CHINA CHUNLAI EDUCATION GROUP CO., LTD.
中國春來教育集團有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 1969

2024
INTERIM REPORT

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Company Profile

The Group is a leading provider of private higher education in China. Since the Group's inception in 2004, it has grown to operate four colleges in Henan Province and two colleges in Hubei Province, and participate in the operation of one college in Jiangsu province. The total student enrolment of the Group's colleges increased from 103,931 as at 28 February 2023 to 104,053 as at 29 February 2024. To capture growth opportunities, each of the Group's current colleges in Henan Province has acquired or is in the process of acquiring additional land and other resources to further increase student enrolment. The Group's employment-oriented curricula are focused on equipping our students with practical skills that meet the demand of economic development in China.

The Group's revenue increased from RMB748.7 million for the six months ended 28 February 2023 to RMB813.9 million for the six months ended 29 February 2024.

Corporate Information

BOARD OF DIRECTORS

Executive Directors
Mr. Hou Junyu (侯俊宇)
Ms. Jiang Shuqin (蔣淑琴)
Ms. Zhang Jie (張潔) *(Chief Executive Officer)*

Non-executive Director
Mr. Hou Chunlai (侯春來) *(Chairman)*

Independent non-executive Directors
Dr. Jin Xiaobin (金曉斌)
Ms. Fok, Pui Ming Joanna (霍珮鳴)
Mr. Lau, Tsz Man (劉子文)

AUDIT COMMITTEE

Mr. Lau, Tsz Man (劉子文) *(Chairman)*
Dr. Jin Xiaobin (金曉斌)
Ms. Fok, Pui Ming Joanna (霍珮鳴)

REMUNERATION COMMITTEE

Ms. Fok, Pui Ming Joanna (霍珮鳴) *(Chairlady)*
Ms. Jiang Shuqin (蔣淑琴)
Mr. Lau, Tsz Man (劉子文)

NOMINATION COMMITTEE

Dr. Jin Xiaobin (金曉斌) *(Chairman)*
Mr. Hou Junyu (侯俊宇)
Ms. Fok, Pui Ming Joanna (霍珮鳴)

COMPANY SECRETARY

Ms. Yu Anne (余安妮)

AUTHORISED REPRESENTATIVES

Mr. Hou Junyu (侯俊宇)
Ms. Yu Anne (余安妮)

AUDITOR

ZHONGHUI ANDA CPA Limited
Certified Public Accountants
Registered Public Interest Entity Auditor
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REGISTERED OFFICE

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Corporate Information

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN CHINA

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PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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HONG KONG SHARE REGISTRAR

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Nanjing
Jiangsu Province
PRC

COMPANY WEBSITE

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STOCK CODE

1969

Financial Highlights

	Six months ended 29 February 2024	28 February 2023	Change (%)
	(RMB in thousands, except percentages)		
Revenue	**813,910**	748,710	8.7%
Gross Profit	**493,706**	471,026	4.8%
Profit before taxation	**388,111**	335,510	15.7%
Profit for the period	**384,271**	331,172	16.0%
Non-IFRS Measure:			
Adjusted Net Profit[1]	**386,047**	331,819	16.3%

Note:

(1) Adjusted net profit is calculated as profit for the period excluding (i) share-based compensation, and (ii) foreign exchange loss/(gain). For details of the reconciliation of the profit for the period to the adjusted net profit of the Group, please refer to the section headed "Financial Review" in this interim report.

The Board has recommended the payment of an interim dividend of RMB0.0907 (equivalent to approximately HK$0.1) per Share for the six months ended 29 February 2024 (for the six months ended 28 February 2023: Nil).

Management Discussion And Analysis

MARKET OVERVIEW

The formal education system in the PRC comprises fundamental education, which includes education from preschool to high school, secondary vocational education and higher education. Formal higher education can be further categorised into junior colleges and universities. Junior colleges only offer junior college programmes while universities can offer both junior college programmes and bachelor's degree programmes.

The Private Higher Education Industry in China

The private higher education industry in China has experienced rapid growth since the beginning of the 1990s as the relevant government authorities have made great endeavour in developing the regulatory framework for private higher education. The number of student enrolments in private higher education in China has continued to increase in recent years, with more and more students having chosen to go to private universities or colleges instead of public schools. According to Frost & Sullivan, the total number of private higher education institutions in China has been growing continuously, and the development of private higher education is primarily driven by a number of factors, including (i) support by PRC government policies and initiatives; (ii) increasing resident income and demand for higher education; (iii) growing market demand for technical talents; and (iv) increasing diversification and strengthened education quality. With the help of these factors, the rapid growth in higher education in China is expected to continue, and the private higher education landscape remains competitive.

BUSINESS REVIEW

The Company is one of the leading providers of private higher education in China. Since our inception in 2004, we have grown to operate four colleges in Henan Province, namely Shangqiu University, Shangqiu University Kaifeng Campus, Anyang University and Anyang University Yuanyang Campus, and two colleges in Hubei Province, namely Jiankang College and Jingzhou College. We also participate in the operation of Tianping College. We completed the acquisition of sponsor interest of Jingzhou College in May 2021 and are in the process of acquiring the sponsor interest of Tianping College. We believe that we have strong potential to further grow our business, and the private higher education market in China presents many market opportunities.

The schools operated under the Group closely focus on the goal of application-oriented talent training, attach importance to, and actively carry out, the integration of industry and education, strengthen school-enterprise cooperation, explore "diversified talent training, innovative practical education system", and form their own characteristics and highlights. As at 29 February 2024, the Group had entered into approximately 900 school-enterprise cooperations. Our collaboration models include practice and training, joint transformation of research and development results, joint training of order classes, and joint construction of majors and laboratories, and have achieved good results.

Our employment-oriented curricula are focused on equipping our students with practicable skills that meet the demand of economic development in China. The effectiveness of our practical curricula and training programmes is reflected in our high graduate employment rates. As at 31 December 2023, the average employment rate of the graduates of our higher education programmes was approximately 93.52%.

Management Discussion And Analysis

Our Colleges

Shangqiu University

Shangqiu University is located in Shangqiu, Henan Province. The predecessor of Shangqiu University was Huayu College of Henan Agricultural University* (河南農業大學華豫學院), which we co-founded with Henan Agricultural University in 2004. Shangqiu University currently offers 49 bachelor's degree programmes, 23 junior college to bachelor's degree transfer programmes, 39 junior college diploma programmes, 13 combined vocational education and junior college diploma programmes and 25 vocational education programmes. Shangqiu University has also been approved to offer double-degree bachelor's degree programmes in marketing, Chinese language and literature, economics, human resources management, and international economy and trade. As at 29 February 2024, Shangqiu University had a total enrolment of 25,638 students for the 2023/2024 school year.

In April 2017, Shangqiu University established Chunlai Institute, a two-year honours degree programme that aims to promote comprehensive and individualised education of its selected students. Chunlai Institute offers courses in, among others, management, world history, introduction to traditional Chinese culture, conversational English and art. To increase the competitiveness of its enrolees, Chunlai Institute also offers courses that prepare students for graduate school entrance exams and civil service examinations.

Shangqiu University Kaifeng Campus

Shangqiu University Kaifeng Campus is located in Kaifeng, Henan Province. It was established in 2013 as a branch college (下屬學院) of Shangqiu University. Shangqiu University Kaifeng Campus currently offers 28 bachelor's degree programmes, 21 junior college to bachelor's degree transfer programmes, 22 junior college diploma programmes, 6 combined vocational education and junior college diploma programmes and 12 vocational education programmes. As at 29 February 2024, Shangqiu University Kaifeng Campus had a total enrolment of 15,187 students for the 2023/2024 school year.

Anyang University

Anyang University is located in Anyang, Henan Province. The predecessor of Anyang University was College of Humanities and Management of Anyang Normal University (安陽師範學院人文管理學院), which was co-founded by Anyang Normal University and Anyang Iron and Steel Group in 2003. Anyang University currently offers 44 bachelor's degree programmes, 17 junior college to bachelor's degree transfer programmes, 37 junior college diploma programmes, 23 combined vocational education and junior college diploma programmes and 14 vocational education programmes. As at 29 February 2024, Anyang University had a total enrolment of 28,897 students for the 2023/2024 school year.

Management Discussion And Analysis

Anyang University Yuanyang Campus

In April 2021, we established the Anyang University Yuanyang Campus. Anyang University Yuanyang Campus currently offers 19 bachelor's degree programmes, 19 junior college to bachelor's degree transfer programmes, 15 junior college diploma programmes and 20 combined vocational education and junior college diploma programmes. As at 29 February 2024, Anyang University Yuanyang Campus had a total enrolment of 10,748 students for the 2023/2024 school year.

Jiankang College

Jiankang College is located in Xianning, Hubei Province. By closely following the state's "Healthy China 2030" and "Aging Service and Industry" strategic development needs, Jiankang College has set up three departments and two divisions, including the Department of Nursing, the Department of Health Intelligent Engineering, the Department of Public Health, the Division of Basic Medicine, and the Division of Public Instruction, and offers 19 majors, namely nursing, midwifery, rehabilitation technology, dental medicine technology, health management, early childhood development and health management, and rehabilitation engineering technology. As at 29 February 2024, Jiankang College had a total enrolment of 6,831 students for the 2023/2024 school year.

Jingzhou College

Jingzhou College is located in Jingzhou, Hubei Province. Jingzhou College currently offers 35 bachelor's degree programmes, 14 junior college to bachelor's degree transfer programmes and 19 junior college diploma programmes. As at 29 February 2024, Jingzhou College had a total enrolment of 16,752 students for the 2023/2024 school year.

Management Discussion And Analysis

Student Enrolment

The table below sets forth the enrolment statistics of our colleges as at 29 February 2024 and as at 28 February 2023:

	Student Enrolment[1]			
	As at 29 February 2024	As at 28 February 2023	Change in number	Percentage change (approximately)
Shangqiu University				
Bachelor's degree programmes	**9,444**	9,696	-252	-2.6%
Junior college to bachelor's degree transfer programmes	**4,817**	3,023	1,794	59.3%
Junior college diploma programmes[2]	**5,523**	10,694	-5,171	-48.4%
Vocational education programmes[3]	**5,854**	6,366	-512	-8.0%
School subtotal	**25,638**	29,779	-4,141	-13.9%
Shangqiu University Kaifeng Campus				
Bachelor's degree programmes	**8,543**	8,160	383	4.7%
Junior college to bachelor's degree transfer programmes	**4,749**	4,168	581	13.9%
Junior college diploma programmes	**1,079**	4,940	-3,861	-78.2%
Vocational education programmes	**816**	786	30	3.8%
School subtotal	**15,187**	18,054	-2,867	-15.9%
Anyang University				
Bachelor's degree programmes	**9,920**	8,465	1,455	17.2%
Junior college to bachelor's degree transfer programmes	**5,762**	5,855	-93	-1.6%
Junior college diploma programmes[2]	**8,274**	10,541	-2,267	-21.5%
Vocational education programmes[3]	**4,941**	5,664	-723	-12.8%
School subtotal	**28,897**	30,525	-1,628	-5.3%
Anyang University Yuanyang Campus				
Bachelor's degree programmes	**7,347**	7,351	-4	-0.1%
Junior college to bachelor's degree transfer programmers	**2,636**	–	2,636	100.0%
Junior college diploma programmes	**259**	249	10	4.0%
Vocational education programmes	**506**	549	-43	-7.8%
School subtotal	**10,748**	8,149	2,599	31.9%
Jiankang College				
Junior college diploma programmes	**6,831**	3,714	3,117	83.9%
School subtotal	**6,831**	3,714	3,117	83.9%
Jingzhou College				
Bachelor's degree programmes	**7,414**	7,005	409	5.8%
Junior college to bachelor's degree transfer programmes	**2,075**	1,673	402	24.0%
Junior college diploma programmes	**7,263**	5,032	2,231	44.3%
School subtotal	**16,752**	13,710	3,042	22.2%
Total number of students	**104,053**	103,931	122	0.1%

Management Discussion And Analysis

Notes:

(1) As our school year typically ends in late June or early July, we present student numbers as at 28 February and 29 February for interim presentation of 2022/2023 and 2023/2024 school years' student enrolment statistics, respectively.

(2) Including (i) students enrolled in junior college diploma programmes and (ii) students enrolled in the last three years of combined vocational education and junior college diploma programmes.

(3) Including (i) students enrolled in vocational education programmes and (ii) students enrolled in the first two years of the combined vocational education and junior college diploma programmes.

The number of students enrolled for the 2023/2024 school year slightly increased by 0.1% from 103,931 as at 28 February 2023 to 104,053 as at 29 February 2024. The increase was primarily due to the combined effect of an increase in enrolment of Anyang University Yuanyang Campus, Jingzhou College and Jiankang College as a result of the increase in student recruitment and a decrease in enrolment in Shangqiu University, Anyang University and Shangqiu University Kaifeng Campus. We also achieved expected results through increasing our efforts and expanding our footprint, thereby driving solid momentum for future sustainable development.

The Group believes the educational philosophies of its schools and its well-developed curricula as well as its high graduate employment rates enable the Group to attract high-quality students who are seeking a pathway to satisfactory employment. In addition, the quality faculty team is also a major factor that has played in the past, and will continue to play in the future, an important role in the success of the schools.

Student Recruitment

Our new student enrolment has historically been driven primarily by word-of-mouth referrals. We believe we generally have a good reputation in providing high quality education services among students and parents. In addition, after over 19 years of operations, we have built a highly engaged and vibrant community of alumnus, who we believe would assist us to continuously attract outstanding students.

Our recruitment efforts, coupled with the quality and reputation of our education programmes, have helped us achieve high admission yields in our colleges that offer bachelor's degree programmes. For example, as at 29 February 2024, the overall yield of our five colleges that offer bachelor's degree programmes (being Shangqiu University, Anyang University, Shangqiu University Kaifeng Campus, Jingzhou College and Anyang University Yuanyang Campus), as defined by the number of students who enrolled in a bachelor's degree programme divided by the number of students who were admitted in that programme, was 96.8%.

Management Discussion And Analysis

Our Teachers

We believe that our team of experienced and dedicated teachers are crucial to our success. As an operator of private schools, we can provide better incentives to qualified teachers who fit our hiring criteria. Teachers are the key to maintaining high-quality educational programmes and services as well as maintaining our brand and reputation. Our aim is to continue hiring teachers with a strong command of their respective subject areas who are open to innovative teaching methods and a caring heart towards students' well-being.

FUTURE DEVELOPMENT

In order to continuously increase our total student enrolment, we plan to acquire additional land use rights and construct new education and living facilities. We consider that the increase in capacity under the expansion plan is essential to accommodate our growth strategy of increasing student enrolment going forward. As each of our colleges generally requires its students to live in dormitories on campus, a college's student enrolment is largely limited by the capacity of its student dormitories. Taking into account the gender specificity of our student dormitories and the gender mix of our students, there is currently limited capacity for a significant growth in student enrolment. We expect to increase the capacity of our colleges progressively to strike a reasonable balance between student enrolment and utilisation of the school campuses. We believe the estimated increase in capacity is appropriate and will enable our colleges to grow sustainably.

We consider that, given our track record of delivering quality private higher education and industry reputation, the education authorities in the PRC will be receptive to our application for increasing admission quota provided that we are able to demonstrate that we have sufficient school capacity, appropriate facilities available and quality education programmes to offer, which are among the key objectives of our expansion plans.

FINANCIAL REVIEW

Overview

For the six months ended 29 February 2024, we recorded a revenue of RMB813.9 million, a gross profit of RMB493.7 million and an adjusted net profit of RMB386.0 million. The gross profit margin was 60.7% for the six months ended 29 February 2024 as compared with 62.9% for the six months ended 28 February 2023.

The net profit of the Group amounted to RMB384.3 million and RMB331.2 million for the six months ended 29 February 2024 and 28 February 2023, respectively. The net profit margin of the Group amounted to 47.2% and 44.2% for the six months ended 29 February 2024 and 28 February 2023, respectively.

The adjusted net profit of the Group for the six months ended 29 February 2024 was RMB386.0 million, representing an increase of RMB54.2 million or 16.3% from the corresponding period in 2023. The adjusted net profit margin of the Group was 47.4% and 44.3% for the six months ended 29 February 2024 and 28 February 2023, respectively. The increase in the adjusted net profit was mainly due to the increase in average tuition fee.

Management Discussion And Analysis

Revenue

Our revenue increased by 8.7% from RMB748.7 million for the six months ended 28 February 2023 to RMB813.9 million for the six months ended 29 February 2024, primarily due to the increase in average tuition fee.

Revenue from Shangqiu University decreased by 4.2% from RMB200.4 million for the six months ended 28 February 2023 to RMB192.0 million for the six months ended 29 February 2024. The decrease was primarily due to the decrease in student enrolment.

Revenue from Anyang University increased by 5.9% from RMB202.4 million for the six months ended 28 February 2023 to RMB214.3 million for the six months ended 29 February 2024. The increase was primarily due to the increase in average tuition fee.

Revenue from Shangqiu University Kaifeng Campus decreased by 8.4% from RMB136.4 million for the six months ended 28 February 2023 to RMB124.9 million for the six months ended 29 February 2024. The decrease was primarily due to the decrease in student enrolment.

Revenue from Anyang University Yuanyang Campus increased by 34.1% from RMB66.0 million for the six months ended 28 February 2023 to RMB88.5 million for the six months ended 29 February 2024. The increase was primarily due to the expansion of student size and increase in average tuition fee.

Revenue from Jingzhou College increased by 24.4% from RMB117.4 million for the six months ended 28 February 2023 to RMB146.0 million for the six months ended 29 February 2024. The increase was primarily due to the increase in student enrolment.

Revenue from Jiankang College increased by 84.0% from RMB26.2 million for the six months ended 28 February 2023 to RMB48.2 million for the six months ended 29 February 2024. The increase was primarily due to the expansion of student size.

Overall, revenue from tuition fees and boarding fees increased by 9.1% and 4.8%, respectively, from the six months ended 28 February 2023 to the six months ended 29 February 2024.

Cost of Revenue

Our cost of revenue increased by 15.3% from RMB277.7 million for the six months ended 28 February 2023 to RMB320.2 million for the six months ended 29 February 2024. The increase was primarily due to the increase in depreciation.

Gross Profit and Gross Margin

As a result of the foregoing, our gross profit increased by 4.8% from RMB471.0 million for the six months ended 28 February 2023 to RMB493.7 million for the six months ended 29 February 2024, and our gross profit margin decreased slightly from 62.9% for the six months ended 28 February 2023 to 60.7% for the six months ended 29 February 2024.

Other Income

Our other income increased by 53.3% from RMB40.5 million for the six months ended 28 February 2023 to RMB62.1 million for the six months ended 29 February 2024, primarily due to the increase in service income.

Management Discussion And Analysis

Other Gains and Losses

We recorded other gains of RMB2.3 million for the six months ended 28 February 2023, while we recorded other losses of RMB0.6 million for the six months ended 29 February 2024. The other losses for the six months ended 29 February 2024 were primarily attributable to exchange loss.

Selling Expenses

Our selling expenses decreased by 34.3% from RMB3.5 million for the six months ended 28 February 2023 to RMB2.3 million for the six months ended 29 February 2024, primarily due to the decrease of advertising expenses in student recruitment promotion.

Administrative Expenses

Our administrative expenses increased slightly by 3.6% from RMB113.5 million for the six months ended 28 February 2023 to RMB117.6 million for the six months ended 29 February 2024, primarily due to the increase in employees' remuneration.

Finance Costs

Our finance costs decreased by 23.0% from RMB61.4 million for the six months ended 28 February 2023 to RMB47.3 million for the six months ended 29 February 2024, primarily due to the decrease of bank borrowings.

Taxation

We recorded income tax of RMB3.8 million for the six months ended 29 February 2024 as compared to income tax of RMB4.3 million for the six months ended 28 February 2023 due to the decrease of taxable income.

Profit for the Period

Our profit increased by 16.0% from RMB331.2 million for the six months ended 28 February 2023 to RMB384.3 million for the six months ended 29 February 2024, primarily due to the increase in average tuition fee.

Management Discussion And Analysis

Non-IFRS Measure – Adjusted Net Profit

To supplement the Group's unaudited consolidated financial statements which are presented in accordance with IFRS, the Company also uses adjusted net profit as an additional financial measure. The Company presents this non-IFRS measure because it is used by the management of the Company to evaluate the Group's financial performance by eliminating the impact of items that the Company does not consider indicative of the performance of the Group's business. The Company also believes that this non-IFRS measure provides additional information to investors and others in understanding and evaluating the Group's unaudited consolidated results of operations in the same manner as they help the management of the Group and in comparing financial results across accounting periods and to those of peer companies. However, the Company's presentation of such adjusted figure may not be comparable to a similarly titled measure presented by other companies. The use of this non-IFRS measure has limitations as an analytical tool, and you should not consider it in isolation from, or as substitute for analysis of, the Group's results of operations or financial condition as reported under IFRS.

Our adjusted net profit increased by 16.3% from RMB331.8 million for the six months ended 28 February 2023 to RMB386.0 million for the six months ended 29 February 2024. Adjusted net profit (as an non-IFRS measure) was calculated as profit for the period excluding (i) share-based compensation, and (ii) foreign exchange loss/(gain). The following table reconciles profit for the period to adjusted net profit for both periods:

	For the six months ended	
	29 February 2024	28 February 2023
	(RMB in thousands)	
Profit for the period	**384,271**	331,172
Add:		
Share-based compensation	**1,199**	2,777
Foreign exchange loss/(gain)	**577**	(2,130)
Adjusted net profit	**386,047**	331,819

Liquidity and Source of Funding and Borrowing

As of 29 February 2024, the Company had funded the Group's cash requirements principally from cash generated from our operations and external borrowings. The Company had cash and cash equivalents of RMB789.7 million and RMB382.9 million as of 31 August 2023 and 29 February 2024, respectively. The Company generally deposits the Group's excess cash in interest-bearing bank accounts and current accounts.

As of 29 February 2024, the Group's principal uses of cash had been for the funding of required working capital, capital expenditures and other recurring expenses to support the expansion of the Group's operations. Going forward, the Company believes the Group's liquidity requirements will be satisfied by using funds from a combination of internally generated cash, external borrowings, proceeds from the Global Offering (as defined below) and other funds raised from the capital markets from time to time. Any significant decrease in student enrolment, or our tuition fees and boarding fees, or a significant decrease in the availability of bank loans or other financing may adversely impact the Group's liquidity.

Management Discussion And Analysis

Gearing Ratio

As at 29 February 2024, the gearing ratio of the Group, calculated as total borrowings divided by total equity as of the end of the period, was approximately 52.2%, representing a decrease of 14.0 percentage points as compared with 66.2% as at 31 August 2023. The decrease was due to the decrease of interest-bearing liabilities.

Significant Investments

The Group did not hold any significant investments (including any investment in an investee company with a value of 5% or more of the Company's total assets as at 29 February 2024) during the six months ended 29 February 2024.

Material Acquisitions and Disposals

Save as disclosed in this interim report, the Group did not have any material acquisitions or disposals of subsidiaries, consolidated affiliated entities or associated companies during the six months ended 29 February 2024.

Pledge of Assets

On 19 January 2024, Anyang University, as credit recipient, entered into a line of credit agreement (the "**Anyang University Line of Credit Agreement**") with Zhongyuan Bank Co. Ltd., Anyang Branch (中原銀行股份有限公司安陽分行) ("**Zhongyuan Anyang**") in relation to Zhongyuan Anyang agreeing to make available a credit limit facility with a principal amount of up to RMB330,000,000 (the "**Anyang University Line of Credit**") for a term of two years. On 19 January 2024, each of the Company, the PRC Holdco, the School Sponsor, Mr. Hou and Ms. Song Mengmeng ("**Ms. Song**") entered into a guarantee agreement with Zhongyuan Anyang (collectively, the "**Anyang University Line of Credit Guarantee Agreements**"). Pursuant to the Anyang University Line of Credit Guarantee Agreements, each of the Company, the PRC Holdco, the School Sponsor, Mr. Hou and Ms. Song shall provide a guarantee in favour of Zhongyuan Anyang for Anyang University's liabilities under the Anyang University Line of Credit Agreement (including but not limited to the principal amount of the Anyang University Line of Credit, interest, damages, compensation, and fees incurred by Zhongyuan Anyang in connection with any enforcement actions). On 19 January 2024, in respect of the Anyang University Line of Credit Agreement, Anyang University entered into a rights pledge agreement with Zhongyuan Anyang, pursuant to which Anyang University agreed to pledge its rights in favour of Zhongyuan Anyang for its liabilities under the Anyang University Line of Credit Agreement (including but not limited to the principals, interest, damages, compensation, and fees incurred by Zhongyuan Anyang in connection with any enforcement actions).

Management Discussion And Analysis

On 19 January 2024, Shangqiu University, as credit recipient, entered into a line of credit agreement (the "**Shangqiu University Line of Credit Agreement**") with Zhongyuan Bank Co. Ltd., Shangqiu Branch (中原銀行股份有限公司商丘分行) ("**Zhongyuan Shangqiu**") in relation to Zhongyuan Shangqiu agreeing to make available a credit limit facility with a principal amount of up to RMB240,000,000 (the "**Shangqiu University Line of Credit**") for a term of two years. On 19 January 2024, each of the Company, the PRC Holdco, and the School Sponsor, Mr. Hou and Ms. Song entered into a guarantee agreement with Zhongyuan Shangqiu (collectively, the "**Shangqiu University Line of Credit Guarantee Agreements**"). Pursuant to the Shangqiu University Line of Credit Guarantee Agreements, each of the Company, the PRC Holdco, the School Sponsor, Mr. Hou and Ms. Song shall provide a guarantee in favour of Zhongyuan Shangqiu for Shangqiu University's liabilities under the Shangqiu University Line of Credit Agreement (including but not limited to the principal amount of the Shangqiu University Line of Credit, interest, damages, compensation, and fees incurred by Zhongyuan Shangqiu in connection with any enforcement actions). On 19 January 2024, in respect of the Shangqiu University Line of Credit Agreement, Shangqiu University entered into an accounts receivable pledge agreement with Zhongyuan Shangqiu, pursuant to which Shangqiu University agreed to pledge its accounts receivables in favour of Zhongyuan Shangqiu for its liabilities under the Shangqiu University Line of Credit Agreement (including but not limited to the principals, interest, damages, compensation, and fees incurred by Zhongyuan Shangqiu in connection with any enforcement actions).

Further details of the Anyang University Line of Credit, the Shangqiu University Line of Credit and the respective related security agreements are set out in the announcements of the Company dated 19 January 2024, respectively.

Contingent Liabilities

Except as disclosed in this interim report, the Group had no material contingent liabilities as at 29 February 2024.

Foreign Exchange Exposure

During the six months ended 29 February 2024, the Group mainly operated in the PRC and the majority of the transactions were settled in RMB, the functional currency of the Group's PRC subsidiaries and consolidated affiliated entities. The Group has certain exposure to foreign currency risk as part of its business transactions, assets and liabilities are denominated in United States dollars and Hong Kong dollars. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

Future Plans for Material Investments or Capital Assets

Except as disclosed in this interim report, the Company has no future plans for material investments and capital assets.

Other Information

Corporate Governance Practices

The Board is committed to achieving high corporate governance standards. The Board believes that high corporate governance standards are essential in providing a framework for the Group to safeguard the interests of shareholders and to enhance corporate value and accountability.

Compliance with the CG Code

The Company has adopted the principles and code provisions of the CG Code as the basis of the Company's corporate governance practices. During the Reporting Period, the Company has complied with all the code provisions set out in the CG Code.

The Company will continue to regularly review and monitor its corporate governance practices to ensure compliance with the CG Code, and maintain a high standard of corporate governance practices of the Company.

Compliance with the Model Code

The Company has adopted the Model Code as the code of conduct regarding the Directors' dealings in the securities of the Company.

Having made specific enquiry of all the Directors, all the Directors confirmed that they have strictly complied with the required standards set out in the Model Code during the Reporting Period.

BOARD COMMITTEES

The Board has established three committees, namely, the audit committee, the remuneration committee and the nomination committee, for overseeing particular aspects of the Company's affairs. Each of these committees are established with defined written terms of reference. The terms of reference of the Board committees are available on the websites of the Company and the Stock Exchange.

The Company has established an audit committee with written terms of reference in accordance with the Listing Rules. The audit committee comprises three independent non-executive Directors, namely, Mr. Lau Tsz Man, Dr. Jin Xiaobin and Ms. Fok, Pui Ming Joanna. Mr. Lau, Tsz Man is the chairman of the audit committee and is appropriately qualified as required under Rule 3.10(2) and Rule 3.21 of the Listing Rules.

The audit committee has reviewed the unaudited consolidated financial statements of the Group for the Reporting Period. The audit committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management members of the Company.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's securities listed on the Stock Exchange.

Other Information

MATERIAL LITIGATION

The Group was not involved in any material litigation or arbitration during the six months ended 29 February 2024. The Directors are also not aware of any material litigation or claims pending or threatened against the Group during the six months ended 29 February 2024.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

Our Shares were listed on the Stock Exchange on 13 September 2018 (the "**Global Offering**"). The net proceeds from the Global Offering amounted to approximately RMB489.8 million (equivalent to approximately HK$552.6 million). The utilisation breakdown of the net proceeds from the Global Offering as at 29 February 2024 is set out below.

	Net proceeds from the Global Offering *RMB million*	**Unutilised amount as at 31 August 2023** *RMB million*	**Utilisation during the six months ended 29 February 2024** *RMB million*	**Unutilised amount as at 29 February 2024** *RMB million*
Acquisition of land use rights and building education and living facilities for our current colleges	244.9	18.0	18.0	0.0
Acquisition of or cooperation with other universities in China	146.9	0.0	0.0	0.0
Repayment of loans	49.0	0.0	0.0	0.0
Working capital and general corporate purpose	49.0	0.0	0.0	0.0
Total	489.8	18.0	18.0	0.0

All the net proceeds from the Global Offering have been fully utilised as at 29 February 2024.

EMPLOYEE AND REMUNERATION POLICY

As at 28 February 2023 and 29 February 2024, we had 4,750 and 4,840 employees, respectively.

The number of employees employed by the Group varies from time to time depending on business need. Employees' remuneration is determined in accordance with prevailing industry practice and employees' educational backgrounds, experiences and performance. The remuneration policy and package of the Group's employees are reviewed periodically. As required by PRC laws and regulations, the Company participates in various employee social security insurance plans for its employees that are administered by local governments, including, among others, housing provident funds, pensions, medical insurance, social insurance and unemployment insurance. According to the relevant laws and regulations in the PRC, the amount we are required to contribute for each of our employees under such plans should be calculated based on the employee's actual salary level of the previous year, and be subject to a minimum and maximum level as from time to time prescribed by local authorities.

Other Information

Compensation of key executives of the Group is reviewed by the Company's remuneration committee based on the Group's performance and the executives' respective contributions to the Group.

The Company has also adopted a pre-IPO share option scheme and a share award scheme.

The total remuneration cost incurred by the Group for the Reporting Period was RMB171.9 million (for the six months ended 28 February 2023: RMB158.7 million).

SHARE SCHEMES

The Company has two existing share schemes, namely the Pre-IPO Share Option Scheme and the Share Award Scheme. The Company has complied, and will continue to comply, with Chapter 17 (effective from 1 January 2023) to the extent required by the transitional arrangements for the existing share schemes.

No options or awards were granted under the Pre-IPO Share Option Scheme or the Share Award Scheme during the Reporting Period. Accordingly, the number of Shares that may be issued in respect of all options and awards granted during the Reporting Period to eligible participants pursuant to the Pre-IPO Share Option Scheme and the Share Award Scheme divided by the weighted average number of issued Shares for the Reporting Period is 0.

Further details and relevant breakdowns of each of the share schemes of the Company are set out below.

Pre-IPO Share Option Scheme

In order to incentivise the Directors, senior management and other employees for their contribution to the Group and to attract and retain suitable personnel to the Group, the Company adopted the Pre-IPO Share Option Scheme effective from 9 August 2018. The purpose of the Pre-IPO Share Option Scheme is to provide selected participants with the opportunity to acquire proprietary interests in the Company and to encourage selected participants to work towards enhancing the value of the Company and its Shares for the benefit of the Company and its Shareholders as a whole. The Pre-IPO Share Option Scheme provides the Company with a flexible means of retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to selected participants.

The overall limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Pre-IPO Share Option Scheme at any time shall not exceed 35,950,000 Shares.

As at 1 September 2023 and 29 February 2024, share options for 33,550,000 Shares were granted to 23 participants under the Pre-IPO Share Option Scheme. In addition, no further options have been or will be granted under the Pre-IPO Share Option Scheme subsequent to the Listing Date. Accordingly, no options were available for grant under the Pre-IPO Share Option Scheme as at 1 September 2023 and 29 February 2024, respectively.

Other Information

The table below shows details of the outstanding share options granted to all grantees under the Pre-IPO Share Option Scheme as at 29 February 2024.

Grantees	Position held with the Group	Date of grant	Exercise period	Vesting period	Exercise price	Outstanding as at 1 September 2023	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at 29 February 2024
Directors of the Company											
Chairman Hou	Non-executive Director and chairman of the Board	9 August 2018	20 years from the date of grant	3 to 10 years from the date of grant	HK$0.00001	8,000,000	–	–	–	–	8,000,000
Ms. Jiang	Executive Director	9 August 2018	20 years from the date of grant	3 to 10 years from the date of grant	HK$0.00001	8,000,000	–	–	–	–	8,000,000
Mr. Hou	Executive Director	9 August 2018	20 years from the date of grant	3 to 10 years from the date of grant	HK$0.00001	6,000,000	–	–	–	–	6,000,000
Employee grantees in aggregate		9 August 2018	20 years from the date of grant	3 to 10 years from the date of grant	HK$0.00001	11,550,000	–	–	–	–	11,550,000
TOTAL						33,550,000	–	–	–	–	33,550,000

Share Award Scheme

The Company adopted the Share Award Scheme by the resolutions in writing of the Shareholders on 24 August 2018.

The purpose of the Share Award Scheme is to align the interests of eligible persons with those of the Group through ownership of Shares, dividend and other distributions paid on Shares and/or the increase in value of the Shares, and to encourage and retain eligible persons to make contributions to the long term growth and profits of the Group.

The aggregate number of Shares underlying all grants made pursuant to the Share Award Scheme (excluding Shares which have been forfeited in accordance with the Share Award Scheme) will not exceed 84,000,000 Shares. No awards had been granted or agreed to be granted under the Share Award Scheme. Accordingly, 84,000,000 Shares, representing 7% of the issued share capital of the Company, were available for grant under the Share Award Scheme as at 1 September 2023 and 29 February 2024, respectively.

Other Information

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

As at 29 February 2024, the interests and short positions of our Directors or chief executive of our Company in the Shares, underlying Shares and debentures of our Company or its associated corporation (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 Part XV of the SFO (including the interests and short positions which the Director or chief executives of our Company is taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code to be notified to the Company and the Stock Exchange, were as follows:

Interest in the Company

Name of Director	Capacity/Nature of Interest	Relevant Company	Number of Shares[2]	Approximate Percentage of Shareholding in the Company[1]
Mr. Hou	Interest in a controlled corporation	Chunlai Investment[3]	900,000,000(L)	75%
	Beneficial owner[5]	N/A	6,000,000(L)	0.50%
Chairman Hou	Beneficial owner[5]	N/A	8,000,000(L)	0.67%
	Interest of spouse[4]	N/A	8,000,000(L)	0.67%
Ms. Jiang	Beneficial owner[5]	N/A	8,000,000(L)	0.67%
	Interest of spouse[4]	N/A	8,000,000(L)	0.67%

Notes:

1. The calculation is based on the total number of 1,200,000,000 Shares in issue as at 29 February 2024.
2. The Letter "L" denotes the person's long position (as defined under Part XV of the SFO) in the Shares.
3. Chunlai Investment is wholly-owned by Mr. Hou. Thus, Mr. Hou is deemed to be interested in the Shares in which Chunlai Investment is interested by virtue of the SFO.
4. As Chairman Hou and Ms. Jiang are husband and wife, each of them is deemed to be interested in the interest held by them by virtue of the SFO.
5. Such interest refers to share options granted to the Director under the Pre-IPO Share Option Scheme, details of which are set out in the section headed "Share Schemes" above.

Other Information

Interest in Associated Corporations

Name of Director	Capacity/Nature of Interest	Name of associated corporation	Amount of issued share capital/ registered capital/ sponsor capital in the associated corporation	Percentage of holding in the associated corporation
Mr. Hou	Beneficial owner	Chunlai Investment	US$1	100%
	Beneficial owner	The PRC Holdco	RMB30,000,000	100%
	Beneficial owner[1]	The School Sponsor	RMB113,740,000	100%
Chairman Hou	Beneficial owner[1] and interest of spouse[2]	The School Sponsor	RMB33,780,000	29.7%
Ms. Jiang	Beneficial owner[1] and interest of spouse[2]	The School Sponsor	RMB33,780,000	29.7%

Notes:

1. The sponsor interest of the School Sponsor is held as to 69.3% by Mr. Hou (RMB78,820,000), as to 19.8% by Chairman Hou (RMB22,520,000), as to 9.9% by Ms. Jiang (RMB11,260,000) and as to 1% by the PRC Holdco (RMB1,140,000). Mr. Hou, Chairman Hou and Ms. Jiang agreed that Mr. Hou would effectively own the sponsor interests of the School Sponsor held by Chairman Hou and Ms. Jiang.

2. As Chairman Hou and Ms. Jiang are husband and wife, each of them is deemed to be interested in the interest held by them by virtue of the SFO.

Save as disclosed above, as at 29 February 2024, so far as is known to any Director or the chief executive of the Company, none of the Directors nor the chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Part XV of the SFO (including the interests and short positions which the Director is taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code to be notified to the Company and the Stock Exchange.

Other Information

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

As at 29 February 2024, so far as the Directors are aware, the following persons (other than our Directors or chief executive of our Company) and/or corporations had interests or short positions in the Shares or underlying Shares of the Company which would be required to be disclosed to the Company and the Stock Exchange under provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of Shareholders	Capacity/Nature of Interest	Number of Shares[2]	Approximate Percentage of Shareholding[1]
Chunlai Investment	Beneficial owner	900,000,000(L)	75%
Xiang Rong International Limited	Beneficial owner	66,037,000(L)	5.50%

Notes:

1. The percentages are calculated on the basis of 1,200,000,000 Shares in issue as at 29 February 2024.

2. The letter "L" denotes the person's long position (as defined under Part XV of the SFO) in the Shares.

Save as disclosed above, the Directors are not aware of any other person (other than the Directors or chief executives of the Company) and/or corporations who had an interest or short position in the Shares or underlying Shares of the Company as at 29 February 2024 which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

Other Information

DIVIDEND

The Board has recommended the payment of an interim dividend of RMB0.0907 (equivalent to approximately HK$0.1) per share (the "**Proposed Interim Dividend**") for the six months ended 29 February 2024 (six months ended 28 February 2023: Nil). The interim dividend will be declared in RMB and paid in Hong Kong dollars. The exchange rate adopted for conversion was the average middle exchange rate published by the People's Bank of China for the five business days prior to the declaration of the interim dividend (i.e. 22 April 2024 to 26 April 2024 (RMB1 to HK$1.1025). Such Proposed Interim Dividend will be payable on or around Thursday, 27 June 2024 to the Shareholders whose names appear on the register of members of the Company on Monday, 17 June 2024.

The final dividend in respect of the year ended 31 August 2023 of RMB0.053 (equivalent to approximately HK$0.058) per share totaling approximately RMB63,898,000 was approved at the annual general meeting of the Company on 19 January 2024.

CHANGES IN INFORMATION OF DIRECTORS AND CHIEF EXECUTIVES

On 28 November 2023, Dr. Jin Xiaobin, an independent non-executive Director, was appointed to replace Mr. Hou as the chairman of the nomination committee of the Company.

Save as disclosed above, as at the Latest Practicable Date, there had been no change to the information of the Directors and chief executives since the publication of the 2023 annual report, which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

QUALIFICATION REQUIREMENT

Foreign Investment Law

On 15 March 2019, the National People's Congress promulgated the Foreign Investment Law《中華人民共和國外商投資法》("**FIL**"), which came into effect on 1 January 2020. On 26 December 2019, the State Council promulgated the Implementation Regulations on the Foreign Investment Law《中華人民共和國外商投資法實施條例》(the "**Implementation Regulations**"), which came into effect on 1 January 2020. The FIL and the Implementation Regulations replaced the trio of existing laws regulating foreign investment in China, namely, the Sino-foreign Equity Joint Venture Enterprise Law, the Sino-foreign Cooperative Joint Venture Enterprise Law and the Wholly Foreign-invested Enterprise Law, together with their implementation rules and ancillary regulations. The FIL and the Implementation Regulations embody an expected PRC regulatory trend to rationalize its foreign investment regulatory regime in line with prevailing international practice and the legislative efforts to unify the corporate legal requirements for both foreign and domestic investments.

Though the FIL does not explicitly classify contractual arrangements as a form of foreign investment, it contains a catch-all provision under the definition of "foreign investment", which includes investments made by foreign investors in China through means stipulated in laws or administrative regulations or other methods prescribed by the State Council without elaboration on the meaning of "other methods". The Implementation Regulations is also silent on whether foreign investment includes contractual arrangements. Therefore, the FIL and the Implementation Rules still leave leeway for future laws, administrative regulations or provisions promulgated by the State Council to provide for contractual arrangements as a form of foreign investment. Given that the FIL and the Implementation Rules are relatively new, uncertainties still exist in relation to its interpretation and implementation, the Company believes that any attempt to evaluate the potential impact that they will have on the Contractual Arrangements and the business of our Group would be premature. The Board will continuously monitor any future laws, administrative regulations or provisions promulgated by the State Council in relation to the contractual arrangements and seek guidance from our PRC Legal Adviser to ensure compliance with all relevant rules and regulations in the PRC at all times.

Other Information

Updates in Relation to the Qualification Requirement

The foreign investor in a Sino-foreign joint venture school for PRC students at higher education institutions must be a foreign educational institution with relevant qualification and high quality of education (the "**Qualification Requirement**"). The foreign portion of the total investment in a sino-foreign joint venture private school should be below 50% (the "**Foreign Ownership Restriction**") and domestic party of the sino-foreign joint venture shall play a dominant role (the "**Foreign Control Restriction**").

On the basis that (a) the principals and other chief executive officers of our PRC Operating Schools and Tianping College are PRC nationals; and (b) the representatives or the directors of our PRC Operating Schools and Tianping College are appointed by PRC entities, our PRC Legal Adviser is of the view that our PRC Operating Schools and Tianping College are in full compliance with the Foreign Control Restriction as stipulated above.

Our PRC Legal Adviser has advised that there are currently no applicable PRC laws and regulations providing clear guidance or interpretation 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.

Efforts and Actions Undertaken to Comply with the Qualification Requirement

The Group is implementing a business plan with a view to expanding our education operations overseas. The Group believes that such business plan represents our commitment and a meaningful endeavour to demonstrate compliance with the Qualification Requirement.

The Group is also in the process of communicating or negotiating with certain experienced and reputational overseas education service providers in various forms of potential cooperation, including but not limited to expanding our school network abroad. Our subsidiary in Hong Kong, Chunlai (Hong Kong), will serve as the main control hub of our overseas business and will be responsible for, among other things:

1. negotiating and executing contracts for international business cooperation, such as contracts for cooperation with foreign education institutions in organising international classes or courses;

2. investing in or acquiring overseas education businesses as and when appropriate;

3. holding our overseas intellectual property rights and licensing them to our international partners; and

4. recruiting and employing overseas education business professionals and advisers outside of PRC.

Other Information

REGULATORY UPDATE

On 7 November 2016, the 2016 Decision, namely the Decision on Amending the Law for Promoting Private Education of the PRC《關於修改中華人民共和國民辦教育促進法的決定》was approved by the Standing Committee of the National People's Congress, which became effective on 1 September 2017. The 2016 Decision has made certain amendments to the Law for Promoting Private Education. According to the 2016 Decision, school sponsors of private schools can choose to establish schools as non-profit or for-profit entities, with the exception of schools providing compulsory education, which can only be established as non-profit entities.

Under the 2016 Decision, a private school electing to re-register as a for-profit school must carry out financial settlement procedures, clarify property ownership, pay relevant taxes and fees, and re-apply for registration. The specific registration requirements for existing private schools shall be formulated by the provincial governments. Pursuant to the Henan Implementation Opinions, Private HEIs in Henan Province shall complete the re-registration procedures by the end of year 2022. Despite the issuance of the Henan Implementation Opinions, the Hubei Implementation Opinions, Implementation Opinions of Jiangsu Government on Encouraging Social Groups to Engage in Education and Promoting the Healthy Development of Private Education (江蘇省政府關於鼓勵社會力量興辦教育促進民辦教育健康發展的實施意見) and Implementation Rules for Classification and Registration of Private Schools in Jiangsu Province (江蘇省民辦學校分類登記實施細則), the specific requirements, policies and procedures for re-registration as for-profit or non-profit private schools remain unclear in Henan, Hubei and Jiangsu provinces. As such, we are unable to quantify the impact that the 2016 Decision may have on our business operations.

The Regulations on the Implementation of the Law for Promoting Private Education《民辦教育促進法實施條例》(the "**Private Education Regulation**") was initially issued by the State Council on 5 March 2004 as the primary implementing regulation of the Law for Promoting Private Education of the PRC《中華人民共和國民辦教育促進法》. After the revision of the Law for Promoting Private Education of the PRC《中華人民共和國民辦教育促進法》in 2016, the State Council started to revise the Private Education Regulation. On 14 May 2021, the State Council promulgated the 2021 Revised Private Education Regulations, which have become effective since 1 September 2021. The 2021 Revised Private Education Regulations provide that

(i) a non-profit private school shall use the accounts filed with the competent authorities for transactions of fees collection and other activities, and a for profit private school shall deposit all of the school's income into a designated account of its own;

(ii) private schools providing compulsory education may not transact with connected parties, while transactions between other private schools and their connected parties should follow the principles of transparency, fairness and justice, be reasonably priced and be duly approved internally;

(iii) a for-profit private school providing education for academic credentials shall have such amount of registered capital commensurate with its type, level and operating scale;

(iv) school sponsors or actual controllers who operate and/or control multiple private schools shall have sufficient resources and capacities and take the management and supervisory responsibilities for those private schools they operate; and

(v) the school sponsor of an "existing private school" may, in accordance with its lawful rights and interests, reach agreements with its succeeding school sponsor on the proceeds from the change of school sponsor; the change of controlling shareholder(s) or actual controller(s) shall be filed with relevant government authorities and issue public announcement.

As of 29 February 2024, there was no update in relation to the Group's re-registration as a for-profit or non-profit private school.

Other Information

UPDATE ON NON-COMPLIANCE MATTERS

Buildings

As of 29 February 2024, we owned buildings with a total ground floor area of approximately 0.82 million square metres. We have not obtained building ownership certificates for a substantial portion of our buildings primarily because they were not constructed in full compliance with applicable rules and regulations in the PRC. We commenced construction of these buildings on land when the relevant land use right certificates were still under application, as our management believed that it was a practice acceptable to the relevant local authorities and in compliance with local policies.

We are proactively liaising with the relevant government authorities with a view to complying with the relevant requirements as soon as practicable. As of 29 February 2024, we were in the process of applying for the relevant construction land use planning permits (建設用地規劃許可) and construction planning permits (建設工程規劃許可) for our non-compliant buildings.

We consider that the non-compliance issues concerning our buildings will not have any material adverse effect on our operations as a whole.

The Company undertakes that it will rectify all non-compliances in a timely manner and will update the progress of the rectification of the non-compliance incidents in the Company's subsequent annual and interim reports.

EVENTS AFTER THE REPORTING PERIOD

The Company was included in the list of eligible stock under each of the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect programs with effect from 4 March 2024.

On 2 April 2024, the School Sponsor, a consolidated affiliated entity of the Company and the sole school sponsor of each of Shangqiu University (including Shangqiu University Kaifeng Campus) and Anyang University, entered into a strategic cooperation agreement with Industrial and Commercial Bank of China Limited Shangqiu Branch* (中國工商銀行股份有限公司商丘分行) ("**ICBC**"), pursuant to which it is intended that ICBC shall be one of the main cooperative banks for the Group's financial and business needs and ICBC shall provide various financial services to the School Sponsor, the Group's schools and Tianping College.

On 21 May 2024, the School Sponsor, a consolidated affiliated entity of the Company, as borrower, and Zhongyuan Bank Co. Ltd., Shangqiu Branch* (中原銀行股份有限公司商丘分行), as lender (the "**Lender**"), entered into a RMB working capital loan agreement, pursuant to which the Lender has agreed to make available a term loan facility of up to RMB90,000,000 to the School Sponsor.

Further details of the above are set out in the announcements of the Company dated 6 March 2024, 2 April 2024 and 21 May 2024, respectively.

Save as disclosed in this interim report, there was no other significant events that might affect the Group since the end of the six months ended 29 February 2024 and up to the date of this interim report.

Independent Auditor's Report

TO THE BOARD OF DIRECTORS OF
CHINA CHUNLAI EDUCATION GROUP CO., LTD.
中國春來教育集團有限公司
(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 29 to 43, which comprises the condensed consolidated statement of financial position of China Chunlai Education Group Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group") as at 29 February 2024 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and notes to the condensed consolidated financial statements. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of 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.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS 34.

ZHONGHUI ANDA CPA Limited
Certified Public Accountants
Li Shun Fai
Engagement Director
Practising Certificate Number P05498
Hong Kong, 29 April 2024

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For The Six Months Ended 29 February 2024

	Notes	Six months ended 29 February 2024 RMB'000 (Unaudited)	Six months ended 28 February 2023 RMB'000 (Unaudited)
Revenue	4	**813,910**	748,710
Cost of revenue		**(320,204)**	(277,684)
Gross profit		**493,706**	471,026
Other income		**62,120**	40,507
Other gains and losses, net		**(577)**	2,281
Selling expenses		**(2,254)**	(3,465)
Administrative expenses		**(117,590)**	(113,455)
Profit from operations		**435,405**	396,894
Finance costs	5	**(47,294)**	(61,384)
Profit before tax		**388,111**	335,510
Income tax expenses	6	**(3,840)**	(4,338)
Total comprehensive income for the period	7	**384,271**	331,172
Earnings per share	8		
Basic (RMB cents per share)		**32**	28
Diluted (RMB cents per share)		**31**	27

Condensed Consolidated Statement of Financial Position

As at 29 February 2024

	Notes	As at 29 February 2024 RMB'000 (Unaudited)	As at 31 August 2023 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	10	**3,112,520**	2,987,663
Intangible asset		**188,000**	188,000
Right-of-use assets		**681,371**	636,517
Prepayment for cooperation agreements		**800,111**	800,111
Other non-current assets	11	**436,546**	384,797
		5,218,548	4,997,088
Current assets			
Trade and other receivables	12	**1,018,629**	670,988
Amount due from a shareholder		**7**	7
Cash and cash equivalents		**382,919**	789,720
		1,401,555	1,460,715
Current liabilities			
Accruals and other payables	13	**354,014**	305,747
Deferred revenue		**2,103**	1,999
Contract liabilities		**760,976**	678,914
Borrowings		**1,333,523**	1,439,460
Current tax liabilities		**25,870**	22,030
		2,476,486	2,448,150
Net current liabilities		**(1,074,931)**	(987,435)
Total assets less current liabilities		**4,143,617**	4,009,653
Non-current liabilities			
Deferred revenue		**729**	1,832
Borrowings		**545,657**	732,162
		546,386	733,994
NET ASSETS		**3,597,231**	3,275,659
Capital and reserves			
Share capital	14	**10**	10
Reserves		**3,597,221**	3,275,649
TOTAL EQUITY		**3,597,231**	3,275,659

Condensed Consolidated Statement of Changes in Equity

For The Six Months Ended 29 February 2024

	Share capital *RMB'000*	Share premium *RMB'000*	Statutory reserve *RMB'000* *(note i)*	Capital reserve *RMB'000*	Share-based payment reserve *RMB'000*	Retained earnings *RMB'000*	Total *RMB'000*
At 1 September 2022 (Audited)	10	516,431	544,108	142,600	38,898	1,373,643	2,615,690
Total comprehensive income for the period (Unaudited)	–	–	–	–	–	331,172	331,172
Dividends paid (Unaudited)	–	–	–	–	–	(29,024)	(29,024)
Recognition of equity-settled share-based payments (Unaudited)	–	–	–	–	2,777	–	2,777
Transfer to statutory reserve (Unaudited)	–	–	93,036	–	–	(93,036)	–
At 28 February 2023 (Unaudited)	10	516,431	637,144	142,600	41,675	1,582,755	2,920,615
At 1 September 2023 (Audited)	**10**	**516,431**	**726,616**	**142,600**	**44,474**	**1,845,528**	**3,275,659**
Total comprehensive income for the period (Unaudited)	**–**	**–**	**–**	**–**	**–**	**384,271**	**384,271**
Dividends paid (Unaudited)	**–**	**–**	**–**	**–**	**–**	**(63,898)**	**(63,898)**
Recognition of equity-settled share-based payments (Unaudited)	**–**	**–**	**–**	**–**	**1,692**	**–**	**1,692**
Transfer to statutory reserve (Unaudited)	**–**	**–**	**99,979**	**–**	**–**	**(99,979)**	**–**
Forfeit of share options (Unaudited)	**–**	**–**	**–**	**–**	**(1,327)**	**834**	**(493)**
At 29 February 2024 (Unaudited)	**10**	**516,431**	**826,595**	**142,600**	**44,839**	**2,066,756**	**3,597,231**

Note:

(i) Pursuant to the relevant laws and regulations in the People's Republic of China (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) general reserve fund of the limited liability companies and (ii) the development fund of schools.

For PRC subsidiaries with limited liability, they are required to make annual appropriations to general reserve of 10% of after-tax profits as determined under the PRC laws and regulations at each year end until the balance reaches 50% of the relevant PRC entity's registered capital.

According to the relevant PRC laws and regulations, for a private school that does not require reasonable return, it is required to appropriate to development fund of not less than 25% of the net income of the relevant school as determined in accordance with generally accepted accounting principles in the PRC. The development fund is prepared for the construction or maintenance of the school or procurement or upgrading of educational equipment.

Condensed Consolidated Statement of Cash Flows

For The Six Months Ended 29 February 2024

	Six months ended	
	29 February 2024	28 February 2023
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
Net cash generated from operating activities	**565,586**	663,981
Cash flows from investing activities		
Payments for acquisition of property, plant and equipment	**(226,797)**	(171,651)
Advance to Tianping College	**(264,080)**	(142,900)
Payment for land use rights	**(53,240)**	(106,631)
Deposits paid for acquisition of land use right	**(40,758)**	–
Advance to third parties	**(35,000)**	(38,000)
Repayment from Tianping College	**2,800**	33,000
Interest income received	**1,797**	1,960
Repayment from a third party	**–**	55,060
Refund of prepayment for land use right	**–**	32,000
Withdrawal of pledged deposits	**–**	10,000
Net cash used in investing activities	**(615,278)**	(327,162)
Cash flows from financing activities		
Repayment of borrowings	**(847,484)**	(542,320)
Interest paid	**(24,849)**	(39,799)
Dividends paid	**(15,205)**	(27,626)
Proceeds from borrowings	**530,429**	120,000
Net cash used in financing activities	**(357,109)**	(489,745)
Net decrease in cash and cash equivalents	**(406,801)**	(152,926)
Cash and cash equivalents at beginning of period	**789,720**	630,927
Cash and cash equivalents at end of period	**382,919**	478,001
Analysis of cash and cash equivalents		
Bank and cash balances	**382,919**	478,001

Notes to the Condensed Consolidated Financial Statements

For The Six Months Ended 29 February 2024

1. GENERAL INFORMATION

The Company was incorporated as an exempted company with limited liability under the Companies Law of the Cayman Islands on 15 November 2017. The address of registered office of the Company is 190 Elgin Avenue, George Town, Grand Cayman KY1-9008, Cayman Islands. The address of principal place of business of the Company is 40th Floor, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong. Its ultimate holding company is Chunlai Investment Co., Limited, which was incorporated in the British Virgin Islands, and its ultimate controlling shareholder is Mr. Hou Junyu ("Mr. Hou"). The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 13 September 2018 (the "Listing").

The Company is an investment holding company. The principal activities of its subsidiaries are mainly engaged in the operation of private higher education institutions. The Company and its subsidiaries and its consolidated affiliated entities are collectively referred to as the "Group".

The condensed consolidated financial statements are presented in Renminbi ("RMB"), which is the same as the functional currency of the Company and its subsidiaries.

2. BASIS OF PREPARATION

These condensed consolidated financial statements for the six months ended 29 February 2024 have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" issued by the International Accounting Standards Board ("IASB") and the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange.

These condensed consolidated financial statements should be read in conjunction with the 2023 annual financial statements. The accounting policies and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 31 August 2023.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current period, the Group has adopted all the new and revised International Financial Reporting Standards ("IFRSs") issued by the IASB that are relevant to its operations and effective for its accounting period beginning on 1 September 2023. IFRSs comprise International Financial Reporting Standards ("IFRS"), International Accounting Standards ("IAS") and Interpretations. The adoption of these new and revised IFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's condensed consolidated financial statements and amounts reported for the current period and prior periods.

The Group has not applied the new and revised IFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised IFRSs but is not yet in a position to state whether these new and revised IFRSs would have a material impact on its results of operations and financial position.

Notes to the Condensed Consolidated Financial Statements

For The Six Months Ended 29 February 2024

4. REVENUE AND SEGMENT INFORMATION

The Group is mainly engaged in the operation of private higher education institutions in the People's Republic of China (the "PRC"). Revenue represents tuition and boarding fees from education institutions less sales related tax.

Information reported to the Group's chief operating decision maker, Mr. Hou, for the purpose of resource allocation and assessment of segment performance is on a school by school basis. Each individual school constitutes an operating segment. The services provided and type of customers are similar in each operating segment, and each operating segment are subject to similar regulatory environment. Accordingly, their segment information is aggregated as a single reportable segment which is the same as the consolidated statement of profit or loss and other comprehensive income.

	Six months ended	
	29 February 2024	28 February 2023
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
Tuition fees	**741,344**	679,405
Boarding fees	**72,566**	69,305
Total revenue	**813,910**	748,710

All revenue is recognised over time. The Group primarily operates in the PRC. All of the Group's revenue was generated in the PRC and all of the Group's non-current assets are located in the PRC.

No single customer contributes 10% or more of total revenue of the Group during the six months ended 29 February 2024 (six months ended 28 February 2023: Nil).

Revenue is recognised over the relevant period of schooling semesters, i.e. over the period of time when the students simultaneously receive and consume the benefits provided by the Group.

Tuition and boarding fees are generally received in advance prior to the beginning of each school year, and are initially recorded as contract liabilities. The fees are recognised proportionately over the relevant period of the applicable programme. The portion of the fees received from students but not earned is recorded as contract liabilities under current liabilities as such amounts represent revenue that the Group expects to earn within one year.

Notes to the Condensed Consolidated Financial Statements

For The Six Months Ended 29 February 2024

5. FINANCE COSTS

	Six months ended	
	29 February 2024	28 February 2023
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
Interest expense in relation to:		
– Bank borrowings	**24,092**	38,622
– Borrowings from non-banking institutes	**24,613**	25,265
	48,705	63,887
Less: capitalised in construction in progress	**(1,411)**	(2,503)
	47,294	61,384

6. INCOME TAX EXPENSES

	Six months ended	
	29 February 2024	28 February 2023
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
Current tax – PRC Enterprise Income Tax ("EIT")	**3,840**	4,338

The Company was incorporated in the Cayman Islands while China Chunlai Education (BVI) Limited was incorporated in the British Virgin Islands, both jurisdictions are tax exempted.

No provision for Hong Kong profits tax was provided as the Group did not have assessable profits arising in Hong Kong during the six months ended 29 February 2024 and 28 February 2023.

EIT is provided on taxable profits of entities established in the PRC. Pursuant to the Enterprise Income Tax Law of the PRC (the "EIT Law"), the EIT rate of the PRC subsidiaries was 25% during the six months ended 29 February 2024 and 28 February 2023.

Shangqiu University, Anyang University, Shangqiu University Kaifeng Campus, Hubei Jiankang Vocational College and Jingzhou College enjoyed tax exemption for tuition related income during the six months ended 29 February 2024 and 28 February 2023.

Notes to the Condensed Consolidated Financial Statements

For The Six Months Ended 29 February 2024

7. TOTAL COMPREHENSIVE INCOME FOR THE PERIOD

This is stated at after charging/(crediting) the following:

	Six months ended	
	29 February 2024	28 February 2023
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
Depreciation of property, plant and equipment	**115,407**	107,052
Depreciation of right-of-use assets	**8,386**	6,921
Foreign exchange loss/(gain)	**577**	(2,130)
Staff costs (including directors' remuneration):		
– Salaries, bonuses and allowances	**146,756**	137,012
– Retirement benefit scheme contributions	**23,499**	18,876
– Equity-settled share-based payments	**1,199**	2,777
	171,454	158,665

8. EARNINGS PER SHARE

	Six months ended	
	29 February 2024	28 February 2023
	(Unaudited)	*(Unaudited)*
Earnings:		
Earnings for the purpose of calculating basic and diluted earnings per share (Profit attributable to owners of the Company) (in RMB'000)	**384,271**	331,172
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**1,200,000,000**	1,200,000,000
Effect of dilutive potential ordinary shares:		
Pre-IPO share options	**30,809,727**	29,178,020
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**1,230,809,727**	1,229,178,020

Notes to the Condensed Consolidated Financial Statements

For The Six Months Ended 29 February 2024

9. DIVIDENDS

	Six months ended	
	29 February 2024	28 February 2023
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
Proposed interim dividend of RMB0.0907 (approximate to HK$0.1) per ordinary share	**108,840**	–
Final dividend for the year ended 31 August 2023 approved and paid/payable – RMB0.053 (approximate to HK$0.058) (2022:RMB0.1) per ordinary share	**63,898**	29,024

The final dividend in respect of the year ended 31 August 2023 of RMB0.053 (equivalent to approximately HK$0.058) per share totaling approximately RMB63,898,000 was approved at the annual general meeting on 19 January 2024.

The final dividend in respect of the year ended 31 August 2022 of RMB0.1 (equivalent to approximately HK$0.1095) per share totaling approximately RMB29,024,000 was approved at the annual general meeting on 6 February 2023. On 20 December 2022, Chunlai Investment Co., Limited, a company wholly-owned by Mr. Hou, a director and controlling shareholder of the Company, consented to and irrevocably waived all rights to receive such dividend in respect of the shares it holds.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 29 February 2024, the Group acquired property, plant and equipment of approximately RMB241,193,000 (six months ended 28 February 2023: RMB168,964,000) for the purpose of construction and improvement of campus infrastructure. As at 29 February 2024, the formal title certificates for certain buildings of the Group with carrying value of approximately RMB1,248,262,000 (31 August 2023: RMB1,033,758,000) had not been obtained.

Notes to the Condensed Consolidated Financial Statements

For The Six Months Ended 29 February 2024

11. OTHER NON-CURRENT ASSETS

	As at 29 February 2024 *RMB'000 (Unaudited)*	As at 31 August 2023 *RMB'000 (Audited)*
Prepayments/deposits paid for acquisition of property, plant and equipment	**37,358**	31,705
Pledged deposit *(note i)*	**303,430**	303,092
Deposit paid *(note ii)*	**50,000**	50,000
Deposits paid for acquisition of land use rights *(note iii)*	**40,758**	–
Advance to a third party *(note iv)*	**5,000**	–
	436,546	384,797

Notes:

(i) As at 29 February 2024, pledged deposits of RMB12,940,000 (31 August 2023: RMB12,940,000) are secured for borrowings of RMB207,326,000 (31 August 2023: RMB384,367,000).

Offshore foreign deposit of USD40,000,000 (equivalent to RMB290,490,000 (31 August 2023: RMB290,152,000)) is treated as a security to borrow an equivalent onshore loan denominated in RMB in the PRC from a third party.

During the year ended 31 August 2023, the repayment date of the onshore loan was extended from July 2023 to July 2026.

(ii) Deposit paid of RMB50,000,000 represents the refundable security deposit paid to Suzhou University of Science and Technology.

To guarantee that the Group will safeguard the school facilities and reputation of Suzhou University of Science and Technology and that the Group will operate the Tianping College properly, the Group paid RMB50 million as security deposit to Suzhou University of Science and Technology.

(iii) The amount represent the deposit paid to the PRC government for the acquisition of land for the business expansion of Anyang University.

(iv) As at 29 February 2024, the advance with principal amount of RMB5,000,000 is unsecured, interest bearing at 4.75% per annum and repayable in September 2025.

Notes to the Condensed Consolidated Financial Statements

For The Six Months Ended 29 February 2024

12. TRADE AND OTHER RECEIVABLES

	As at 29 February 2024 RMB'000 (Unaudited)	As at 31 August 2023 RMB'000 (Audited)
Tuition and boarding fee receivables *(note i)*	**80,225**	80,275
Service income receivables	**83,896**	69,109
Consultancy income receivables from Tianping College	**32,500**	25,000
Interest receivables from Tianping College	**41,452**	30,545
Advance to third parties *(note ii)*	**92,860**	62,860
Advance to Tianping College *(note iii)*	**637,080**	375,800
Other receivables	**30,356**	17,930
Interest receivables	**8,782**	5,927
Prepaid expenses	**11,478**	3,542
	1,018,629	670,988

Notes:

(i) The students are required to pay tuition and boarding fees in advance for the upcoming school years, which normally commences in August and September. The outstanding receivables mainly represent amounts related to the registered students who have applied for the delayed payment of tuition fees and boarding fees. These delay payments were primarily due to the application of students' loan, which generally take a few months to be settled from governmental institutions. There is no fixed credit term for payments. The Group's tuition receivables were due to a large number of individual students, there is no significant concentration of credit risk and no impairment is considered necessary based on the historical settlement pattern from students. The Group does not hold any collateral or other credit enhancement over its tuition receivables balance.

An ageing analysis of tuition and boarding fee receivables as at the end of the reporting period, based on the transaction date, is as follows:

	As at 29 February 2024 RMB'000 (Unaudited)	As at 31 August 2023 RMB'000 (Audited)
0-180 days	**61,103**	58,907
181-365 days	**8**	13,443
Over 1 year	**19,114**	7,925
	80,225	80,275

(ii) As at 29 February 2024, the advance with principal amount of RMB29,860,000 (31 August 2023: RMB29,860,000) is unsecured, interest bearing at 6% per annum (31 August 2023: 6% per annum) and repayable in March 2024 (31 August 2023: March 2024). After the reporting period, the repayment date was extended from March 2024 to August 2024, pursuant to the supplemental agreement.

As at 29 February 2024, the advance with principal amount of RMB63,000,000 (31 August 2023: RMB33,000,000) is unsecured, interest bearing at 6% per annum (31 August 2023: 6% per annum) and repayable in August 2024 (31 August 2023: September 2023).

(iii) As at 29 February 2024, the advance to Tianping College with principal amount of RMB637,080,000 (31 August 2023: RMB375,800,000) was unsecured, interest bearing at 4.75% per annum (31 August 2023: 4.75% per annum) and repayable in August 2024 (31 August 2023: August 2024).

Notes to the Condensed Consolidated Financial Statements

For The Six Months Ended 29 February 2024

13. ACCRUALS AND OTHER PAYABLES

	As at 29 February 2024 *RMB'000 (Unaudited)*	As at 31 August 2023 *RMB'000 (Audited)*
Interest payables	**1,994**	2,751
Accrued staff benefits and payroll	**35,019**	35,208
Payables for purchase of property, plant and equipment and construction	**146,240**	128,539
Receipt on behalf of ancillary services providers	**60,836**	59,959
Other payables, accruals and deposits received	**43,369**	63,580
Other taxes payables	**17,863**	15,710
Dividend payable	**48,693**	–
	354,014	305,747

14. SHARE CAPITAL

	Number of shares	Amount *HK$*	Amount *RMB*	Amount *RMB'000*
Ordinary shares of HK$0.00001 each				
Authorised:				
As at 1 September 2022,31 August 2023, 1 September 2023 (Audited) and 29 February 2024 (Unaudited)	50,000,000,000	500,000	424,570	425
Issued and fully paid:				
As at 1 September 2022, 31 August 2023, 1 September 2023 (Audited) and 29 February 2024 (Unaudited)	1,200,000,000	12,000	9,867	10

Notes to the Condensed Consolidated Financial Statements

For The Six Months Ended 29 February 2024

15. CAPITAL COMMITMENTS

The Group's capital commitments at the end of the reporting period are as follows:

	As at 29 February 2024 RMB'000 (Unaudited)	As at 31 August 2023 RMB'000 (Audited)
Capital expenditure in respect of acquisition of property, plant and equipment contracted but not provided for	**88,818**	90,713
Capital expenditure in respect of land use rights	**7,022**	11,460
Capital expenditure in respect of capital contribution to Tianping College	**30,000**	30,000
	125,840	132,173

16. RELATED PARTY TRANSACTIONS

(a) In addition to those related party transactions and balances disclosed elsewhere in the condensed consolidated financial statements, the Group had the following material transactions with its related parties during the period:

	Six months ended	
	29 February 2024 RMB'000 (Unaudited)	28 February 2023 RMB'000 (Unaudited)
Consultancy income from Tianping College *(note i)*	**7,075**	7,075
Interest income from Tianping College *(note i)*	**10,907**	8,888

Notes to the Condensed Consolidated Financial Statements

For The Six Months Ended 29 February 2024

16. RELATED PARTY TRANSACTIONS (Continued)

(a) In addition to those related party transactions and balances disclosed elsewhere in the condensed consolidated financial statements, the Group had the following material transactions with its related parties during the period: (Continued)

The balances with related parties at the end of the reporting period are as follows:

	As at 29 February 2024 RMB'000 (Unaudited)	As at 31 August 2023 RMB'000 (Audited)
Consultancy income receivables from Tianping College *(note i)*	**32,500**	25,000
Interest receivables from Tianping College *(note i)*	**41,452**	30,545
Advance to Tianping College *(note i)*	**637,080**	375,800

Note:

(i) Mr. Hou is the director and ultimate controlling shareholder of the Company and a director of Tianping College.

(b) Compensation of key management personnel

The remuneration of directors and other members of key management during the period as follows:

	Six months ended	
	29 February 2024 RMB'000 (Unaudited)	28 February 2023 RMB'000 (Unaudited)
Short-term benefits	**3,546**	2,811
Equity-settled share-based payments	**1,138**	1,808
	4,684	4,619

Notes to the Condensed Consolidated Financial Statements

For The Six Months Ended 29 February 2024

17. EVENTS AFTER THE REPORTING PERIOD

The Company was included in the list of eligible stock under each of the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect programs with effect from 4 March 2024.

On 2 April 2024, Henan Shangqiu Chunlai Education Corporation* (河南商丘春來教育集團) (the "School Sponsor"), a consolidated affiliated entity of the Company and the sole school sponsor of each of Shangqiu University (including Shangqiu University Kaifeng Campus) and Anyang University, entered into a strategic cooperation agreement with Industrial and Commercial Bank of China Limited Shangqiu Branch* (中國工商銀行股份有限公司商丘分行) ("ICBC"), pursuant to which it is intended that ICBC shall be one of the main cooperative banks for the Group's financial and business needs and ICBC shall provide various financial services to the School Sponsor, the Group's schools and Tianping College of Suzhou University of Science and Technology.

Further details of the above are set out in the announcements of the Company dated 6 March 2024 and 2 April 2024, respectively.

Save as disclosed in this interim report, there were no other significant events that might affect the Group since the end of the six months ended 29 February 2024.

18. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

These interim financial statements were approved and authorised for issue by the Board of Directors on 29 April 2024.

Definitions

"Anyang University"	Anyang University (安陽學院), a Private HEI (formerly an independent college known as College of Humanities and Management of Anyang Normal University) (安陽師範學院人文管理學院) that obtained approval from MOE for its establishment on 25 April 2003 (excluding the Wenming Avenue (文明大道) campus of the College of Humanities and Management of Anyang Normal University, which was managed by Anyang Normal University) and one of our PRC Operating Schools
"Anyang University Yuanyang Campus"	Anyang University Yuanyang Campus (安陽學院原陽校區), a branch college (下屬學院) of Anyang University located in Yuanyang, Henan Province, the PRC that obtained approval from the Education Department of Henan Province (河南省教育廳) for its establishment on April 2021
"Board" or "Board of Directors"	the board of Directors
"BVI"	the British Virgin Islands
"Chairman Hou"	Mr. Hou Chunlai (侯春來), a PRC citizen, a non-executive Director and Chairman of the Board, and spouse of Ms. Jiang and father of Mr. Hou
"China" or "PRC"	the People's Republic of China and, except where the context requires otherwise and only for the purposes of this interim report, references to China or the PRC exclude Hong Kong, Macau and Taiwan; the term "Chinese" has a similar meaning
"Chunlai (Hong Kong)"	China Chunlai Education (Hong Kong) Limited (中國春來教育(香港)有限公司), a company with limited liability incorporated in Hong Kong on 19 December 2017 and a wholly-owned subsidiary of our Company
"Chunlai Investment"	Chunlai Investment Co., Ltd (春來投資有限公司), a company incorporated in the BVI with limited liability on 13 July 2017 and one of the Controlling Shareholders
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) effective from 3 March 2014, as amended, supplemented or otherwise modified from time to time
"Company", "the Company" or "our Company"	China Chunlai Education Group Co., Ltd. (中國春來教育集團有限公司), an exempted company with limited liability incorporated in the Cayman Islands on 15 November 2017
"consolidated affiliated entities" or "consolidated affiliated entity"	the entities we control through the Contractual Arrangements from time to time
"Contractual Arrangements"	the series of contractual arrangements entered into by, among others, WFOE, Mr. Hou, Chairman Hou, Ms. Jiang and the Group's consolidated affiliated entities, details of which are described in the section headed "Contractual Arrangements" in the Prospectus

Definitions

"Controlling Shareholders"	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to Mr. Hou and Chunlai Investment
"CG Code"	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
"Director(s)"	the director(s) of the Company
"Group", "our Group", "the Group", "we", "us" or "our"	the Company, its subsidiaries and the consolidated affiliated entities from time to time or, where the context so requires, in respect of the period prior to the Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of the Company at the relevant time
"Henan Implementation Opinions"	the Implementation Opinions of Henan Government on Encouraging the Operation of Education by Social Forces and Promoting the Healthy Development of Private Education (《河南省人民政府關於鼓勵社會力量興辦教育進一步促進民辦教育健康發展的實施意見》) promulgated by the Henan Municipal Government on 2 February 2018
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hubei Chunlai Education"	Hubei Chunlai Education Technology Corporation (湖北春來教育科技有限公司), one of our consolidated affiliated entities and the sole school sponsor of Jiankang College and Jingzhou College
"Hubei College"	College of Engineering and Technology of Yangtze University (長江大學工程技術學院), an independent college of Yangtze University (長江大學) located in Hubei Province, the PRC that obtained approval from MOE for its establishment on 18 March 2004
"IFRS"	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
"Jiankang College"	Hubei Jiankang Vocational College (湖北健康職業學院), a private higher education vocational school (民辦高等職業學校) in the PRC and one of our PRC Operating Schools. The school sponsor of Jiankang College is Hubei Chunlai Education
"Jingzhou College"	Jingzhou College (荊州學院), formerly known as Hubei College prior to the conversion of Hubei College into a private ordinary college (民辦普通高等學校) and change of school sponsor, one of our PRC Operating Schools. The school sponsor of Jingzhou College is Hubei Chunlai Education
"Latest Practicable Date"	22 May 2024, being the latest practicable date to ascertain certain information set out in this interim report prior to its bulk printing
"Listing Date"	13 September 2018, the date the Shares were listed on the Main Board of the Stock Exchange

Definitions

"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with GEM of the Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules
"MOE"	the Ministry of Education of the PRC (中華人民共和國教育部)
"Mr. Hou"	Mr. Hou Junyu (侯俊宇), a PRC citizen, an executive Director and our Controlling Shareholder, and son of Chairman Hou and Ms. Jiang
"Ms. Jiang"	Ms. Jiang Shuqin (蔣淑琴), a PRC citizen and an executive Director, and spouse of Chairman Hou and mother of Mr. Hou
"PRC Holdco"	Henan Chunlai Education Technology Co., Ltd. (河南春來教育科技有限公司), a limited liability company established in the PRC on 1 August 2017 and one of our consolidated affiliated entities
"PRC Legal Adviser"	Tian Yuan Law Firm, our legal adviser as to PRC laws and regulations
"PRC Operating Schools"	Shangqiu University (including Shangqiu University Kaifeng Campus), Anyang University, Jiankang College and Jingzhou College, consolidated affiliated entities of the Company
"Pre-IPO Share Option Scheme"	the share option scheme effective from 9 August 2018, the principal terms of which are set out in the section headed "Statutory and General Information – D. Pre-IPO Share Option Scheme and Share Award Scheme – 1. Pre-IPO Share Option Scheme" in Appendix V to the Prospectus
"Prospectus"	the prospectus of the Company published on 31 August 2018
"RMB"	Renminbi, the lawful currency of PRC
"Reporting Period"	the six months ended 29 February 2024
"School Sponsor" or "Henan Shangqiu Chunlai"	Henan Shangqiu Chunlai Education Corporation (河南商丘春來教育集團), a private non-enterprise entity (民辦非企業單位) established in the PRC on 18 October 2004, a consolidated affiliated entity of the Company and the sole school sponsor of each of Shangqiu University (including Shangqiu University Kaifeng Campus) and Anyang University
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

Definitions

"Shangqiu University"	Shangqiu University (商丘學院), a Private HEI (formerly an independent college known as Huayu College of Henan Agricultural University (河南農業大學華豫學院) that obtained approval from MOE for its establishment on 14 July 2005) and one of our PRC Operating Schools; operating and financial data stated to be of Shangqiu University presented in this document do not include contributions by Shangqiu University Kaifeng Campus, unless otherwise specified
"Shangqiu University Kaifeng Campus"	Shangqiu University Applied Science and Technology College (商丘學院應用科技學院), a branch college (下屬學院) of Shangqiu University located in Kaifeng, Henan Province, the PRC that obtained approval from the Education Department of Henan Province (河南省教育廳) for its establishment on 16 May 2013
"Share(s)"	ordinary share(s) in the Company of par value of HK$0.00001 each
"Share Award Scheme"	the share award scheme approved and adopted by the sole shareholder of the Company on 24 August 2018, the principal terms of which are set out in the section headed "Statutory and General Information – D. Pre-IPO Share Option Scheme and Share Award Scheme – 2. Share Award Scheme" in Appendix V to the Prospectus
"Shareholder(s)"	holder(s) of Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed thereto in section 15 of the Companies Ordinance
"Tianping College"	Tianping College of Suzhou University of Science and Technology (蘇州科技大學天平學院), an independent college of Suzhou University of Science and Technology
"United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"US$"	United States dollars, the lawful currency of the United States
"WFOE"	Henan Chunlai Education Information Consultancy Co., Ltd. (河南春來教育信息諮詢有限公司), a company established in the PRC with limited liability on 19 January 2018 and a wholly-owned subsidiary of our Company
"%"	percent

Glossary

"college"	a higher educational institution offering bachelor's degree programmes and junior college diploma programmes, which may be a branch college (下屬學院) and may not be a separate legal entity
"higher education"	an optional final stage of formal learning that occurs after secondary education, which is often delivered at universities, academies, colleges and institutes of technologies
"independent college"	a bachelor-degree level higher education institution established by a public university that provides formal education in bachelor-degree level or above in association with individuals or social organisations other than governmental institutions using non-state funds
"private HEI", "private higher education institution" or "private university"	a PRC private higher education institution (民辦高等教育機構) not affiliated with any public universities that is operated by non-governmental entity(ies) or individual(s) where government funding is not a major source of capital and has open admission and enrolment to the public
"private school"	a school that is not run by local, provincial or national governments
"school sponsor"	an individual or entity that funds or holds interests in an educational institution