



A Profound Chinese Foundation,
A Panoramic Global Outlook,
An Innovative Future

2025

INTERIM REPORT



VIRSCEND EDUCATION COMPANY LIMITED

成實外教育有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1565



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COMPANY PROFILE

The Group is a leading provider of formal private education services. The Group conducted its business primarily through 14 entities providing high school, higher education and non-formal education services in five cities in Sichuan Province, China, Hong Kong SAR and Irvine, the United States. For school year 2024-2025, the total student enrolment of the Group's self-operated schools was 34,307, with 9,609 students enrolled in the high-schools, 24,698 students enrolled in the University and 11,534 students enrolled in our network schools, and we employed an aggregate of 1,513 teachers in China. In addition, the Group operates the Virscend University located in Irvine, California, the United States. In March 2024, Virscend University received full accreditation from WASC Senior College & University Commission (WSCUC). Virscend University currently offers Master of Business Administration and Bachelor of Science in Business Administration program.

We currently operate 8 high schools and one university in five cities in Sichuan Province, China. Through these schools, we offer formal education with comprehensive education programs. We are one of the few private education companies in Southwest China that offer high school and university education. The Group aspires to provide a pathway to first-tier universities in China and reputable colleges and universities abroad for interested students.

In 2025, our international program continues to demonstrate exceptional results in university placements. The Class of 2025 has achieved unprecedented success, securing four Ivy League admissions offers while maintaining our provincial leadership position. Notably, over 70% of graduates from our AP/A-Level program gained admission to institutions ranked within the QS World Top 50, marking the highest achievement rate among all Sichuan Province high schools.

The University currently offers 34 bachelor programs and 28 diploma programs. In 2024, according to WuShulian's "China Independent College and Private Universities Rankings", the University ranked 4th among all 394 independent colleges and private universities in literature.

Through over 20 years of operating private schools in Sichuan Province, we believe that we have established a strong reputation, which helps us attract high-quality students and teachers and pave the way for our success. We intend to maintain and strengthen our market position in the private education industry in China.





CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Ms. Wang Xiaoying (*Chairwoman of the Board*)
Mr. Yan Yude (*Chief Executive Officer*)
Mr. Ye Jiayu
Mr. Deng Bangkai

Independent Non-executive Directors

Mr. Sit Chiu Wing
Mr. Chan Kim Sun
Mr. Yin Dajia (*appointed on 16 January 2025*)

AUDIT COMMITTEE

Mr. Chan Kim Sun (*Chairman*)
Mr. Sit Chiu Wing
Mr. Yin Dajia (*appointed on 16 January 2025*)

REMUNERATION COMMITTEE

Mr. Sit Chiu Wing (*Chairman*)
Mr. Yan Yude
Mr. Yin Dajia (*appointed on 16 January 2025*)

NOMINATION COMMITTEE

Mr. Sit Chiu Wing (*Chairman*)
Ms. Wang Xiaoying
Mr. Yin Dajia (*appointed on 16 January 2025*)

AUTHORISED REPRESENTATIVES

Ms. Wang Xiaoying
Mr. Deng Bangkai

COMPANY SECRETARY

Mr. Deng Bangkai

LEGAL ADVISORS

As to Hong Kong law:

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Hong Kong

As to Cayman Islands law:

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CORPORATE INFORMATION

REGISTERED OFFICE

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PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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CAYMAN ISLANDS SHARE REGISTRAR AND TRANSFER OFFICE

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PRINCIPAL BANK

Industrial and Commercial Bank of China

INVESTOR RELATIONS

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Investor Relations Manager
Email: ir@virscendeducation.com
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COMPANY'S WEBSITE

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STOCK CODE

1565

DATE OF LISTING

15 January 2016



FINANCIAL HIGHLIGHTS

COMPARISON OF KEY FINANCIAL FIGURES

Result of operation

	For the six months ended 28 February 2025 RMB' 000	For the six months ended 29 February 2024 RMB' 000	Change RMB' 000	Percentage Change (%)
Revenue	591,478	520,366	+71,112	+13.7%
Gross profit	207,552	179,274	+28,278	+15.8%
Profit for the period	58,413	36,846	+21,567	+58.5%
Attributable to owners of the Company	49,090	31,602	+17,488	+55.3%
Adjusted net profit (non-IFRS measures)	62,149	49,018	+13,131	+26.8%
Earnings per share				
Basic and diluted (RMB)	1.6 fen	1.0 fen	—	—

Financial ratio

	For the six months ended 28 February 2025	For the six months ended 29 February 2024
Gross profit margin (%)	35.1	34.5
Net profit margin (%)	9.9	7.1

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Tuition and other ancillary education fee

During the Reporting Period, the Group has witnessed growth of the schools operated by the Group in terms of revenue. Revenue increased from RMB520.4 million for the six months ended 29 February 2024 to RMB591.5 million for the six months ended 28 February 2025. The Group generated its revenue primarily from student fees which are typically comprised of tuition fees, boarding fees, canteen fees and consulting services fees for overseas studies.

The following table sets forth the breakdown of the revenue of the Group:

	For the six months ended 28 February 2025 RMB'000	For the six months ended 29 February 2024 RMB'000	Change RMB'000	Percentage Change (%)
Tuition fees	489,290	421,895	+67,395	+16.0%
Boarding fees	30,735	27,129	+3,606	+13.3%
School canteen operations fees	47,489	42,249	+5,240	+12.4%
Educational management and consultation services fees	8,005	7,236	+769	+10.6%
Non-formal tutoring tuition fees	10,547	16,118	-5,571	-34.6%
Consultation services fees for overseas studies	3,345	3,552	-207	-5.8%
Others	2,067	2,187	-120	-5.5%
Total	591,478	520,366	+71,112	+13.7%

MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth the revenue generated by each of the categories of the schools:

	For the six months ended 28 February 2025 RMB'000	For the six months ended 29 February 2024 RMB'000	Change RMB'000	Percentage Change (%)
High school	255,147	218,630	+36,517	+16.7%
University	234,143	203,265	+30,878	+15.2%
Total tuition fees	489,290	421,895	+67,395	+16.0%

The rise of the total revenue of the Group was mainly attributable to the increase in tuition fees, boarding fees and canteen operations fees in line with the increase of the Group's student enrolment.

Average Tuition Fees

The following table sets forth the average tuition fees of each of the categories of the schools operated by the Group:

	2024/2025 Average Tuition Fees RMB	2023/2024 Average Tuition Fees RMB
High school – domestic program	44,101	44,020
High school – international program	141,769	133,374
University	17,028	16,767

Note: Average tuition fees are calculated as the gross tuition fees (excluding boarding fees) a particular school received for a given school year divided by the total number of students enrolled at such school for the same school year.

MANAGEMENT DISCUSSION AND ANALYSIS

Student Enrolment

The table below sets forth information relating to the student enrollment for each of the categories of the schools operated by the Group:

	2024/2025	2023/2024	Change	Percentage Change (%)
High school students – domestic program	9,080	8,019	+1,061	+13.2
High school students – international program	529	436	+93	+21.3
University students	24,698	21,884	+2,814	+12.9
Total number of students	34,307	30,339	+3,968	+13.1

Future Development

The Group is optimistic about the strong demand for high-quality private education in Southwest China backed by the strong brand reputation and recognition of our schools. In order to solidify and strengthen its market-leading position in the region, the Group intends to achieve future growth by means of multiple expansion strategies. Specifically, the Group plans to undertake the following strategies:

- (i) establishment of new high schools (primarily under asset-light model) by collaborating with third-party business partners;
- (ii) increasing of utilisation rate of our existing school and tuition fee;
- (iii) establishment of international education programs within our schools and provision of overseas studies consulting services;
- (iv) provision of non-formal education services:
 - a provide educational management and consultation services to K-12 schools and pre-schools;
 - b collaborate with certain commercial property owners to establish one-stop comprehensive education program; and
 - c student's local life services, after class non-subject based activities and etc.

MANAGEMENT DISCUSSION AND ANALYSIS

- (i) *Establishment of new high schools (primarily under asset-light model) by collaborating with third-party business partners*

No new high school was established during the Reporting Period. The Group continuously evaluates potential business opportunity in setting up new high school in various cities.

- (ii) *Increase in utilisation rate of our existing school and tuition fee*

School Utilisation

Utilisation rate is calculated as total the number of students enrolled divided by the estimated capacity for a given school either already commenced operation or under construction. Our schools are generally boarding schools.

	2024/2025	2023/2024
Total number of students enrolled	34,307	30,339
Total student capacity	48,020	48,830
Overall utilisation rate	71.4%	62.1%

Tuition Fee

On 15 May 2020, the Education Department of Sichuan Province and two other departments issued the “Notice on Improving the Price Management of Private Higher Education Institution and Strengthening Operational and Post-operational Oversight in our Province” 《關於完善我省民辦高校價格管理方式加強事中事後監督的通知》 (the “Notice”), which set out opinions and requirements in respect of determining tuition fee of higher education institution and permitted such institutions to adjust the tuition fee and related fees every three years since September 2020. Based on the new policies, the tuition fee for new undergraduate and diploma students of University increased to RMB18,000 and RMB15,900 since 2024/2025 academic year.

The following table sets forth the standard of current tuition fee:

Category of schools	Current tuition fee standard
High school	Range from RMB30,000 to RMB59,800
University	Range from RMB15,000 to RMB20,000 (diploma) Range from RMB17,000 to RMB20,000 (bachelor)
High-school international program	Range from RMB96,000 to RMB148,000

MANAGEMENT DISCUSSION AND ANALYSIS

(iii) *Establishment of international education programs within our schools and provision of overseas studies consulting services*

In addition to traditional high school programs, the Group also established the international department. Through nearly six years' development, the international department has managed several programs with elite international partners, mainly operating Advanced Placement (AP)/A-Level center.

The AP/A-Level Center has been recognized as the top-performing institution in Southwest China, achieving first place in the HKPEP Top100 International Schools in Education Competitiveness 2025. Building on this success, the center has maintained its regional dominance by securing the top position in Southwest China for the fourth consecutive year in the 2025 KingLead Ranking List, which evaluates university admissions performance to both UK and US institutions - a remarkable testament to its sustained academic excellence.

Since 2022, the Group expanded educational product layout. In addition to the traditional Anglo-American international program, the Group were also expanding our international education program in Europe and Asia. At the same time, the Group also built matrix academic expansion projects and social practice projects based on the school curriculum.

The international department also expanded its business by offering overseas study consulting services to our own students since later 2019 and recorded revenue of RMB3.3 million in the six months ended 28 February 2025.

(iv) a. *Educational management and consultation services*

Since 2019, the Group entered into school management cooperation agreements with certain K-12 public schools and Kindergartens to provide education management and consultation services including, among others, education quality control, curriculum development, daily operation, teachers recruitment and training, branding, teaching methodology support and campus design. As at 28 February 2025, the Group provided educational management and consultation services to totally thirteen schools including seven kindergartens, two K-9 schools, one K-12 school, one compound middle and high school and two high schools.



MANAGEMENT DISCUSSION AND ANALYSIS

b. One stop comprehensive education program

The Group has been cooperating with certain commercial property owners to establish one-stop comprehensive education program in commercial complex with a floor area of approximately 5,000 to 10,000 square meters where various types of tailor-made education services will be offered to both the parents and their children simultaneously. In addition, it provides curriculum and management output services for institutions and individuals who intend to invest in the education program. The high-quality education courses independently developed and iterated by the Group offered among others, Chinese traditional culture, STEAM (Science, Technology, Engineer, Arts and Mathematics), and sports. The daily management of enrollment, recruitment, teaching and research of all educational projects implements the operation mode of unified scheduling of the complex but relatively independently operation of sub-projects. The Group recorded revenue of RMB10.5 million in the six months ended 28 February 2025.

Building on this positive momentum, the Group has finalized plans to expand its presence in the district by opening a second location in 2025. This strategic expansion will effectively double our service capacity while maintaining the proven operational model of our flagship store, complemented by select new enhancements. Following the site selection completed in late February, the new store is scheduled to commence operations in mid-May.

c. Student's local life services, after-class non-subject based activities

The Group is still seeking business opportunities to providing non-educational student's local life service such as accommodation, canteen and after-class caring to the students enrolled in schools within the Affected Entities that the Group lost control since 31 August 2021.

The following table shows a summary of the number of our schools by category as of the dates indicated:

Category of schools	Self-owned schools established as at 28 February 2025	Schools under education management service as at 28 February 2025
High school	8	2
Kindergarten	0	7
University (China)	1	0
University (United States)	1	0
Schools providing non-formal education services	4	0
K9 school	0	2
K12 school	0	1
Compound middle and high school	0	1
	<u>14</u>	<u>13</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Risk Management

The Group is exposed to various risks in the operations of the Group's business and the Group believes that risk management is important to the Group's success. Key operational risks faced by the Group include, among others, changes in general market conditions and perceptions of private education, changes in the regulatory environment in the PRC education industry, the ability of the Group to offer quality education to students, the ability of the Group to increase student enrollment and/or raise tuition fees, the potential expansion of the Group into other regions in Southwest China, availability of financing to fund the Group's expansion and business operations and competition from other school operators that offer similar quality of education and have similar scale.

In addition, the Group also faces numerous market risks, such as interest rate and liquidity risks that arise in the normal course of the Group's business.

Interest Rate Risk

The Group's fair value interest rate risk relates primarily to its fixed-rate bank borrowings. The Group is also exposed to cash flow interest rate risk through the impact of rate changes on interest bearing financial assets and liabilities, mainly bank balances and bank borrowings which carry interest at prevailing market interest rates. It is the Group's policy to keep certain borrowings at floating rates of interest so as to minimize the fair value interest rate risk. The Group currently does not use any derivative contracts to hedge its exposure to interest rate risk. However, the Directors will consider hedging significant interest rate risk should the need arise.

Liquidity Risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank borrowings. The Group regularly reviews its major funding positions to ensure that it has adequate financial resources in meeting its financial obligations.

To properly manage these risks, the Group has established the following risk management structures and measures:

- the Board is responsible and has the general power to manage the Group's operations of the schools, and is in charge of managing the overall risks of the Group. It is responsible for considering, reviewing and approving any significant business decisions involving material risk exposures, such as the Group's decisions to expand its school network into new geographic areas, to raise the Group's tuition fees, and to enter into cooperative business relationships with third parties to establish new schools;
- the Group maintains insurance coverage, which the Group believes is in line with customary practice in the PRC education industry, including school liability insurance; and
- the Group has made arrangements with the Group's lenders to ensure that the Group will be able to obtain credit to support its business operation and expansion.



MANAGEMENT DISCUSSION AND ANALYSIS

Environment, Health and Safety

The businesses of the Group are not in violation of the applicable PRC environmental laws and regulations in any material aspects.

The Group is dedicated to protecting the health and safety of the students. The Group has on-site medical staff or health care personnel at each of the schools the Group operates to handle routine medical situations involving students. In certain serious and medical emergency situations, the Group promptly sends the students to local hospitals for treatment. With respect to school safety, the Group engaged a qualified property management company to provide property security services at the Group's school premises.

As far as the Board and management of the Company are aware, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the Reporting Period, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

FINANCIAL REVIEW

Revenue

Revenue, which is also the Group's turnover, represents the value of services rendered, made to its students during the Reporting Period. Revenue of the Group is primarily derived from tuition fees, boarding fees, school canteen operation fees and consultation services fees for overseas studies the Group's schools collected from students, as well as management service fees and consultation service fees received by the Group from private schools and government owned schools during the Reporting Period.

Revenue increased by RMB71.1 million, or 13.7%, from RMB520.4 million for the six months ended 29 February 2024 to RMB591.5 million for the Reporting Period. This increase was primarily attributed to the increase in revenue from tuition fees and revenue from school canteen operations fees, being the increase of RMB67.4 million, or 16.0% in revenue from tuition fees for the six months ended 29 February 2024 to RMB489.3 million for the Reporting Period, and the increase of RMB5.2 million, or 12.4% in revenue from school canteen operations fees for the six months ended 29 February 2024 to RMB47.5 million for the Reporting Period. The tuition fees and school canteen operation fees which the Group received increase mainly attributable to the increase in the number of students enrolled in 2024/2025 school year. For more information on student enrolment and school utilisation, please refer to the section headed "Business Review" above.

MANAGEMENT DISCUSSION AND ANALYSIS

Cost of Sales

Cost of sales primarily consists of staff costs, depreciation and amortization, utilities, cost of repairs, office expense, property management service fee, rent costs, student subsidies, student scholarship and other costs.

Cost of sales for the Reporting Period increased by RMB42.8 million, or 12.6%, compared with the same period last year. This increase was primarily attributable to:

- (1) Staff costs increased by RMB16.0 million, or 11.2%, compared with the same period last year, which was attributable to the increase in the number of teachers enrolled in 2024/2025 school year. The increase in the number of students enrolled in existing schools gave rise to the increase in the number of teachers recruited;
- (2) Direct material costs of canteen operation increased by RMB5.5 million, or 15.2%, compared with the same period last year, which was mainly due to the increase in the number of students and continuous improvements in quality of catering service in the Reporting Period; and
- (3) Student scholarship costs increased by RMB12.6 million, or 45.2%, compared with the same period last year, which was mainly due to the increase in the number of students enrolled in 2024/2025 school year, as well as the Group providing more scholarship and awards to students.

Gross Profit and Gross Profit Margin

Gross profit of the Group amounted to RMB207.6 million for the Reporting Period, increased by RMB28.3 million, or 15.8%, compared with the same period last year, which was mainly attributable to the increase of average tuition fee and the number of students. For more information on student enrolment and average tuition fees, please refer to the section headed "Business Review" above.

Gross profit margin of the Group for the Reporting Period is flat compared with the six months ended 29 February 2024.



MANAGEMENT DISCUSSION AND ANALYSIS

Selling and Distribution Expenses

Selling and distribution expenses primarily consist of advertising expenses, student admission expenses and business entertainment expenses.

Selling and distribution expenses for the Reporting Period is flat compared with the same period last year.

Administrative Expenses

Administrative expenses primarily consist of the salaries and other benefits for general and administrative staff, consultation service fees for legal, audit, business development and evaluation services, office-related expenses, depreciation of office buildings and equipment, travel expenses, business advisory service fees and other expenses.

Administrative expenses for the Reporting Period increased by RMB15.4 million, or 23.3%, compared with the same period last year, which was primarily due to the continuous increase in the number of students.

Other Income and Gains

Other income and gains primarily consist of foreign exchange gain, bank interest income, other interest income, government grants and rental income from leasing certain of the Group's properties to independent third parties.

Other income and gains for the Reporting Period increased by RMB5.9 million, or 103.5%, compared with the same period last year, which was primarily due to the increase of government grants, rental income and foreign exchange gain for the Reporting Period.

Other Expense and Other Losses

Other expenses and other losses consist primarily of allowance for credit losses on financial assets, foreign exchange difference, and disposal of various fixed assets.

Other expense for the Reporting Period increased by RMB2.8 million, or 40.6%, compared with the same period last year, primarily due to the provision of impairment losses on other receivables.

Finance Costs

Finance costs primarily consist of the interest expenses for bank and other borrowings.

Finance costs decreased by RMB8.8 million, or 13.3% from RMB66.4 million for the six months ended 29 February 2024 to RMB57.6 million for the Reporting Period, mainly attributable to the interest expenses for the bank and other borrowings of RMB56.9 million for the Reporting Period, representing a decrease of RMB9.3 million as compared to the interest expenses of RMB66.2 million for the six months ended 29 February 2024. The decrease of interest expenses was mainly due to the decrease of bank and other borrowings balance and overall interest rates.

MANAGEMENT DISCUSSION AND ANALYSIS

Liquidity and Financial Resources

	For the six months ended 28 February 2025 RMB'000	For the six months ended 29 February 2024 RMB'000
Net cash flows used in operating activities	(14,864)	(78,406)
Net cash flows used in investing activities	(49,316)	(4,279)
Net cash flows used in financing activities	(189,544)	(167,381)
Net decrease in cash and cash equivalents	(253,724)	(250,066)
Cash and cash equivalents at beginning of period	813,180	756,413
Effect of foreign exchange rate changes, net	(89)	120
Cash and cash equivalents at end of period	<u>559,367</u>	<u>506,467</u>
	As at 28 February 2025 RMB'000	As at 31 August 2024 RMB'000
Bank and other borrowings	<u>2,046,335</u>	<u>2,099,943</u>

Analysis of the maturity profile of the bank and other borrowings of the Group as at 28 February 2025 and 31 August 2024 is set out in note 15 to the financial statements. The Group had adequate liquidity to meet its daily management and capital expenditure requirements and control internal operating cash flows.



MANAGEMENT DISCUSSION AND ANALYSIS

Unaudited Adjusted Net Profit

Adjusted net profit was derived from net profit after adjusting those items, which is not indicative of the Group's operating performance. This is not an IFRSs measure and for illustrative purpose only. The Group has presented this item because the Group considers it an important supplemental measure of the Group's operational performance used by the Group's management as well as analysts or investors. The following table reconciles from net profit to adjusted net profit:

	For the six months ended 28 February 2025 RMB'000	For the six months ended 29 February 2024 RMB'000
Net profit (IFRS measures)	58,413	36,846
Adjustments for:		
Amortisation of intangible assets arising from the acquisition of school*	4,739	4,739
Foreign exchange loss/(gain)**	(1,003)	7,433
Adjusted net profit (non-IFRS measures)	62,149	49,018

* On 15 August 2020, the Group acquired 80% of the school sponsor's interest in Chengdu Foreign Languages High School of Chengdu Hi-Tech Zone ("Gaoxin Campus") from an independent third party. The identifiable assets of Gaoxin Campus included other intangible assets recorded at the fair value of RMB159.0 million, which comprised student base, non-competition agreement, and favourable rental contract. These intangible assets are amortised over periods of 3 years, 7 years, and 17 years, respectively.

The amortisation of these intangible assets is considered a special matter arising from the equity acquisition and it is characterized as non-cash and non-operating in nature, and is within the control of management. Adjusting such non-cash expense can more accurately reflect the operational performance of Gaoxin Campus' business. This adjustment, which has been consistently made during the past several years, provides management and investors of the Company with a more intuitive financial information, assisting them in better assessing the operational performance of the Group as a whole.

** "Foreign exchange gain" is adjusted because it is highly volatile and not directly related to the Company's primary operating activities. This adjustment helps present a more constant measurement of the Company's financial performance by eliminating the distortive effects of exchange rate fluctuations on net profit, thereby avoiding potential misinterpretation by investors.

EVENTS AFTER THE REPORTING PERIOD

There was no event which has occurred after the six months ended 28 February 2025 that would cause material impact on the Group.

CAPITAL STRUCTURE

The Group's financial department is responsible for the Group's financial risk management which operates according to policies implemented and approved by the senior management. As at 28 February 2025, all bank and other borrowings were settled in RMB, while cash and cash equivalents were primarily held in RMB and HKD. The Group plans to maintain an appropriate mix of financial equity and debt to ensure an efficient capital structure. The outstanding balances of bank and other borrowings as at 28 February 2025 were at fixed interest rates or floating interest rates for loans denominated in RMB.

MANAGEMENT DISCUSSION AND ANALYSIS

FOREIGN EXCHANGE RISK MANAGEMENT

The functional currency of the Company is RMB. The majority of the Group's revenue and expenditures are denominated in RMB. As at 28 February 2025, certain bank balances were denominated in HKD and USD. During the Reporting Period, the Group did not experience any significant difficulties in or impacts on its operations or liquidity due to fluctuations in currency exchange rates. The Directors believe that the Group has sufficient foreign exchange to meet its own foreign exchange requirements and will adopt practical and effective measures to prevent exposure to exchange rate risk. The Group did not enter into any financial instrument for hedging purpose.

SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS

There were no significant investments held as at 28 February 2025, nor other material acquisitions and disposals of subsidiaries and associated companies during the Reporting Period.

FUTURE PLAN FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

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

CAPITAL COMMITMENTS

The following table sets forth a summary of capital commitments as at the dates indicated:

	28 February 2025 RMB'000	31 August 2024 RMB'000
Contracted, but not provided for:		
Buildings and equipment	175,479	197,241

GEARING RATIO

The gearing ratio of the Group, which was calculated as total bank and other borrowings divided by total equity as at the end of the period, decreased from approximately 249.9% as at 31 August 2024 to approximately 233.5% as at 28 February 2025, primarily due to the decrease in the Group's interest-bearing bank borrowings.

CONTINGENT LIABILITIES

As at 28 February 2025, the Group had no material contingent liabilities.



MANAGEMENT DISCUSSION AND ANALYSIS

PLEDGE OF ASSETS

As at 28 February 2025, RMB50.0 million (31 August 2024: RMB49.9 million) were paid to third party leasing companies as pledged deposits for certain borrowings, which will be repaid after settling those borrowings in 3 years.

HUMAN RESOURCES

As at 28 February 2025, the Group had 2,354 employees (31 August 2024: 2,000 employees).

The remuneration policy and package of the Group's employees are periodically reviewed in accordance with industry practice and results performance of the Group. The Group provides external and internal training programs to its employees. The Group also participates in various employee social security plans for its employees that are administered by local governments, including housing, pension, medical insurance, occupational injury insurance, maternity insurance and unemployment insurance.

The total remuneration cost incurred by the Group for the six months ended 28 February 2025 was approximately RMB200.2 million (for the six months ended 29 February 2024: RMB177.9 million).

CORPORATE GOVERNANCE/OTHER INFORMATION

CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the CG Code as its own code of corporate governance. The Company has complied with the code provisions of the CG Code and the Listing Rules during the Reporting Period, except for the following deviation.

On 25 November 2024, Mr. Wen Ruizheng, a former independent non-executive Director and a former member of each of the audit committee, the remuneration committee and the nomination committee of the Company, passed away. Following the passing away of Mr. Wen, the Board included only two independent non-executive Directors and each of the audit committee, remuneration committee and nomination committee of the Company comprised only two members with one independent non-executive Director, which did not meet the requirements of Rules 3.10(1), 3.21 3.25 and 3.27A of the Listing Rules.

On 16 January 2025, Mr. Yin Dajia was appointed as an independent non-executive Director, a member of each of the audit committee, the remuneration committee and the nomination committee of the Company. Upon the above appointments of Mr. Yin, the Company became in compliance with the requirements as set out in Rules 3.10(1), 3.21 3.25 and 3.27A of the Listing Rules.

The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries of all the Directors, each of the Directors has confirmed that he/she has complied with the Model Code during the Reporting Period.

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

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HKD0.80 cents per ordinary share for the six months ended 28 February 2025 (interim dividend for the six months ended 29 February 2024: HKD0.55 cents per ordinary share) payable on 29 May 2025 (Thursday) to the Shareholders whose names appear on the register of members of the Company at the close of business on 19 May 2025 (Monday). Such interim dividend will be paid out of the share premium account of the Company.



CORPORATE GOVERNANCE/OTHER INFORMATION

CLOSURE OF REGISTER OF MEMBERS

For determining the Shareholders' entitlement to interim dividend, the register of members of the Company will be closed from 15 May 2025 (Thursday) to 19 May 2025 (Monday), both days inclusive, during which period no transfer of shares will be registered. In order to qualify for interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 14 May 2025 (Wednesday).

AUDIT COMMITTEE

The Board has established an audit committee of the Company (the "**Audit Committee**"), which comprises three independent non-executive Directors, namely Mr. Chan Kim Sun (Chairman), Mr. Sit Chiu Wing and Mr. Yin Dajia. The primary duties of the Audit Committee are to review and supervise the Company's financial reporting process, internal control and risk management systems.

The Audit Committee has reviewed the unaudited interim results and the unaudited interim condensed consolidated financial statements of the Group for the Reporting Period and this interim report, including the accounting principles and practices adopted by the Group.

CHANGES TO DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, the change in information of the directors of the Company since the date of the 2024 annual report of the Company is set out below:

- * On 16 January 2025, Mr. Yin Dajia was appointed as an independent non-executive Director, and a member of each of the audit committee, the remuneration committee and the nomination committee of the Company.
- * On 16 January 2025, Ms. Wang Xiaoying ceased to be a member of the remuneration committee, and Mr. Yan Yude was appointed as a member of the remuneration committee of the Company. Mr. Yan Yude ceased to be a member of nomination committee and Ms. Wang Xiaoying was appointed as a member of nomination committee of the Company.

Save as disclosed, the Directors confirmed that no information is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

CORPORATE GOVERNANCE/OTHER INFORMATION

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Reporting Period, neither the Company nor its subsidiaries has purchased, sold or redeemed any of the Company's shares or other listed securities (including sale of treasury shares, if any). Neither the Company nor any of its subsidiaries held any treasury shares during the Reporting Period.

STRUCTURED CONTRACTS

The foreign investor in a Sino-foreign joint venture private school for PRC students at the preschool, high school and schools offering higher education must be a foreign educational institution with relevant qualification and high quality of education (the **"Qualification Requirement"**). Foreign portion of the total investment in a Sino-foreign joint venture private school should be below 50% and the establishment of these schools is subject to approval of education authorities at the provincial or national level. We are committed to working towards meeting the Qualification Requirement. We have adopted a specific plan and had taken concrete steps which the Company believes are meaningful endeavors to demonstrate compliance with the Qualification Requirement. During the Reporting Period, we also had made inquiries with relevant educational authorities to understand any regulatory developments, and assess whether we are qualified to meet the Qualification Requirement. As of the date of this interim report, it is currently uncertain as to what specific criteria must be met by a foreign investor (such as length of experience and form and extent of ownership in the foreign jurisdiction) in order to demonstrate to the relevant education authority that it meets the Qualification Requirement. Therefore, it is not practicable for us to seek to apply to reorganize any of the PRC Operating Entities as a Sino-Foreign Joint Venture Private School or convert any of the University into a Sino-Foreign Joint Venture Private School. Please also refer to the section headed "Structured Contracts" in the Prospectus and our annual report for the years ended 31 December 2016, 2017, 2018, 2019, 2020, for the eight months ended 31 August 2021, for the year ended 31 August 2022, 2023 and 2024 for our efforts and actions undertaken to comply with the Qualification Requirement. For the Reporting Period, the Board has reviewed the overall performance of the Structured Contracts and believed that the Group has complied with the Structured Contracts in all material respects. We have been advised by our PRC legal advisors that the Structured Contracts do not violate the relevant PRC regulations.



CORPORATE GOVERNANCE/OTHER INFORMATION

Qualification Requirement

The Company has adopted a specific plan and taken the following concrete steps which the Company reasonably believes are meaningful endeavors to demonstrate compliance with the Qualification Requirement.

In March 2021, Virscend University received “Candidacy” status from WSCUC and received full accreditation in March 2024. Virscend University currently offers Master of Business Administration program and has graduated 43 students as of December 2024.

After receiving the full accreditation in March 2024, Virscend University currently ran Master of Science in Business Analytics (MSBA) and Bachelor of science in Business Administration.

Form I-17 petition for certification and enrollment in SEVIS was reviewed and approved by The Student and Exchange Visitor Program (SEVP) on 30 June 2022. Virscend University is permitted to issue I-20 to prospective or continuing nonimmigrant students.

Recent Development

The impact of the Implementation Regulations

On 14 May 2021, the State Council issued the Implementation Regulations, which will take effect since 1 September 2021. The Implementation Regulations contains more strict provisions than the Draft Revision of the Regulations on the Implementation of the Law for Promoting Private Education of the PRC (the Draft for Comments) (《中華人民共和國國民辦教育促進法實施條例》) (修訂草案 (徵求意見稿)) issued by the MOE in April 2018 and the Draft Revision of the Regulations on the Implementation of the Law for Promoting Private Education of the PRC (the Draft for Examination and Approval) (中華人民共和國國民教育促進法實施條例) (修訂草案) (送審稿) issued by Ministry of Justice of the PRC on 10 August 2018 on the operation and management of private schools, especially non-profit private primary and middle schools, including:

- (i) no social organization and individual are permitted to take control of non-profit private compulsory education schools and non-profit private preschool through mergers and acquisitions, and control agreement; and (ii) private compulsory education schools are prohibited to conduct transactions with “related parties”, and other private schools shall conduct transactions with “related parties” in an open, reasonable and fair manner, which shall not harm the national interests, school interests and rights and interests of all teachers and students.

CORPORATE GOVERNANCE/OTHER INFORMATION

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

As at 28 February 2025, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or which were recorded in the register required to be kept pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Name	Capacity/Nature of Interest	Number of Shares	Long/short position	Approximate Percentage of Shareholding in the Company (%)
Mr. Yan Yude ⁽¹⁾	Interest in a controlled corporation and, interest of spouse	1,388,981,045	Long Position	44.97
Ms. Wang Xiaoying ⁽²⁾	Interest of spouse and, interest in a controlled corporation	1,388,981,045	Long Position	44.97
Mr. Deng Bangkai	Beneficial owner	1,100,000	Long Position	0.04

Notes:

- (1) Mr. Yan Yude is the sole shareholder and sole director of Virscend Holdings and he is therefore deemed to be interested in 1,320,632,045 Shares held by Virscend Holdings. Mr. Yan Yude also holds 42% of shares of 香港中藥材交易所有限公司 ("HKCME") and is a director of HKCME, and he is therefore deemed to be interested in 849,000 Shares held by HKCME. Mr. Yan Yude is also the husband of Ms. Wang Xiaoying and is therefore deemed to be interested in 67,500,000 Shares held by Ms. Wang Xiaoying through Smart Ally International Limited.
- (2) Ms. Wang Xiaoying is the sole shareholder and director of Smart Ally International Limited and she is therefore deemed to be interested in 67,500,000 Shares held by Smart Ally International Limited. Ms. Wang Xiaoying is also the wife of Mr. Yan Yude and is therefore deemed to be interested in 1,321,481,045 Shares indirectly held by Mr. Yan Yude through Virscend Holdings and HKCME.

Save as disclosed above, as at 28 February 2025, none of the Directors or the chief executive of the Company had or was deemed to have any interest or short position in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or required to be recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

CORPORATE GOVERNANCE/OTHER INFORMATION

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

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

As at 28 February 2025, to the best knowledge of the Directors, the following persons (other than being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name	Capacity/Nature of Interest	Number of Shares	Long/short position	Approximate Percentage of Shareholding in the Company (%)
Virscend Holdings	Beneficial owner	1,320,632,045	Long Position	42.76
Bank of China Limited	Security interest	458,876,100	Long Position	14.86
Happy Venus Limited ⁽¹⁾	Beneficial owner	183,144,129	Long Position	5.93
Ms. Yan Hongjia ⁽¹⁾	Interest in a controlled corporation	183,144,129	Long Position	5.93

Notes:

- (1) Ms. Yan Hongjia is the sole shareholder and sole director of Happy Venus Limited and she is therefore deemed to be interested in the Shares held by Happy Venus Limited.

Save as disclosed above, as at 28 February 2025, the Directors were not aware of any persons (who were not Directors or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

CORPORATE GOVERNANCE/OTHER INFORMATION

SHARE OPTION SCHEME

The Company has adopted the Share Option Scheme on 28 December 2015 (“**Adoption Date**”) for the purpose of giving eligible persons an opportunity to have a personal stake in the Company and help motivate them to optimize their future contributions to the Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain on-going relationships with such eligible persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group, and additionally in the case of Executives (as defined below), to enable the Group to attract and retain individuals with experience and ability and/or to reward them for their past contributions.

Eligible persons include (a) any executive director of, manager of, or other employee holding an executive, managerial, supervisory or similar position in any member of our Group (“**Executive**”), any proposed employee, any full-time or part-time employee, or a person for the time being seconded to work full-time or part-time for any member of our Group (“**Employee**”); (b) a director or proposed director (including an independent non-executive director) of any member of our Group; (c) a direct or indirect shareholder of any member of our Group; (d) a supplier of goods or services to any member of our Group; (e) a customer, consultant, business or joint venture partner, franchisee, contractor, agent or representative of any member of our Group; (f) a person or entity that provides design, research, development or other support or any advisory, consultancy, professional or other services to any member of our Group; and (g) an associate of any of the persons referred to in paragraphs (a) to (f) above. Pursuant to the amendments to Listing Rules with effect from 1 January 2023, the eligible persons under the Share Option Scheme are subject to Rule 17.03A of the Listing Rules.

The maximum number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes of the Group shall not in aggregate exceed 10% of the Shares in issue as at the Listing Date, which is 300,000,000 Shares excluding Shares which may fall to be issued upon the exercise of the over-allotment option granted by the Company, representing approximately 9.71% of the issued shares as at the date of this interim report.

No option may be granted to any one person such that the total number of Shares issued and to be issued upon exercise of options granted and to be granted to that person in any 12-month period exceeds 1% of the Company’s issued share capital from time to time. Where any further grant of options to such an eligible person would result in the Shares issued and to be issued upon exercise of all options granted and to be granted to such eligible person (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the Shares in issue, such further grant shall be separately approved by the Shareholders in general meeting with such eligible person and his close associates (or his associates if such eligible person is a connected person) abstaining from voting.



CORPORATE GOVERNANCE/OTHER INFORMATION

The Board shall be entitled at any time within 10 years from the Adoption Date to offer the grant of an option to any eligible person as the Board may in its absolute discretion select to subscribe at the subscription price for such number of Shares as the Board may (subject to the terms of the Share Option Scheme) determine (provided the same shall be a board lot for dealing in the Shares on the Stock Exchange or an integral multiple thereof). Subject to such terms and conditions as the Board may determine (including such terms and conditions in relation to their vesting, exercise or otherwise), there is no minimum period for which an option must be held before it can be exercised and no performance target which need to be achieved by the grantee before the option can be exercised.

An offer of the grant of an option shall remain open for acceptance by the eligible person concerned for a period of 28 days from the offer date provided that no such grant of an option may be accepted after the expiry of the effective period of the Share Option Scheme. An option shall be deemed to have been granted and accepted by the eligible person and to have taken effect when the duplicate offer letter comprising acceptance of the offer of the option duly signed by the grantee together with a remittance in favor of the Company of HK\$1.00 by way of consideration for the grant thereof is received by the Company on or before the date upon which an offer of an option must be accepted by the relevant eligible person, being a date no later than 28 days after the offer date.

The subscription price in respect of any particular option shall be such price as the Board may in its absolute discretion determine at the time of grant of the relevant option (and shall be stated in the letter containing the offer of the grant of the option) but the subscription price shall not be less than whichever is the highest of: (a) the nominal value of a Share; (b) the closing price of a Share as stated in the Stock Exchange's daily quotations sheet on the offer date; and (c) the average closing price of a Share as stated in the Stock Exchange's daily quotations sheets for the 5 business days (as defined in the Listing Rules) immediately preceding the offer date.

The Share Option Scheme shall be valid and effective for a period of 10 years from the date on which it becomes unconditional, after which no further options will be granted or offered but the provisions of the Share Option Scheme shall remain in force and effect in all other respects. All options granted prior to such expiry and not then exercised shall continue to be valid and exercisable subject to and in accordance with the Share Option Scheme. The remaining life of the Share Option Scheme is around 7 months.

Since the Adoption Date, no options under the Share Option Scheme have been granted, exercised, lapsed or cancelled. As of the date of this interim report, no shares are available for issuance in relation to share options granted under the Share Option Scheme.

The number of options available for grant under the Share Option Scheme at the beginning and the end of the Reporting Period is 300,000,000.

CORPORATE GOVERNANCE/OTHER INFORMATION

SHARE AWARD SCHEME

The Company has adopted the Share Award Scheme on 9 October 2021 as a means to recognize the contributions of certain Directors, senior management and employees of the Company and its subsidiaries, or other eligible participant(s) and to retain and motivate them to strive for the future development and expansion of the Group by providing them with the opportunity to acquire equity interests in the Company.

The individuals eligible to be granted award(s) thereunder include any Director (whether executive or non-executive), senior management and employee of the Company and its subsidiaries and any other person whom the Board believes to have contribution or will contribute to the Group and has a direct or significant impact on the long-term development of the Group, but excluding the following persons: (i) any seconded employee, part-time employee or non-full time employee of the Group; (ii) any employee of the Group who at the relevant time has given or been given notice terminating his employment, office or directorship as the case may be; and (iii) any other person that the Board may determine from time to time. Pursuant to the amendments to Listing Rules with effect from 1 January 2023, the eligible persons under the Share Award Scheme are subject to Rule 17.03A of the Listing Rules.

The Board shall not make any further award which will result in the number of Shares administered under the Share Award Scheme to exceed in total 10% of the Company's issued share capital as at 9 October 2021, the date on which the Share Award Scheme is adopted by the Company, being 308,876,100 Shares, representing 10% of the Company's issued share capital as at the date of this interim report.

The Shares may be acquired by the trustee (the **"Trustee"**) by way of allotment and issue of new Shares by the Company pursuant to the relevant general mandate or specific mandate granted to the Board by the Shareholders of the Company in general meetings of the Company from time to time, or purchase of Shares in the open market by the Trustee. The Share Award Scheme shall be subject to administration of the Board and the Trustee in accordance with the Share Award Scheme rules and the trust deed dated 10 October 2021. As at 28 February 2025 and the date of this interim report, 45,650,000 Shares have been purchased and held by the Trustee for the purpose of the Share Award Scheme.

Unless approved by the Shareholders in a general meeting, the maximum number of awarded shares which may be subject to an award or awards made to a single selected participant in any 12-month period shall not in aggregate exceed 1.0% of the issued share capital of the Company as at 9 October 2021, the date on which the Share Award Scheme is adopted by the Company.

Any awarded shares shall vest in the relevant selected participant(s) in accordance with the vesting schedule determined by the Board at its sole discretion, subject to (a) satisfaction of any vesting conditions specified in the grant letter; (b) the selected participant remaining an eligible participant at the time when the relevant awarded shares are scheduled to vest according to the relevant vesting schedule; and (c) the selected participant not having been summarily dismissed by the Group, not having been bankrupt or failed to pay his debts, not having been convicted for any criminal offence and not having been charged, convicted or held liable for any offence under the SFO or any other similar applicable laws or regulations in force from time to time.



CORPORATE GOVERNANCE/OTHER INFORMATION

The Share Award Scheme shall be valid and effective for a term of ten (10) years commencing on 9 October 2021, the date on which the Share Award Scheme is adopted by the Company, after which period no further awards shall be offered or granted but the provisions of the Share Award Scheme shall remain in full force and effect in all other respects. The Share Award Scheme shall terminate on the earlier of (i) the tenth (10th) anniversary date of the adoption date; and (ii) such date of early termination as determined by the Board of the Company, provided that such termination shall not affect any subsisting rights of any selected participant(s). The remaining life of the Share Award Scheme is around 6 years and 4 months.

No awards were granted to any selected participants in the Share Award Scheme since it was adopted and as at the date of this interim report.

The number of awards available for grant under the Share Award Scheme at the beginning and the end of the Reporting Period is 308,876,100.

The total number of new Shares available for issue under the Share Award Scheme utilising the general mandate granted by the Shareholders at the annual general meeting of the Company is 263,226,100, representing approximately 8.52% of the issued Shares as at the date of this interim report.

Since there was no grant of option or award under schemes of the Company, the number of Shares that may be issued in respect of options and awards granted under all schemes of the Company during the Reporting Period divided by weighted average number of Shares in issue for the Reporting Period is not applicable.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 28 February 2025

	Notes	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
REVENUE	4	591,478	520,366
Cost of sales		(383,926)	(341,092)
Gross profit		207,552	179,274
Other income and gains	4	11,574	5,731
Selling and distribution expenses		(5,703)	(5,734)
Administrative expenses		(81,642)	(66,230)
Other expenses and other losses		(9,669)	(6,878)
Finance costs	5	(57,595)	(66,391)
PROFIT BEFORE TAX	6	64,517	39,772
Income tax expense	7	(6,104)	(2,926)
PROFIT FOR THE PERIOD		58,413	36,846
Profit for the period attributable to:			
Owners of the Company	8	49,090	31,602
Non-controlling interests		9,323	5,244
		58,413	36,846
EARNINGS PER SHARE			
– basic and diluted for the period	8	RMB1.6 fen	RMB1.0 fen

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 28 February 2025

	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
PROFIT FOR THE PERIOD	58,413	36,846
OTHER COMPREHENSIVE INCOME/(EXPENSE)		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	(89)	120
OTHER COMPREHENSIVE INCOME/(EXPENSE) FOR THE PERIOD, NET OF TAX	(89)	120
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	58,324	36,966
Total comprehensive income for the period attributable to:		
Owners of the Company	49,042	31,663
Non-controlling interests	9,282	5,303
	58,324	36,966

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 28 February 2025

	Notes	28 February 2025 RMB'000 (Unaudited)	31 August 2024 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	9	2,395,232	2,427,683
Right-of-use assets		569,114	569,589
Investment properties		218,294	223,370
Other intangible assets		82,172	86,427
Goodwill		104,298	104,298
Long-term pledged deposits		50,025	49,876
Other non-current assets		37,008	36,589
Deferred tax assets		1,451	1,635
Total non-current assets		3,457,594	3,499,467
CURRENT ASSETS			
Inventories		195	228
Trade receivable	11	2,556	1,220
Prepayments and other receivables	10	105,487	115,603
Financial assets at fair value through profit or loss		61,965	38,346
Cash and cash equivalents		559,367	813,180
Total current assets		729,570	968,577
CURRENT LIABILITIES			
Trade payables	12	2,192	1,604
Other payables and accruals	13	137,391	178,700
Financial guarantee contracts		8,232	9,128
Interest-bearing bank and other borrowings	15	892,408	756,663
Lease liabilities		13,874	5,766
Tax payable		30,813	28,422
Contract liabilities	14	481,931	669,011
Deferred income		74	76
Total current liabilities		1,566,915	1,649,370
NET CURRENT LIABILITIES		(837,345)	(680,793)
TOTAL ASSETS LESS CURRENT LIABILITIES		2,620,249	2,818,674

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 28 February 2025

	Notes	28 February 2025 RMB'000 (Unaudited)	31 August 2024 RMB'000 (Audited)
NON-CURRENT LIABILITIES			
Lease liabilities		9,311	410
Other payables	13	44,485	44,485
Interest-bearing bank and other borrowings	15	1,153,927	1,343,280
Contract liabilities	14	62,516	62,516
Amounts due to related parties	18	473,598	527,640
Total non-current liabilities		1,743,837	1,978,331
Net assets		876,412	840,343
EQUITY			
Share capital	16	26,051	26,051
Reserves		840,630	812,915
Equity attributable to owners of the Company		866,681	838,966
Non-controlling interests		9,731	1,377
Total equity		876,412	840,343

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 28 February 2025

	Attributable to owners of the Company								
				Shares		Retained		Non-	
	Share	Capital	Statutory	held for	Exchange	profits/		controlling	
	capital	reserve	surplus	share award	fluctuation	(accumulated	Sub-total	interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Note 16									
At 1 September 2023	26,051	850,244	61,434	(18,431)	(565)	(78,527)	840,206	2,560	842,766
Profit for the year	—	—	—	—	—	45,009	45,009	8,947	53,956
Other comprehensive income for the year:									
Exchange differences arising on translation of foreign operations	—	—	—	—	56	—	56	49	105
Total comprehensive income for the year	—	—	—	—	56	45,009	45,065	8,996	54,061
Dividend	—	(46,305)	—	—	—	—	(46,305)	—	(46,305)
Dividend to non-controlling interest	—	—	—	—	—	—	—	(10,179)	(10,179)
Transfer to statutory surplus reserve	—	—	1,323	—	—	(1,323)	—	—	—
At 31 August 2024 and 1 September 2024 (audited)	26,051	803,939	62,757	(18,431)	(509)	(34,841)	838,966	1,377	840,343
Profit for the period	—	—	—	—	—	49,090	49,090	9,323	58,413
Other comprehensive income for the period:									
Exchange differences on translation of foreign operations	—	—	—	—	(48)	—	(48)	(41)	(89)
Total comprehensive income for the period	—	—	—	—	(48)	49,090	49,042	9,282	58,324
Transfer from retained profits	—	—	630	—	—	(630)	—	—	—
2024 final dividend declared	—	(21,327)	—	—	—	—	(21,327)	—	(21,327)
Deconsolidation of subsidiaries	—	—	—	—	—	—	—	(928)	(928)
At 28 February 2025 (unaudited)	26,051	782,612	63,387	(18,431)	(557)	13,619	866,681	9,731	876,412



UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 28 February 2025

	Notes	Six months ended 28 February 2025 RMB'000 (Unaudited)	Six months ended 29 February 2024 RMB'000 (Unaudited)
OPERATING ACTIVITIES			
Profit before tax		64,517	39,772
Adjustments for:			
Finance costs	5	57,595	66,391
Bank Interest income	4	(1,314)	(1,773)
Other interest income	4	(1,124)	(296)
Property, plant and equipment written off		34	72
Government grants released		(119)	(67)
Depreciation of property, plant and equipment	6	54,568	55,703
Depreciation of investment properties	6	5,077	5,077
Amortisation of other intangible assets	6	4,830	4,903
Depreciation of right-of-use assets	6	9,400	9,653
Loss on deconsolidation of subsidiaries		966	—
		194,430	179,435
Increase in inventories		33	(32)
Decrease/(increase) in trade receivables, prepayments and other receivables		8,752	(1,450)
(Decrease)/increase in trade payables		588	747
Increase/(decrease) in other payables and accruals		(29,188)	3,780
Decrease in contract liabilities		(187,080)	(259,513)
Cash generated used in operations		(12,465)	(77,032)
Interest received	4	1,314	1,773
Income tax paid		(3,713)	(3,147)
Net cash from operating activities		(14,864)	(78,406)

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 28 February 2025

	Notes	Six months ended 28 February 2025 RMB'000 (Unaudited)	Six months ended 29 February 2024 RMB'000 (Unaudited)
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(26,986)	(19,030)
Purchase of intangible assets		(576)	(318)
Receipt of government grants for property, plant and equipment		116	69
Purchase of financial products		(51,965)	(9,296)
Proceeds from disposal of financial products		28,346	24,000
Interest received	4	1,124	296
Addition of right-of-use assets		1,976	—
Deconsolidation of subsidiaries		(1,351)	—
Net cash used in investing activities		(49,316)	(4,279)
FINANCING ACTIVITIES			
New bank loans		85,000	415,000
Repayments of bank loans		(184,620)	(283,210)
New other loans		250,000	180,000
Repayments of other loans		(206,406)	(223,897)
Increase in Long-term receivables		(4,500)	(12,750)
Dividends paid		(21,327)	(30,877)
Principal portion of lease payments		(2,027)	(2,323)
Interest paid		(51,622)	(59,644)
Repayment of related party loans		(54,042)	(149,679)
Net cash from/(used in) financing activities		(189,544)	(167,381)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(253,724)	(250,066)
Cash and cash equivalents at beginning of period		813,180	756,413
Effect of foreign exchange rate changes, net		(89)	120
CASH AND CASH EQUIVALENTS AT END OF PERIOD		559,367	506,467

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 28 February 2025

1. CORPORATE INFORMATION

Virscend Education Company Limited (the “**Company**”) was incorporated in the Cayman Islands on 13 March 2015 as an exempted company with limited liability under the Companies Law (2013 Revision) of the Cayman Islands. The address of the registered office of the Company is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The shares of the Company were listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 15 January 2016 (the “**Listing Date**”).

The principal activity of the Company is investment holding. The Company and its subsidiaries (collectively referred to as the “**Group**”) are principally engaged in providing private education services in the People’s Republic of China (the “**PRC**”). There has been no significant change in the Group’s principal activities during the period.

2. BASIS OF PREPARATION

The interim condensed consolidated financial statements for the six months ended 28 February 2025 have been prepared in accordance with IAS 34 Interim Financial Reporting.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements as at 31 August 2024.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

Except as described below, the accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 August 2024.

The Group has adopted the following revised IFRSs for the first time for the current period’s financial information:

IFRS 17	Insurance Contracts and the related Amendments
Amendments to IAS 1 and IFRS Practic Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Disclosure of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform-Pillar Two Model Rules

The application of the amendment has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these interim condensed consolidated financial statements.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 28 February 2025

4. REVENUE, OTHER INCOME AND GAINS

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

	Six months ended 28 February 2025 RMB'000 (Unaudited)	Six months ended 29 February 2024 RMB'000 (Unaudited)
Revenue from contracts with customers		
Tuition fees	489,290	421,895
Boarding fees	30,735	27,129
School canteen operations fees	47,489	42,249
Educational management and consultation service fees	8,005	7,236
Non-formal education services fees	10,547	16,118
Consultation services fees for overseas studies	3,345	3,552
Others	2,067	2,187
	591,478	520,366
Other income and gains		
Bank interest income	1,314	1,773
Other interest income	1,124	296
Foreign exchange difference, net	1,003	—
Government grants		
– related to assets	6	—
– related to income	1,199	173
Rental income	1,640	1,090
Training income	1,136	774
Others	4,152	1,625
	11,574	5,731

5. FINANCE COSTS

	Six months ended 28 February 2025 RMB'000 (Unaudited)	Six months ended 29 February 2024 RMB'000 (Unaudited)
Interest on bank and other borrowings	56,945	66,165
Interest on lease liabilities	650	226
	57,595	66,391

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 28 February 2025

6. PROFIT BEFORE TAX

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

	Six months ended 28 February 2025 RMB'000 (Unaudited)	Six months ended 29 February 2024 RMB'000 (Unaudited)
Cost of services provided*	112,702	90,436
Direct material costs of canteen operation	41,939	36,411
Employee benefit expense (excluding directors' and chief executive's remuneration):		
Wages, salaries and other allowances	180,637	161,406
Pension scheme contributions (defined contribution scheme)	17,365	14,371
Depreciation of property, plant and equipment	54,568	55,703
Amortisation of other intangible assets	4,830	4,903
Depreciation of right-of-use assets	9,400	9,653
Depreciation of investment properties	5,077	5,077
Lease payments not included in the measurement of lease liabilities	3,285	1,160
Bank interest income	(1,314)	(2,069)
Other interest income	(1,124)	—
Foreign exchange differences, net	(1,003)	7,433
Property, plant and equipment written off	34	72

* Cost of services provided represents "Cost of sales" in the consolidated statement of profit or loss excluding direct material costs of canteen operation, employee benefit expense, depreciation of property, plant and equipment, amortisation of intangible assets, and depreciation of right-of-use assets.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 28 February 2025

7. INCOME TAX

	Six months ended 28 February 2025 RMB'000 (Unaudited)	Six months ended 29 February 2024 RMB'000 (Unaudited)
Current – PRC		
Total tax charge for the year	5,920	2,926
Deferred tax	184	—
	6,104	2,926

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

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and accordingly is not subject to income tax.

Pursuant to the rules and regulations of the British Virgin Islands, the Group is not subject to any tax in the British Virgin Islands.

Hong Kong profits tax has not been provided as the Group did not derive any assessable profits in Hong Kong during the Reporting Period.

According to the Implementation Rules for the Law for Promoting Private Education, private schools for which the school sponsors do not require reasonable returns and non-profit making private schools are eligible to enjoy the same preferential tax treatments as public schools. The preferential tax treatment policies applicable to private schools either requiring reasonable returns are to be separately formulated by the relevant authorities under the State Council.

During the Reporting Period, Except for the high schools registered as for-profit private schools, certain schools within the Group were exempted from corporate income tax. Certain high schools registered as forprofit schools were subject to the PRC income tax at a statutory tax rate of 25%.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 28 February 2025

8. EARNINGS PER SHARE

The calculation of the basic earnings per share amount is based on the profit for the period attributable to owners of the Company, and the weighted average numbers of ordinary shares of 3,043,111,000 (six months ended 29 February 2024: 3,043,111,000) in issue during the Reporting Period.

There were no potentially ordinary shares in issue during the six months ended 28 February 2025 and the six months ended 29 February 2024, and therefore the diluted earnings per share amounts were equivalent to the basic earnings per share amounts.

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

	Six months ended 28 February 2025 (Unaudited)	Six months ended 29 February 2024 (Unaudited)
Earnings attributable to owners of the Company	49,090	31,602
Number of shares		
Weighted average number of ordinary shares in issue	3,043,111,000	3,043,111,000
Basic and diluted earnings per share (expressed in RMB fen per share)	1.6	1.0

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 28 February 2025, the Group acquired assets with a cost of RMB12,161,541 on additions to property, plant and equipment.

Assets with a net book value of RMB34,418 were written off of by the Group during the six months ended 28 February 2025.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 28 February 2025

10. PREPAYMENTS, OTHER RECEIVABLES

	28 February 2025 RMB'000 (Unaudited)	31 August 2024 RMB'000 (Audited)
Prepayments		
– Prepayment for expenses	14,089	16,313
– Prepaid for canteens	31,596	38,198
	45,685	54,511
Other receivables		
– Deposits for utilities	944	1,470
– Advances to staff	5,501	3,422
– Advances to third parties	41,758	31,849
– Prepaid other taxes	11,174	13,027
– Others	14,117	17,862
	73,494	67,630
	119,179	122,141
Impairment allowance	(13,692)	(6,538)
	105,487	115,603

11. TRADE RECEIVABLES

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

	28 February 2025 RMB'000 (Unaudited)	31 August 2024 RMB'000 (Audited)
Within 6 months	1,402	1,220
Over 6 months	1,154	—

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 28 February 2025

12. TRADE PAYABLES

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

	28 February 2025 RMB'000 (Unaudited)	31 August 2024 RMB'000 (Audited)
Within one year	2,192	1,604

The trade payables are interest-free and are normally settled on 90-day terms.

13. OTHER PAYABLES AND ACCRUALS

	28 February 2025 RMB'000 (Unaudited)	31 August 2024 RMB'000 (Audited)
Current portion:		
Payables for purchase of fixed assets and construction	1,892	27,165
Accrued staff benefits and payroll	10,984	9,579
Discretionary government subsidies receipt in advance on behalf of students	10,512	20,894
Rental fees payable	12,627	10,496
Payable for consultancy fee	6,200	2,050
Advances from government for subsidies to students	12,002	20,894
Advances from students for general expenses	18,896	32,857
Utilities deposits received	4,831	5,251
Other taxes payable	42,327	38,382
Accruals	9,609	1,989
Interest payable	—	2,179
Others	7,511	6,964
	137,391	178,700
Non-current portion:		
Other payables	44,485	44,485
	181,876	223,185

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 28 February 2025

14. CONTRACT LIABILITIES

The following table provides information about contract liabilities from contracts with customers:

	28 February 2025 RMB'000 (Unaudited)	31 August 2024 RMB'000 (Audited)
Tuition fees	436,911	611,355
School canteen operation fees	34,395	35,937
Boarding fees	29,025	40,735
Non-formal education services fees, consultation services fees for overseas studies, and educational management and consultation services fees	44,116	43,500
	544,447	731,527
Current	481,931	669,011
Non-current	62,516	62,516
	544,447	731,527

Contract liabilities include short-term advances received from students in relation to the services not yet provided and the portion of consultation services fees for overseas studies that will be provided after one year. The Group receives tuition and boarding fees from students in advance prior to the beginning of each academic year. The Group receives school canteen operation fees from students in advance prior to the beginning of each semester. Tuition fees, boarding fees and school canteen operations fees are recognised proportionately over the relevant period of the applicable program.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 28 February 2025

15. INTEREST-BEARING BANK AND OTHER BORROWINGS

	28 February 2025			31 August 2024		
	Effective interest rate			Effective interest rate		
	%	Maturity	RMB'000	%	Maturity	RMB'000
Current						
Bank loans – secured	3.00-6.90	2024-2025	196,800	3.00-6.90	2024-2025	246,800
Current portion of long term bank loans – secured	3.60-8.00	2024-2025	338,860	3.60-8.00	2024-2025	143,960
Other loans – secured	5.88-7.89	2025	356,748	6.01-7.80	2024	365,903
			<u>892,408</u>			<u>756,663</u>
Non-current						
Bank loans – secured	3.60-5.63	2025-2033	708,880	3.60-8.00	2025-2033	951,400
Other loans – secured	5.88-7.89	2025-2029	445,047	6.01-7.80	2025-2028	391,880
			<u>1,153,927</u>			<u>1,343,280</u>
			<u>2,046,335</u>			<u>2,099,943</u>

	28 February 2025 RMB'000 (Unaudited)	31 August 2024 RMB'000 (Audited)
Analysed into:		
Bank loans repayable:		
Within one year or on demand	535,660	390,760
In the second year	475,880	470,000
In the third to fifth years, inclusive	85,000	325,900
Beyond five years	148,000	155,500
	<u>1,244,540</u>	<u>1,342,160</u>
Other borrowings repayable:		
Within one year or on demand	356,748	365,903
In the second year	156,866	209,129
In the third to fifth years, inclusive	288,181	182,751
	<u>801,795</u>	<u>757,783</u>
	<u>2,046,335</u>	<u>2,099,943</u>

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 28 February 2025

15. INTEREST-BEARING BANK AND OTHER BORROWINGS – CONTINUED

Besides grantees, property or rights over tuition fees provided by the Company or its subsidiaries to secure the bank loans and other borrowings, following additional guarantees was provided by following related parties individually or collectively:

- The amount of RMB2,046,335,000 is guaranteed by Mr. Yan Yude, his relatives or companies controlled by him or his relatives individually or collectively;
- The amount of RMB737,400,000 is secured by property owned by Mr. Yan Yude, his relatives or companies controlled by him or his relatives individually or collectively;
- The amount of RMB73,000,000 is secured by equity interest in a company controlled by Mr. Yan Yude;
- The amount of RMB346,000,000 is guaranteed by Mr. Ye Jiayu.

16. SHARE CAPITAL

	28 February 2025 RMB'000 (Unaudited)	31 August 2024 RMB'000 (Audited)
Issued and fully paid: 3,088,761,000 (31 August 2024: 3,088,761,000) ordinary shares of HK1.0 cents each	26,051	26,051

17. COMMITMENTS

Capital commitments

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

	28 February 2025 RMB'000 (Unaudited)	31 August 2024 RMB'000 (Audited)
Contracted, but not provided for: Buildings and equipment	175,479	197,241

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 28 February 2025

18. RELATED PARTY TRANSACTIONS

(A) Names and relationships of related parties

Name	Relationship
Mr. Yan Yude	Director of the Company
Ms. Wang Xiaoying	Director of the Company and Spouse of Mr. Yan Yude
Ms. Xie Suhua	Mother of Mr. Yan Yude
Ms. Yan Hongjia	Daughter of Mr. Yan Yude
Sichuan Derui	A company controlled by Mr. Yan Yude
Chengdu Tianren Hotel Co. Ltd ("Tianren Hotel")	A company controlled by Mr. Yan Yude
USA Tianren Hotel Management Inc., ("USA Tianren Hotel")	A company controlled by Ms. Xie Suhua
Virscend Holdings Company Limited ("Virscend Holdings")	A company controlled by Mr. Yan Yude
Hong Kong Sichuan General Chamber of Commerce Company Limited ("Sichuan Chamber")	Mr. Yan Yude is the director of Sichuan Chamber
Chengdu Experimental Foreign Languages School	Entity controlled by Sichuan Derui
Chengdu Foreign Languages School	Entity controlled by Sichuan Derui

As disclosed in the consolidated statement of financial position, the Group had outstanding balances due to related parties at 31 August 2024 and 28 February 2025.

(B) Outstanding balances with related parties

Amounts due to related parties

	28 February 2025 RMB'000 (Unaudited)	31 August 2024 RMB'000 (Audited)
USA Tianren Hotel	—	455
Sichuan Derui	—	7,302
Sichuan Chamber	243	—
Chengdu Experimental Foreign Languages School	147,963	346,557
Chengdu Foreign Languages School	325,635	173,326
	473,841	527,640

The respective amounts are unsecured, interest free and thus are classified as non-current liabilities.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 28 February 2025

18. RELATED PARTY TRANSACTIONS – CONTINUED

(B) Outstanding balances with related parties – CONTINUED

Amounts due from related parties

	28 February 2025 RMB'000	31 August 2024 RMB'000
Prepaid rental to Mr. Yan Yude	554	1,098

(C) Other related party transactions

- 1) During the period, the Group entered into the following transactions with its related parties:

Nature of transaction		Six months ended 28 February 2025 RMB'000 (Unaudited)	Six months ended 29 February 2024 RMB'000 (Unaudited)
Tianren hotel	Integrated management services including receiving catering and accommodation services	682	761
	Lease payment*	1,627	1,549
Mr. Yan Yude	Short-term lease**	1,101	1,049
Sichuan Chamber	Consulting services***	243	—
Virscend Holdings	Loan repayment	—	13,731

* On 30 November 2022, the Group had entered into the Lease Agreement with Tianren Hotel (as lessor) to use a property for a term of 3 years from 1 December 2022 to 30 November 2025. As at 31 August 2024, the Group has total lease liabilities and right-of-use assets with Tianren Hotel of RMB3,220,000 and RMB3,562,000, respectively.

** On 1 September 2024, the Company entered into the Lease Agreement with Mr. Yan Yude, pursuant to which Mr. Yan Yude agreed to lease certain property to the Company for a term of one year from 1 September 2024 to 31 August 2025. The rent of the lease is HKD2,400,000 (equivalent to RMB2,098,000) and the Company was responsible for Management fee & Utility Charges per month and Government Rates & Government Rent in respect of the Premises during the term.

*** On 1 September 2024, the Company entered into a three-year "Consulting Services Agreement" with the Sichuan Chamber, effective from 1 September 2024 to 31 August 2027. Under the agreement, the Sichuan Chamber will provide consulting services at an annual fee of HKD500,000 (approximately RMB486,465).

The Sichuan Chamber's primary responsibilities include providing secretarial and administrative support for the Company's Hong Kong office. Additionally, the Sichuan Chamber will assist the Company in identifying potential overseas cooperation opportunities, establishing initial contact with relevant parties, and offering preliminary investment recommendations on prospective projects.

This collaboration aims to enhance the Company's operational efficiency and facilitate its expansion into international markets.

- 2) Certain of the Group's bank borrowings were secured or guaranteed by related parties. Details are in note 15 to the financial statements.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 28 February 2025

19. DIVIDEND

A final dividend of HKD0.25 cents per share and a special dividend of HKD0.50 cents per share in respect of the year ended 31 August 2024 has been proposed by the Board has been approved by the Shareholders at the annual general meeting of the Company and dividends of RMB21,327,000 have been declared by the Company in January 2025, and have been paid by 7 February 2025.

The Board recommended the payment of interim dividend of HKD0.80 cents per share for six months ended 28 February 2025.

20. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These interim condensed consolidated financial statements were approved and authorised for issue by the board of directors on 25 April 2025.

21. EVENTS AFTER THE REPORTING PERIOD

There was no event which has occurred after the six months ended 28 February 2025 that would cause material impact on the Group.

DEFINITION

“Affected Entities”	the PRC Operating Entities providing compulsory education services, which the Group lost control since 31 August 2021
“associate(s)”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“CG Code”	Corporate Governance Code set out in Appendix C1 to the Listing Rules
“Company”	Virscend Education Company Limited, a company incorporated in the Cayman Islands whose shares are listed on the Stock Exchange (Stock Code: 1565)
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed to it in the Listing Rules and unless the context requires otherwise, refers to the controlling shareholders of the Company, namely Mr. Yan Yude and Virscend Holdings
“Director(s)”	the director(s) of the Company
“Group”, “we”, “our” or “us”	the Company and its subsidiaries
“HK\$” or “HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Implementation Rules”	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》) promulgated by the PRC State Council, which came into effect on 1 September 2021
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“K-12”	preschool to grade twelve, also known as “fundamental education”
“Listing Date”	15 January 2016, being the date on which the Shares of the Company are listed on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange



DEFINITION

“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 of the Listing Rules
“MOE”	the Ministry of Education of China
“PRC” or “China”	The People’s Republic of China
“PRC Legal Advisors”	SICHUAN HONGQI LAW FIRM, the legal advisors of the Company as to the PRC laws
“PRC Operating Entities”	consolidated affiliated entities of the Company, namely, schools or institutions through which the Group conducts its private education business
“Prospectus”	the prospectus of the Company dated 31 December 2015
“Reporting Period”	the six months ended 28 February 2025
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance
“Share(s)”	share(s) of HK1.0 cent each in the share capital of the Company
“Shareholder(s)”	shareholder(s) of the Company
“Share Award Scheme”	the share award scheme adopted by the Company on 9 October 2021
“Share Option Scheme”	the share option scheme adopted by the Company on 28 December 2015
“Sichuan Derui”	Sichuan Derui Enterprise Development Co., Ltd.* (四川德瑞企業發展有限公司) (previously known as Sichuan Province Derui Enterprise Development Company* (四川省德瑞企業發展總公司)), a company established under the laws of the PRC, which is owned as to 69.44% by Mr. Yan Yude, 18.55% by Ms. Yan Hongjia, 3.00% by Ms. Wang Xiaoying, 2.65% by Ms. Ye Jiaqi, 1.59% by Mr. Ye Jiayu, 1.59% by Ms. Yan Bixian, 1.59% by Ms. Yan Birong and 1.59% by Ms. Yan Bihui
“Southwest China”	comprises Sichuan, Guizhou and Yunnan Provinces and Chongqing Municipality
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary(ies)”	has the meanings ascribed to it in the Listing Rules

DEFINITION

“Substantial Shareholder”

has the meaning ascribed thereto in the Listing Rules

“Structured Contracts”

collectively, the Business Cooperation Agreements, the Exclusive Technical Service and Management Consultancy Agreements, the Exclusive Call Option Agreements, the Equity Pledge Agreement, the School Sponsors’ and Directors’ Rights Entrustment Agreements, the School Sponsors’ Powers of Attorneys, the Directors’ Powers of Attorneys, the Loan Agreements and the Spouse Undertakings

“University”

Chengdu International Studies University* (成都外國語學院) (formerly known as Chengdu Institute Sichuan International Studies University), a private university established under the laws of the PRC and a consolidated affiliated entity of the Company, where the school sponsor’s interest is owned as to 100% by a fully owned subsidiary Sichuan Derui

“USD”

United States dollars, the lawful currency of the United States of America

“Virscend Holdings”

Virscend Holdings Company Limited, a company incorporated in the British Virgin Islands with limited liability on 20 March 2015 and wholly-owned by Mr. Yan Yude, an executive Director and one of the Controlling Shareholders

%

per cent

* For identification purpose only

