidated financial statements of this Annual Report.

Nomination Committee

The Company has established a Nomination Committee with written terms of reference in compliance with Rule 3.27A of the Listing Rules and B.3 of Part 2 of the CG Code. The Nomination Committee consists of three independent non-executive Directors, being Mr. Huang Juyun, Mr. Wang Donglin and Mr. Chen Wanlong, one executive Director, being Ms. Gan Tian, and one non-executive Director, being Mr. Li Cunyi. Mr. Huang Juyun is the chairman of the Nomination Committee.

The Nomination Committee is responsible for reviewing and assessing the composition of the Board and the independence of the independent non-executive Directors and making recommendations to the Board on appointment and removal of Directors. In recommending candidates for appointment to the Board, the Nomination Committee will consider candidates on merit against objective criteria and with due regards to the benefits of diversity on the Board in accordance with the board diversity policy adopted by the Company. Diversity of the Board will be considered from a number of perspectives, including but not limited to gender, age, cultural and educational background, industry experience, technical and professional skills and/or qualifications, knowledge, length of services and time to be devoted as a Director. The Company will also take into account factors relating to its own business model and specific needs from time to time. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

Two meetings of the Nomination Committee were held during the Reporting Period to review composition of the Board, assess the independence of independent non-executive Directors and recommend the Board on the re-election of Directors. All the Nomination Committee as at the respective meeting dates has reviewed the structure, size and composition of the Board.

Corporate Governance Function

The Board is responsible for performing the functions as set out in A.2.1 of Part 2 of the CG Code.

The Board would review the Company's corporate governance policies, training and continuous professional development of the Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, and the Company's compliance with the CG Code and disclosure in its Corporate Governance Report.

The Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The company secretary of the Company may from time to time and as the circumstances require provide updated written training materials relating to the roles, functions and duties of a director of a company listed on the Stock Exchange.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

Having made specific enquiry of all Directors of the Company, all Directors have all confirmed that they have complied with the Model Code and the code of conduct of the Company regarding securities transactions by Directors throughout the year ended 31 August 2023.

DISCLOSURE OF INSIDE INFORMATION

The Company has in place a policy on handling and dissemination of inside information which sets out the procedures and internal controls for handling and dissemination of inside information in a timely manner in such a way so as not to place any person in a privileged dealing position and to allow time for the market to determine the price of the listed securities of the Company with the latest available information. This policy also provides guidelines to staff of the Company to ensure proper safeguards exist to prevent the Company from breaching the statutory disclosure requirements. It also includes appropriate internal control and reporting systems to identify and assess potential inside information. Dissemination of inside information of the Company shall be conducted by publishing the relevant information on the websites of the Stock Exchange and the Company, according to the requirements of the Listing Rules and Part XV of the Inside Information Provision under the SFO.

AUDITOR'S REMUNERATION

For the Reporting Period, the fees paid/payable to BDO Limited for audit services amounted to approximately RMB2.5 million.

For the Reporting Period, the Company did not engage its auditor to provide non-audit services.

ACCOUNTABILITY AND AUDIT

The Directors of the Company are responsible for overseeing the preparation of the consolidated financial statements which give a true and fair view of the state of affairs of the Group and of the results and cash flows during the Reporting Period. A statement from the auditor about its reporting responsibilities on the consolidated financial statements is set out on pages 73 to 152 of this report. In preparing the consolidated financial statements for the Reporting Period, the Directors have selected suitable accounting policies and applied them consistently, made judgments and estimated that are prudent, fair and reasonable and prepared the consolidated financial statements on a going concern basis.

The Directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group's ability to continue as a going concern.

The basis on which the Company generates or preserves value over the longer term and the strategy for delivering its objectives are explained in the "Management Discussion and Analysis" set out on pages 16 to 34 of this report.

INTERNAL CONTROLS AND RISK MANAGEMENT

The Board acknowledges its responsibility for maintaining a sound and effective risk management and internal control systems and reviewing their effectiveness. The Group's internal control system is designed to safeguard assets against misappropriation and unauthorized disposition and to manage operational risks. Review of the Group's internal controls covering major financial, operational and compliance controls, as well as risk management functions is conducted on an annual basis. The controls built into the risk management system are intended to manage significant risks rather than eliminate the risk of failure in the Group's business and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board is primarily in charge of managing the overall risks of our Group. Significant business decision that involves material risk exposures, such as expansion of the school network into new geographic areas and to enter into cooperative business relationships with third parties to establish new schools, are subject to assessment and approval of the Board.

The Audit Committee is delegated with the responsibility to review the financial controls, risk management and internal control systems of the Group, to consider any major investigation findings on risk management and internal control matters and the response of the management to such findings. The Audit Committee also reviews the external independent auditor's management letter, any material queries raised by the auditor about accounting records, financial accounts or systems of control and management's response. The Audit Committee reports to the Board on the matters considered by the Audit Committee and its recommendations to the Board.

The Company has its own internal audit function in accordance with D.2.5 of Part 2 of the CG Code, and has undertaken a review on the internal control systems of the Company for the Reporting Period, which primarily carries out the analysis and independent appraisal of the adequacy and effectiveness of the risk management and internal control systems of the Group and reports their findings to the Audit Committee and the Board.

The Group's internal control system includes a well-established organizational structure with clearly defined lines of responsibility and authority. The Schools are managed on a day-to-day basis by its president, who is assisted by several vice presidents responsible for one or more specific aspects of the Schools' operations. The board of directors of the Schools are responsible for the overall management and decisions on matters that are significant to the Schools. The board of directors, president and vice presidents of the Schools are required to manage the operation of the Schools within the scope of the delegated authority and to implement and strictly adhere to the strategies and policies set by the Company from time to time. They are also required to keep the executive Directors informed of the material development and to report on the implementation of the policies and strategies set by the Company on a regular basis. The Schools have also designated the relevant personnel who will be responsible for monitoring the ongoing compliance with the relevant PRC laws and regulations that govern the business operations and overseeing the implementation of any necessary measures.

The Group has formulated internal control system manuals on corporate governance, operations, management, legal matters, finance and auditing setting out the internal approval and review procedures pursuant to which our employees are mandated to comply with. The Group has also established a set of policies and procedures for property purchase and leasing arrangement and maintains insurance coverage which is in line with customary practice in the PRC education industry, including school liability insurance.

The Company is committed to build up an effective internal control and risk management systems. The Company has appointed First Shanghai Capital Limited as the compliance adviser upon the Listing to advise on the on-going compliance with the Listing Rules. Additional personnel with professional experience and qualifications will be hired where necessary to support the expansion of our business operation. The Company will also engage external professional advisers to provide professional advice and guidance to our Group and to provide internal trainings to ensure our Directors and employees are kept up-to-date on any legal and regulatory developments.

The Group regulates the handling and dissemination of inside information according to the "Guidelines on Disclosure of Inside Information" published by the Securities and Future Commission in June 2012 to ensure inside information remains confidential until the disclosure of such information is appropriately approved, and the dissemination of such information is efficiently and consistently made. The Company regularly reminds the Directors and employees about due compliance with all policies regarding the inside information.

The Board has conducted a review on the effectiveness of the internal control and risk management systems of the Group during the Reporting Period. Such review cover all material controls, including financial, operational and compliance controls and risk management functions. The Board considers that the risk management and internal control systems are effective and adequate during the Reporting Period. The Board will also continue to evaluate the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal control and financial reporting functions in the future.

CHANGE IN CONSTITUTIONAL DOCUMENTS

At the annual general meeting held on 30 January 2023, a special resolution was passed by the shareholders approving certain amendments to the Articles of Association for the purposes of, among others, (i) allowing general meetings to be held as an electronic meeting (also referred to as virtual general meeting) or a hybrid meeting; (ii) to bring the Articles of Association in line with amendments made to Appendix 3 of the Listing Rules and applicable laws and procedures of the Cayman Islands; and (iii) making certain minor housekeeping amendments to the Articles of Association for the purpose of clarifying existing practice and making consequential amendments in line with the amendments to the Articles of Association (collectively, the "**Amendments**"). Details of the proposed Amendments are set out in the Company's circular dated 30 December 2022. The amended Articles of Association are available on the websites of the Stock Exchange and the Company.

SHAREHOLDERS' COMMUNICATION POLICY

As part of its regular review, the Board has reviewed the Shareholders' Communication Policy for the Reporting Period and is of the view that the Policy is effective and adequately implemented.

The Company has set up an effective communication channel with investors. It carries out investor relationship maintenance work under the principles of openness and fairness and with a proactive attitude while conforming to the rules. During the Reporting Period, the Company disclosed information truly, accurately, completely and timely according to the laws, regulations and regulatory requirements to ensure that investors would know the important matters of the Company in a timely manner, thus protecting the investors' interests to the greatest extent.

SHAREHOLDER MEETING

The Company was incorporated in the Cayman Islands. Pursuant to the Articles of Association, general meetings of the Company shall also be convened on the written requisition of any one or more members of the Company deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitionists, provided that such requisitionists held as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company. Such meeting shall be held within two months after the deposit of such requisition.

To safeguard Shareholders' interests and rights, a separate resolution is proposed for each substantially separate issue at general meetings, including the election of individual Directors. All resolutions put forward at general meetings of the Company will be voted on by poll pursuant to the Listing Rules and poll results will be published on the websites of the Company and that of the Stock Exchange after each general meeting.

Under Article 64 of the Articles of Association, any one or more Shareholders holding at the date of the deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company may at all times have the right, by a written requisition to the Board or the joint company secretaries of the Company, to require the convening of an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If, within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

The Board is not aware of any provisions allowing the Shareholders to put forward proposals at general meetings of the Company under the Articles of Association and the Companies Act of the Cayman Islands. Shareholders who wish to put forward proposals at general meetings of the Company may refer to the preceding paragraph to make a written requisition to require the convening of an extraordinary general meeting of the Company.

Detailed procedures for Shareholders to propose a person for election as a Director are published on the Company's website. For putting forward any enquiries to the Board, Shareholders may send written enquiries to the Company as follows:

Address: No. 001, Xinjian Lianfu Dadao, Nanchang, Jiangxi, PRC

Attn. : The Board of Directors

The Company will not normally deal with verbal or anonymous enquiries.

DIRECTORS' REPORT

The Board is pleased to present this report together with the audited consolidated financial statements of the Group for the Reporting Period.

PRINCIPAL ACTIVITIES

We are one of the leading providers of private comprehensive education services in Jiangxi Province, China, with years of experience in the private comprehensive education service industry. As at 31 August 2023, we operated four Schools, comprising (i) JUAS, a private university locates in Jiangxi Province, PRC; (ii) Jishi College, a full-time vocational college locates in Jiangxi Province, PRC; (iii) Guizhou Institute, a higher vocational college locates in Guizhou Province, PRC; and (iv) Chen Lin High School, a private high school locates in Henan Province, PRC.

We offer undergraduate college programs, junior college programs, vocational programs and high school programs, as well as diverse education related services. As at 31 August 2023, our Schools had 26,785 enrolled students, consisting of 10,285 undergraduate students, 10,983 junior college students, 3,924 vocational school students and 1,593 high school students. We also provide a variety of education related services including internship management services as well as tutoring and program management services to enterprises and education institutions.

The Company is the holding company of our Group and was incorporated in the Cayman Islands on 25 May 2018. The activities and particulars of our Company are shown under note 1 to the consolidated financial statements. An analysis of the Group's revenue and operating profit for the Reporting Period by principal activities is set out in the section headed "Management Discussion and Analysis" in this annual report and note 6 to the consolidated financial statement.

BUSINESS REVIEW

A review of the Group's business for the year ended 31 August 2023, which includes a discussion of the principal challenges and uncertainties faced by the Group, an analysis of the Group's performance using financial key performance indicators, particulars of important events affecting the Group during the Reporting Period, and an indication of likely future developments in the Group's business, could be found in the sections headed "Chairman's Statement", "Management Discussion and Analysis" and "Corporate Governance Report" in this annual report. The review and discussion form part of this directors' report.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group has engaged professional service firms for advices regarding compliance matters with various jurisdictions which the Group's subsidiaries operate, and has kept a close watch on any new laws or regulatory changes.

During the Reporting Period and up to the date of this report, the Group has complied with the relevant laws and regulations that have a significant impact on the Company in material respects.

DIRECTORS' REPORT

RESULTS AND DIVIDEND

The consolidation results of the Group for the Reporting Period are set out on pages 73 to 77 of this report. The Board does not recommend the payment of a final dividend for the year ended 31 August 2023.

CLOSURE OF THE REGISTER OF MEMBERS

In order to ascertain Shareholder's entitlement to attend and vote at the 2024 AGM, the register of members of the Company will be closed from Wednesday, 14 February 2024 to Monday, 19 February 2024, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for attending and voting at the 2024 AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's 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 no later than 4:30 p.m. on Friday, 9 February 2024.

FINANCIAL SUMMARY

A summary of the published results and assets, liabilities and non-controlling interests of the Group for the last four financial years and the Reporting Period is set out on page 8 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the Reporting Period are set out in note 15 to the consolidated financial statements of this annual report.

SHARE CAPITAL

Details of the movements in share capital of the Company during the Reporting Period are set out in note 24 to the consolidated financial statements of this annual report.

RESERVES

Details of the movement in the reserves of the Group and of the Company during the Reporting Period are set out in the Consolidated Statement of Change in Equity of this annual report and in notes 25 and 37 to the consolidated financial statements of this annual report.

As at 31 August 2023, the Company's share premium available for distribution to Shareholders amounted to approximately RMB433.8 million (31 August 2022: RMB433.8 million).

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association, or the Companies Act, which would oblige the Company to offer new Shares on a pro-rata basis to its existing Shareholders.

DIRECTORS' REPORT

DIRECTORS

The Board consists of the following Directors during the Reporting Period and up to the date of this annual report:

Executive Directors

Mr. Huang Yulin *(Chairman and CEO)*
Mr. Wang Shenghua
Mr. Liu Chunbin
Mr. Yang Ruichen *(CFO)*
Mr. Wang Li
Ms. Gan Tian

Non-executive Director

Mr. Li Cunyi

Independent Non-executive Directors

Mr. Sy Lai Yin, Sunny
Mr. Chen Wanlong
Mr. Huang Juyun
Mr. Wang Donglin

BIOGRAPHICAL DETAILS OF THE DIRECTORS AND THE SENIOR MANAGEMENT

Biographical details of the Directors and the senior management of the Group as at the date of this annual report are set out on pages 11 to 15 in the section headed "Profiles of Directors and Senior Management" to this annual report.

In order to take advantage of the skills, experiences and diversity of perspectives of the Directors and in order to ensure that the Directors give sufficient time and attention to the Group's affairs, the Company has requested each of the Directors to disclose to the Company, the number and the nature of their offices held in public companies and other significant commitments.

Directors' service contract

Each of the executive Directors has entered into a service contract with the Company for a specific term, which is renewable automatically for successive terms of three years, until terminated by not less than three months' notice in writing served by either of the Director or the Company.

The non-executive Director Mr. Li Cunyi has signed a service contract with the Company for an term of three years, which is renewable automatically for successive terms of one year, until terminated by not less than three months' notice in writing served by either of the Director or the Company.

Each of the independent non-executive Directors, has signed a letter of appointment or a service contract with the Company for a specific term, which is renewable automatically for successive terms of three years, until terminated by not less than three months' notice in writing served by either of the Director or the Company.

The appointments of the Directors are subject to the provisions of retirement and rotation of Directors under the Articles of Association.

Save as disclosed above, none of the Directors (including the Directors proposed for re-election at the 2024 AGM) have a service contract/service agreement with members of the Group that is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

CONTRACT WITH CONTROLLING SHAREHOLDERS

During the year ended 31 August 2023, save as disclosed in the paragraph headed "Non-exempt Continuing Connected Transactions" below in this report, no contract of significance was entered into between the Company or any of its subsidiaries and the controlling shareholders of the Company or any of its subsidiaries during the Reporting Period or subsisted at the end of the Reporting Period and no contract of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder of the Company or any of its subsidiaries was entered into during the Reporting Period or subsisted at the end of the Reporting Period.

DIRECTORS' INTEREST IN TRANSACTIONS, ARRANGEMENT OR CONTRACT OF SIGNIFICANCE

Other than disclosed in the consolidated financial statements of this annual report, no transaction, arrangement and contract of significance to the business of the Group which the Company or any of its subsidiaries was a party, and in which a Director or any entity connected with such a Director had a material interest, whether directly or indirectly, subsisted at the end of or at any time during the Reporting Period.

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

The emoluments of the Directors and senior management of the Group are decided by the Board with reference to the recommendation given by the Remuneration Committee, having regard to the Group's operating results, individual performance and comparable market statistics.

Details of the Directors' emoluments and emoluments of the five highest paid individuals in the Group are set out in note 38 and note 10 to the consolidated financial statements of this annual report.

For the Reporting Period, no emoluments were paid by the Group to any Directors or any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the Directors had waived any emoluments for the Reporting Period.

Except as disclosed above, no other payments had been made or were payable, for the Reporting Period, by our Group to or on behalf of any of the Directors.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Save as disclosed in the section headed "Relationship with our Controlling Shareholders" in the Prospectus, none of the Directors or their respective close associates (as defined in the Listing Rules) had any interest in a business that competed or was likely to compete, either directly or indirectly, with the business of the Group, other than being a director of the Company and/or its subsidiaries during the Reporting Period.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all the independent non-executive Directors are independent during the Reporting Period and as at the date of this annual report.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Contractual Arrangements

Background

We have entered into a number of Contractual Agreements with our Consolidated Affiliated Entities in our ordinary and usual course of business, which constitute continuing connected transactions under the Listing Rules.

We currently conduct our private education and vocational education business through our Consolidated Affiliated Entities in the PRC. In the PRC, private education is subject to certain foreign ownership restrictions. Under applicable laws and regulations, foreign-invested education institutions offering higher education and vocational education must be operated in the form of Sino-foreign cooperation, and the applicable PRC laws and regulations also impose certain qualification requirements on the foreign investors of Sino-foreign joint venture private schools. As the PRC government usually does not approve the establishment of Sino-foreign joint venture private schools as a matter of practice, we are unable to directly hold, and do not hold, any equity interest in our Consolidated Affiliated Entities. In order to comply with the applicable PRC legal and regulatory restrictions, we will obtain control over, and derive economic benefits from, our Consolidated Affiliated Entities through the use of Contractual Arrangements.

PRC laws and regulations relating to foreign ownership in the Education Industry

Negative List

Pursuant to the Special Administrative Measures for Entrance of Foreign Investment (2020 Version) (外商投資准入特別管理措施(負面清單)(2020年版)) (the "**Negative List**"), the provision of higher education in the PRC falls within the "restricted" category. The Negative List also explicitly provides that foreign investment in higher education must be operated in the form of Sino-foreign cooperation, whereby the foreign investor shall operate higher education in the PRC through cooperation with a PRC education institution. In addition, the Negative List also requires that the domestic party shall play a dominant role in the Sino-foreign cooperation, which is generally understood to mean that (a) the principal or other chief executive officers of the schools shall be PRC national; and (b) the representatives of the domestic party shall account for no less than half of the total members of the board of directors, the executive council or the joint administration committee of the Sino-foreign cooperative education institution (the "**Foreign Control Restriction**"). As confirmed by our PRC legal advisor, we are in compliance with the Foreign Control Restriction in respect of our Consolidated Affiliated Entities on the basis that (a) the principals and chief executive officers of our Consolidated Affiliated Entities are all PRC nationals; and (b) all members of the board of directors of our Consolidated Affiliated Entities are PRC nationals.

Sino-Foreign Cooperation

Under the Regulation on Sino-Foreign Cooperation Operating Schools (《中華人民共和國中外合作辦學條例》), if we were to apply to convert JUAS and/or Jishi College to a Sino-foreign joint venture private school ("**Sino-Foreign Joint Venture Private School**"), the foreign investor in our Schools must be a foreign education institution which is appropriately qualified in providing quality education (the "**Qualification Requirement**"). Furthermore, pursuant to the Implement Opinions, the foreign portion of the total investment in the Sino-Foreign Joint Venture Private School should be below 50%. Our PRC legal advisor has advised that there are no implementing measures or specific guidance on the Qualification Requirement in accordance with the existing PRC laws and regulations and therefore it is currently uncertain as to what specific criteria must be met by a foreign investor (such as the length of experience and the form and extent of ownership in the foreign jurisdiction) in order to demonstrate to the relevant educational authority that it meets the Qualification Requirement.

Updates to the plan to comply with the Qualification Requirement

As disclosed in the Prospectus, We have adopted a specific plan and have taken concrete steps which we believe are meaningful endeavors towards demonstrating compliance with the Qualification Requirement. In August 2018, we entered into a consulting service agreement with an international education consultant, who is an Independent Third Party, with an aim to establish and operate an academic degree granting university (the "**University**") in the State of California, the United States. We have submitted a formal application to the Bureau for Private Postsecondary Education. As at the date of this report, the application is still in process.

Summary of the Contractual Arrangements

The Contractual Arrangements which were in place during the Reporting Period are as follows:

1. the exclusive business cooperation agreement dated 15 September 2018, pursuant to which Chen Lin Education Science shall provide technical services, management support and consulting services to JUAS and Nanchang Di Guan, and JUAS and Nanchang Di Guan agreed to pay Chen Lin Education Science a service fee equal to all of their respective amount of surplus from the operations (after deducting necessary costs and reasonable expenses) (the "**Exclusive Business Cooperation Agreement**").

2. The exclusive call option agreement dated 15 September 2018, pursuant to which each of the Registered Shareholders and Nanchang Di Guan unconditionally and irrevocably agreed to grant Chen Lin Education Science or its designated third party an exclusive option to purchase all or part of the equity interests in Nanchang Di Guan, or Nanchang Di Guan's sponsor's interest in JUAS, as the case may be for the minimum amount of consideration permitted by applicable PRC laws and regulations (the "**Exclusive Call Option Agreement**").

3. The equity pledge agreement dated 15 September 2018, pursuant to which each of the Registered Shareholders agreed to pledge all of their respective equity interests in Nanchang Di Guan to Chen Lin Education Science as a security interest to guarantee the performance of contractual obligations and the payment of outstanding debts under the Contractual Arrangements (the "**Equity Pledge Agreement**").

4. The shareholders' voting rights entrustment agreement and powers of attorney dated 15 September 2018, pursuant to which each of the Registered Shareholders has unconditionally and irrevocably authorised and entrusted Chen Lin Education Science or its designated person to exercise all of his/her/their respective rights as shareholders of Nanchang Di Guan to the extent permitted by the PRC laws (the "**Shareholders' Voting Rights Entrustment Agreement and Powers of Attorney**").

5. The school sponsor's and directors' rights entrustment agreement and powers of attorney dated 15 September, 2018, pursuant to which Nanchang Di Guan has irrevocably authorized and entrusted Chen Lin Education Science or its designated person to exercise all its rights as the sponsor of JUAS to the extent permitted by the PRC laws; and each of the directors of JUAS appointed by Nanchang Di Guan has irrevocably authorized and entrusted Chen Lin Education Science or its designated person to exercise all his/her rights as directors of JUAS as appointed by Nanchang Di Guan and to the extent permitted by PRC laws (the "**School Sponsor's and Directors' Rights Entrustment Agreement and Powers of Attorney**").

Further, (1) upon the completion of the acquisition of Jishi College, on 23 December 2020, Ruicheng Education and Jishi College have entered into the letters of undertaking of the Contractual Arrangements (the "**LOUs**"). Pursuant to the LOUs, Ruicheng Education and Jishi College have agreed to be subject to the terms and conditions of the Contractual Arrangements; (2) upon the completion of the acquisition of Guizhou Institute on 30 April 2021, Guizhou Xikai and Guizhou Institute have entered into the LOUs. Pursuant to the LOUs, Guizhou Xikai and Guizhou Institute have agreed to be subject to the terms and conditions of the Contractual Arrangement; and (3) upon the completion of the acquisition of Chen Lin High School, Henan Kunren and Chen Lin High School have entered into the LOUs on 31 July 2021. Pursuant to the LOUs, Henan Kunren and Chen Lin High School have agreed to be subject to the terms and conditions of the Contractual Arrangement.

During the Reporting Period, the amount of transactions contemplated under the Contractual Arrangements was nil.

Significance and financial contributions of the Consolidated Affiliated Entities

Pursuant to the Contractual Arrangements, the Group obtains control over and drives the economic benefits from the consolidated affiliated entities. The following table sets out the financial contribution of the Consolidated Affiliated Entities:

	Significances and financial contribution to the Group					
	Revenue		Net profit		Total assets	
	For the year ended 31 August 2023 RMB'000	For the year ended 31 August 2022 RMB'000	**For the year ended 31 August 2023 RMB'000**	For the year ended 31 August 2022 RMB'000	**As at 31 August 2023 RMB'000**	As at 31 August 2022 RMB'000
Consolidated Affiliated Entities	**563,330**	514,850	**54,024**	20,931	**2,051,937**	3,330,372

Risks associated with the Contractual Arrangements

For risks associated with the Contractual Arrangements, please see the section headed "Risk Factors — Risks Relating to our Contractual Arrangements" in the Prospectus for details.

Material change in relation to the Contractual Arrangements

During the Reporting Period, there is no material change in the Contractual Arrangements and/or the circumstances under which they were adopted.

Unwinding the Contractual Arrangements

The Company will unwind the Contractual Arrangements as soon as the laws allows the business of the Consolidated Affiliated Entities to be operated without the Contractual Arrangements.

However, during the Reporting Period, none of the Contractual Arrangements had been unwound as none of the restrictions that led to the adoption of the Contractual Arrangements had been removed.

Waiver from the Stock Exchange

The Stock Exchange has granted a waiver to the Company from strict compliance with the connected transactions requirements under Chapter 14A of the Listing Rules in respect of the Contractual Arrangements. For details, please refer to the section "Connected Transactions" in the Prospectus.

Confirmation from Independent Non-executive Directors

Our independent non-executive Directors have reviewed the Contractual Arrangements and confirmed that during the Reporting Period, (i) no transaction pursuant to the Contractual Arrangements had been carried out during the year ended 31 August 2023; (ii) no dividends or other distributions have been made by Nanchang Di Guan to the holders of its equity interest which are not otherwise subsequently assigned or transferred to our Group; (iii) apart from the disclosure above, no contracts were entered into, renewed or reproduced between the Group and the Consolidated Affiliated Entities; and (iv) the Contractual Arrangements were entered in the ordinary and usual course of business of the Group, on normal commercial terms or better and are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Confirmation of the Auditor

The Company was listed on the Stock Exchange on 13 December 2019 and the Contractual Arrangements in place are same as those set out in the Prospectus. However, there is no transaction carried out, nor any dividend or other distribution made by Nanchang Di Guan pursuant to the Contractual Arrangements. Accordingly, there was nothing that the Company's auditor can report on and therefore the auditor is not engaged in this respect for the year ended 31 August 2023. When such transactions or distributions arise, the auditor will be engaged to carry out the necessary work.

CONNECTED TRANSACTIONS

During the Reporting Period, save as disclosed in the section headed "Non-exempt Continuing Connected Transactions" above in this report, the Group had not entered into any connected transaction or continuing connected transaction which should be disclosed pursuant to the requirements of Rule 14A.71 of the Listing Rules. The Company has complied with the disclosure requirements set out in Chapter 14A of the Listing Rules.

RELATED PARTY TRANSACTIONS

Details of the related party transactions of the Group for the Reporting Period are set out in note 36 to the consolidated financial statements of this annual report contained herein.

None of the related party transactions disclosed in note 36 to the consolidated financial statements of this annual report, constituted a connected transaction or continuing connected transaction subject to independent Shareholders' approval, annual review and all disclosure requirements in Chapter 14A of the Listing Rules.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

Save as disclosed in this annual report, the Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

MANAGEMENT CONTRACTS

Other than the Directors' service contracts and appointment letters, no contract concerning the management and administration of the whole or any substantial part of the business of the Group was entered into or in existence as at 31 August 2023 or at any time during the Reporting Period.

EQUITY-LINKED AGREEMENTS

During the Reporting Period, the Company did not enter into any equity-linked agreement.

DONATIONS

During the Reporting Period, our Group made a donation of RMB1.2 million (for the eight months ended 31 August 2022: RMB1.2 million).

BREACH OF LOAN AGREEMENT

As at 31 August 2023, the Company had not breached any terms of its loan agreements that are significant to the Group's operations.

MATERIAL LEGAL PROCEEDINGS

The Group was not involved in any material legal proceedings during the Reporting Period.

LOAN AND GUARANTEE TO THE DIRECTORS, SENIOR MANAGEMENT AND CONTROLLING SHAREHOLDERS

During the Reporting Period, the Group had not made any loan or provided any guarantee for loan, directly or indirectly, to the Directors, senior management of the Company, the controlling shareholders of the Company or their respective connected persons.

RSU SCHEME

On 20 August 2019, the RSU Scheme was approved and adopted by the Directors of our Company. Pursuant to the Consultation Conclusions, Chapter 17 of the Listing Rules has been amended to govern both share award schemes and share option schemes with effect from 1 January 2023. In light of the above, the Board has resolved on 30 November 2022 in relation to the amendments to be made to the RSU Scheme in order to bring in line with the amended rules, and the amendments were duly approved by the Shareholders in an extraordinary general meeting of the Company held on 30 January 2023. For further details in relation to the amendments, please refer to the announcement of the Company dated 30 November 2022 and the circular of the Company dated 6 January 2023.

Principal Terms of the RSU Scheme

(a) Purpose

The purpose of the RSU Scheme is to incentivise Directors, senior management and employees of our Group for their contribution to our Group, to attract, motivate and retain skilled and experienced personnel to strive for the future development and expansion of our Group by providing them with the opportunity to own equity interests in our Company.

(b) Eligible person

Persons eligible to receive RSUs under the RSU Scheme are existing employees, Directors (whether executive or non-executive, but excluding independent non-executive Directors) or officers of our Company or any member of our Group or any person who, in the sole opinion of the Board, has contributed or will contribute to any member of our Group (the "**RSU Eligible Person(s)**").

(c) Remaining life

The RSU Scheme will be valid and effective for a period of ten (10) years, commencing from 20 August 2019 (unless it is terminated earlier in accordance with its terms). As at 31 August 2023, the remaining life of the RSU Scheme was approximately six years.

(d) Maximum number of shares to be granted

The maximum number of RSUs that may be granted under the RSU Scheme shall not exceed 100,000,000 Shares in aggregate (excluding RSUs that have lapsed or been cancelled in accordance with the rules of the RSU Scheme) representing 10% of the number of Shares in issue as at the date of amendment.

(e) Maximum entitlement of each participant

Any grant of RSUs to a RSU Eligible Person selected by the Board to be granted RSUs (the "**Selected Person**") under the RSU scheme would result in Shares issued and to be issued in respect of all RSUs, options or awards granted to such person (excluding any RSUs, options and awards lapsed in accordance with the terms of this Scheme or any other Share Scheme(s)) in the 12-month period up to and including the date of such grant representing in aggregate over 1% of the Shares in issue, such grant of RSUs must be separately approved by shareholders of the Company in general meeting with such Selected Person and his/her close associates (or his/her associates if the Selected Person is a connected person of the Company) abstaining from voting. The number and terms of RSUs to be granted to such Selected Person must be fixed before shareholders' approval.

(f) Purchase Price

Initially and subject to otherwise determined by the Board at its absolute discretion at the relevant time for each individual grant of RSUs, a Selected Person is not required to pay any grant or purchase price or make any other payment to the Company to accept the RSUs granted pursuant to grant letter, nor is he/she required to pay any conversion price upon the conversion of the RSUs.

(g) Vesting of the RSUs

The vesting of the of the RSUs may be subject to criteria, conditions and the time schedule and such criteria, conditions and time schedule shall be stated in the grant letter. The vesting period shall not be less than 12 months or such other period as the Listing Rules may prescribe or permit.

In respect of any Selected Person who is a Director or a senior manager, the Remuneration Committee may, or in respect of any other Selected Person, the Directors may, establish performance targets against the attainment of which the RSUs granted to the Selected Person concerned. The Directors (or, as the case may be, the Remuneration Committee) shall have the authority, after the grant of any RSUs which is performance linked, to make fair and reasonable adjustments to the prescribed performance targets during the Vesting Period if there is a change in circumstances, provided that any such adjustments shall be less onerous than the original performance targets and are considered fair and reasonable by the Directors (or, as the case may be, the Remuneration Committee).

Proposed performance targets include business, financials, operations and creation of capital value for the Group's business segments (such as increase in revenue and net profit) as well as that for the Selected Persons based on individual performance indicators relevant to their roles and responsibilities. The Directors (or, as the case may be, the Remuneration Committee) will conduct assessment at the end of a performance period by comparing the performance of the business segments and the individual performance of the Participants with the pre-agreed targets to determine whether the targets and the extents to which have been met.

(h) Conversion of RSUs

RSUs held by a Participant that are vested as evidenced by the vesting notice may be converted (in whole or in part) by the Participant serving an conversion notice in writing on the Trustee and copied to the Company subject to the conditions of this Scheme. The period within which an RSU may be converted by the Participant under this Scheme must not be more than ten 10 years from the date of grant of the RSUs. Any conversion of RSUs must be in respect of a Board Lot or an integral multiple thereof (except where the number of RSUs which remains unconverted is less than one Board Lot). In an conversion notice, the Participant shall request the Trustee to, and the Board shall direct and procure the Trustee to within five 5 Business Days, transfer the Shares underlying the RSUs converted (and, if applicable, the cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions in respect of those Shares) to the Participant which the Company has allotted and issued to the Trustee as fully paid up Shares or which the Trustee has either acquired by purchasing existing Shares or by receiving existing Shares from any shareholder of the Company, subject to the Participant paying the conversion price (where applicable) and all tax, stamp duty, levies and charges applicable to such transfer to the Trustee or as the Trustee directs. Notwithstanding the foregoing, if the Participant would or might be prohibited from dealing in the Shares by the Listing Rules or by any other applicable laws, regulations or rules within the period specified above, the date on which the relevant Shares shall be allotted and issued or transferred (as the case may be) to such Participant shall occur as soon as possible after the date when such dealing is permitted by the Listing Rules or by any other applicable laws, regulations or rules. The Participant shall serve the conversion notice within three 3 months after receiving the Vesting Notice. The Trustee will not hold the Shares underlying the RSUs vested for the Participant after this three 3 months period. If the conversion notice is not served during this three 3 months period or the Shares underlying the RSUs converted cannot be transferred to the Participant pursuant to the preceding paragraph due to the Participant not being able to provide sufficient information to effect the transfer, the RSUs vested or converted (as the case may be) shall lapse unless otherwise agreed by the Board at its absolute discretion.

(i) RSU trustee

Our Company has appointed Mr. Huang Yulin as the trustee (the "**RSU Trustee**") to assist in the administration of the RSU Scheme. Our Company may (i) allot and issue Shares to the RSU Trustee to be held by the RSU Trustee and which will be used to satisfy the Shares underlying the RSUs upon exercise and/or (ii) direct and procure the RSU Trustee to receive existing Shares from any Shareholder or purchase existing Shares (either on-market or off-market) to satisfy the Shares underlying the RSUs upon exercise. Our Company shall procure that sufficient funds are provided to the RSU Trustee by whatever means as our Board may in its absolute discretion determine to enable the RSU Trustee to satisfy its obligations in connection with the administration of the RSU Scheme.

Details of the RSUs granted under the RSU Scheme as at 31 August 2023 is set out as below:

Name of the guarantees	Position held within our Group	Address	Number of Shares represented by the RSUs	Approximate percentage of shareholding [(1)]
Directors of our Company				
Mr. Wang Li	Executive Director and co-president	Room 401, Unit 1, Block 9 No. 2, Jun Cai Road Honggutan New District Nanchang Jiangxi, PRC	2,391,000	0.24%
Mr. Liu Chunbin	Executive Director and vice president	Room 603, Unit 2, Block 4, No. 899, Yi Yuan Road, Honggutan New District, Nanchang, Jiangxi, PRC	1,395,000	0.14%
Senior management members of our Company (excluding those who are also Directors of our Company)				
Ms. Fang Xiaozhen	Chief operating officer	Room 502, Unit 1, Block 1, No. 81 Cui Yan Road, Wanli District, Nanchang, Jiangxi, PRC	3,268,000	0.33%
Mr. Lu Dong	General manager of administrative and legal department	Room 601, Unit 3, Block 1, Jiuzhou Hua Yi Ju, No. 20, Gongnong Road, Wanli District, Nanchang, Jiangxi, PRC	558,000	0.06%
Mr. Zhang Min	Vice president	Room 2311, Unit 3, Block 2, No. 668, Shi Mao Road, Honggutan New District, Nanchang, Jiangxi, PRC	518,000	0.05%

Rank/position held with our Group	Number of Shares represented by the RSUs	Approximate percentage of shareholding [(1)]
39 management staff and employees of our Group[(2)]	26,094,700	2.61%

Notes:

(1) The calculation is based on the number of 1,000,000,000 Shares in issue as at 31 August 2023.

(2) This includes 8,130,000 RSUs held by the two Directors and three Senior Management of the Company, further details of which are set out in the tables above.

(3) All the RSUs granted above were granted on 20 August 2019 before the listing of the Company on the Stock Exchange on 13 December 2019.

During the Reporting Period and up to the date of this report, the number of the RSUs granted under the RSU Scheme and the underlying Shares represented by such RSUs remained unchanged, and none of the RSUs granted under the RSU Scheme have been exercised, cancelled or lapsed.

The maximum number of Shares reserved for the RSU Scheme were 40,020,000 which comprised 13,925,300 Shares that remained grantable under RSU Scheme; and 26,094,700 Shares that had been granted and vested but not yet exercised and converted under the RSU Scheme.

The grantees of the RSUs granted under the RSU Scheme as referred to in the table above are not required to pay for grant or exercise of any RSU.

For the RSUs granted under the RSU Scheme to the named individual grantees of the RSUs set out in the table above, they shall (unless the Company shall otherwise determine and so notify such grantee in writing) be vested as follows:

(1) as to 50.0% of the RSUs on 18 November 2020;

(2) as to 30.0% of the RSUs on 18 November 2021; and

(3) as to 20.0% of the RSUs on 18 November 2022.

As at 31 August 2023, all the RSUs granted under the RSU Scheme were fully vested. The weighted average closing price of Shares immediately before the vesting of the RSUs during the Reporting Period was HK$1.89.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 August 2023, the interests or short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

INTERESTS IN THE COMPANY

Name of Director/ chief executive	Capacity/Nature of interest	Number of Shares held [(1)]	Approximate percentage of shareholding [(2)]
Mr. Huang Yulin [(3)] [(4)]	Interest in a controlled corporation	559,794,000	55.98%
Mr. Wang Li [(5)] [(6)]	Beneficial owner	2,391,000	0.24%
	Interest of spouse	99,871,000	9.99%
Mr. Liu Chunbin [(7)]	Beneficial owner	1,745,000	0.17%

Notes:

(1) All interest stated above are long positions.

(2) The calculation is based on the total number of 1,000,000,000 Shares in issue as at 31 August 2023.

(3) 490,304,000 Shares are registered under the name of Huangyulin Holdings, the issued share capital of which is owned as to 100% by Mr. Huang Yulin. Accordingly, Mr. Huang Yulin is deemed to be interested in such number of Shares held by Huangyulin Holdings for the purpose of Part XV of the SFO.

(4) 67,500,000 Shares are registered under the name of Chen Lin Elite Holdings, the issued share capital of which is owned as to 100% by Huangyulin Holdings. Accordingly, both Mr. Huang Yulin and Huangyulin Holdings is deemed to be interested in such number of Shares held by Chen Lin Elite Holdings for the purpose of Part XV of the SFO.

(5) Mr. Wang Li is interested in the RSUs granted to him under the RSU Scheme entitling him to receive 2,391,000 Shares subject to vesting.

(6) Mr. Wang Li is the spouse of Ms. Huang Yuan. Accordingly, Mr. Wang Li is deemed to be interested in the Shares in which Ms. Huang Yuan is interested.

(7) Mr. Liu Chunbin is (i) directly holds and beneficially owns 350,000 Shares; and (ii) interested in the RSUs granted to him under the RSU Scheme entitling him to receive 1,395,000 Shares subject to vesting.

DIRECTORS' REPORT

INTERESTS IN ASSOCIATED CORPORATIONS OF THE GROUP

Name of Director	Name of associated corporations of the Group	Capacity/ Nature of interest	Approximate percentage of registered capital [(1)]
Mr. Huang Yulin	Nanchang Di Guan, JUAS, Ruicheng Education, Jishi College, Guizhou Xikai, Guizhou Institute, Henan Kunren, Chen Lin High School, Gan Zhou Chen Lin and Guizhou Jishi Institute of Industry and Trade[(2)]	Beneficial owner	74.00%
		Interest in a controlled corporation	74.00%

Notes:

(1) All interests stated are long positions.

(2) Nanchang Di Guan, JUAS, Ruicheng Education, Jishi College, Guizhou Xikai, Guizhou Institute, Henan Kunren, Chen Lin High School, Gan Zhou Chen Lin and Guizhou Jishi Institute of Industry and Trade, by virtue of the Contractual Arrangements, all of them are accounted as subsidiaries of the Group. Nanchang Di Guan holds 100.00% of the sponsor's interest of JUAS; Ruicheng Education holds 100.00% of the sponsor's interest of Jishi College; Guizhou Xikai holds 100.00% sponsor's interest of Guizhou Institute; Henan Kunren holds 100.00% sponsor's interest of Chen Lin High School.

Save as disclosed above, as at 31 August 2023, none of the Directors nor the chief executive of the Company had any interests or short positions in any of the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code; or to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

So far as the Directors were aware, as at 31 August 2023, the following persons (other than Directors or chief executives of the Company) or corporations who had interests or short positions in the Shares or underlying Shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO; or which were required to be disclosed to the Company and the Stock Exchange pursuant to Division 2 and 3 of part XV of the SFO, were as follows:

Name	Capacity/Nature of interest	Number of Shares held (1)	Approximate percentage of issued share capital (2)
Huangyulin Holdings (3)	Beneficial owner	492,294,000	49.23%
	Interest in a controlled corporation	67,500,000	6.75%
Ms. Xiong Yan (4)	Interest of spouse	559,794,000	55.98%

Notes:

(1) All interest stated above are long positions.

(2) The calculation is based on the total number of 1,000,000,000 Shares in issue as at 31 August 2023.

(3) The entire share capital of Chen Lin Elite Holdings is directly owned by Huangyulin Holdings. Accordingly, Huangyulin Holdings is deemed to be interested in such number of shares held by Chen Lin Elite Holdings.

(4) Ms. Xiong Yan is the spouse of Mr. Huang Yulin. Accordingly, Ms. Xiong Yan is deemed to be interested in the Shares in which Mr. Huang Yulin is interested.

Save as disclosed above, as at 31 August 2023, the Directors are not aware of any other person or corporation who had interests or short positions in the Shares or underlying Shares of the Company which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO; or which would require to be disclosed to the Company and the Stock Exchange pursuant to the provisions of Division 2 and 3 of Part XV of the SFO.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 August 2023 and up to the date of this annual report, the Company nor its subsidiaries did not purchase, sell or redeem any listed securities of the Company.

Other than the RSU Scheme, there have been no option, convertible securities or similar rights or arrangements, issued or granted by the Group during the Reporting Period and as at the date of this annual report.

MAJOR CUSTOMERS AND SUPPLIERS

During the Reporting Period, the Group's largest customers accounted for 1.08% of the Group's total revenue. The Group's five largest customers accounted for 1.63% of the Group's total revenue.

During the Reporting Period, the Group's largest suppliers accounted for 20.81% of the Group's total purchase. The Group's five largest suppliers accounted for 69.32% of the Group's total purchase.

None of the Directors or any of their close associates (as defined under the Listing Rules) or any Shareholders (which, to the best knowledge of the Directors, owns more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest suppliers or the Group's five largest customers.

DIVIDEND POLICY

As we are a holding company, our ability to declare and pay dividends will depend on receipt of dividends and other payments from Chen Lin Education Science, which in turn substantially depends on the service fees paid to Chen Lin Education Science from our Consolidated Affiliated Entities. There remain certain uncertainties with respect to our ability to pay dividends to our Shareholders under the influence of the Amendment Decision which came into effect on 1 September 2017. Pursuant to the Amendment Decision, sponsors of existing private schools engaged in higher education may elect to register the schools as non-profit or for-profit private schools. As at 31 August 2023, we had not made a definitive decision on whether to register our Schools as non-profit or for-profit private schools. If we were to have elected to register our Schools as for-profit private schools, as confirmed by our PRC legal advisor and with reference to our dividend policy, our ability to distribute dividends to our Shareholders will not be materially affected. If we were to have elected to register our School as a non-profit private school, our ability to distribute dividends to our Shareholders may be limited. To mitigate such risks, we have adopted and/or will adopt the following measures: (i) we have established a special committee to mitigate any relevant compliance risks and to advise on the decision to register our Schools as for-profit or non-profit private schools. When making such decision, our Directors will take into consideration a variety of factors including the development of our business and the interests of our Shareholders; (ii) we plan to further strengthen and diversify our offering of education related services to widen our revenue base and to enhance our profitability; and (iii) our ability to pay dividends and other cash distributions to our Shareholders depends solely on our ability to receive dividends and other distributions from Chen Lin Education Science, which in turn depends on the service fees paid to Chen Lin Education Science from our Consolidated Affiliated Entities.

Any amount of dividends we pay will be determined at the discretion of our Directors and will depend on our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors which our Directors consider relevant. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the relevant laws. Subject to the foregoing, the Board does not recommend the payment of a final dividend for the year ended 31 August 2023.

TAX RELIEF AND EXEMPTION OF HOLDERS OF LISTED SECURITIES

The Company is not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's securities.

HUMAN RESOURCES

We hire talents based on business development and operational needs, as well as candidates' integrity and professionalism. Our talent selection policy does not only focus on professional knowledge, experience, relevant qualification, but also on candidates' morality, professional ethics and discipline. We actively attract talents through participating in talent recruitment fairs and industry conference, and encouraging our staff in their respected departments to take advantage of social media to refer and recommend talented candidates to join us.

During the Reporting Period, we had not experienced any material dispute with our employees or disruption to our operations due to labour dispute and we had not experienced any difficulty in the recruitment and retention of employees.

Details of the pension obligations of the Company are set out in note 10 to the consolidated financial statements of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

According to the information that is publicly available to the Company and within the knowledge of the Board, as at the date of this annual report, the Company has maintained the minimum public float of not less than 25% as required under the Listing Rules.

PERMITTED INDEMNITY PROVISIONS

At no time during the Reporting Period, there was or is, any permitted indemnity provision being in force for the benefit of any of the Directors, except the insurance cover of the legal proceeds against the Directors currently provided by the Company to each Director.

CORPORATE GOVERNANCE

The Company recognises the importance of good corporate governance for enhancing the management of the Company as well as preserving the interests of the Shareholders as a whole. The Company has adopted the code provisions set out in the CG Code as its own code to govern its corporate governance practices.

Save for the non-compliance with code provision C.2.1 of the CG Code as disclosed under the heading "CORPORATE GOVERNANCE PRACTICES" in the "Corporate Governance Report" of this report, the Company has complied with all the applicable code provisions of the CG Code during the year ended 31 August 2023 and up to the date of this annual report.

The Board will continue to review and monitor the practices of the Company with an aim to maintaining a high standard of corporate governance.

Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 35 to 45 of this annual report.

AUDITOR

PricewaterhouseCoopers ("**PwC**") resigned as the auditor of the Company with effect from 24 July 2023, BDO Limited ("**BDO**") has been appointed to fill the casual vacancy following the resignation of PwC and to hold office until the conclusion of the 2024 AGM. For the further details in relation to the change of auditor, please refer to the announcements of the Company dated 24 July 2023 and 26 July 2023 respectively.

The consolidated financial statements for the Reporting Period have been audited by BDO, Certified Public Accountants, who are proposed for reappointment at the forthcoming 2024 AGM.

On behalf of the Board
Huang Yulin
Chairman

Hong Kong
18 December 2023

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Chen Lin Education Group Holdings Limited
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Chen Lin Education Group Holdings Limited ("**the Company**") and its subsidiaries (together "**the Group**") set out on pages 73 to 152, which comprise the consolidated statement of financial position as at 31 August 2023, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 August 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("**ISAs**"). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the HKICPA's "Code of Ethics for Professional Accountants" (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition — tuition and boarding fees

Refer to note 6 to the consolidated financial statements

We identified revenue recognition — tuition and boarding fees as a key audit matter due to the large volume of transactions with large number of students and significance of the amounts of revenue from tuition and boarding fees.

Revenue of the Group mainly comprised the tuition and boarding fees from students, amounting to RMB553,255,000 in total for the year ended 31 August 2023. These fees are generally received in advance prior to the beginning of each academic year, and are recognized proportionately over the school terms, the boarding periods and the terms of other programmes rendered to students.

KEY AUDIT MATTERS (continued)

Revenue recognition — tuition and boarding fees (continued)

Refer to note 6 to the consolidated financial statements (continued)

Our response:

Our performed audit procedures in relation to revenue recognition of tuition and boarding fees which included:

— Understood, evaluated and tested the Group's key controls over the admission of students, collection of fees and recognition of tuition and boarding fees over the school terms, the boarding periods and the terms of other programmes rendered to students;

— Agreed total number of enrolled students in the respective academic terms to the official students records registered with the relevant education authorities of the People's Republic of China ("**Official Students Records**"), and discussed with management and obtained supporting evidences where differences identified;

— Checked, on a sample basis, the existence of the students, their school fees and academic subjects in the academic year by: i) interviewing the respective students, ii) agreeing information in the relevant students' records in the school to the respective students' personal identity cards, school's student cards, and the information in Official Students Records;

— Checked, on a sample basis, the supporting evidence of payments of tuition and boarding fees from students; and

— Performed recalculation of the amount of the tuition and boarding fees recognised during the year in accordance with the school terms, boarding periods and the terms of other programmes rendered.

Assessment of goodwill impairment

Refer to note 17 to the consolidated financial statements

We identified assessment of goodwill impairment as a key audit matter due to the high degree of uncertainties associated with estimating the future operating performance of the cash generating units ("**CGUs**"), and the complexity and subjectivity of management estimates involved and the appropriateness of the significant assumptions adopted in the value-in-use calculation of the CGUs.

In assessing the recoverable amounts of the Group's CGUs that include goodwill, management engaged external valuation expert to assist in determining the value-in-use calculation of the CGUs, being the present value of the future cash flows expected to be derived from the CGUs. Such valuation involved developing assumptions and estimates about the future results of the relevant businesses, including: number of students, growth rates of number of students and fees, and discount rate. Management considered no impairment on goodwill based on the impairment assessment.

The Group had goodwill amounted to RMB261,519,000 as at 31 August 2023. The goodwill was derived from acquisitions of various schools in the past years.

KEY AUDIT MATTERS (continued)

Assessment of goodwill impairment (continued)

Refer to note 17 to the consolidated financial statements (continued)

Our response:

Our performed audit procedures in relation to assessment of goodwill impairment which included:

— Obtained an understanding of the management's internal controls and assessment process of the impairment assessment of goodwill, and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as the management estimates involved and appropriateness of significant assumptions adopted in determining the value-in-use calculation of the CGUs;

— Assessed the competence, capabilities and objectivity of the external valuation expert who assisted management in determining the value-in-use calculation of the CGUs;

— Assessed management's future cash flow forecasts and calculations of value-in-use of the CGUs with the assistance of our external valuation specialist. Our procedures included:

- Assessing the appropriateness of the methodology adopted by reference to market practices;

- Assessing and challenging the key assumptions, including the projected number of students and fees including the growth rates, by comparing with the historical operating results and future operating plans with reference to the future capital expansion of the CGUs;

- Assessing the discount rate by reference to external data, including the risk factor of comparable school and market risk premium;

- Assessing and challenging the appropriateness of other key input data by comparing with the approved budget and historical data; and

- Testing the mathematical accuracy of the discounted cash flows calculations.

— Assessed management's sensitivity analysis to evaluate the assumptions to which the outcome of the discounted cash flows is more sensitive and the likelihood that an impairment may be resulted.

KEY AUDIT MATTERS (continued)

Payables to government authority in respect of government grants received

Refer to note 32 to the consolidated financial statements

We identified payables to government authority in respect of government grants received as a key audit matter due to significant management's judgement and estimate involved in the determination of the existence of the repayment obligation and the amount and timing of repayment that attribute to the recording of the payables to government authority.

The Group recognised other non-current payables to government authority amounting to RMB261,464,000 as at 31 August 2023. The payables to government authority were related to government grants received for the construction of the school campus of the predecessor school of Guizhou Institute of Industry and Trade ("**Guizhou Institute**") in the past years. Guizhou Institute and its sponsor assessed the government grants to be with ongoing conditions and requirements that have not been fully fulfilled, both are subsidiaries of the Group, and accordingly the grants were recognised as payables to government authorities.

During the year ended 31 August 2023, management of the Group re-assessed the payables based on the available information, including the situation that Guizhou Institute has applied for conversion from not-for-profit school to for-profit school (the "**Conversion**") in October 2022. Management concluded that the amount of payables to government authority was reduced to RMB261,464,000 as at 31 August 2023 and a corresponding gain of RMB4,790,000 was recognised for the year ended 31 August 2023.

Our response:
Our performed audit procedures in relation to payables to government authority in respect of government grants received which included:

— Obtained an understanding from management the history, nature and purpose of the government grants, and the judgement and estimate involved in the assessment of the existence of repayment obligation, and the timing and amount of repayment that attribute to the recording of the payables to government authority;

— Reviewed the relevant investment agreements with the government authorities upon the establishment of the predecessor school of Guizhou Institute, and other supporting evidences obtained subsequently that support the nature, purpose and existence of the government grants received by Guizhou Institute during the construction stage of the school;

KEY AUDIT MATTERS (continued)

Payables to government authority in respect of government grants received (continued)

Refer to note 32 to the consolidated financial statements (continued)

Our response:

We performed audit procedures in relation to payables to government authority in respect of government grants received which included:

— Procedures addressing the latest circumstances attributing to the payables included:

  - Reviewed the latest available documents issued by the relevant government authorities in connection with the government grants received by Guizhou Institute;

  - Reviewed the latest available documents issued by the relevant government authorities in respect of the procedures addressing the Conversion;

  - Reviewed the written opinion from the Company's PRC external legal counsel with the assistance of our PRC external legal expert and discussed with them to understand their analysis and views about the impact of the Conversion to the repayment obligation of the government grants with reference to the latest documents issued by the relevant government authorities and the relevant laws and requirements; and

  - Conducted interviews with the relevant government authorities to confirm the nature and existence of the government grants, and the related conditions and requirements.

— Checked the calculation of management's estimate of the amount of payables to government authority as at 31 August 2023.

KEY AUDIT MATTERS (continued)

Assessment of control over the Consolidated Affiliated Entities through contractual arrangements

Refer to note 4(a) to the consolidated financial statements

We identified assessment of control over the Consolidated Affiliated Entities through contractual arrangements as a key audit matter due to the complexity, high level of judgements involved in determining the validity and enforceability of the Contractual Arrangements in order to evaluate whether it is appropriate for the Company to consolidate the Consolidated Affiliated Entities under IFRSs, which could have significant and pervasive implications to the consolidated financial statements.

A substantial portion of the Group's business is conducted through the Consolidated Affiliated Entities in the PRC due to the regulatory requirements that restrict foreign ownership in higher education service industry in the PRC. The Group does not have any direct legal ownership of equity interest in the Consolidated Affiliated Entities. Nonetheless, through the establishment and implementation of a series of contractual agreements ("**Contractual Arrangements**"), the Group has rights to exercise power of control over the Consolidated Affiliated Entities, has exposure, or rights to variable returns from its involvement with the Consolidated Affiliated Entities, and has ability to affect those returns through its power of control over the Consolidated Affiliated Entities. The directors of the Company concluded that the Group has control over the Consolidated Affiliated Entities, consequently, the Company consolidates the Consolidated Affiliated Entities in the consolidated financial statements of the Group.

During the year ended 31 August 2023, the Directors re-assessed, with the involvement of an external legal counsel appointed by the Company, whether there were any changes in facts and circumstances that may impact the validity and enforceability of the Contractual Arrangements. Based on the results of the assessment, it was concluded that the Contractual Arrangements with the Consolidated Affiliated Entities and their equity shareholders continue to be in compliance with all relevant PRC laws and regulations officially promulgated, publicly available and publicly known, and are legally enforceable.

Accordingly, the directors are of the view that Company continues to have control over the Consolidated Affiliated Entities and therefore consolidates the Consolidated Affiliated Entities in the consolidated financial statements of the Group as at and for the year ended 31 August 2023.

Our response:

We performed audit procedures in relation to assessment of control over the Consolidated Affiliated Entities through contractual arrangements which included:

— We discussed with management to understand the latest regulatory development and whether there were any changes in facts and circumstances which might have an impact on the Contractual Arrangements;

— We evaluated Company's assessment and judgements on the validity and enforceability of the contractual arrangements with the assistance of our PRC external legal expert and the assessment of the Group's control over Consolidated Affiliated Entities through the contractual arrangements;

KEY AUDIT MATTERS (continued)

Assessment of control over the Consolidated Affiliated Entities through contractual arrangements (continued)

Refer to note 4(a) to the consolidated financial statements (continued)

— We obtained and reviewed the written opinion from the Company's PRC external legal counsel with the assistance of our PRC external legal expert and discussed with them to understand their analysis and views as to the validity and enforceability of the Contractual Arrangements with respect to relevant PRC laws and regulations officially promulgated, publicly available and publicly known, and evaluated whether these evidences support the relevant judgements made by the Company;

— We assessed the competency, capabilities and objectivity of the Company's PRC external legal counsel; and

— We assessed the adequacy of related disclosures in the consolidated financial statements.

OTHER INFORMATION IN THE ANNUAL REPORT

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibility in this regard.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with the terms of our engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

BDO Limited
Certified Public Accountants
Chow Tak Sing, Peter
Practising Certificate Number P04659

Hong Kong, 18 December 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 August 2023

	Notes	2023 RMB'000	2022 RMB'000
Revenue	6	**563,330**	514,956
Cost of revenue	9	**(334,861)**	(332,153)
Gross profit		**228,469**	182,803
Other income	7	**36,434**	27,977
Other expenses	9	**(3,124)**	(10,127)
Other (losses)/gains, net	8	**(2,927)**	(44,069)
Net impairment losses on financial assets	9	**(394)**	(5,895)
Selling expenses	9	**(14,071)**	(29,133)
Administrative expenses	9	**(133,480)**	(93,979)
Operating profit		**110,907**	27,577
Finance income	11	**560**	1,091
Finance costs	11	**(78,211)**	(58,939)
Finance costs, net	11	**(77,651)**	(57,848)
Profit/(loss) before income tax		**33,256**	(30,271)
Income tax credit/(expense)	12	**417**	(7,714)
Profit/(loss) for the year		**33,673**	(37,985)
Profit/(loss) and total comprehensive income for the year attributable to:			
Owners of the Company		**33,673**	(37,985)
		RMB	RMB
Earnings/(loss) per share			
— Basic	13	**0.04**	(0.04)
— Diluted	13	**0.03**	(0.04)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 August 2023

	Notes	At 31 August 2023 RMB'000	At 31 August 2022 RMB'000
Non-current assets			
Property, plant and equipment	15	**2,786,752**	2,185,646
Right-of-use assets	16	**460,741**	434,022
Intangible assets	17	**265,641**	271,921
Other non-current assets	18	**124,196**	112,301
Deferred income tax assets	31	**1,834**	–
		3,639,164	3,003,890
Current assets			
Trade receivables	20	**12,370**	11,221
Other receivables and prepayments	21	**96,044**	62,062
Financial assets at fair value through profit or loss	22	**105**	96
Restricted bank balances	23	**3,887**	11,983
Cash and cash equivalents	23	**374,618**	286,206
		487,024	371,568
Total assets		**4,126,188**	3,375,458
Current liabilities			
Accruals and other payables	27	**265,160**	301,381
Amount due to a related party	36(c)	**27,463**	16,434
Borrowings	28	**594,890**	390,449
Current income tax liabilities		**43,222**	41,805
Deferred revenue	29	**5,782**	4,456
Contract liabilities	6	**454,025**	414,709
Lease liabilities	30	**19,694**	4,385
		1,410,236	1,173,619
Net current liabilities		**(923,212)**	(802,051)
Total assets less current liabilities		**2,715,952**	2,201,839

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 August 2023

	Notes	At 31 August 2023 RMB'000	At 31 August 2022 RMB'000
Non-current liabilities			
Borrowings	28	**1,457,080**	980,304
Deferred revenue	29	**78,560**	67,810
Contract liabilities	6	**1,333**	1,733
Lease liabilities	30	**72,150**	67,394
Other non-current payables	32	**261,464**	273,519
		1,870,587	1,390,760
Total liabilities		**3,280,823**	2,564,379
Net assets		**845,365**	811,079
Capital and reserves			
Share capital	24	**89**	89
Share premium	24	**433,763**	433,763
Capital reserve	25	**30,000**	30,000
Statutory surplus reserves	25	**138,026**	130,539
Share-based payments reserve	26	**53,382**	52,769
Retained earnings	25	**190,105**	163,919
Total equity		**845,365**	811,079

The consolidated financial statements on pages 73 to 152 were approved and authorised for issue by the Board of Directors on 18 December 2023 and are signed on its behalf by:

Huang Yulin
Chairman

Yang Ruichen
Director

CONSOLIDATED STATEMENT OF CHANGE IN EQUITY

For the year ended 31 August 2023

	Attributable to owners of the Company						
	Share capital RMB'000	Share Premium RMB'000	Capital reserve RMB'000 (Note 25(a))	Statutory surplus reserves RMB'000 (Note 25(b))	Share-based payment reserve RMB'000	Retained earnings RMB'000 (Note25(c))	Total RMB'000
At 1 September 2021	89	433,763	30,000	117,964	48,838	214,479	845,133
Loss and total comprehensive income for the year	–	–	–	–	–	(37,985)	(37,985)
Share-based payments expense (note 26)	–	–	–	–	3,931	–	3,931
Profit appropriation to statutory reserve	–	–	–	12,575	–	(12,575)	–
At 31 August 2022 and 1 September 2022	89	433,763	30,000	130,539	52,769	163,919	811,079
Profit and total comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**33,673**	**33,673**
Share-based payments expense (note 26)	**–**	**–**	**–**	**–**	**613**	**–**	**613**
Profit appropriation to statutory reserve	**–**	**–**	**–**	**7,487**	**–**	**(7,487)**	**–**
At 31 August 2023	**89**	**433,763**	**30,000**	**138,026**	**53,382**	**190,105**	**845,365**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 August 2023

	Notes	2023 RMB'000	2022 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
NET CASH GENERATED FROM OPERATING ACTIVITIES	34(a)	**223,976**	474,124
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of subsidiaries		**–**	(27,521)
Purchases of land use right		**(26,281)**	(50,467)
Government grants received relating to purchase of land use right and property, plant and equipment	29	**18,494**	56,035
Purchases of property, plant and equipment		**(747,313)**	(543,454)
Purchases of intangible assets		**(2,105)**	(660)
NET CASH USED IN INVESTING ACTIVITIES		**(757,205)**	(566,067)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		**1,105,900**	353,500
Repayments of borrowings		**(385,418)**	(230,043)
Decrease/(increase) in restricted bank balances	23	**8,096**	(11,983)
Borrowings from a related party		**11,029**	13,864
Payments of lease liabilities	16	**(4,963)**	(2,717)
Payment of loan deposits		**–**	(8,500)
Interest paid		**(113,003)**	(50,511)
NET CASH GENERATED FROM FINANCING ACTIVITIES		**621,641**	63,610
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**88,412**	(28,333)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**286,206**	314,457
Exchange gains on cash and cash equivalents		**–**	82
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	23	**374,618**	286,206

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 August 2023

1. GENERAL

Chen Lin Education Group Holdings Limited (the "**Company**") was incorporated in the Cayman Islands on 25 May 2018 as an exempted company with limited liability under the Companies Act (2023 Revision, as consolidated and revised) of the Cayman Islands. The address of its registered office is 190 Elgin Avenue, George Town, Grand Cayman KY1-9008, Cayman Islands. The headquarters and principal business operations of the Group is located at No. 1, Lianfu Avenue, Xinjian District, Nanchang City, Jiangxi Province, the People's Republic of China ("**PRC**").

The Company is an investment holding company. The Company and its subsidiaries (together "**the Group**") provide comprehensive educational services in Jiangxi province, Guizhou province and Henan province of the PRC. The Group has been operating Jiangxi University of Applied Science (江西應用科技學院) ("**JUAS**") since 1984. In December 2020, the Group acquired Jiangxi Wenli Jishi College (江西文理技師學院) ("**Jishi College**") from a third party. In April and July 2021, the Group further acquired Guizhou Institute of Industry and Trade (貴州工貿職業學院) ("**Guizhou Institute**") and Zhengzhou Airport Economy Zone Chen Lin High School (鄭州航空港區辰林高級中學) ("**Chen Lin High School**") (formerly known as Zhengzhou Airport Economy Zone Yu Ren High School) (前稱鄭州航空港區育人高級中學) ("**Yu Ren High School**") from third parties, respectively. In June 2022, Guizhou Provincial People's Government approved the establishment of Guizhou Jishi Institute of Industry and Trade (貴州工貿技師學院) ("**Guizhou Jishi**"), which is held by Guizhou Xikai Education Investment Company Limited ("貴州西凱教育投資有限公司").

The ultimate controlling party of the Group is Mr. Huang Yulin, who is an executive director (the "**Director(s)**") and the chairman of the board (the "**Board**") of Directors (the "**Controlling Shareholder**").

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

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

2. ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

(a) New or amended standards adopted by the Group — effective 1 September 2022

Amendments to IAS 16	Property, Plant and Equipment — Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts — Cost of Fulfilling a Contract
Annual Improvements to IFRSs 2018–2020 Cycle	Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments and IFRS 16 Leases
Amendments to IFRS 3	Conceptual Framework for Financial Reporting

None of these new or amended IFRSs has a material impact on the Group's results and financial position for the current or prior period. The Group has not early applied any new or amended IFRSs that is not yet effective for the current accounting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 August 2023

2. ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (continued)

(b) New or amended IFRSs that have been issued but are not yet effective

The following new or amended IFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to IAS 1	Classification of Liabilities as Current or Non-current[2]
Amendments to IAS 1	Non-current Liabilities with Covenants[2]
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosures of Accounting Policies[1]
Amendments to IAS 8	Disclosures of Accounting Estimates[1]
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback[2]
IFRS 17	Insurance Contracts[1]

1 Effective for annual periods beginning on or after 1 January 2023.

2 Effective for annual periods beginning on or after 1 January 2024.

3 The amendments shall be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined.

Further details about those IFRSs that are not yet effective and are expected to be applicable to the Group are as follows:

Amendments to IAS 1 — Classification of Liabilities as Current or Non-current

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability and explain that rights are in existence if covenants are complied with at the end of the reporting period. The amendments also introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The directors of the Company do not anticipate that the application of the amendments and revision in the future will have an impact on the consolidated financial statements.

2. ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (continued)

(b) New or amended IFRSs that have been issued but are not yet effective (continued)

Amendments to IAS 1, Non-current Liabilities with Covenants

The amendments clarify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. An entity is required to disclose information about these covenants in the notes to the financial statements.

The directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the consolidated financial statements.

Amendments to IAS 1 and IFRS Practice Statement 2, Disclosures of Accounting Policies

The amendments to IAS 1 require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendments to IFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to accounting policy disclosures.

The directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the consolidated financial statements.

Amendments to IAS 8, Disclosures of Accounting Estimates

The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. That distinction is important because changes in accounting estimates are applied prospectively only to future transactions and other future events, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events.

The directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the consolidated financial statements.

Amendments to IAS 12, Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments clarify whether the initial recognition exemption applies to certain transactions that often result in both an asset and a liability being recognised simultaneously. Such instances might include the initial recognition of leases from the perspective of a lessee or asset retirement obligations (AROs)/decommissioning liabilities.

The directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the consolidated financial statements.

2. ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (continued)

(b) New or amended IFRSs that have been issued but are not yet effective (continued)

Amendments to IFRS 10 and IAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. When the transaction with an associate or joint venture that is accounted for using the equity method, any gains or losses resulting from the loss of control of a subsidiary that does not contain a business are recognised in the profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, any gains or losses resulting from the remeasurement of retained interest in any former subsidiary (that has become an associate or a joint venture) to fair value are recognised in the profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The directors of the Company anticipate that the application of these amendments may have an impact on the consolidated financial statements in future periods should such transaction arise.

IFRS 17 — Insurance Contracts

The new standard establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4, Insurance Contracts. The standard outlines a 'General Model', which is modified for insurance contracts with direct participation features, described as the 'Variable Fee Approach'. The General Model is simplified if certain criteria are met by measuring the liability for remaining coverage using the Premium Allocation Approach.

The directors of the Company do not anticipate that the application of this standard in the future will have an impact on the consolidated financial statements.

3. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with all applicable International Financial Reporting Standards ("**IFRSs**") issued by International Accounting Standards Board and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622.

(b) Basis of measurement

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

3. BASIS OF PREPARATION (continued)

(c) Going concern

The Group's current liabilities exceeded current assets by RMB923,212,000 as at 31 August 2023. The Group's current liabilities included deferred revenue and contract liabilities with a total amount of RMB459,807,000 that are not liabilities that require future cash outflows. The Group's cash and cash equivalents as at 31 August 2023 was RMB374,618,000.

As at 31 August 2023, the Group's current liabilities included current borrowings amounting to RMB594,890,000 in total, comprising bank borrowings of RMB272,227,000, borrowings under finance lease arrangement of RMB298,315,000 and borrowings under financial institution of RMB24,348,000. In addition, as at 31 August 2023, the Group had capital commitments that had been contracted but not provided for amounting to RMB445,080,000.

In view of such circumstances, the Directors of the Company have given careful consideration to the future liquidity, performance and the available sources of financing of the Group in assessing whether the Group will have sufficient financial resources to continue as a going concern. A number of plans and measures have been taken to mitigate the liquidity pressure and to improve the Group's financial position and its operations. These include the following:

(i) The Group will continue to make efforts to keep the schools in operation in anticipation of the potential changes in government policies and to manage the progress of conversion from not-for-profit school to for-profit school as required by the relevant government authorities;

(ii) The Group will continue to make investments on new teaching buildings and dormitories so as to expand the capacity of the schools for taking more students upon approval by the relevant government authorities, and at the same time to control costs in order to improve the Group's net operating cash inflows; and

(iii) The Group has been in active communications with banks and other financial institutions to secure the necessary borrowings and to obtain new facilities to fund the Group's capital expenditures and operations. Subsequent to 31 August 2023, the Group obtained bank borrowings of RMB323 million.

The Directors of the Company have reviewed the Group's cash flow projections prepared by the management, covering a period of not less than twelve months from 31 August 2023, and are of the view that, taking into account the abovementioned plans and measures, the Group will have sufficient funds to finance its capital expenditures and operations and to meet its financial obligations as and when they fall due within twelve months from 31 August 2023. Accordingly, the Directors of the Company are satisfied that it is appropriate to prepare the consolidated financial statements as a going concern basis.

4. SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation and equity accounting

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(a) Subsidiaries controlled through Contractual Arrangements

A wholly-owned subsidiary of the Company, Chen Lin Education Science (Jiangxi) Co., Ltd. ("辰林教育科技(江西)有限責任公司", "**Chen Lin Education Science**"), has entered into a series of contractual agreements (the "**Contractual Agreements**") with Nanchang Di Guan Education Consultancy Co., Ltd. ("南昌迪冠教育諮詢有限公司", "**Nanchang Di Guan**"), Gan Zhou Chen Lin Education Investment Co., Ltd. ("贛州辰林教育投資有限公司", "**Gan Zhou Chen Lin**") ,Nanchang Ruicheng Education Consulting Company Limited ("南昌瑞誠教育諮詢有限公司"), Guizhou Xikai Education Investment Company Limited, Henan Kun Ren Education Science Technology Company Limited ("河南坤仁教育科技有限公司"), JUAS, Jishi College, Guizhou Institute, Guizhou Jishi and Chen Lin High School ("**the Schools**"), (collectively the "**Consolidated Affiliated Entities**") and the equity shareholders including Mr. Huang Yulin, Ms. Huang Yuan and Mr. Huang Guandi. The contractual agreements enable Chen Lin Education Science and the Group to:

- exercise effective financial and operational control over the Consolidated Affiliated Entities;
- exercise equity voting rights of the Consolidated Affiliated Entities;
- receive substantially all of the economic interest returns generated by the Consolidated Affiliated Entities in consideration for the corporate management and educational management consultancy services, as well as technical and business support services provided by Chen Lin Education Science. Such services include development, design, upgrade and ordinary maintenance on educational software and website; design on college course and major; compilation and selection and/or recommendation on college course materials; recruitment and training supporting on teachers and other employees; admission and enrolment supporting services; public relation services; market research and development services; management and marketing consulting and related services; and other additional services as the parties may mutually agree from time to time;
- obtain an irrevocable and exclusive right to purchase all of equity interests in the Consolidated Affiliated Entities from the respective equity holders at nil consideration or a minimum purchase price permitted under PRC laws and regulations. Chen Lin Education Science may exercise such options at any time until it has acquired all equity interests in and/or all assets of the Consolidated Affiliated Entities permitted under the PRC laws and regulations. In addition, the Consolidated Affiliated Entities are not allowed to sell, transfer, or dispose any assets, or make any distributions to their equity holders without prior consent of Chen Lin Education Science; and
- obtain a pledge over the entire equity interest of the Consolidated Affiliated Entities from their equity holders to secure performance of the obligations of the Consolidated Affiliated Entities under the Contractual Agreements.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Principles of consolidation and equity accounting (continued)

(a) Subsidiaries controlled through Contractual Arrangements (continued)

The Group does not have any equity interest in the Consolidated Affiliated Entities. However, as a result of the Contractual Agreements, the Group has rights to variable returns from its involvement with the Consolidated Affiliated Entities and has the ability to affect those returns through its power over the Consolidated Affiliated Entities and is considered to control the Consolidated Affiliated Entities. Accordingly, the Company regards the Consolidated Affiliated Entities as indirect subsidiaries under IFRSs. The Group has consolidated the financial position and financial results of the Consolidated Affiliated Entities in the consolidated financial statements during all the years presented or since the date the entity first come under the control of the Group.

Nevertheless, the Contractual Agreements may not be as effective as direct legal ownership in providing the Group direct control over the Consolidated Affiliated Entities, due to the uncertainties presented by the PRC legal system to impede the Group's beneficiary rights of the results, assets and liabilities of the Consolidated Affiliated Entities. The directors, based on the advice of the Company's legal counsel, consider that the Contractual Agreements with the Consolidated Affiliated Entities and their equity shareholders are in compliance with the relevant PRC laws and regulations and are legally enforceable.

(b) Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

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

Acquisition-related costs are expensed as incurred.

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Principles of consolidation and equity accounting (continued)

(b) Business combinations (continued)

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

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

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

(c) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in a loss of control are accounted for as equity transactions — that is, as transactions with the owners of the subsidiary in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(d) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. It means the amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Principles of consolidation and equity accounting (continued)

(e) Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividends exceeds the total comprehensive income of the subsidiary in the period the dividends is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill. Investments in subsidiaries are also assessed for impairment and written down to their recoverable amounts in accordance with Note 4(k).

(f) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("**CODM**"). CODM, who is responsible for allocating resources and assessing performance operating segments, has been identified as the Company's board of directors that makes strategic decisions.

(g) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The consolidated financial statements are presented in RMB, which is the Company's functional and the Group's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised as profit or loss in the consolidated statements of comprehensive income.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equity instrument measured at fair value through other comprehensive income ("**FVOCI**") are recognised in other comprehensive income. The Group does not have non-monetary items measured at fair value in a foreign currency during the year.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Principles of consolidation and equity accounting (continued)

(h) Leases

The Group leases various properties as school premises. Rental contracts are typically made for fixed periods of 3 to 15 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Favorable leases represent leases where the lease terms are more favorable as compared to market prices. Favorable leases are recognised at fair value upon the acquisition of subsidiaries.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to consolidated statements of comprehensive loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use assets except for prepayments for land use rights are depreciated over the shorter of an asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and

The lease payments are discounted using the interest rate implied in the lease, if that rate can be determined, or the respective incremental borrowing rate.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Principles of consolidation and equity accounting (continued)

(h) Leases (continued)

Payments associated with short-term leases are recognised on a straight-line basis as an expense in consolidated statements of comprehensive loss. Short-term leases are leases with a lease term of 12 months or less.

The Group's right-of-use assets also consist of up-front payments to acquire long-term interest in the usage of land, which are stated at cost less accumulated amortisation and accumulated impairment losses. Cost represents consideration paid for the rights to use the land and other direct related costs from the date when the respective rights were granted. Amortisation of prepaid land lease payments is calculated on a straight-line basis over the lease terms as stated in the relevant land use right certificates granted for usage by the Group in the PRC or the best estimate based on the normal terms in the PRC and is charged to profit or loss in the consolidated statements of comprehensive income.

The depreciation periods of the Group' right of use assets are:

Land use rights	50 years
Lease of buildings including favorable lease	11–15 years
Lease of equipment	8 years

(i) Property, plant and equipment

Property, plant and equipment (other than construction in progress) are stated at historical cost less depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting year in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their costs, net of their residual values, over their estimated useful lives as follows:

Buildings and building improvements	5–50 years
Office furniture and fixtures	6–20 years
Electronic equipment	3–12 years
Vehicles	12 years

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Principles of consolidation and equity accounting (continued)

(i) Property, plant and equipment (continued)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of year.

Building improvements are mainly costs for painting the walls of buildings with new environmental protection materials. The useful life of building improvements is estimated to be 5 years.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 4(k)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

Construction in progress represents properties under construction and is stated at cost less accumulated impairment losses. This includes cost of construction and other direct costs. Construction in progress is not depreciated until such time as the assets are completed and are ready for operational use.

(j) Intangible assets

(i) Goodwill

Goodwill is measured as described in note 4(b). Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes.

(ii) Student base

The student base intangible assets refer to the registered and existing students of Schools that were acquired by the Group. The students are expected to pay tuition and boarding fees until their graduation.

The student base will be generating income for schools in the tuition periods, thus it is identified as an intangible asset based on its fair value on the acquisition date. The student base is amortised using the straight-line method over the respective periods until the graduation of the existing students ranging from 1.5 to 2 years.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Principles of consolidation and equity accounting (continued)

(j) Intangible assets (continued)

(iii) Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring the specific software into usage. These costs are amortised using the straight-line method over their estimated useful lives varying from 8 to 12 years. Costs associated with maintaining computer software programmes are recognised as expense as incurred.

The length of useful life of an intangible asset is determined based on (i) estimated period during which such assets can bring economic benefits to the Group; and (ii) the useful life estimated on software of similar nature and functions. The Group reviews the length of useful life at each year end.

(k) Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(l) Investments and other financial assets

(i) Classification

The Group classifies its financial assets in the following categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and

- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("**FVOCI**").

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Principles of consolidation and equity accounting (continued)

(I) Investments and other financial assets (continued)

(ii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other losses, together with foreign exchange gains and losses. Impairment losses are presented as separate line item in profit or loss of the consolidated statements of comprehensive income.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in "other (losses)/gains- net". Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in "other (losses)/gains — net" and impairment losses are presented as a separate line item in profit or loss of the consolidated statements of comprehensive income.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within "other losses — net" in the period in which it arises.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Principles of consolidation and equity accounting (continued)

(l) Investments and other financial assets (continued)

(ii) Measurement (continued)

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in "other (losses)/gains — net" in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iii) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Impairment on other receivables and amounts due from related parties is measured as either 12-month expected credit losses or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

(m) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated balance sheets where the Group currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the relevant company or the counterparty.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Principles of consolidation and equity accounting (continued)

(n) Trade and other receivables

Trade receivables are amounts due from students of the university and customers for services provided in the ordinary course of business. If collection of trade and receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets, if not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

(o) Contract assets and liabilities

Upon entering into a contract with a customer, the Group obtains rights to receive consideration from the customer and assumes performance obligations to transfer goods or services to the customer. The combination of those rights and performance obligations gives rise to a net asset or a net liability depending on the relationship between the remaining rights and the performance obligations. The contract is an asset and recognised as a contract asset if the measure of the remaining conditional rights to consideration exceeds the satisfied performance obligations. Conversely, the contract is a liability and recognised as contract liabilities if the measure of the remaining performance obligations exceeds the measure of the remaining rights.

(p) Cash and cash equivalents

Cash is cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value. In the consolidated statements of cash flows, cash and cash equivalents includes cash at bank and on hand and short-term bank deposits with original maturities of three months or less.

(q) Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(r) Accrual and other payables

Accrual and other payables are classified as current liabilities if payment is due within one year or less (or within the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Accrual and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Principles of consolidation and equity accounting (continued)

(s) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the consolidated balance sheets when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting year.

(t) Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the year in which they are incurred.

(u) Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Principles of consolidation and equity accounting (continued)

(u) Current and deferred income tax (continued)

Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

According to the Enterprise Income Tax law, distribution of profits earned by PRC companies is generally subject to withholding tax of 10%, depending on the country of incorporation of the foreign investors, upon the distribution of profits to overseas — incorporated immediate holding companies. A lower withholding tax rate may be levied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. During the reporting period, PRC companies did not distribute dividends to overseas.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Principles of consolidation and equity accounting (continued)

(v) Employee benefits

(i) Pension obligations

In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries, subject to certain ceilings. The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefits of its employees. The assets of these plans are held separately from those of the Group in an independent fund managed by the PRC government. The Group's contributions to these plans are expensed as incurred.

(ii) Housing funds, medical insurances and other social insurances

The PRC employees of the Group are entitled to participate in various government-supervised housing funds, medical insurance and other employee social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceilings. The Group's liability in respect of these funds is limited to the contributions payable in each period.

(iii) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(iv) Employee leave entitlement

Employee entitlement to annual leave are recognised when they have accrued to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period. Employees entitlement to sick leave and maternity leave are not recognised until the time of leave.

(v) Bonus plan

The expected cost of bonus is recognised as a liability when the Group has a present legal or constructive obligation for payment of bonus as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities for bonus plans are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Principles of consolidation and equity accounting (continued)

(w) Share-based payments

The Company set up a Restricted Share Units ("**RSUs**") Scheme as incentive to the eligible employees, including certain directors, senior management members and employees of the Group, in exchange for their services for the Group.

For grant of RSUs, the total amount to be expensed is determined by reference to the fair value of the Company's shares at the grant date.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

(x) Revenue recognition

(i) Tuition and boarding fees

Tuition and boarding fees of the Group's schools are generally received in advance prior to the beginning of each academic year. Tuition and boarding fees are recognised proportionately over the relevant period in which the services are rendered. The portion of tuition and boarding payments received from students but not earned is recorded as contract liabilities. Amounts which will be earned within one year is reflected as a current liability, and which will be earned beyond one year is reflected as a non-current liability.

(ii) Revenue from internship management services

The Group introduces qualified students from the Group's schools and other schools to participate in the Group's cooperative enterprises' internship programmes and receives management fees from the enterprises with respect to each student the Group introduced. The fee is recognised as revenue over the period of the relevant programmes.

The Group also receives the application fees from providing internship placement service for student. The revenue is recognised at a point in time when the service obligation are fulfilled.

(iii) Revenue from tutoring and programme management services

The Group recognises revenue based on the provision of tutoring services to students from the Group's schools and other schools. These include provision of tutoring or career development related courses. The fee is recognised as revenue over the period of the relevant tutoring programmes.

The Group also receives the revenue from providing programme orientation and student referral services for enterprises. The revenue is recognised at a point in time when the service obligations are fulfilled and the fee is calculated based on the number of students participating in the programmes.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Principles of consolidation and equity accounting (continued)

(x) Revenue recognition (continued)

(iv) Revenue from other education related services

The Group provides several kinds of education related services to students and other parties. Revenue is measured at the consideration received or receivable for the service provided. The Group recognises revenue when it transfers services to a customer.

(v) Other income

Other income consists of government grants, sub-contracting income, commission income and others.

The Group receives income from sub-contracting the canteen catering operations and the campus stores in the school campus to other parties. Income from sub-contracting is recognised evenly over the period of the respective agreements.

Principal versus agent
When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

(y) Interest income

Interest income is recognised using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Principles of consolidation and equity accounting (continued)

(z) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred revenue and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

(aa) Dividends distribution

Dividends distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

The profits of the PRC subsidiaries of the Group are subject to withholding tax at a rate of 10% upon the distribution of such profits to foreign investor in Hong Kong.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Judgements

In the process of applying the Group's accounting policies, management has made the following judgement, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements.

(a) Contractual Arrangements

The Group conducts a substantial portion of the business through the Consolidated Affiliated Entities in the PRC due to regulatory restrictions on the foreign ownership in the Group's school in the PRC (note 4(a)). The Group does not have any equity interest in the Consolidated Affiliated Entities. The directors assessed whether or not the Group has control over the Consolidated Affiliated Entities by assessing whether it has power over the Consolidated Affiliated Entities, has rights to variable returns from its involvement with the Consolidated Affiliated Entities and has the ability to affect those returns through its power over the Consolidated Affiliated Entities. After assessment, the directors concluded that the Group has control over the Consolidated Affiliated Entities as a result of the Contractual Agreements and accordingly the financial position and the operating results of the Consolidated Affiliated Entities are included in the Group's consolidated financial statements throughout the reporting period or since the respective dates of incorporation/establishment, whichever is the shorter period.

Nevertheless, the Contractual Arrangements may not be as effective as direct legal ownership in providing the Group with direct control over the Consolidated Affiliated Entities. There are still uncertainties regarding the interpretation and application of current and future PRC laws and regulations which could impede the Group's power over the Consolidated Affiliated Entities and its beneficiary rights of the results, assets and liabilities of the Consolidated Affiliated Entities.

Whenever there is any event which may impact the validity and enforceability of the Contractual Arrangements, such as the publication of the Implementation Rules for the Law for Promoting Private Education of the PRC (《中華人民共和國民辦教育促進法實施條例》), which has become effective from 1 September 2021, the Directors would reassess whether or not the Contractual Arrangements continue to be legally enforceable.

The Directors, based on the advice of its legal counsel, consider that the Contractual Arrangements among the Chen Lin Education Science, the Consolidated Affiliated Entities and their equity shareholders continue to be in compliance with all relevant PRC laws and regulations officially promulgated, publicly available and publicly known, and are valid and legally enforceable.

Considering all the facts and circumstances, the Company continue to control and consolidate the Consolidated Affiliated Entities for the year ended 31 August 2023.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Judgements (continued)

(b) Income taxes

According to the Implementation Rules for the Law for Promoting Private Education ("**Implementing Rules**"), private schools, whether requiring reasonable returns or not, may enjoy preferential tax treatment. The Implementing Rules provide that the private schools for which the sponsors do not require reasonable returns are eligible to enjoy the same preferential tax treatment as public schools, and relevant authorities under the State Council may introduce preferential tax treatments and related policies applicable to private schools requiring reasonable returns. However, as of the date of issuance of these consolidated financial statements, no separate policies, regulations or rules have been introduced by the authorities in this regard. Based on the historical tax returns filed to the relevant tax authorities, the Schools has historically enjoyed preferential tax treatment since its establishment.

Significant judgement is required in interpreting the relevant tax rules and regulation so as to determine whether the Group is subject to enterprise income tax. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of the tax liabilities. Such changes to tax liabilities will impact tax expense in the period that such determination is made.

(c) Assessment of payables to government authority in respect of government grants received

Regarding the payables to government authority as defined in note 32, the Group have an obligation to repay the government grants received. The final amount of payable repay to government authorities and the timing of the payment are subject to the finalization of the conversion process which is expected to be finalized beyond twelve months from 31 August 2023. Thus, it is the directors and management's judgement in determine the final amount of payables to government authorities and the timing of the payment as at 31 August 2023.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

(a) Estimated useful lives and residual values of property, plant and equipment

The Group's management determines the estimated useful lives and residual values and consequently the related depreciation charges for its property, plant and equipment, and reviews the useful lives and residual values periodically to ensure that the method and rates of depreciation are consistent with the expected pattern of realisation of economic benefits from property, plant and equipment. This estimate is based on the historical experience of the actual useful lives and residual values of property, plant and equipment of similar nature and functions. If there are significant changes from previously estimated useful lives and residual values, the amount of depreciation expenses may change.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Estimation uncertainty (continued)

(b) Useful life and impairment of right-of-use assets

The Group's management determines the estimated useful lives and the amortisation method in determining the related amortisation charges for its right-of-use assets. This estimate is based on the management's experience of the actual practice of similar nature and functions and normal terms in the PRC. In addition, management assesses impairment whenever events or changes in circumstances indicate that the carrying amount of an item of right-of-use assets may not be recoverable. Management will increase the amortisation charge where useful lives are estimated to be shorter than previously estimated or will write off or write down obsolete assets that have been abandoned or impaired.

(c) Impairment of goodwill

The goodwill arose from the acquisition of subsidiaries. The Group tests whether goodwill has suffered impairment on an annual basis in accordance with the accounting policy stated in note 4(j)(i). The recoverable amount of a CGU is determined based on the higher of fair value less cost of disposal ("**FVLCD**") and value in use ("**VIU**") which requires the use of estimates and valuation techniques. When applying valuation technique, the Group relies on a number of factors and judgements, including, among others, historical results, business plans, forecasts and market data.

(d) Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in the note 39(a)(ii).

6. REVENUE AND SEGMENT INFORMATION

(a) Description of segment and principal activities

The Group is principally engaged in the provision of private tertiary education services in the PRC. The Group's chief operation decision maker has been identified as the chairman and executive directors of the Board who consider the business from the service perspective. For the purpose of resource allocation and performance assessment, the chief operation decision maker reviews the overall results and financial position of the Group as a whole prepared based on the same accounting policies set out in note 4. Accordingly, their segment information is aggregated as a single reportable segment. Management of the Group assesses the performance of the reportable segment based on the revenue and gross profit for the year of the Group as presented in the consolidated statements of comprehensive income.

6. REVENUE AND SEGMENT INFORMATION (continued)

(b) Segment revenue

Revenue for the years ended 31 August 2023 and 2022 are as follows:

	2023 RMB'000	2022 RMB'000
Tuition fees	**496,177**	465,491
Boarding fees	**57,078**	44,386
Internship management fees	**1,780**	1,644
Tutoring and programme management services	**1,838**	64
Others	**6,457**	3,371
	563,330	514,956

As mentioned in note 1 to these consolidated financial statements, the Group operated a number of schools. An analysis of revenue of the Group by schools of the Group and the relevant geographical locations during the year ended 31 August 2023 is set out below:

	2023 RMB'000	2022 RMB'000
JUAS, Nanchang of Jiangxi province	**439,878**	379,555
Jishi College, Nanchang of Jiangxi province	**33,153**	34,440
Guizhou Institute, Bijie of Guizhou province	**61,732**	62,709
Chen Lin High School, Zhengzhou of Henan province	**28,455**	38,145
Others	**112**	107
	563,330	514,956

6. REVENUE AND SEGMENT INFORMATION (continued)

(b) Segment revenue (continued)

The analysis of revenue recognised over time and at a point in time as required by IFRS 15 is set out below:

	2023 RMB'000	2022 RMB'000
Recognised over time		
Tuition fees	**496,177**	465,491
Boarding fees	**57,078**	44,386
Internship management fees	**1,653**	1,644
Tutoring and programme management services	**1,723**	64
Others	**–**	11
Recognised at a point in time		
Internship management fees	**127**	–
Tutoring and programme management services	**115**	–
Others	**6,457**	3,360
	563,330	514,956

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

The Group's subsidiaries provide educational services to a large number of students who are regarding as customers of the Group. No single customer accounted for more than 10% of the Group's revenue during the year.

(c) Contract liabilities

The Group has recognised the following contract liabilities:

	2023 RMB'000	2022 RMB'000
Contract liabilities related to tuition fees	**390,265**	357,321
Contract liabilities related to boarding fees	**48,699**	44,927
Contract liabilities related to other revenue	**14,661**	12,061
Contract liabilities related to other income	**1,733**	2,133
	455,358	416,442

6. REVENUE AND SEGMENT INFORMATION (continued)

(c) Contract liabilities (continued)

The following table shows how much of the revenue and other income recognised in the current year relates to carried-forward contract liabilities:

	2023 RMB'000	2022 RMB'000
Revenue recognised that was included in the balance of contract liabilities at the beginning of the year		
Tuition fees	**353,854**	122,684
Boarding fees	**44,297**	8,568
Other revenue	**11,987**	2,802
Other income recognised that was included in the balance of contract liabilities at the beginning of the year		
Other income	**400**	400
	410,538	134,454

(d) Unsatisfied contracts

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

	2023 RMB'000	2022 RMB'000
Expected to be recognised within one year		
Tuition fees	**390,265**	357,321
Boarding fees	**48,699**	44,927
Other revenue	**14,661**	12,061
Other income	**400**	400
	454,025	414,709
Expected to be recognised within one to two years		
Other income	**400**	400
Expected to be recognised more than two years		
Other income	**933**	1,333
	1,333	1,733
	455,358	416,442

6. REVENUE AND SEGMENT INFORMATION (continued)

(e) Movements in contract liabilities

	2023 RMB'000	2022 RMB'000
Balance at 1 September	**416,442**	141,090
Decrease in contract liabilities as a result of recognising revenue and other income during the year that was included in the contract liabilities at the beginning of the year	**(411,168)**	(134,454)
Increase in contract liabilities as a result of advanced consideration received from customers	**450,084**	409,806
Balance at 31 August	**455,358**	416,442

(f) Pledge of revenue proceeds

The Group's long-term and short-term bank borrowings of RMB798,905,000 (2022: RMB763,169,000), long-term borrowings from a financial institution of RMB71,355,000 (2022: RMB91,313,000) and borrowings under finance lease arrangement of RMB53,709,000 (2022: RMB75,807,000) were secured by the pledge of the rights over the collection of tuition fees and boarding fees of the Group's schools.

7. OTHER INCOME

	2023 RMB'000	2022 RMB'000
Government grants and subsidies (note a)		
— Recognised from deferred revenue (note 29)	**6,418**	2,951
— Recognised during the year	**12,595**	9,482
Sub-contracting income (note b)	**5,874**	7,264
Self-operated canteen income (note c)	**–**	4,242
Management service fee income (note d)	**2,119**	2,058
Others (note e)	**9,428**	1,980
	36,434	27,977

7. OTHER INCOME (continued)

(a) Government grants and subsidies mainly represent subsidies from government for procurement of laboratory apparatus and equipment for conducting educational service and amount recognised from payables to government authority in respect of government grants received (note 32).

(b) The Group receives income from sub-contracting the canteen catering operations, the hotel and the campus stores in JUAS campus to other parties.

(c) Self-operated canteen income represent income from canteen operation of Chen Lin High School.

(d) Management service fee income mainly includes management fee related to campus operation management.

(e) Others mainly include income from the electricity price difference between selling to canteen and purchasing from power stations, income from selling daily necessities to students, and miscellaneous income related to operations.

The analysis of other income, excluding government grants and subsidies, recognised over time and at a point in time as required by IFRS 15 is set out below:

	2023 **RMB'000**	2022 RMB'000
Recognised over time		
Sub-contracting income	**5,874**	7,264
Self-operated canteen income	**–**	4,242
Others	**9,428**	2,326
Recognised at a point in time		
Others	**2,119**	1,712
	17,421	15,544

8. OTHER (LOSSES)/GAINS — NET

	2023 **RMB'000**	2022 RMB'000
Net fair value gains/(losses) on financial assets at FVPL (note 22)	**4**	(42,517)
Donations	**(1,185)**	(1,182)
Net foreign exchange losses	**(865)**	(401)
Others	**(881)**	31
	(2,927)	(44,069)

9. EXPENSES BY NATURE

The detailed analysis of cost of revenue, other expenses, selling expenses, administrative expenses and net impairment losses on financial assets is as follows:

	2023 RMB'000	2022 RMB'000
Employee benefit expenses (note 10)	**226,642**	208,487
Depreciation expenses (note 15)	**84,588**	63,123
Amortization expenses (note 17)	**8,385**	19,893
Depreciation expenses of right-of-use asset (note 16)	**20,117**	19,384
Students activities expenses	**36,676**	35,549
Promotion expenses	**13,742**	29,133
Repair and maintenance fees	**26,679**	24,544
Electricity and water expenses	**13,161**	11,272
Office expenses	**20,428**	11,357
Professional service fees	**8,808**	9,099
Net impairment losses on financial assets	**394**	5,895
Auditor's remuneration — audit services	**2,625**	3,280
Educational supplies and consumables	**3,228**	3,848
Others	**20,457**	26,423
	485,930	471,287

10. EMPLOYEE BENEFIT EXPENSES

	2023 RMB'000	2022 RMB'000
Salaries, wages and bonuses	**186,261**	172,354
Share-based payments (note 26)	**613**	3,931
Contributions to pension plan (note a)	**18,870**	15,679
Housing fund, medical insurance and other social benefits	**20,898**	16,523
Total employee benefit expenses (note 9)	**226,642**	208,487

10. EMPLOYEE BENEFIT EXPENSES (continued)

(a) Contributions to pension plan

The employees of the subsidiaries of the Group established in the PRC (other than Hong Kong) participate in defined contribution retirement benefit schemes managed by the local government authorities, whereby these subsidiaries are required to contribute to the schemes at a rate of 16% (2022: 16%) of the basic salary. Employees of these subsidiaries are entitled to retirement benefits, calculated based on a percentage of the average salaries level in the PRC (other than Hong Kong), from the above mentioned retirement schemes at their normal retirement age.

The Group also participates in a pension scheme under the rules and regulations of Mandatory Provident Fund Scheme (the "**MPF Scheme**") for all its qualifying employees in Hong Kong. Under the MPF Scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HKD30,000. Contributions to the MPF Scheme vest immediately.

The Group's contributions to the defined contribution schemes vest fully and immediately with the employees. Accordingly, (i) for the years ended 31 August 2023 and 2022, there was no forfeiture of contributions under the defined contribution schemes; and (ii) there were no forfeited contributions available for the Group to reduce its existing level of contributions to the defined contribution schemes as at 31 August 2023. No forfeited contributions may be used if there is forfeited contributions.

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year ended 31 August 2023 include three (2022: two) directors. Their emoluments are reflected in the analysis presented in note 38. Details of the remunerations of the remaining highest paid non-director individuals during the year are set out as follows:

	2023 RMB'000	2022 RMB'000
Salaries, wages and bonuses	**1,401**	1,662
Share-based payments	**186**	1,252
Contributions to pension plan, housing fund, medical insurance and other social benefits	**124**	92
	1,711	3,006

10. EMPLOYEE BENEFIT EXPENSES (continued)

(b) Five highest paid individuals (continued)

The remaining non-director individuals whose remuneration for the year fell within the following band are as follows:

	2023 Number of employees	2022 Number of employees
Emolument band (HKD500,001 to HKD1,000,000)	**1**	2
Emolument band (HKD1,000,001 to HKD1,500,000)	**1**	1

During the year, none of the five highest paid individuals waived or has agreed to waive any emoluments, and received emoluments from the Group as inducement to join or upon joining the Group, or as compensation for loss of office.

11. FINANCE COST — NET

	2023 RMB'000	2022 RMB'000
Finance income		
— Interest income derived from deposits	**560**	1,091
Finance costs		
— Interest expenses on bank borrowings	**(58,059)**	(43,092)
— Interest expenses on other borrowings	**(51,826)**	(41,975)
— Finance cost on lease liabilities (note 30)	**(4,473)**	(4,337)
Less: borrowing costs capitalized on qualifying assets (note 15)	**36,147**	30,465
	(78,211)	(58,939)
Finance costs — net	**(77,651)**	(57,848)

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the Group's borrowings for construction in progress during the year ended 31 August 2023, in this case was 5.68% (2022: 5.70%) per annum.

12. INCOME TAX (CREDIT)/EXPENSE

The amount of income tax (credit)/expense credited/charged to profit or loss in the consolidated statement of comprehensive income represents:

	2023 RMB'000	2022 RMB'000
Current income tax		
— Current income tax for the year	**1,417**	7,079
— Deferred income tax (note 31)	**(1,834)**	635
Income tax (credit)/expense	**(417)**	7,714

The Group's principal applicable taxes and tax rates are as follows:

(a) Cayman Islands

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and accordingly, is exempted from Cayman Islands income tax.

(b) British Virgin Islands

The Company's direct subsidiary in the BVI was incorporated under the BVI Companies Act, 2004 and accordingly, is exempted from BVI income tax.

(c) Hong Kong

No provision for Hong Kong profit tax was provided as the Group did not have assessable profits derived from Hong Kong during the year ended 31 August 2023. The applicable Hong Kong profit tax rate is 16.5%.

(d) Enterprise Income Tax ("EIT")

EIT is provided on assessable profits of entities incorporated in the PRC at the rate of 25% during the year ended 31 August 2023.

According to the Implementation Rules for the Law for Promoting Private Education, private schools for which the sponsors do not require reasonable returns are eligible to enjoy the same preferential tax treatment as public schools. As a result, private schools providing academic qualification education are eligible to enjoy income tax exemption treatment if the sponsors of such schools do not require reasonable returns. The Group's schools currently have been granted enterprise income tax exemption for the tuition and boarding income from the relevant local tax authorities. For other profits that were not related to providing academic qualification education, the applicable tax rate is 25% (2022: 25%) during the year ended 31 August 2023.

12. INCOME TAX (CREDIT)/EXPENSE (continued)

(e) PRC Withholding Income Tax

The profits of subsidiaries of the Group in the PRC are subject to PRC withholding income tax at a rate of 10% (2022: 10%) upon the distribution of such profits to the foreign investors in Hong Kong. Deferred income tax liabilities have not been provided for in this regard since it is not expected that dividends will be distributed from the Group's subsidiaries in the PRC to foreign investors in the foreseeable future. In the opinion of the Directors, such remaining earnings will be retained in Mainland China for the expansion of the Group's operation.

The income tax on the Group's profit before income tax differs from the theoretical amount that would arise using the statutory tax rate applicable to profit of the consolidated entities as follows:

	2023 RMB'000	2022 RMB'000
Profit/(loss) before income tax	**33,256**	(30,271)
Tax calculated at domestic tax rates applicable to profits in the respective countries	**10,957**	(3,170)
Tax effects of:		
Preferential tax exemption for the Group's schools	**(15,887)**	(5,571)
Expenses not deductible for tax purpose	**219**	4,018
Tax losses for which no deferred income tax asset has been recognised	**4,294**	11,802
Write off deferred income tax assets recognised in previous years	**–**	635
Income tax (credit)/expense	**(417)**	7,714

The unused tax losses of the Group's companies for which no deferred tax asset has been recognised have the following expiry dates:

	2023 RMB'000	2022 RMB'000
Year of expiry		
2024	**4,387**	4,387
2025	**12,455**	12,455
2026	**932**	932
2027	**3,267**	3,267
2028	**11,802**	–
No expiry date	**15,982**	15,982
	48,825	37,023

13. EARNINGS/(LOSS) PER SHARE

(a) Basic

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

	2023	2022
Profit/(loss) attributable to owners of the Company (RMB'000)	**33,673**	(37,985)
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**960,000,000**	960,000,000
Basic earnings/(loss) per share (expressed in RMB per share)	**0.04**	(0.04)

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversation of all dilutive potential ordinary shares for the year ended 31 August 2023. The Company's potentially dilutive ordinary shares comprised of RSUs scheme.

Due to the Group's negative financial resulting during the year ended 31 August 2022, the potential ordinary shares were not included in the calculation of diluted loss per share as their inclusion would be anti-dilutive. Accordingly, diluted loss per share for the year ended 31 August 2022 is equivalent to the basic loss per share.

	2023	2022
Profit/(loss) attributable to owners of the Company (RMB'000)	**33,673**	(37,985)
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**960,000,000**	960,000,000
Effect of dilutive potential ordinary shares in respect of share options outstanding (note 26)	**26,094,700**	–
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**986,094,700**	960,000,000
Diluted earnings/(loss) per share (expressed in RMB per share)	**0.03**	(0.04)

14. SUBSIDIARIES

The Group's principal subsidiaries at 31 August 2023 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held by the Group, and the proportion of ownership interests held equals the voting rights held by the Group.

Company name	Date of incorporation	Country/Place of incorporation, legal status	Particulars of issued share capital	Ownership interest held by the Group 2023	Ownership interest held by the Group 2022	Principal activities and place of operation
Chen Lin Education Development Limited	4 June 2018	The British Virgin Islands ("**BVI**"), limited liability company	US$1	**100%**	100%	Investment holding in BVI
Hong Kong Chen Lin Education Development Limited	14 June 2018	Hong Kong, limited liability company	HKD0.10	**100%**	100%	Investment holding in Hong Kong
Chen Lin Education Science (Jiangxi) Co., Ltd.	5 September 2018	PRC, limited liability company	RMB300,000,000	**100%**	100%	Investment holding in PRC
Yunnan Chen Lin Human Resources Management Company Limited	17 June 2019	PRC, limited liability company	RMB2,000,000	**100%**	100%	Investment holding in PRC
Nanchang Di Guan Education Consultancy Company Limited#	17 September 2009	PRC, limited liability company	RMB10,000,000	**100%**	100%	Investment holding in PRC
Jiangxi University of Applied Science#	11 April 2002	PRC, school	RMB20,000,000	**100%**	100%	College operations in PRC
Nanchang Angyue Vocational Skills Training School Company Limited	9 April 2020	PRC, limited liability company	RMB2,000,000	**100%**	100%	Investment holding in PRC
Nanchang Ruicheng Education Consultancy Company Limited#	24 June 2020	PRC, limited liability company	RMB500,000	**100%**	100%	Investment holding in PRC
Jiangxi Minzhuo Consulting Management Company Limited	29 September 2020	PRC, limited liability company	RMB2,000,000	**100%**	100%	Investment holding in PRC

14 SUBSIDIARIES (continued)

Company name	Date of incorporation	Country/Place of incorporation, legal status	Particulars of issued share capital	Ownership interest held by the Group 2023	Ownership interest held by the Group 2022	Principal activities and place of operation
Jiangxi Wenli Jishi College#	4 November 2019	PRC, school	RMB500,000	**100%**	100%	Full-time vocational college operations in PRC
Guizhou Institute of Industry and Trade#	6 June 2016	PRC, school	RMB300,000,000	**100%**	100%	Higher vocational college operations in PRC
Guizhou Xikai Education Investment Company Limited#	5 September 2011	PRC, limited liability company	RMB20,000,000	**100%**	100%	Investment holding in PRC
Zhengzhou Airport Economy Zone Chen Lin High School#	25 May 2017	PRC, school	RMB100,000	**100%**	100%	Private high school operations in PRC
Henan Kun Ren Education Science Technology Company Limited#	18 March 2021	PRC, limited liability company	RMB1,000,000	**100%**	100%	Investment holding in PRC
Ganzhou Chen Lin Education Investment Company Limited#	20 August 2021	PRC, limited liability company	RMB50,000,000	**100%**	100%	Investment holding in PRC

\# These entities are owned through contractual arrangement.

15. PROPERTY, PLANT AND EQUIPMENT

	Buildings and building improvements RMB'000	Office furniture and fixtures RMB'000	Electronic equipment RMB'000	Vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
Cost						
At 1 September 2021	1,322,638	109,676	117,206	7,171	261,218	1,817,909
Additions	–	36,886	60,542	177	592,717	690,322
Transfers	360,440	–	–	–	(360,440)	–
At 31 August 2022	1,683,078	146,562	177,748	7,348	493,495	2,508,231
Additions	18,160	81,298	22,559	3,485	560,192	685,694
Transfers	455,048	–	–	–	(455,048)	–
At 31 August 2023	2,156,286	227,860	200,307	10,833	598,639	3,193,925
Depreciation and impairment						
At 1 September 2021	160,104	54,408	42,006	2,944	–	259,462
Provided for the year	36,764	13,176	12,626	557	–	63,123
At 31 August 2022	196,868	67,584	54,632	3,501	–	322,585
Provided for the year	36,951	24,709	22,148	780	–	84,588
At 31 August 2023	233,819	92,293	76,780	4,281	–	407,173
Carrying values						
At 31 August 2023	1,922,467	135,567	123,527	6,552	598,639	2,786,752
At 31 August 2022	1,486,210	78,978	123,116	3,847	493,495	2,185,646

15. PROPERTY, PLANT AND EQUIPMENT (continued)

Certain subsidiaries of the Group obtained a number of borrowings, in a form of sales and leaseback arrangements, from certain finance leasing companies (note 28). Whereby certain property, plant and equipment of the Group's schools were sold and leased back over thirty to thirty-six months lease terms. The Group has the option to re-acquire the property, plant and equipment on completion of the leases at nominal values. During such lease term and before the exercise of repurchase options at the expiry of lease term, such property, plant and equipment are effectively pledged as security for the borrowings, and are restricted for pledge or disposal under the agreements where lessors' prior consent must be obtained. As at 31 August 2023, the cost of assets under this restriction amounted to approximately RMB900 million (2022:RMB677 million).

Depreciation of property, plant and equipment was included in the following categories in the consolidated statements of profit or loss and other comprehensive income:

	2023 RMB'000	2022 RMB'000
Cost of revenue	**76,672**	58,641
Administrative expenses	**7,916**	4,482
Total	**84,588**	63,123

During the year ended 31 August 2023, the Group capitalised interest on borrowings amounting to approximately RMB36,147,000 (2022: RMB30,465,000) on qualifying assets (note 11).

Construction-in-progress mainly comprises buildings and building improvements under construction in the PRC.

As at 31 August 2023, the carrying amount of certain buildings without building ownership certificates is approximately RMB319,807,000(2022: RMB453,654,000).

16. RIGHT-OF-USE ASSETS

	Land use rights RMB'000	Favorable lease RMB'000	Lease of buildings RMB'000	Lease of equipment RMB'000	Total RMB'000
Cost					
At 1 September 2021	324,261	27,959	85,868	2,074	440,162
Additions	50,466	–	531	5,241	56,238
At 31 August 2022	374,727	27,959	86,399	7,315	496,400
Additions	42,832	–	–	–	42,832
Effect of lease modification	–	–	4,004	–	4,004
At 31 August 2023	**417,559**	**27,959**	**90,403**	**7,315**	**543,236**
Depreciation and impairment					
At 1 September 2021	36,419	2,420	3,903	252	42,994
Provided for the year	7,667	3,631	6,930	1,156	19,384
At 31 August 2022	44,086	6,051	10,833	1,408	62,378
Provided for the year	8,013	3,631	7,243	1,230	20,117
At 31 August 2023	**52,099**	**9,682**	**18,076**	**2,638**	**82,495**
Carrying values					
At 31 August 2023	**365,460**	**18,277**	**72,327**	**4,677**	**460,741**
At 31 August 2022	330,641	21,908	75,566	5,907	434,022

16. RIGHT-OF-USE ASSETS (continued)

The land use rights represent the Group's interest in leasehold land that the Group has made prepayment for the lease of the land. These include the land lots for JUAS at Xinjian district of Nanchang city, Jiangxi province, the PRC, Jishi College at Longnan district of Nanchang city, Jiangxi province, the PRC, and Guizhou Institute at Weining Yi and Hui and Miao Autonomous County of Bijie city, Guizhou province, the PRC. The land use rights are under leases of 50 years.

Jishi College and Chen Lin High School lease buildings for educational services under finance leases. The respective right-of-use assets are recorded in favorable leases and lease of buildings.

The impact to profit or loss and cash flows of the right-of-use assets is as follows:

	2023 RMB'000	2022 RMB'000
Profit or loss:		
Depreciation of right-of-use assets, charged to cost of revenue and administrative expenses	**20,117**	19,384
Interest expenses relating to lease liabilities, charged to finance costs (note 11)	**4,473**	4,337
Cash flow:		
The cash outflow for leases presented as financing activities	**(4,963)**	(2,717)

17. INTANGIBLE ASSETS

	Goodwill RMB'000	Student base RMB'000	Computer software RMB'000	Total RMB'000
Cost				
At 1 September 2021	261,519	38,295	3,043	302,857
Additions	–	–	660	660
At 31 August 2022	261,519	38,295	3,703	303,517
Additions	–	–	2,105	2,105
At 31 August 2023	**261,519**	**38,295**	**5,808**	**305,622**
Depreciation and impairment				
At 1 September 2021	–	9,098	2,605	11,703
Provided for the year	–	19,793	100	19,893
At 31 August 2022	–	28,891	2,705	31,596
Provided for the year	–	8,145	240	8,385
At 31 August 2023	**–**	**37,036**	**2,945**	**39,981**
Carrying values				
At 31 August 2023	**261,519**	**1,259**	**2,863**	**265,641**
At 31 August 2022	261,519	9,404	998	271,921

17. INTANGIBLE ASSETS (continued)

Amortisation of the intangible assets was included in the following categories in the consolidated statements of profit or loss and other comprehensive income:

	2023 RMB'000	2022 RMB'000
Cost of revenue	**8,247**	19,845
Administrative expenses	**113**	8
Other expenses	**25**	40
Total	**8,385**	19,893

Impairment test for goodwill

Goodwill was derived from the acquisition of Jishi College in December 2020, Guizhou Institute in April 2021 and Chen Lin High School in July 2021.

The carrying amount of goodwill is allocated to the cash generating units (CGUs) as follows:

	2023 RMB'000	2022 RMB'000
Jishi College	**152,485**	152,485
Guizhou Institute	**40,802**	40,802
Chen Lin High School	**68,232**	68,232
	261,519	261,519

The Group has performed an impairment review of the carrying amount of goodwill as at 31 August 2023 and have concluded that no provision for impairment is required.

17. INTANGIBLE ASSETS (continued)

Impairment test for goodwill (continued)

For the purposes of impairment testing, goodwill acquired has been allocated to the lowest level of CGUs identified. The recoverable amount of the CGU is determined based on value-in-use calculations. The calculation of recoverable amount of the CGU uses cash flow projections based on the financial estimates made by the Group, with reference to the prevailing market conditions, covering a period of five years and based on the following key assumptions.

	As at 31 August 2023		
	Jishi College	Guizhou Institute	Chen Lin High School
Revenue annual growth rate — average of the forecast period	**36.67%**	**20.26%**	**31.83%**
Average gross profit margins	**56.97%**	**57.17%**	**32.54%**
Annual average capex expenditure (RMB)	**1,550,000**	**4,105,870**	**2,205,858**
Long term annual growth rate	**2.00%**	**2.00%**	**2.00%**
Pre-tax discount rate	**14.71%**	**14.77%**	**14.10%**

	As at 31 August 2022		
	Jishi College	Guizhou Institute	Chen Lin High School
Revenue annual growth rate — average of the forecast period	35.40%	32.02%	32.74%
Average gross profit margins	39.10%	63.14%	47.35%
Annual average capex expenditure (RMB)	2,342,993	5,293,398	3,979,976
Long term annual growth rate	2.00%	2.00%	2.00%
Pre-tax discount rate	18.05%	18.20%	17.00%

As at 31 August 2022, the recoverable amount of RMB301,768,000, RMB1,090,677,000 and RMB173,000,000 of Jishi College, Guizhou Institute and Chen Lin High School based on VIU calculation exceeded their carrying value of RMB269,274,000, RMB979,587,000 and RMB149,300,000 by RMB32,494,000, RMB111,090,000 and RMB23,700,000, respectively.

As at 31 August 2023, the recoverable amount of RMB621,107,000, RMB1,052,500,000 and RMB150,400,000 of Jishi College, Guizhou Institute and Chen Lin High School based on VIU calculation exceeded their carrying value of RMB588,157,000, RMB1,033,000,000 and RMB139,900,000 by RMB32,950,000, RMB19,500,000 and RMB10,500,000, respectively.

17. INTANGIBLE ASSETS (continued)

Impairment test for goodwill (continued)

Management has undertaken sensitivity analysis on the impairment test of goodwill. The following table sets forth all possible changes to the key assumptions of the impairment test and the changes taken in isolation in the VIU calculations that would remove the remaining headroom as at 31 August 2023 and 31 August 2022:

	As at 31 August 2023		
	Jishi College	**Guizhou Institute**	**Chen Lin High School**
Revenue annual growth rate	**−2.9%**	**−1.0%**	**−1.4%**
Pre-tax discount rate	**+5.7%**	**+2.5%**	**+11.2%**

	As at 31 August 2022		
	Jishi College	Guizhou Institute	Chen Lin High School
Revenue annual growth rate	−5.4%	−7.7%	−3.5%
Pre-tax discount rate	+13.6%	+16.3%	+20%

18. OTHER NON-CURRENT ASSETS

	2023 RMB'000	2022 RMB'000
Prepayments for purchases of property, plant and equipment	**66,666**	41,771
Prepayments to a cooperate project (note a)	**36,530**	49,530
Deposits for cooperate project (note b)	**21,000**	21,000
	124,196	112,301

(a) In November 2021, Nanchang Di Guan and Junyiyuan Technology Development Group Limited (君億園科技發展集團有限公司) ("**Junyiyuan**"), an independent third party, entered into an agreement, pursuant to which Nanchang Di Guan acquired from Junyiyuan the right to operate and manage Jiangxi Aviation Technician College (江西航空技師學院) for a term of 10 years at a consideration of RMB49,530,000. As at 31 August 2023 and 31 August 2022, Nanchang Di Guan and Junyiyuan have been working on obtaining the approval of the transfer of operating rights from the relevant authorities. In October 2023, Nanchang Di Guan entered into an agreement with Junyiyuan to terminate the transaction due to government policy on areas for education development and all consideration paid to Junyiyuan will be refunded to Nanchang Di Guan.

18. OTHER NON-CURRENT ASSETS (continued)

(b) In December 2021, Chen Lin Education Science and Jiangxi Henghuida Agricultural Science and Technology Co., Ltd. (江西恆暉大農業科技有限公司) ("**Henghuida**"), an independent third party, signed a non-legally binding memorandum which set out the intention of the parties to cooperate in education projects relating to agriculture, health care, ecology and sustainable development. The Group made a deposit amounting to RMB21,000,000 to Henghuida according to the memorandum. In October 2023, Chen Lin Education Science entered into an agreement with Henghuida to terminate the transaction due to government policy on areas for education development and the deposit paid to Henghuida will be refunded to Chen Lin Education Science.

19. FINANCIAL INSTRUMENTS BY CATEGORY

The Group holds the following financial instruments:

	2023 **RMB'000**	2022 RMB'000
Financial assets		
At amortised cost:		
Cash and cash equivalents (note 23)	**374,618**	286,206
Restricted bank balances (note 23)	**3,887**	11,983
Trade receivables (note 20)	**12,370**	11,221
Other receivables excluding prepayments (note 21)	**83,484**	57,880
	474,359	367,290
Financial assets at FVPL (note 22)	**105**	96
	474,464	367,386
Financial liabilities		
At amortised cost:		
Borrowings (note 28)	**2,051,970**	1,370,753
Accruals and other payables excluding non-financial liabilities (note 27)	**226,275**	266,035
Amount due to a related party (note 36(c))	**27,463**	16,434
Other non-current payables (note 32)	**261,464**	273,519
Lease liabilities (note 30)	**91,844**	71,779
	2,659,016	1,998,520

20. TRADE RECEIVABLES

	2023 RMB'000	2022 RMB'000
Trade receivables		
— related to students fees	**15,282**	15,026
— related to other services	**7,953**	9,186
	23,235	24,212
Loss allowance	**(10,865)**	(12,991)
	12,370	11,221

(a) Ageing analysis of the trade receivables

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

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

	2023 RMB'000	2022 RMB'000
Up to 1 year	**15,238**	14,023
1 to 2 year	**2,534**	7,835
2 to 3 year	**3,399**	2,244
Over 3 year	**2,064**	110
	23,235	24,212

20. TRADE RECEIVABLES (continued)

(b) Impairment of trade receivables

Movements of loss allowance for trade receivables are as follows:

	2023 RMB'000	2022 RMB'000
At the beginning of the year	**12,991**	10,906
Expected credit loss (reversed)/recognised during the year (note 9)	**(2,126)**	9,174
Written-off of uncollectible receivables	**–**	(7,089)
At the end of the year	**10,865**	12,991

(c) Fair values of trade receivables

The carrying amounts of trade receivables approximated their fair values as at 31 August 2023 and were denominated in RMB.

21. OTHER RECEIVABLES AND PREPAYMENTS

	2023 RMB'000	2022 RMB'000
Deposit for campus constructions (note a)	**35,133**	28,965
Other receivables (note b)	**51,215**	22,014
Input value added tax to be deducted	**6,825**	6,901
Prepayments to suppliers	**5,735**	4,526
	98,908	62,406
Loss allowance	**(2,864)**	(344)
	96,044	62,062

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

(b) The other receivables mainly included amounts due from a former shareholder of a subsidiary of the Company and loan receivables from third parties.

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

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023 RMB'000	2022 RMB'000
Current assets		
Financial assets at FVPL		
— Equity investments, listed	**105**	96

Movements in the equity investments are as follows:

	2023 RMB'000	2022 RMB'000
Securities listed on the Hong Kong Stocks Exchange		
At the beginning of the year	**96**	42,508
Net fair value gains/(losses) (note 8)	**4**	(42,517)
Foreign exchange gains	**5**	105
At the end of year	**105**	96

The financial assets at FVPL are denominated in the following currencies:

	2023 RMB'000	2022 RMB'000
HKD	**105**	96

23. CASH AND CASH EQUIVALENTS AND RESTRICTED BANK BALANCES

	2023 RMB'000	2022 RMB'000
Current assets		
Cash and cash equivalents (note 19)	**374,618**	286,206
Restricted bank balances (note 19)	**3,887**	11,983
	378,505	298,189

23. CASH AND CASH EQUIVALENTS AND RESTRICTED BANK BALANCES (continued)

Cash and cash equivalents and restricted bank balances are denominated in the following currencies:

	2023 RMB'000	2022 RMB'000
RMB	**377,987**	297,332
HKD	**518**	852
USD	**–**	5
	378,505	298,189

The restricted bank balances of RMB3,277,000 as at 31 August 2023 represented letter of credit to a bank pledge for purchases of property, plant and equipment (2022: RMB10,000,000).

The restricted bank balances of RMB610,000 as at 31 August 2023 represented the restricted cash due to certain lawsuits (2022: RMB1,983,000).

24. SHARE CAPITAL AND SHARE PREMIUM

	Number of shares	Nominal value HKD
Authorised:		
As at 1 September 2021, 31 August 2022 and 31 August 2023, at HKD0.0001 each	3,800,000,000	380,000

	Number of share	Share capital RMB'000	Share premium RMB'000
Issued:			
As at 1 September 2021, 31 August 2022 and 31 August 2023	1,000,000,000	89	433,763

25. RESERVES

(a) Capital reserve

Capital reserve represents the aggregate paid-in capital of the subsidiaries acquired, offset by investment costs in subsidiaries of the Company during the reorganisation.

(b) Statutory surplus reserves

Pursuant to the relevant laws and regulations in the PRC, the Company's subsidiaries in the PRC shall make appropriations from after-tax profit to non-distributable reserve funds as determined by the boards of directors of the relevant PRC subsidiaries. These reserves include:

(i) statutory reserve fund of the limited liability companies;

(ii) general reserve fund of foreign invested enterprise; and

(iii) the development fund of the Schools.

In accordance with the relevant laws and regulations in the PRC and Articles of Association of the companies incorporated in the PRC now comprising the Group (the "**PRC Subsidiaries**"), it is required to appropriate 10% of the annual statutory net profits of the PRC Subsidiaries, after offsetting any prior years' losses as determined under the PRC accounting standards, to the statutory reserve fund before distributing the net profit. When the balance of the statutory reserve fund reaches 50% of the registered capital of the PRC Subsidiaries, any further appropriation is at the discretion of shareholders. The statutory reserve fund can be used to offset prior years' losses, if any, and may be converted into share capital by issuing new shares to shareholders in proportion to their existing shareholding, provided that the remaining balance of the statutory reserve fund after such issue is not less than 25% of registered capital.

Pursuant to the laws applicable to China's Foreign Investment Enterprises, the Company's subsidiary that is a wholly foreign-owned enterprise in China has to make appropriations from its after-tax profit (as determined under PRC accounting standards) to reserve funds including (1) general reserve fund, (2) enterprise expansion fund and (3) staff bonus and welfare fund. The appropriation to the general reserve fund must be at least 10% of the after-tax profits calculated in accordance with PRC accounting standards. Appropriation is not required if the reserve fund has reached 50% of the registered capital of the respective company. Appropriations to the other two reserve funds are at the respective company's discretion.

According to the relevant PRC laws and regulations, for a private school that the sponsor does not require reasonable return, it is required to appropriate to development fund of not less than 10% of the annual increase of net assets of the relevant school as determined in accordance with PRC accounting standards. The development fund is for the construction or maintenance of the school or procurement or upgrading of educational equipment.

25. RESERVES (continued)

(c) Retained earnings

The sponsor of non-profit private schools shall not receive proceeds from the running of the school, and the cash surplus of the non-profit private schools shall be retained for the school development only. As a result of these and other restrictions under PRC laws and regulations, the Group's schools incorporated in the PRC are restricted in their ability to transfer profit or a portion of their net assets to the Company either in the form of dividends, loans or advances. The retained earnings of the Group as at 31 August 2023 of RMB190,105,000 (2022: 163,919,000) included RMB334,049,000 (2022: RMB292,697,000) retained surplus of the Group's schools in the PRC and their surplus is not distributable.

(d) Other reserve

Other reserve represents the fair values of the subsidiaries acquired by the Company pursuant to the reorganisation.

26. SHARE-BASED PAYMENTS

RSUs Scheme

On 20 August 2019, the Company set up a RSUs Scheme (note 4(w)) to incentivise the eligible employees, including certain directors, senior management members and employees of the Group, in exchange for their services for the Group. Pursuant to the RSUs Scheme, on 20 August 2019, approximately 4.00% of the total issued share capital of the Company for the RSUs Scheme, and the board of directors of the Company has the discretion to select RSUs eligible persons to receive RSUs under the RSUs Scheme.

The RSUs awards vest in tranches from the grant date over a certain service period, on the condition that employees remain in service without any performance requirements. Once the vesting conditions of the respective RSUs are met, the RSUs are considered duly and validly issued to the RSU holders.

Movements in the number of RSUs granted and the respective weighted average fair value at grant date are as follows:

	2023	2022
As at 1 September	**26,094,700**	26,566,000
Forfeited during the year	**–**	(471,300)
Exercisable as at the end of year	**26,094,700**	26,094,700

The fair value of each RSU at the grant date is determined by reference to the fair value of the underlying ordinary shares on the date of grant.

The total share-based payments expenses recognised in the consolidated statement of comprehensive income was RMB613,000 (2022: RMB3,931,000) for the year ended 31 August 2023 (note 10).

27. ACCRUALS AND OTHER PAYABLES

	As at 31 August	
	2023	2022
	RMB'000	RMB'000
Payables for purchases of property, plant and equipment	**143,620**	173,079
Employee benefit payables	**32,756**	28,474
Payables to suppliers on behalf of students	**9,390**	13,430
Letter of credit	**3,777**	10,000
Payables to students:		
— Prepayments received from students (note a)	**6,318**	6,026
— Government subsidies and other payables to students (note b)	**14,485**	22,040
— Insurance fund from government (note c)	**4,917**	6,626
Other taxes payable	**6,129**	6,872
Payables for purchases of services	**5,148**	5,184
Retention money payables for campus constructions	**5,146**	3,317
Others	**33,474**	26,333
	265,160	301,381

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

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

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

The carrying amounts of accruals and other payables approximated their fair value as at 31 August 2023 and were dominated in RMB.

28. BORROWINGS

	2023 RMB'000	2022 RMB'000
Non-current:		
Long-term bank borrowings, secured	**565,800**	592,700
Long-term bank borrowings, unsecured	**300,000**	37,500
Long-term borrowings from a financial institution, secured	**47,007**	71,355
Borrowing under finance lease arrangement	**544,273**	278,749
	1,457,080	980,304
Current:		
Current portion of long-term bank borrowings, secured	**133,003**	170,469
Current portion of long-term bank borrowings, unsecured	**39,122**	9,000
Current portion of long-term borrowings from a financial institution, secured	**24,348**	19,958
Short-term bank borrowings, secured	**100,102**	–
Borrowing under finance lease arrangement	**298,315**	191,022
	594,890	390,449
Total borrowings (note 19)	**2,051,970**	1,370,753

(a) Details of securities and guarantees to the borrowings

The Group's long-term and short-term bank borrowings, secured as at 31 August 2023 of RMB798,905,000 (31 August 2022: RMB763,169,000) were obtained in the PRC, secured by the pledge of the rights over the tuition fees and boarding fees of the Group's schools (note 6(f)) and shares of a subsidiary and supported by guarantees provided by subsidiaries of the Group, Mr. Huang Yulin and his family members.

The Group's long-term bank borrowings, unsecured as at 31 August 2023 of RMB339,122,000 (31 August 2022: RMB46,500,000) were obtained in the PRC and supported by guarantees provided by Mr. Huang Yulin and his family members.

The Group's long-term borrowings from a financial institution of RMB71,355,000 (31 August 2022: RMB91,313,000) were obtained in the PRC, secured by the pledge of the rights over the tuition fees and boarding fees of the Group's school, and supported by guarantees provided by subsidiaries of the Group, Mr. Huang Yulin and his family members.

The Group's borrowing under finance lease arrangement of RMB842,588,000 (31 August 2022: RMB469,771,000) were secured by the pledge of the Group's property, plant and equipment, shares of a subsidiary and rights over the tuition fees and boarding fees of the Group's schools, and supported by guarantees provided by subsidiaries of the Group, Mr. Huang Yulin and his family members.

28. BORROWINGS (continued)

(b) Repayment periods, interest and denomination currency

The Group's borrowings as at 31 August 2023 are repayable as follows:

	2023 RMB'000	2022 RMB'000
Within 1 year	**594,890**	390,449
Between 1 and 2 years	**580,242**	341,347
Between 2 and 5 years	**876,838**	368,957
Over 5 years	**–**	270,000
Total	**2,051,970**	1,370,753

For the year ended 31 August 2023, the weighted average effective interest rates on borrowings was 5.66% (2022: 6.36%) per annum.

The Group's borrowings are denominated in the following currency as:

	2023 RMB'000	2022 RMB'000
RMB	**2,051,970**	1,370,753

The carrying amounts for majority of the borrowings approximated their fair values as at 31 August 2023 as they were carried at floating interest rates.

29. DEFERRED REVENUE

	2023 RMB'000	2022 RMB'000
Government grants		
Non-current	**78,560**	67,810
Current	**5,782**	4,456
Total	**84,342**	72,266

The government grants were received from the local government as subsidies to the Group's purchase of land use right and property, plant and equipment. They are amortised to the profit or loss on a straight-line basis over the expected useful lives of the related assets.

The movements of the above deferred revenue during the year are as follows:

	2023 RMB'000	2022 RMB'000
As at 1 September	**72,266**	19,182
Additions	**18,494**	56,035
Released to other income (note 7)	**(6,418)**	(2,951)
As at the end of year	**84,342**	72,266

30. LEASE LIABILITIES

	2023			2022		
	Current RMB'000	Non-current RMB'000	Total RMB'000	Current RMB'000	Non-current RMB'000	Total RMB'000
Buildings	**1,686**	**68,779**	**70,465**	1,639	62,998	64,637
Equipment	**1,457**	**3,371**	**4,828**	2,746	4,396	7,142
Land use right	**16,551**	**–**	**16,551**	–	–	–
Total	**19,694**	**72,150**	**91,844**	4,385	67,394	71,779

30. LEASE LIABILITIES (continued)

The Group leases buildings and equipment for its operations and these liabilities were measured at the net present value of the lease payments during the lease terms that are not yet paid.

	Land use rights RMB'000	Lease of buildings RMB'000	Lease of equipment RMB'000	Total RMB'000
Cost				
At 1 September 2021	–	61,973	2,415	64,388
Additions	–	531	5,240	5,771
Interest expense	–	3,767	570	4,337
Lease payments	–	(1,634)	(1,083)	(2,717)
At 31 August 2022	–	64,637	7,142	71,779
Additions	16,551	–	–	16,551
Interest expense	–	4,165	308	4,473
Lease payments	–	(2,341)	(2,622)	(4,963)
Effect on modification of lease term	–	4,004	–	4,004
At 31 August 2023	**16,551**	**70,465**	**4,828**	**91,844**

31. DEFERRED INCOME TAX ASSETS

The analysis of deferred income tax assets is as follows:

	2023 RMB'000	2022 RMB'000
Deferred income tax assets:		
— to be recovered within 12 months	**1,834**	–

31. DEFERRED INCOME TAX ASSETS (continued)

The gross movements in the deferred income tax account are as follows:

	Temporary different in respect of accruals RMB'000	Temporary different in respect of allowance for doubtful debts RMB'000	Total RMB'000
Deferred income tax assets			
As at 31 August 2021	635	–	635
Charged to the profit or loss (note 12)	(635)	–	(635)
As at 31 August 2022	–	–	–
Credited to the profit or loss (note 12)	–	1,834	1,834
As at 31 August 2023	**–**	**1,834**	**1,834**

32. OTHER NON-CURRENT PAYABLES

	2023 RMB'000	2022 RMB'000
Payables to government authority in respect of government grants received (note a)	**261,464**	266,254
Payables for purchases of property, plant and equipment	**–**	7,265
	261,464	273,519

(a) The Group's non-current other payables to government authority were related to government grants received by Guizhou Institute and its sponsor company, both are subsidiaries of the Group, for the construction of the school campus of the predecessor school of Guizhou Institute in past years. The government grants were assessed to be with ongoing conditions and requirements that have not been fully fulfilled by Guizhou Institute and its sponsor, and accordingly the grants were recognised as payables to government authorities. During the year ended 31 August 2023, the management of the Group re-assessed the payable based on the available information including, inter alia, the fact that Guizhou Institute had submitted the application for conversion from not-for-profit school to for-profit school in October 2022. The conversion will involve a financial clearing process to identify and assess the values of the assets and liabilities of the Guizhou Institute, including the determination of the nature of investment of government fundings and the amount to be repaid to government upon completion of the conversion (if any). As a result of such assessment, the amount of payables to government authority was reduced to RMB261,464,000 as at 31 August 2023 (2022: RMB266,254,000). It is the directors and management's view that the final amount of payables to government authorities, and the timing of the payment, are subject to the finalisation of the conversion process which is expected to be finalised beyond twelve months from 31 August 2023.

33. DIVIDENDS

At a meeting of the Board held on 18 December 2023, the Board resolved not to propose a final dividend in respect of the year ended 31 August 2023. No dividends have been paid or declared by the Group for the years ended 31 August 2022 and 2023.

34. CASH FLOW INFORMATION

(a) Cash generated from operations

	2023 RMB'000	2022 RMB'000
(Profit)/loss before income tax	**33,256**	(30,271)
Adjustments for		
— Depreciation of property, plant and equipment (note 15)	**84,588**	63,123
— Depreciation of right-of-use assets (note 16)	**20,117**	19,384
— Amortisation of intangible assets (note 17)	**8,385**	19,893
— Finance costs (note 11)	**77,651**	50,714
— Net impairment losses on financial assets (note 9)	**394**	5,895
— Non-cash employee benefits expense-share based payments (note 26)	**613**	3,931
— Net fair value (gains)/losses on financial assets at fair value through profit or loss (note 22)	**(4)**	42,517
— Net exchange differences	**(5)**	400
— Amortisation of deferred revenue (note 29)	**(6,418)**	(2,951)
Changes in working capital:		
— Trade and other receivables and prepayments	**(21,965)**	(23,818)
— Accruals and other payables	**(11,552)**	49,955
— Contract liabilities	**38,916**	275,352
Net cash generated from operating activities	**223,976**	474,124

34. CASH FLOW INFORMATION (continued)

(b) Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

	2023 RMB'000	2022 RMB'000
Cash and cash equivalents (note 23)	**374,618**	286,206
Financial asset at FVPL (note 22)	**105**	96
Borrowings (note 28)	**(2,051,970)**	(1,370,753)
Amount due to a related party — loan nature (note 36)	**(27,463)**	(16,434)
Lease liabilities (note 30)	**(91,844)**	(71,779)
Net debt	**(1,796,554)**	(1,172,664)

	Borrowing RMB'000	Loans from a related party RMB'000	Leases RMB'000	Sub-total RMB'000	Cash and cash equivalents RMB'000	Liquid investment RMB'000	Total RMB'000
Net debt as at 31 August 2021	(1,243,206)	(2,570)	(64,388)	(1,310,164)	314,457	42,508	(953,199)
Cash flows	(123,457)	(13,864)	2,717	(134,604)	(28,333)	–	(162,937)
Other changes							
Increase in lease liabilities from addition of lease term	–	–	(5,771)	(5,771)	–	–	(5,771)
Interest expenses (Note 11)	(4,090)	–	(4,337)	(8,427)	–	–	(8,427)
Net fair value loss (note 8)	–	–	–	–	–	(42,517)	(42,517)
Exchange realignment	–	–	–	–	82	105	187
Net debt as at 31 August 2022	(1,370,753)	(16,434)	(71,779)	(1,458,966)	286,206	96	(1,172,664)
Cash flows	**(607,479)**	**(11,029)**	**4,963**	**(613,545)**	**88,412**	**–**	**(525,133)**
Other changes							
Increase in lease liabilities from addition of lease term	**–**	**–**	**(16,551)**	**(16,551)**	**–**	**–**	**(16,551)**
Increase in lease liabilities from modification of lease term	**–**	**–**	**(4,004)**	**(4,004)**	**–**	**–**	**(4,004)**
Interest expenses (Note 11)	**(73,738)**	**–**	**(4,473)**	**(78,211)**	**–**	**–**	**(78,211)**
Net fair value gain (note 8)	**–**	**–**	**–**	**–**	**–**	**4**	**4**
Exchange realignment	**–**	**–**	**–**	**–**	**–**	**5**	**5**
Net debt as at 31 August 2023	**(2,051,970)**	**(27,463)**	**(91,844)**	**(2,171,277)**	**374,618**	**105**	**(1,796,554)**

35. COMMITMENTS

Capital expenditure commitments

Significant capital expenditure commitments are set out below:

	2023 RMB'000	2022 RMB'000
Contracted but not recognised as liabilities — Commitments for acquisition of property, plant and equipment, and construction of buildings	**445,080**	437,698

36. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control, common significant influence or joint control.

The owners, members of key management and their close family members of the Group are also considered as related parties. In the opinion of the directors, the related party transactions were carried out in the normal course of business of the Group and at terms negotiated between the Group and the respective related parties.

(a) Related parties of the Group

Name of related parties	Relationship
Mr. Huang Yulin	The controlling shareholder, chairman and executive director

The Group also had transactions with the family members of the Controlling Shareholder.

Save as disclosed elsewhere in these financial statements, the following is a summary of the significant transactions carried out between the Group and its related parties in the ordinary course of business for the years ended 31 August 2023 and 31 August 2022, and the balances arising from related party transactions as at the respective balance sheet dates.

36. RELATED PARTY TRANSACTIONS (continued)

(b) Transactions with related parties

	2023 RMB'000	2022 RMB'000
(i) Loans from a related party		
— Mr. Huang Yulin	**11,029**	13,864
(ii) Guarantees provided by related parties to the Group's borrowings:		
— Mr. Huang Yulin and his family members	**900,406**	650,082
	911,435	663,946

(c) Balances with related parties

	As at 31 August	
	2023 RMB'000	2022 RMB'000
Amount due to a related party		
— Mr. Huang Yulin (non-trade)	**27,463**	16,434

The amount due to a related party is unsecured, interest bearing at 4.8% per annum (2022: non-interest bearing) and payable on demand.

(d) Key management compensation

Key management includes directors (executive and non-executive), executive officers, and the Company's secretary. The compensation paid or payable to key management for employee services is as follows:

	As at 31 August	
	2023 RMB'000	2022 RMB'000
Salaries and bonuses	**8,263**	8,134
Share-based payments	**260**	2,624
Other benefits	**3,393**	3,070
	11,916	13,828

37. BALANCE SHEET AND RESERVE MOVEMENTS OF THE COMPANY

(a) Balance sheet of the Company

	Note	As at 31 August 2023 RMB'000	2022 RMB'000
ASSETS			
Non-current assets			
Investments in subsidiaries		**842,382**	841,769
Current assets			
Other receivables and prepayments		**153**	153
Amount due from a subsidiary		**380,894**	400,894
Cash and cash equivalents		**486**	526
		381,533	401,573
Total Assets		**1,223,915**	1,243,342
LIABILITIES			
Current liabilities			
Other payables		**322**	322
Amounts due to subsidiaries		**8,918**	8,918
Total Liabilities		**9,240**	9,240
EQUITY			
Share capital		**89**	89
Share premium		**433,763**	433,763
Other reserve	25(d)	**789,000**	789,000
Shares-based payments reserve		**53,382**	52,769
Statutory surplus reserves		**2**	2
Accumulated losses		**(61,561)**	(41,521)
Total Equity		**1,214,675**	1,234,102
Total Equity And Liabilities		**1,223,915**	1,243,342

The balance sheet of the Company was approved by the Board of Directors on 18 December 2023 and was signed on its behalf.

Mr. Huang Yulin
Chairman

Mr. Yang Ruichen
Director

37. BALANCE SHEET AND RESERVE MOVEMENTS OF THE COMPANY (continued)

(b) Reserve movements of the Company

	Other reserve (note 25(d)) RMB'000	Share premium RMB'000	Share-based payment reserve RMB'000	Statutory surplus reserves RMB'000	Accumulated losses RMB'000	Total RMB'000
At 31 August 2021	789,000	433,763	48,838	2	(41,094)	1,230,509
At 1 September 2021	789,000	433,763	48,838	2	(41,094)	1,230,509
Loss for the year	–	–	–	–	(427)	(427)
Share-based payments expense	–	–	3,931	–	–	3,931
At 31 August 2022	789,000	433,763	52,769	2	(41,521)	1,234,013
At 1 September 2022	**789,000**	**433,763**	**52,769**	**2**	**(41,521)**	**1,234,013**
Loss for the year	**–**	**–**	**–**	**–**	**(20,040)**	**(20,040)**
Share-based payments expense	**–**	**–**	**613**	**–**	**–**	**613**
At 31 August 2023	**789,000**	**433,763**	**53,382**	**2**	**(61,561)**	**1,214,586**

38. BENEFITS AND INTERESTS OF DIRECTORS

(a) Benefits and interests of directors

The remuneration of each director of the Company paid/payable by the Group for the years ended 31 August 2023 and 2022 are set out as follows:

Name of directors	Director fee RMB'000	Basic salaries RMB'000	Share-based payment expenses RMB'000	Welfare, medical and other expenses RMB'000	Contribution to pension plan RMB'000	Total RMB'000
For the year ended 31 August 2023						
Chairman						
Mr. Huang Yulin (i)	2,149	2,851	–	11	11	5,022
Executive directors						
Ms. Gan Tian	–	696	–	54	32	782
Mr. Wang Li	–	465	57	46	32	600
Mr. Liu Chunbin (ii)	–	387	33	43	32	495
Mr. Wang Shenghua (ii)	–	40	–	–	–	40
Mr. Yang Ruichen (ii)	–	1,166	–	–	32	1,198
Non-executive director						
Mr. Li Cunyi (iii)	–	42	–	–	–	42
Independent non-executive directors						
Mr. Chen Wanlong	222	–	–	–	–	222
Mr. Wang Donglin	125	–	–	–	–	125
Mr. Huang Juyun	125	–	–	–	–	125
Mr. Sy Lai Yin, Sunny (iv)	118	–	–	–	–	118
	2,739	5,647	90	154	139	8,769

38. BENEFITS AND INTERESTS OF DIRECTORS (continued)

(a) Benefits and interests of directors (continued)

Name of directors	Director fee RMB'000	Basic salaries RMB'000	Share-based payment expenses RMB'000	Welfare, medical and other expenses RMB'000	Contribution to pension plan RMB'000	Total RMB'000
For the year ended 31 August 2022						
Chairman						
Mr. Huang Yulin (i)	1,998	2,297	–	13	16	4,324
Executive directors						
Ms. Gan Tian	–	456	–	35	15	506
Mr. Wang Li	–	240	385	33	15	673
Mr. Liu Chunbin (ii)	–	219	225	31	15	490
Mr. Wang Shenghua (ii)	–	120	–	–	–	120
Mr. Yang Ruichen (ii)	–	1,099	–	–	15	1,114
Non-executive director						
Mr. Li Cunyi (iii)	–	–	–	–	–	–
Independent non-executive directors						
Mr. Chen Wanlong	255	–	–	–	–	255
Mr. Wang Donglin	123	–	–	–	–	123
Mr. Huang Juyun	123	–	–	–	–	123
Mr. Sy Lai Yin, Sunny (iv)	110	–	–	–	–	110
	2,609	4,431	610	112	76	7,838

38. BENEFITS AND INTERESTS OF DIRECTORS (continued)

(a) Benefits and interests of directors (continued)

(i) Mr. Huang Yulin was appointed as the chief executive officer of Group with effect from 30 October 2020 and his emoluments disclosed above include those for services rendered by him as the chief executive officer.

(ii) Mr. Liu Chunbin, Mr. Wang Shenghua and Mr. Yang Ruichen were appointed as the executive directors of the Company with effect from 7 July 2021.

(iii) Mr. Li Cunyi redesignated from an executive director to a non-executive director of the Company with effect from 7 July 2021.

(iv) Mr. Sy Lai Yin, Sunny was appointed as an independent non-executive director of the Company, a member of the remuneration committee and a member and the chairman of the audit committee of the Company with effect from 7 July 2021.

(b) Other disclosures

Other than those disclosed above and those disclosed in notes 26, 28 and 36(b):

- there were no retirement benefits paid to or receivable by any director in respect of their other services in connection with the management of the affairs of the Company or its subsidiaries during the year ended 31 August 2023 (2022: nil).

- there were no termination benefits paid to or receivable by any director during the year ended 31 August 2023 (eight months ended 31 August 2022: nil).

- no payment was made to the directors for making available the services of them as a director of the Company during the year ended 31 August 2023 (2022: nil).

- there were no loans, quasi-loans and other dealings entered into between the Group and the directors and in favour of the directors during the year ended 31 August 2023 (2022: nil).

- there are no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time for the year.

39. FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(i) Market risk

Foreign exchange risk

The Group mainly operates in the PRC and is exposed to foreign exchange risk arising from Hong Kong dollars ("**HKD**"). The Group does not hedge against any fluctuation in foreign currency.

The sensitivity of profit or loss to changes in the exchange rates arises mainly from HKD denominated cash and cash equivalents, borrowing and financial assets at fair value through profit or loss, other receivables and prepayments.

	2023 RMB'000	2022 RMB'000
HKD/RMB Exchange rate — Increase 5%	**26**	47
HKD/RMB Exchange rate — Decrease 5%	**(26)**	(47)

Interest rate risk

The Group's interest rate risk arises from and borrowings. Borrowings obtained at variable rates expose the Group to cash flow interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. During the year ended 31 August 2023, the Group's borrowings bore interest both at variable rates and fixed rates. The Group does not hedge its cash flow and fair value interest rate risk.

As at 31 August 2023 and 2022, if interest rate on borrowings had been higher/lower by 50 basis points of current interest rate, with other variables held constant, profit for the year ended 31 August 2023 and loss for the year ended 31 August 2022 would have been approximately RMB5,690,000 higher/lower and approximately RMB2,615,000 higher/lower, respectively.

39. FINANCIAL RISK MANAGEMENT (continued)

(a) Financial risk factors (continued)

(ii) Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group. The Group's exposure to credit risk mainly arises from granting credit to customers in the ordinary course of its operations.

The credit risk of the Group's financial assets, which mainly comprise cash and cash equivalents, trade and other receivables and amount due from a related party, arises from potential default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

All of the Group's trade receivables, other receivables and amount due from a related party have no collateral. The Group assessed the credit quality of the counterparties by taking into account their financial position, credit history, forward looking information and other factors. Management also regularly reviews the recoverability of these receivables and follow up the disputes or amounts overdue, if any.

(i) Cash and cash equivalents

As at 31 August 2023 and 31 August 2022, substantially all of the Group's bank deposits were deposited with major financial institutions incorporated in the PRC and Hong Kong, which management believes are of high-credit-quality without significant credit risk.

(ii) Trade receivables

The Group applies the simplified approach to provide for expected credit losses as prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics. The Group trade receivables mainly represents the trade receivables from students for tuition and boarding fee, and from third parties for other services.

For the trade receivables from third parties, the counterparties are primarily large corporations that have strong financial position. The Group maintains frequent communications with the counterparties. Management has closely monitored the credit qualities and the collectability of these receivables and considers that the expected credit risks of them are minimal in view of the history of cooperation with them and forward looking information. Management reviews regularly the recoverable amount of each trade receivable from third parties to ensure that adequate impairment losses are made for irrecoverable amounts.

39. FINANCIAL RISK MANAGEMENT (continued)

(a) Financial risk factors (continued)

(ii) Credit risk (continued)

(ii) *Trade receivables* (continued)

For the trade receivables from students, the loss allowance was determined as follows:

Reporting period	Less than 1 year	1 year to 2 year	More than 2 year
31 August 2023	**18.83%**	**100%**	**100%**
31 August 2022	18.77%	100%	100%

The management writes off trade receivables when there are no reasonable expectations of recovering the trade receivable from students. The management assesses the expected loss rate every year and considers no need to change it during the year.

The loss allowance provision for trade receivables during the years ended 31 August 2023 and 31 August 2022 was set out in note 20.

(iii) *Other receivables*

Other receivables at the end of year were mainly deposit for campus constructions and receivables due from the government authorities. The directors consider the probability of default upon initial recognition of asset and whether there has been significant increase in credit risk on an ongoing basis during the year. To assess whether there is a significant increase in credit risk the Group compares risk of a default occurring on the assets as at the reporting date with the risk of default as at the date of initial recognition.

Especially the following indicators are incorporated:

- actual or expected significant adverse changes in business, financial economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations;
- actual or expected significant changes in the operating results of the counterparty;
- significant changes in the expected performance and behavior of the counterparty, including changes in the payment status of the counterparty.

39. FINANCIAL RISK MANAGEMENT (continued)

(a) Financial risk factors (continued)

(ii) Credit risk (continued)

(iii) Other receivables (continued)

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment/repayment demanded.

A default on a financial asset is when the counterparty fails to make contractual payments/repayment demanded within 90 days of when they fall due.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group categories a loan or receivable for write off when a debtor fails to make contractual payments/repayment demanded greater than 365 days past due. Where loans or receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

The Group reviews regularly the recoverable amount of each individual receivable to ensure that adequate impairment losses are made for irrecoverable amounts. Over the term of the financial assets, the Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of debtors, and adjusts for forward looking macroeconomic data.

The movement of loss allowances for other receivables during the year are as follows:

	2023 **RMB'000**	2022 RMB'000
At the beginning of the year	**344**	5,000
Expected credit loss recognised during the year (note 9)	**2,520**	344
Written-off of uncollectible receivables	**–**	(5,000)
At the end of the year	**2,864**	344

39. FINANCIAL RISK MANAGEMENT (continued)

(a) Financial risk factors (continued)

(iii) Liquidity risk

To manage the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Group expects to fund its future cash flow needs through internally generated cash flows from operations and borrowings from financial institutions. Management believes that there is no significant liquidity risk in view of the expected cash flows from operations and continuous support from banks in the coming twelve months.

The tables below analyse the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the end of year to the contractual maturity date. The amounts disclosed in the tables are the contractual undiscounted cash flows.

2023	Weighted average effective interest rate RMB'000	Carrying amount RMB'000	Total contractual undiscounted cash flow RMB'000	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000
Borrowing	5.66%	2,051,970	2,221,016	695,543	666,100	859,373	–
Amount due to a related party	4.8%	27,463	27,463	27,463	–	–	–
Other non-current payable	5.35%	261,464	280,280	–	280,280	–	–
Lease Liabilities	5.38%	91,844	128,815	19,825	3,274	34,391	71,325
Accruals and other payables (excluding non-financial liabilities)	N/A	226,275	226,275	226,275	–	–	–
		2,659,016	2,883,849	969,106	949,654	893,764	71,325

2022	Weighted average effective interest rate RMB'000	Carrying amount RMB'000	Total contractual undiscounted cash flow RMB'000	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000
Borrowing	6.92%	1,370,753	1,564,546	465,231	385,380	430,822	283,113
Amount due to a related party	N/A	16,434	16,434	16,434	–	–	–
Other non-current payable	5.35%	273,519	294,018	–	294,018	–	–
Lease Liabilities	6.50%	71,779	114,057	3,087	1,829	26,986	82,155
Accruals and other payables (excluding non-financial liabilities)	N/A	266,035	266,035	266,035	–	–	–
		1,998,520	2,255,090	750,787	681,227	457,808	365,268

39. FINANCIAL RISK MANAGEMENT (continued)

(b) Capital management

The Group's objectives when managing capital are to

- safeguard the Group's ability to continue as a going concern, so that the Group can continue to provide returns for shareholders and benefits for other stakeholders; and

- maintain an optimal capital structure to reduce the cost of capital.

	2023	2022
Net debt	**1,796,554**	1,172,664
Total Equity	**845,365**	811,079
Net debt to equity ratio	**213%**	145%

The significant increase in net debt to equity ratio is resulted from the increase in borrowings and fair value losses of equity investment at a greater extent than the profit earned during the year ended 31 August 2023.

(c) Fair value estimation

(i) Fair value hierarchy

To provide an indication about the reliability of the inputs used in determining fair value, the Group classifies its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

The following table presents the Group's financial assets measured and recognised at fair value.

	Level 1 RMB'000	**Level 2 RMB'000**	**Level 3 RMB'000**	**Total RMB'000**
31 August 2023				
Assets				
Financial assets at FVPL				
— Equity investments	**105**	**–**	**–**	**105**
31 August 2022				
Assets				
Financial assets at FVPL				
— Equity investments	96	–	–	96

39. FINANCIAL RISK MANAGEMENT (continued)

(c) Fair value estimation (continued)

(i) Fair value hierarchy (continued)

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted (unadjusted) market prices at the end of the reporting period. The quoted marked price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

(ii) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments;

- the present value of the estimated future cash flows based on observable yield curves.