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DASHAN EDUCATION HOLDINGS LIMITED

大山教育控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 9986)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2023

The board (the “**Board**”) of directors (the “**Director(s)**”) of Dashan Education Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) hereby announces the unaudited condensed consolidated results of the Group for the six months ended 30 June 2023. This announcement, containing the full text of the interim report of the Company for the six months ended 30 June 2023 (the “**Interim Report**”), complies with the relevant requirements of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) in relation to information to accompany preliminary announcements of the interim results. The printed version of the Interim Report will be dispatched to the shareholders of the Company who have opted so and available for viewing on the websites of the Stock Exchange at www.hkexnews.hk and of the Company at www.dashanedu.com in due course in the manner as required by the Listing Rules.

CONTINUED SUSPENSION OF TRADING

At the request of the Company, the trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on 30 March 2023. Trading in the shares of the Company will remain suspended until further notice.

Shareholders and potential investors are advised to exercise caution when dealing with the shares of the Company.

By order of the Board
Dashan Education Holdings Limited
Zhang Hongjun
*Chairman, Chief Executive Officer
and Executive Director*

Zhengzhou, 29 July 2024

As at the date of this announcement, the executive Directors are Mr. Zhang Hongjun and Mr. Shan Jingchao; the non-executive Director is Mr. Jia Shuilin; and the independent non-executive Directors are Mr. Zhang Jian, Dr. Xie Xiangbing and Ms. Wang Yanxiao.

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2023

INTERIM REPORT

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Zhang Hongjun
(Chairman and CEO)
Mr. Shan Jingchao

Non-executive Director

Mr. Jia Shuilin

Independent non-executive Directors

Mr. Zhang Jian
Dr. Xie Xiangbing
Ms. Wang Yanxiao¹
Mr. Li Gang²
Mr. Lui Siu Keung²

AUDIT COMMITTEE

Dr. Xie Xiangbing (chairman)¹
Mr. Lui Siu Keung (chairman)²
Mr. Zhang Jian
Ms. Wang Yanxiao¹
Mr. Li Gang²

REMUNERATION COMMITTEE

Mr. Zhang Jian (chairman)
Mr. Zhang Hongjun
Dr. Xie Xiangbing
Ms. Wang Yanxiao¹
Mr. Li Gang²

NOMINATION COMMITTEE

Mr. Zhang Hongjun (chairman)
Mr. Zhang Jian
Dr. Xie Xiangbing
Ms. Wang Yanxiao¹
Mr. Li Gang²

INVESTMENT MANAGEMENT COMMITTEE

Mr. Zhang Hongjun (chairman)
Mr. Shan Jingchao
Mr. Zhang Jian
Dr. Xie Xiangbing
Ms. Wang Yanxiao¹
Mr. Li Gang²
Mr. Lui Siu Keung²

AUTHORISED REPRESENTATIVES

Mr. Zhang Hongjun
Mr. Chan Kwong On³
Ms. Chen Yibei⁴

COMPANY SECRETARY

Mr. Chan Kwong On³
Ms. Chen Yibei⁴

AUDITOR

Zhonghui Anda CPA Limited⁵
Certified Public Accountants
Registered Public Interest Entity Auditors

Deloitte Touche Tohmatsu⁶
Certified Public Accountants
Registered Public Interest Entity Auditors

HONG KONG LEGAL ADVISER

Howse Williams

¹ appointed with effect from 13 February 2023

² resigned with effect from 13 February 2023

³ appointed with effect from 21 April 2023

⁴ resigned with effect from 21 April 2023

⁵ appointed with effect from 25 May 2023

⁶ resigned with effect from 22 May 2023

PRINCIPAL BANKS

China Minsheng Bank, Zhengzhou Branch
Bank of Communications,
Zhengzhou Huanghe Road Branch
China Merchants Bank, Zhengzhou Weilai Branch

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS IN THE PRC

19th Floor, Guoxin Plaza
Crossroad of Zhongzhou Avenue and
Minghong Road
Zhengzhou, Henan Province

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Address on or after 21 April 2023:
Unit 3508, 35/F
Shun Tak Centre – West Tower
168–200 Connaught Road Central
Sheung Wan
Hong Kong

Address prior to 21 April 2023:
Room 1504, 15/F
Jubilee Centre
18 Fenwick Street
Wan Chai
Hong Kong

COMPANY'S WEBSITE

www.dashanedu.com
*(information on the website does not form part of
this report)*

STOCK EXCHANGE STOCK CODE

9986

DATE OF LISTING

15 July 2020

MANAGEMENT DISCUSSION AND ANALYSIS

UPDATE ON LISTING STATUS

Reference is made to the Company's announcement dated 29 March 2023. The former Auditor has raised concerns in connection with (i) the commercial substance and business rationale of the payments in connection with the software development services provided by a vendor; (ii) the provision of evidence to substantiate the validity of the provision of training and advisory services by the Group to various customers; (iii) the commercial substance and business rationale for a loan granted by the Group to an entity; and (iv) the acquisition of equity interests in KSI Education Limited ("**KSI Education**", a company incorporated in the UK) (collectively, the "**Audit Matters**").

As a result of the delay in publication of the audited annual results of the Group for the year ended 31 December 2022, trading in Shares on Stock Exchange has been suspended with effect from 9:00 a.m. on 30 March 2023. Trading in the Shares will remain suspended until further notice.

On 5 May 2023, the Company received the following resumption guidance ("**Resumption Guidance**") from the Stock Exchange, requiring the Company to:

- (a) conduct an appropriate independent investigation into the Audit Matters, announce the findings and take appropriate remedial actions;
- (b) publish all outstanding financial results required under the Listing Rules and address any audit modifications;
- (c) demonstrate the Company's compliance with Rule 13.24 of the Listing Rules; and
- (d) announce all material information for the Company's shareholders and investors to appraise its position.

The Company is taking appropriate steps to remedy the issues causing its trading suspension and will use its best endeavours to resume trading as soon as practicable. In particular, a special investigation committee (the "**SIC**") was established on 19 April 2023, comprising solely INEDs, to undertake an independent investigation into the Audit Matters. In May 2023, the SIC appointed Mazars Risk Advisory Services Limited ("**Mazars**", an independent risk consulting and accounting firm, to conduct an agreed-upon procedures investigation (the "**AUP Investigation**") in relation to the Audit Matters. As disclosed in the Company's announcement dated 29 May 2024, Mazars has issued the agreed-upon procedures review report on 29 May 2024 setting out the findings of the AUP Investigation. Having considered the findings of the AUP Investigation, the Board and the SIC are of the view that the AUP Investigation is sufficient and adequate to address each of the Audit Matters. The SIC has also engaged Mazars to perform to an overall internal control review of the Group (the "**Internal Control Review**") and the Company has adopted all the recommendations given by Mazars on the findings of the Internal Control Review in relation to the AUP Investigation on the Audit Matters to rectify the internal control deficiencies. Mazars has also conducted follow-up reviews with the objective of independently following up the rectification of the review findings and all recommendations have been implemented. For further details of the AUP Investigation and the Internal Control Review, please refer to the Company's announcement dated 29 May 2024.

Updates on the progress of the fulfillment of the Resumption Guidance and actions taken by the Company have been set out in the quarterly update announcements published by the Company. Further announcement(s) will be made by the Company as and when appropriate to keep the Shareholders and potential investors informed.

BUSINESS REVIEW

The Company is an investment holding company. Prior to March 2022, the Group was principally engaged in the provision of primary and secondary after-school academic education services in the PRC (the “**Academic Education Business**”). Currently, the Group was principally engaged in (i) the provision of extracurricular programmes for personal attainment and overseas education consultation services (collectively referred as the “**Non-academic Education Business**”); and (ii) the provision of training and consultancy services for educational institutions, schools and other entities (the “**Training and Consultancy Business**”).

Academic Education Business

The government of the PRC has been reforming its education system, and has promulgated and implemented the “Opinions on Further Reducing Students’ Homework Burden and After-school Tutoring Burden in Compulsory Education” (《關於進一步減輕義務教育階段學生作業負擔和校外培訓負擔的意見》) (the “**Opinion**”) in July 2021. The Opinion set out the policy guidance on, among others, the further tightening of regulations on the after-school tutoring sector. The Opinion provided that, among others, (i) existing private institutions providing academic related after-school tutoring services shall be registered as non-profit organisation; (ii) relevant local authorities shall screen the existing registered institutions which provide online academic related after-school tutoring and shall carry out approval procedures for such registered institutions; (iii) private institutions providing academic related after-school tutoring services are not allowed to conduct fund raising through listing; and (iv) listed companies are not allowed to invest in or acquire the assets of private institutions providing academic related after-school tutoring services.

As a result of the promulgation of the Opinion, the Group has closed down its self-operated teaching centres and the Academic Education Business was terminated completely by March 2022 in response to, and in compliance with, the restrictions imposed on the Academic Education Business offered by the Group.



MANAGEMENT DISCUSSION AND ANALYSIS

Non-academic Education Business

In view of the Opinion's restrictions on the Group's engagement in Academic Education Business, after detailed evaluation and review by the Group, the Group has been actively exploring opportunities through transformation of its existing business and venturing into new businesses. As China's economy continues to develop, the increase in residents' disposable income, more and more parents are showing greater enthusiasm for financial investment in their children's education. In the context of the reform and opening-up and globalisation, social development puts forward new requirements for talents, high-quality talents with global vision and international competitiveness are more popular, therefore many parents with financial conditions will choose to send their children to study abroad. China has adhered to the policy of studying abroad in the new era of "supporting students studying abroad, encouraging students to return after graduation, freedom of movement, and playing a role", eventually promote the further development and growth of the international education market.

With the Group's experience accumulated from years of dedication in the Academic Education Business, it has established good brand awareness and influence among students and parents, and accumulated rich experience, resources, team and operational advantages. In the face of the changes in parents' needs for their children's education after the implementation of the Opinion, the Group is committed to building an ecosystem in the international education field to provide one-stop all-scenario services for Chinese students participating in international education.

During the Reporting Period, the Group commenced to expand its overseas education consultation services from Zhengzhou, Henan Province to major cities in Mainland China for students intending to apply for further education abroad and created revenue by collecting consultancy service fees. The Group typically provides consultancy services for students intending to apply for further education abroad by (i) collecting background and admission information of overseas higher educational institutions, (ii) assisting in formulating overseas study and college application plans, (iii) assisting in making the college applications, and (iv) assisting in making application for student visa.

In view of the fact that overseas colleges pay more attention to the comprehensive quality of students, during the Reporting Period, the Group provided extracurricular programmes for personal attainment in sports, arts and dancing targeting children and teenagers. Extracurricular programmes not only improve students' physical fitness and cultivate students' artistic literacy, but also lay the foundation for students to study abroad, apply for ideal colleges, and study art majors in the future. During the Reporting Period, the Group established teaching centres in Zhengzhou and Beijing, recruited experienced tutors and trainers, providing relevant extracurricular programmes for personal attainment, and recruited students to participate in sports, arts and dance courses. As at 30 June 2023, the Group operated 19 self-operated teaching centres and offered different courses in different areas.

Through the education quality, education reputation, scale and development potential of KSI Education and two private schools (namely, Kingsley School and Heathfield Knoll School) it manages, the Group was able to expand its overseas school network. It is also expected to combine the Group's overseas education consultation services and extracurricular programmes for personal attainment business in the PRC to share their respective experiences and resources to create synergy.

Training and Consultancy Business

With the Group's experience in the Academic Education Business for years, the Group has extensive teaching experience, curriculum resources, research and development team and management systems in the field of academic education. It can provide training covering teaching skills, classroom management, course design, etc. for new and old teachers in educational institutions and schools. The Group can also provide consulting services for the brand promotion, event planning and other needs of educational institutions, schools and other entities.

FUTURE OUTLOOK

Going forward, the Group will continue to monitor closely the regulatory environment which may have material effects on the business operations and financial condition of the Group and adjust its business plan and reallocate its resources in a timely manner. The Group will actively explore different business opportunities, expand the breadth and depth of the Group's business, in order to achieve the Group's business goals and generate greater returns for Shareholders.

Non-academic Education Business

In June 2020, eight government departments including the Ministry of Education of China promulgated "Opinions on Accelerating and Expanding the Opening-up of Education in the New Era" (《關於加快和擴大新時代教育對外開放的意見》), which focus on accelerating the modernisation of China's education and cultivating more globally competitive talents, emphasise "China still needs to deepen and expand mutually beneficial cooperation and exchanges and mutual learning with countries around the world in the field of education, focusing on breaking down institutional barriers, increasing the reform of Sino-foreign cooperative education, and actively broadening cooperation channels for high-quality educational resources to expand space for studying abroad". According to figures released by the Ministry of Education of China, the total number of Chinese students studying abroad has increased year by year since the late 1980s, and maintained a continuous and stable growth momentum. China remains the largest source of international students, with more than 1million students are studying in overseas higher educational institutions. Factors such as the increasing degree of globalisation, the pursuit of high-quality educational resources, the intensifying competition for employment and the need for economic development, have facilitated more qualified families and students to study abroad. The scale of China's international education industry continues to expand with the expansion of China's international student population. At the same time, the professional requirements of study abroad groups and families studying abroad have gradually increased. The scope of study abroad services has gradually expanded from traditional visa applications, school selection, etc. to more areas such as language training, cultural exchanges, background improvement, academic guidance, etc.



MANAGEMENT DISCUSSION AND ANALYSIS

The Group is committed to building an international education ecosystem, providing high quality and diversified comprehensive services, in order to meet the personalised needs of different customer groups at different stages. The Group plans to expand the overseas education consultation service centers by means of mergers and acquisitions, cooperation, new establishments, etc., to cover more overseas study groups and families. The Group will continue provide application guidance based on students' needs and goals and provide professional planning based on students' personal academic background, interests and experiences, and future employment directions, design and customise college application plans for applicants, and provide customers with comprehensive consulting services.

Under the background of the current increasingly connected international social connection, integrated Chinese and Western education has become the choice of more families and students, the trend of younger students studying abroad is increasing. According to the "International Talent Blue Book: China Study Abroad Development Report" (《國際人才藍皮書：中國留學發展報告》) released by the Chinese Academy of Social Science (CASS), the number of younger students studying abroad in China's first-tier cities is growing at an annual rate of about 20%. Parents believe that studying abroad at a younger age can lay the foundation for their children to enter prestigious overseas schools in the future. Leverage on its school network in the UK, the Group will also integrate its business resources in China to promote Chinese students to study abroad or have short-term exchanges in the schools in the UK, and at the same time study and develop overseas study tour projects.

With the improvement of people's living standards and the emphasis on education, parents pay more attention to the comprehensive development and individual needs of their children. They hope that their children will not only master academic knowledge in the learning process, but also cultivate various talents and qualities. In addition, international education attaches great importance to students' comprehensive quality, and quality education welcomes more development opportunities. The Group believes there will be increasing demand in the extracurricular programmes. In December 2022, 13 government departments including the Ministry of Education of China issued the "Opinions on Regulating Non-academic After-school Tutoring for Primary and Secondary School Students" (《關於規範面向中小學生的非學科類校外培訓的意見》), which aims strengthen supervision of non-academic after-school tutoring in China. The Group will follow the market development trend and regulatory requirements, to conduct extracurricular programmes for personal attainment in a standardised manner.

Training and Consultancy Business

The Group will utilise its cumulative teaching experience, curriculum resources, research and development team and management system, combined with the needs of educational institutions and schools, to offer targeted trainings to teachers. The Group will be closely coordinated with educational institutions and schools, combined with the Group's resources and advantages, wide range of service offerings and contents, to provide diversified and professional consulting services to customers. The Group will also increase its effort to broaden the market, and actively develop new customers while serving existing customers well.

FINANCIAL REVIEW

Revenue

Prior to March 2022, the Group's revenue was mainly generated from the Academic Education Business. In order to respond to and comply with the restrictions on the Academic Education Business following the promulgation of the Opinion, the Group has closed its self-operated teaching centres for the Group's Academic Education Business and the Group has terminated the Academic Education Business completely by March 2022. During the Reporting Period, the Group's Non-academic Education Business and Training and Consultancy Business contributed considerably to the Group's revenue.

The Group recorded an increase in revenue of approximately RMB10.7 million from approximately RMB9.9 million for the corresponding period in 2022 to approximately RMB20.6 million for the Reporting Period. Such increase was due to the increase in revenue of approximately RMB18.5 million primarily generated from the Non-academic Education Business and Training and Consultancy Business of the Group during the Reporting Period, offset by the decrease in the revenue generated from the primary and secondary after-school academic education services as a result of the cessation of the Academic Education Business.

Cost of Sales and Services Rendered

The Group's cost of sales and services rendered primarily consists of (i) staff costs; and (ii) teaching venue cost. The Group recorded an increase in cost of sales and services rendered of approximately RMB0.4 million from approximately RMB10.3 million for the corresponding period in 2022 to approximately RMB10.7 million for the Reporting Period. Such increase was primarily due to the increase of the scale of the Non-academic Education Business of the Group.

Gross Profit/loss and Gross Profit/loss Margin

The Group recorded a gross profit of approximately RMB9.8 million for the Reporting Period and recorded a gross loss of approximately RMB0.4 million for the corresponding period in 2022. The gross profit margin for the Reporting Period was approximately 47.6% whilst the gross loss margin for the corresponding period in 2022 was approximately 4.0%.

Other Income

The Group's other income mainly consists of (i) interest income from financial asset at fair value through profit or loss; (ii) government grants; and (iii) bank interest income. The Group's other income increased by approximately RMB0.1 million from approximately RMB0.9 million for the corresponding period in 2022 to approximately RMB1.0 million for the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS

Other Gains and Losses, Net

The Group's other gains and losses, net mainly consist of (i) loss on deemed partial disposal of an associate; (ii) fair value gain on financial asset at fair value through profit or loss; and (iii) foreign exchange gains. The Group's other gains and losses, net decreased by approximately RMB10.0 million from net gains of approximately RMB10.2 million for the corresponding period in 2022 to net gains of approximately RMB0.2 million for the Reporting Period. Such decrease was primarily due to the Group recorded gain on derecognition of right-of-use assets and lease liabilities of approximately RMB10.1 million for the six months ended 30 June 2022 (Reporting Period: Nil).

Selling and Marketing Expenses

The Group's selling and marketing expenses primarily include wages and salaries for the marketing personnel and advertising expenses. The Group's selling and marketing expenses increased by approximately RMB4.0 million from approximately RMB0.6 million for the corresponding period in 2022 to approximately RMB4.6 million for the Reporting Period. Such increase was mainly due to the increase in advertising and marketing expenditure of the Non-academic Education Business of the Group.

Content and Information Technology Development and Training Expenses

The Group's content and information technology development and training expenses mainly comprise the creation and production of teaching materials, online content, graphic, animation and video clips, as well as the development and upgrade of internal monitoring system for the standardisation of teaching standard and quality through the use of collected data. For the six months ended 30 June 2022, the Group's content and information technology development and training expenses was approximately RMB1.0 million. Due to the cessation of the Group's Academic Education Business by March 2022, the Group's content and information technology development and training expenses was nil during the Reporting Period.

Administrative Expenses

The Group's administrative expenses mainly include staff costs of head office, legal and professional fees, office expenses and travelling expenses. The Group's administrative expenses increased by approximately RMB11.7 million from approximately RMB10.3 million for the corresponding period in 2022 to approximately RMB22.0 million for the Reporting Period. Such increase was mainly due to the increase in staff salaries, wages and training costs as a result of the business transformation, expansion and development of the Group, as well as the professional fees incurred in relation to the resumption of trading in the Shares.

Finance Costs

The Group's finance costs represented interests on lease liabilities and interests on bank borrowing. The Group recorded finance costs of approximately RMB247,000 for the Reporting Period and RMB229,000 for the corresponding period in 2022.

Taxation

The Group recorded income tax credits of approximately RMB257,000 for the Reporting Period and recorded income tax credits of approximately RMB11,000 for the corresponding period in 2022.

Loss for the Period

The Group recorded a loss of approximately RMB19.6 million for the Reporting Period, representing an increase of approximately RMB18.3 million as compared with a loss of approximately RMB1.3 million for the corresponding period in 2022. Such increase was primarily due to (i) the Group recorded gain on derecognition of right-of-use assets and lease liabilities of approximately RMB10.1 million for the six months ended 30 June 2022 (Reporting Period: Nil); and (ii) the increase in administrative expenses as a result of the business transformation, expansion and development of the Group as well as the professional fees incurred in relation to the resumption of trading in the Shares.

Loss per Share

The basic and diluted loss per Share of the Group amounted to approximately RMB2.73 cents for the Reporting Period, while the basic and diluted loss per Share amounted to approximately RMB0.11 cents for the corresponding period in 2022.

FINANCIAL POSITION

Liquidity

As at 30 June 2023, the Group's net current assets amounted to approximately RMB82.6 million, representing a decrease of 13.4% as compared with that of approximately RMB95.4 million as at 31 December 2022. Such decrease was mainly due to (i) the decrease in bank balances and cash of approximately RMB14.7 million; and (ii) the increase in contract liabilities of approximately RMB26.9 million.

The Group adopts prudent financial policies and closely monitors its financial position. The Group assesses its cash position from time to time to optimise the utilisation of its bank balances and cash and may invest in different types of financial instruments to generate returns for the Group where appropriate.

Bank Balances and Cash

The Group's bank balances and cash are mainly denominated in RMB and HK\$. As at 30 June 2023, the Group's bank balances and cash amounted to approximately RMB80.3 million, representing a decrease of approximately 15.5% as compared to that of approximately RMB95.0 million as at 31 December 2022.

As at 30 June 2023, the Group had no interest-bearing borrowings (31 December 2022: Nil).

Trade Receivables

The Group's trade receivables represented training and consultancy services fee receivables. The Group reviews and monitors the level of trade receivables on a regular basis. As at 30 June 2023, the Group's trade receivables amounted to approximately RMB4.2 million, representing a decrease of approximately 54.8% as compared to that of approximately RMB9.3 million as at 31 December 2022.

Contingent Liabilities

As at 30 June 2023, the Group did not have any material contingent liabilities (31 December 2022: Nil).

Gearing Ratio

Gearing ratio is calculated based on total debt at the end of the respective period divided by total equity at the end of the respective period. Total debt represents lease liabilities as referred to in HKFRS 16 *Lease*. The Group's gearing ratio as at 30 June 2023 was approximately 14.9% (31 December 2022: approximately 4.6%).

Current Ratio

Current ratio is calculated based on the total current assets at the end of the respective period divided by the total current liabilities at the end of the respective period. As at 30 June 2023, the Group's current ratio was approximately 2.1 times (31 December 2022: approximately 3.1 times).

CAPITAL EXPENDITURES AND CAPITAL COMMITMENTS

The Group's capital expenditures amounted to approximately RMB230,000 for the Reporting Period (six months ended 30 June 2022: approximately RMB1,015,000), which were mainly expenditure on additions to properties, plant and equipment.

The Group has financed its capital expenditures primarily through the cash generated from operations and equity fundraisings.

As at 30 June 2023, the Group's capital commitments in respect of additions to property, plant and equipment amounted to approximately RMB109,000 (31 December 2022: Nil).

CHARGE ON ASSETS AND PLEDGE OF ASSETS

As at 30 June 2023, the Group did not have any charges on assets (31 December 2022: Nil) nor any of assets was pledged (31 December 2022: Nil).



MANAGEMENT DISCUSSION AND ANALYSIS

INTEREST RATE RISK

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to cash flow interest rate risk due to variable interest rates on bank balances. The Group currently does not use any financial instruments to hedge its exposure to interest rate risk. However, the Group monitors interest rate risk and will consider hedging significant interest rate risk if necessary.

FOREIGN EXCHANGE RISK

Most of the Group's revenue and expenses are denominated in RMB. Most of the Group's bank balances and cash are denominated in RMB and HK\$. The Group currently does not use any financial instruments to hedge its exposure to foreign exchange risk. However, the Group monitors foreign exchange risk and will consider hedging significant foreign exchange risk if necessary.

INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend for the Reporting Period (six months ended 30 June 2022: Nil).

SIGNIFICANT INVESTMENTS HELD

As at 30 June 2023, the Group did not have any significant investments.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group did not have any other immediate plans for material investments and capital assets as at 30 June 2023.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures for the Reporting Period.

CORPORATE GOVERNANCE AND OTHER INFORMATION

USE OF PROCEEDS FROM THE LISTING

The Shares were listed on the Main Board of the Stock Exchange on 15 July 2020 and 200,000,000 new Shares were issued in connection with the offering of the Shares, which comprised of, a public offering in Hong Kong of 20,000,000 Shares and a placing of 180,000,000 Shares, in each case at a price of HK\$1.25 per Share (the **“Share Offer”**).

Gross proceeds from the Share Offer amounted to HK\$250.0 million (equivalent to approximately RMB225.7 million). After deducting the underwriting fees and commissions and other expenses in connection with the Share Offer, net proceeds from the Share Offer amounted to approximately HK\$204.0 million. As stated in the Prospectus dated 30 June 2020, the Company intended to use the proceeds in the following manner:

- approximately 60.0% for the expansion of the provision of primary and secondary after-school academic education services and self-operated teaching centres network, through organic growth by expanding nationally and in particular in Zhengzhou, the PRC;
- approximately 30.0% for the expansion of geographic presence and scale of operations of the provision of primary and secondary after-school academic education services in the PRC, through strategic acquisitions or setting up joint ventures with quality primary and secondary after-school education services companies in other parts of the PRC; and
- approximately 10.0% for general working capital.

On 29 August 2022, the Board had resolved to change the use of the unutilised net proceeds to reallocate HK\$70.0 million of the unutilised net proceeds from the expansion of the provision of primary and secondary after-school academic education services and self-operated teaching centres network, through organic growth and HK\$55.1 million of the unutilised net proceeds from the expansion of geographic presence and scale of operations of the provision of primary and secondary after-school academic education services in the PRC through the strategic acquisitions or setting up joint ventures to (i) expansion in education business outside the PRC; (ii) expansion of education-related services, extracurricular programmes for personal attainment and vocational education through strategic acquisitions or setting up joint ventures; and (iii) expansion of education-related services, extracurricular programmes for personal attainment and vocational education through organic growth. The Board considered that the re-allocation of the unutilised net proceeds is in line with its adjusted business strategies of the Group to cope with the challenging regulatory environment in the PRC and to deploy its financial resources more efficiently for generating return to the Shareholders. For further details, please refer to the announcement of the Company dated 29 August 2022.

CORPORATE GOVERNANCE AND OTHER INFORMATION

As at 30 June 2023, the Group had utilised the net proceeds in the manner as set out in the table below:

Revised intended usage	Original allocation of net proceeds HK\$ million	Utilised net proceeds up to 29 August 2022 HK\$ million	Unutilised net proceeds as at 29 August 2022 HK\$ million	Revised allocation of unutilised net proceeds as at 29 August 2022 HK\$ million	Utilised net proceeds during the period from 29 August 2022 to 31 December 2022 HK\$ million	Utilised net proceeds for the Reporting Period HK\$ million	Unutilised net proceeds as at 30 June 2023 HK\$ million
Expansion of the provision of primary and secondary after-school academic education services and self-operated teaching centres network through organic growth	122.4	52.4	70.0	—	—	—	—
Expansion of geographic presence and scale of the provision of primary and secondary afterschool academic education services in the PRC through the strategic acquisitions or setting up joint ventures	61.2	6.1	55.1	—	—	—	—
Expansion in education business outside the PRC	—	—	—	60.0	56.3	1.4	2.3
Expansion of education-related services, extracurricular programmes for personal attainment and vocational education through strategic acquisitions or setting up joint ventures	—	—	—	50.0	14.4	1.1	34.5
Expansion of education-related services, extracurricular programmes for personal attainment and vocational education through organic growth	—	—	—	15.1	1.1	1.3	12.7
Working capital purposes	20.4	14.4	6.0	6.0	3.0	3.0	—
Total	204.0	72.9	131.1	131.1	74.8	6.8	49.5

It is expected that the unutilised net proceeds will be used according to the intended usage described above by the end of 2025. As disclosed in the announcement of the Company dated 29 August 2022, the Company expected to utilise the unutilised net proceeds by the end of 2023. As a result of the shift in the business focus of the Group, the Board considered to adopt a more prudent approach in promoting its business development and resolved to extend the expected timeline of the use of the unutilised net proceeds by the end of 2025.

CHANGES OF DIRECTORS AND DIRECTORS' INFORMATION

As disclosed in the announcement of the Company dated 13 February 2023, with effect from 13 February 2023, (i) Ms. Wang Yanxiao was appointed as an INED and a member of each of the Audit Committee, the Nomination Committee, the Remuneration Committee and the Investment Management Committee; (ii) Mr. Lui Siu Keung resigned as an INED and the chairman of the Audit Committee and a member of the Investment Management Committee; (iii) Mr. Li Gang resigned as an INED and a member of the Audit Committee, Nomination Committee, Remuneration Committee and Investment Management Committee; and (iv) Dr. Xie Xiangbing was appointed as the chairman of the Audit Committee.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors had entered into a service contract with the Company. Details of the service contracts mainly include: (i) a term of directorship for three years with effect from the date of appointment or re-election; and (ii) the contracts shall be terminated according to the terms of each contract.

Each of the non-executive Directors (including the INEDs) had signed a letter of appointment with the Company. Details of the letters of appointment mainly include: (i) a term of directorship for three years with effect from the date of appointment or re-election; and (ii) the contracts shall be terminated according to the terms of each contract.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2023, the Group had 215 employees (31 December 2022: 383). Total staff-related cost, including Directors' emoluments, was approximately RMB14.7 million for the Reporting Period (six months ended 30 June 2022: approximately RMB13.5 million).

The Group generally determines employees' compensation based on their qualification, experience, position and performance. The Group offers comprehensive compensation to employees, including salary and performance bonus, and the Group also provides training to employees. Pursuant to relevant laws and regulations in the PRC, the Group participates in various employee social security plans that are organised by applicable local municipal and provincial governments, including pension, medical, maternity, work-related injury and unemployment benefit plans. The Group also provided periodic training schemes to employees.

In addition, the Company has adopted the Share Option Scheme on 18 June 2020 and the Share Award Scheme on 14 December 2020 in order to recognise the contribution of the Group's employees, motivate, retain and recruit high-calibre employees and reward those who had valuable contribution to the Group.

CORPORATE GOVERNANCE AND OTHER INFORMATION

The number of Shares that may be issued in respect of options and awards granted under all schemes of the Company for the Reporting Period (being 80,000,000 Shares under the Share Option Scheme and 50,600,000 Shares under the Share Award Scheme) divided by the weighted average number of Shares of the relevant class in issue for the Reporting Period (being 800,000,000 Shares) is approximately 16.3%.

SHARE OPTION SCHEME

As at 1 January 2023 and 30 June 2023, 80,000,000 options could be granted under the Share Option Scheme. For the Reporting Period, no share option have been granted, exercised, cancelled or lapsed under the Share Option Scheme. As at 30 June 2023, no share option were outstanding under the Share Option Scheme.

Movements of the share options under the Share Option Scheme during the Reporting Period were as follows:

Number of share options					
Outstanding as at 1 January 2023	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at 30 June 2023
—	—	—	—	—	—

SHARE AWARD SCHEME

For the Reporting Period, no Award Share (six months ended 30 June 2022: Nil) was granted to eligible persons of the Share Award Scheme (“**Eligible Persons**”) pursuant to the Share Award Scheme.

For the Reporting Period, an aggregate of 720,000 Award Shares (six months ended 30 June 2022: 13,364,000 Award Shares) had lapsed, among which (i) an aggregate of 720,000 Award Shares (six months ended 30 June 2022: 2,652,000 Award Shares) lapsed as the relevant grantees under the Share Award Scheme ceased to be employees of the Group prior to the vesting of the Award Shares; (ii) no Award Share lapsed as the Group’s performance target was not met (six months ended 30 June 2022: an aggregate of 10,712,000 Award Shares lapsed as the Group’s performance target for the year ended 31 December 2021 was not met). The trustee of the Share Award Scheme will hold such lapsed Award Shares subject to further grants to be made by the Board in its discretion in accordance with the rules of the Share Award Scheme.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Movements of the Award Shares granted to the Eligible Persons pursuant to the Share Award Scheme during the Reporting Period were as follows:

Eligible Person	Position held within the Group/connected relationship	Date of Grant (Note 1 and Note 2)	Number of Award Shares					
			Outstanding as at 1 January 2023	Granted during the Reporting Period	Vested during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at 30 June 2023
1. Directors and their associates								
Zhang Hongjun	Executive Director, Chairman and CEO	14 January 2021	5,880,000	—	—	—	—	5,880,000
Shan Jingchao	Executive Director	14 January 2021	600,000	—	—	—	—	600,000
Jia Shuilin	Non-executive Director	14 January 2021	480,000	—	—	—	—	480,000
Sang Xinxiang	Head of remuneration department of human resources centre of the Group and spouse of a cousin of a Director	14 January 2021	900,000	—	—	—	—	900,000
2. Employees								
Employees		14 January 2021	4,200,000 (Note 4)	—	—	—	720,000 (Note 3)	3,480,000
Total			12,060,000	—	—	—	720,000	11,340,000

Notes:

- The grant was made at nil award price. The closing price per Share on 13 January 2021, being the date immediately before the date on which the Award Shares were granted, was HK\$0.97.
- Pursuant to the relevant grant letters, (i) 40% of the Award Shares shall vest on the first trading date upon expiry of seven days after the publication of the annual results announcement for the year ended 31 December 2021. As the Group performance target for the year ended 31 December 2021 was not met, such Award Shares were not vested on 7 April 2022 pursuant to the relevant grant letters and lapsed; (ii) 30% of the Award Shares shall vest on the first trading date upon expiry of seven days after the publication of the annual results announcement for the year ended 31 December 2022; and (iii) 30% of the Award Shares shall vest on the first trading date upon expiry of seven days after the publication of the annual results announcement for the year ended 31 December 2023. The Award Shares, being existing Shares to be purchased on the open market, will be held on trust for the grantees by the trustee which shall transfer the Award Shares to the grantees on the vesting dates and/or pay the net proceeds and/or pay the remaining actual selling price to the grantees in accordance with the scheme rules, if all the vesting conditions specified by the Board in the award letters issued to each grantee are satisfied or otherwise waived.
- An aggregate of 720,000 Award Shares lapsed as the relevant grantees ceased to be employees of the Group prior to the vesting of the Award Shares during the Reporting Period.
- Mr. Ma Wenhao resigned as an executive Director with effect from 25 April 2022 and 600,000 Award Shares reclassified from category "Directors and their associates" to category "Employees".



CORPORATE GOVERNANCE AND OTHER INFORMATION

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

There had been no purchase, sale or redemption by the Company or any of its subsidiaries of any listed securities of the Company during the Reporting Period.

CORPORATE GOVERNANCE

Save as disclosed below, in the opinion of the Directors, the Company has complied with the applicable code provisions contained in the Corporate Governance Code of Appendix C1 to the Listing Rules throughout the Reporting Period.

Pursuant to code provision C.2.1 of the Corporate Governance Code, the roles of chairman and the chief executive officer should be separate and should not be performed by the same individual. During the Reporting Period, Mr. Zhang Hongjun serves as both the Chairman and the CEO. With the extensive experience in the education industry, Mr. Zhang Hongjun is responsible for the overall strategic planning and daily management of the Group and is instrumental to the Group's growth and business expansion since the founding of the Group. The Board considers that vesting the roles of chairman and chief executive officer in the same person is beneficial to the management of the Group. The balance of power and authority is ensured by the operation of the senior management and the Board, both of which comprise experienced and high-calibre individuals. The Board currently comprises two executive Directors (including Mr. Zhang Hongjun), one non-executive Director and three INEDs and therefore has a fairly strong independence element in its composition.

The Directors believe that the Board is appropriately structured to provide sufficient checks and balance to protect the interests of the Company and the Shareholders. The Board will continue to review and monitor the operation of the Company with an aim of maintaining a high standard of corporate governance.

MODEL CODE FOR SECURITIES TRANSACTION BY DIRECTORS

The Company has adopted the Model Code set out in Appendix C3 to the Listing Rules as its own code of conduct regarding securities transactions conducted by the Directors. After making specific enquiry of all Directors, each of them has confirmed that they had complied with the required standards of dealing as set out in the Model Code throughout the Reporting Period.

COMPETITION AND CONFLICTS OF INTEREST

As at the date of this interim report, none of the Directors has, either directly or indirectly, an interest in a business which causes or may cause any significant competition with the business of the Group or has or may have any other conflicts of interest with the Group.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SECURITIES

As at 30 June 2023, the interests and short positions of the Directors and chief executive of the Company in Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or any interest or short positions which were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein, or any interests and short positions which are otherwise notified to the Company and the Stock Exchange, pursuant to the Model Code, were as follows:

Interest in the Company's Shares and underlying Shares

Name of Director	Capacity in which the interests are held	Number of Shares held (Note 1)	Approximate percentage of the issued share capital (%) (Note 2)
Zhang Hongjun	Interest in controlled corporation (Note 3)	272,100,000 (L)	34.01
	Beneficiary of a trust (Note 4)	5,880,000 (L)	0.74
Shan Jingchao	Beneficiary of a trust (Note 4)	600,000 (L)	0.08
Jia Shuilin	Beneficiary of a trust (Note 4)	480,000 (L)	0.06

Notes:

- The letter "L" denotes a long position.
- The calculation is based on the total number of 800,000,000 Shares in issue as at 30 June 2023.
- These Shares are held by Lucky Heaven. The entire issued share capital of Lucky Heaven is legally and beneficially wholly owned by Mr. Zhang Hongjun. Mr. Zhang Hongjun is deemed to be interested in Shares held by Lucky Heaven under Part XV of the SFO.
- Such interest represents the Award Shares granted to the respective Directors under the Share Award Scheme on 14 January 2021. Details are set out in the section headed "Share Award Scheme" above.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Interest in ordinary shares of associated corporations of the Company

Name of Director	Name of associated corporation	Capacity in which the interests are held	Number of shares held	Approximate percentage of the issued share capital (%)
Zhang Hongjun	Lucky Heaven	Beneficial owner	1	100.00
Zhang Hongjun	Dashan Training (Note 1)	Nominee shareholder whose shareholder's rights are subject to the contractual arrangements	13,562,500	42.04
		Interest in controlled corporation whose shareholder's rights are subject to the contractual arrangements (Note 2)	13,750,000	42.62
Shan Jingchao	Dashan Training (Note 1)	Nominee shareholder whose shareholder's rights are subject to the contractual arrangements	125,000	0.39

Notes:

1. Dashan Training is controlled through the contractual arrangements by, and is treated as a subsidiary of the Company.
2. These shares are held by Houde Education. The entire equity interests of Houde Education is legally and beneficially wholly-owned by Mr. Zhang Hongjun.

Save as disclosed, as at 30 June 2023, none of the Directors, chief executives of the Company or their respective associates had any interests or short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which: (a) were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) have to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SECURITIES

As at 30 June 2023, according to the register of interest in Shares and underlying shares of the Company and short positions kept by the Company pursuant to section 336 of Part XV of the SFO and so far as is known to or can be ascertained after reasonable enquiries by the Directors, the persons (other than the Directors or chief executives of the Company) who were directly or indirectly interested in 5% or more in the Shares and underlying shares of the Company are as follows:

Interests in the Company's Shares and underlying Shares

Name	Nature of interests	Number of Shares held (Note 1)	Approximate percentage of the issued share capital (%) (Note 2)
Lucky Heaven (Note 3)	Beneficial owner	272,100,000 (L)	34.01
INFINITE APEX ENTERPRISES LIMITED (Note 4)	Beneficial owner	223,960,800 (L)	28.00
Xi Wang (Note 4)	Interest in controlled corporation	223,960,800 (L)	28.00

Notes:

1. The letter "L" denotes a long position.
2. The calculation is based on the total number of 800,000,000 Shares in issue as at 30 June 2023.
3. Lucky Heaven is wholly-owned by Mr. Zhang Hongjun.
4. INFINITE APEX ENTERPRISES LIMITED is wholly-owned by Mr. Xi Wang.

Saved as disclosed above, as at 30 June 2023, the Company had not been notified by any person (other than the Directors and chief executives of the Company) who had 5% or more interests and/or short positions in the Shares or underlying shares of the Company that were required to be recorded in the register pursuant to section 336 of the SFO.

AUDIT COMMITTEE

The Company has established the Audit Committee with written terms of reference in accordance with Appendix C1 of the Listing Rules. The Audit Committee is primarily responsible for assisting the Board in reviewing and monitoring the financial reporting process, risk management and internal control systems of the Group, overseeing the audit process and performing other duties and responsibilities as may be assigned by the Board from time to time. The Audit Committee comprises three INEDs, namely Dr. Xie Xiangbing, Mr. Zhang Jian and Ms. Wang Yanxiao. Dr. Xie Xiangbing is the chairman of the Audit Committee.

The Audit Committee has reviewed the unaudited condensed consolidated financial statements for the Reporting Period of the Group. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company, auditing, internal control measures and financial reporting with senior management members.

AUDITOR

Deloitte Touche Tohmatsu (“**Deloitte**”) has tendered its resignation as the Auditor with effect from 22 May 2023. In its resignation letter, Deloitte referred to its letter dated 20 March 2023 to the Audit Committee setting out its concerns in relation to the commercial substance and business rationale of (i) certain payments totaling RMB100,000,000 in connection with software development services, (ii) a loan totaling RMB9,000,000 granted by the Group, and (iii) an acquisition of 45.74% equity interests in an entity in the UK with consideration of GBP5,800,000; and its concerns relating to the validity of training and advisory services revenue totaling RMB13,000,000 recorded by the Group.

The Board has resolved to appoint Zhonghui Anda as the new Auditor with effect from 25 May 2023 to fill the casual vacancy following the resignation of Deloitte. Zhonghui Anda shall hold office until the conclusion of the next annual general meeting pursuant to the Articles of Association.

SIGNIFICANT LEGAL PROCEEDINGS

For the Reporting Period and up to the date of this interim report, the Group had not been involved in any significant legal proceedings or arbitration and there are no significant legal proceedings or claims pending or threatened against the Group.

PUBLICATION OF INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This interim report will be dispatched to Shareholders upon request, and are available on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.dashanedu.com in due course.

APPRECIATION

We would like to thank the management of the Group and all the staff for their hard work and dedication, as well as Shareholders, business partners, students and their families, banks and Auditor for their trust and support to the Group throughout the period. We will continue our efforts to strengthen our business and improve returns to Shareholders.

By Order of the Board

Dashan Education Holdings Limited

Zhang Hongjun

Chairman and CEO

29 July 2024

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2023

		Six months ended 30 June	
	NOTES	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Revenue	5	20,568	9,874
Cost of sales and services rendered		(10,737)	(10,268)
Gross profit/(loss)		9,831	(394)
Other income	6	968	901
Other gains and losses, net	6	153	10,234
Selling and marketing expenses		(4,603)	(604)
Content and information technology development and training expenses		—	(956)
Administrative expenses		(22,029)	(10,276)
Share of results of associates		(3,947)	—
Finance costs	7	(247)	(229)
Loss before tax		(19,874)	(1,324)
Income tax credit	8	257	11
Loss and total comprehensive expense for the period	9	(19,617)	(1,313)
Loss and total comprehensive expense for the period attributable to:			
Owners of the Company		(21,026)	(827)
Non-controlling interests		1,409	(486)
		(19,617)	(1,313)
Loss per share	11		
— Basic and diluted (RMB cents)		(2.73)	(0.11)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	NOTES	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment	12	44,538	26,990
Investment properties		4,792	4,845
Goodwill	13	8,248	7,206
Interests in associates		42,000	—
Other intangible assets		11,280	7,070
Debt instruments at fair value through other comprehensive income ("FVTOCI")	25	—	7,712
Long-term deposits and prepayments	14	13,327	73,714
Rental deposits		1,226	195
		125,411	127,732
CURRENT ASSETS			
Inventories		165	236
Trade receivables	15	4,224	9,278
Financial asset at fair value through profit or loss ("FVTPL")	25	9,500	—
Prepayments, deposits and other receivables	16	60,657	27,827
Loan receivable	17	—	9,000
Bank balances and cash	18	80,317	94,961
		154,863	141,302
CURRENT LIABILITIES			
Other payables and accrued charges	19	20,359	26,586
Contract liabilities	20	42,326	15,372
Tax liabilities		123	114
Lease liabilities	21	9,424	3,875
		72,232	45,947
NET CURRENT ASSETS		82,631	95,355
TOTAL ASSETS LESS CURRENT LIABILITIES		208,042	223,087

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	NOTES	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited)
<hr/>			
NON-CURRENT LIABILITIES			
Lease liabilities	21	18,311	6,130
Deferred tax liabilities		3,065	1,767
		<hr/>	<hr/>
		21,376	7,897
		<hr/>	<hr/>
NET ASSETS		186,666	215,190
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Share capital		7,223	7,223
Reserves		188,263	209,289
		<hr/>	<hr/>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		195,486	216,512
Non-controlling interests		(8,820)	(1,322)
		<hr/>	<hr/>
TOTAL EQUITY		186,666	215,190
		<hr/>	<hr/>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

	Attributable to owners of the Company									
	Share capital	Share premium	Other reserve	Share held under the Share Award Scheme	Investment revaluation reserve	Capital surplus	Statutory surplus reserve	Accumulated losses	Total	Non-controlling interests
	RMB'000	RMB'000	RMB'000 (Note i)	RMB'000	RMB'000	RMB'000	RMB'000 (Note ii)	RMB'000	RMB'000	RMB'000
At 1 January 2022	7,223	237,106	32,260	(25,744)	(5,000)	1,443	13,365	(13,517)	247,136	(373)
Loss and total comprehensive expense for the period	—	—	—	—	—	—	—	(827)	(827)	(486)
Acquisition of a subsidiary	—	—	—	—	—	—	—	—	—	(502)
Capital contribution from non-controlling interests	—	—	—	—	—	—	—	—	—	230
Deregistration of a subsidiary	—	—	—	—	—	—	—	—	—	100
At 30 June 2022 (unaudited)	7,223	237,106	32,260	(25,744)	(5,000)	1,443	13,365	(14,344)	246,309	(1,031)
At 1 January 2023	7,223	237,106	32,260	(25,744)	(5,000)	1,443	13,365	(44,141)	216,512	(1,322)
Loss and total comprehensive expense for the period	—	—	—	—	—	—	—	(21,026)	(21,026)	1,409
Acquisition of subsidiaries (note 22)	—	—	—	—	—	—	—	—	—	(8,907)
At 30 June 2023 (unaudited)	7,223	237,106	32,260	(25,744)	(5,000)	1,443	13,365	(65,167)	195,486	(8,820)

Notes:

- i Amounts represent the transfer of the combined paid-in capital of the Consolidated Affiliated Entities (as defined in note 2) to the merger reserve upon the Company (as defined in note 1) became the holding company of the Consolidated Affiliated Entities which was effective from the date of Contractual Arrangements (as defined in note 2).
- ii Pursuant to the Articles of Association of each of the subsidiaries of the Company in the People's Republic of China ("PRC"), it requires the appropriation of 10% of its profit after tax determined under the relevant accounting principles and financial regulations applicable to companies established in the PRC each year to the statutory surplus reserve until the balance reaches 50% of the registered capital. The statutory surplus reserve shall only be used for making up losses, capitalisation into registered capital and expansion of the production and operation.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(unaudited)
OPERATING ACTIVITIES		
Loss before tax	(19,874)	(1,324)
Adjustments for:		
Bank interest income	(134)	(258)
Interest income from financial assets at FVTPL	(330)	—
Interest income from debt instruments at FVTOCI	—	(332)
Finance costs	247	229
Gain on disposal of property, plant and equipment	—	(283)
Depreciation of investment properties	53	53
Depreciation of property, plant and equipment (including right-of-use assets for buildings)	4,311	914
(Reversal of impairment loss)/impairment loss recognised on other receivables, net	(523)	834
Gain on derecognition of right-of-use assets and lease liabilities	—	(10,050)
Fair value gain on financial assets at FVTPL	(2,531)	—
Share of results of associates	3,947	—
Amortisation of other intangible assets	2,339	—
Loss on deemed partial disposal of an associate	4,372	—
Reversal of write-down for inventories	—	(141)
Unrealised foreign exchange gains	(821)	(713)
Operating cash flows before movements in working capital	(8,944)	(11,081)
Increase in prepayments, deposits and other receivables	(23,035)	(16,626)
Increase/(decrease) in contract liabilities	4,743	(31,380)
Other movements in working capital	(4,616)	(10,033)
Cash used in operations	(31,852)	(69,120)
Income tax paid	(73)	—
NET CASH USED IN OPERATING ACTIVITIES	(31,925)	(69,120)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(unaudited)
INVESTING ACTIVITIES		
Repayment of loan	9,000	—
Purchases of property, plant and equipment	(254)	(971)
Net cash inflows from acquisition of subsidiaries (note 22)	3,128	(230)
Bank interest received	134	258
Purchases of financial assets at FVTPL	(6,969)	—
Settlement of debt instruments at FVTOCI	7,666	—
Refund of deposits for proposed investments and acquisitions	10,000	—
Other investing cash flows	246	678
NET CASH FROM/(USED IN) INVESTING ACTIVITIES	22,951	(265)
FINANCING ACTIVITIES		
Payments of lease liabilities	(4,989)	(302)
Interest paid	(247)	(229)
Contribution from non-controlling interests	—	330
Repayment of bank borrowings	(1,000)	—
NET CASH USED IN FINANCING ACTIVITIES	(6,236)	(201)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(15,210)	(69,586)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	94,961	259,844
Effect of foreign exchange rate changes	566	(493)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD, represented by bank balances and cash	80,317	189,765

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

1. GENERAL INFORMATION

Dashan Education Holdings Limited (the “**Company**”) was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Act of the Cayman Islands on 30 November 2018 and its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 15 July 2020 (the “**Listing**”). The addresses of the Company’s registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands and the principal places of business in Hong Kong and PRC are Unit 3508, 35/F, Shun Tak Centre — West Tower, 168–200 Connaught Road Central, Sheung Wan, Hong Kong and 19th Floor, Guoxin Plaza, Crossroad of Zhongzhou Avenue and Minghong Road, Jinshui District, Zhengzhou, Henan Province, the PRC, respectively.

The principal activity of the Company is investment holding. The subsidiaries of the Company (together with the Company, collectively referred to as the “**Group**”) are principally engaged in the provision of (i) extracurricular programmes for personal attainment in arts, sports and dancing targeting children and teenagers; (ii) overseas education consultation services in the PRC; (iii) training services for teaching staff; and (iv) other consultancy services.

The ultimate and immediate holding company is Lucky Heaven International Limited, a limited company incorporated in the British Virgin Islands, which is controlled by Mr. Zhang Hongjun.

The condensed consolidated financial statements are presented in Renminbi (“**RMB**”), which is also the functional currency of the Company and most of its subsidiaries.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

2. BASIS OF PREPARATION

The condensed consolidated financial statements are unaudited and have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) as well as with the applicable disclosure requirements of the Listing Rules.

Going concern assessment

Given the Group changed its business model during 2022 and the new businesses are at beginning stage, the directors of the Company still have, at the time of approving the condensed consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue its operation for the foreseeable future. The directors of the Company consider that the Group is able to continue as going concern as the Group is in healthy liquidity position, with sufficient bank balances and cash held by the Company and its subsidiaries with direct or indirect equity interest. Accordingly, the Group continues to adopt the going concern basis of accounting in preparing the condensed consolidated financial statements.

Contractual arrangements

Due to regulatory restrictions on foreign ownership in the operation of educational institutions in the PRC, the Group conducts a substantial portion of its education business in the PRC through Zhengzhou Jinshui Dashan Technology Training Company Limited* (鄭州市金水區大山科技培訓有限公司) (“**Dashan Training**”) and its subsidiaries (collectively the “**Consolidated Affiliated Entities**”).

Zhengzhou Dashan Yunxiao Technology Company Limited* (鄭州大山雲效科技有限公司) (“**WFOE**”), a wholly-owned subsidiary of the Company, Dashan Training, Zhengzhou Jingguang Dashan Training School Company Limited* (鄭州京廣大山培訓學校有限公司) (“**Jingguang Dashan**”), a wholly-owned subsidiary of Dashan Training, and shareholders of Dashan Training entered into a series of contractual agreements (“**Contractual Arrangements**”) on 12 January 2020 which enable WFOE and the Group to:

- exercise effective financial and operational control over the Consolidated Affiliated Entities;
- exercise equity holders’ voting rights of the Consolidated Affiliated Entities;
- receive substantially all of the economic benefits generated by the Consolidated Affiliated Entities in consideration for the technical services, management support and consulting services necessary for the primary and secondary after-school education business and brand name licensing and advisory services business provided by WFOE;

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

2. BASIS OF PREPARATION (continued)

Contractual arrangements (continued)

- obtain an exclusive option to purchase all or part of the equity interests in the Consolidated Affiliated Entities directly and indirectly held by the shareholders of Dashan Training for the minimum amount of consideration permitted by the applicable PRC laws and regulations, under circumstances in which WFOE or its designated third party is permitted under PRC laws and regulations to own all or part of the equity interests of the Consolidated Affiliated Entities. In addition, the Consolidated Affiliated Entities are not allowed to, among others, distribute any reasonable return or other interest or benefit to the shareholders of Dashan Training without WFOE's prior written consent; and
- the shareholders of Dashan Training unconditionally and irrevocably pledged all of their equity interests in Dashan Training, respectively, to WFOE to guarantee the performance of, among others, the obligations of Dashan Training, the shareholders of Dashan Training and the Consolidated Affiliated Entities under the Contractual Arrangements.

The Company does not have any equity interest in the Consolidated Affiliated Entities. However, as a result of the Contractual Arrangements, the Company has power over the Consolidated Affiliated Entities, has rights to variable returns from its involvement with the Consolidated Affiliated Entities and has the ability to affect those returns through its power over the Consolidated Affiliated Entities and is therefore considered to have control over the Consolidated Affiliated Entities. Consequently, the Company regards the Consolidated Affiliated Entities as indirect subsidiaries pursuant to the Contractual Arrangements. The Group has consolidated the financial position and results of Dashan Training and its subsidiaries in the condensed consolidated financial statements.

* All of these entities are established in the PRC and the English names of these entities are translated from their respective registered Chinese names for identification purpose only.

The following balances and amounts of the Consolidated Affiliated Entities were included in the condensed consolidated financial statements:

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Revenue	16,113	8,603
Loss before tax	(12,232)	(29,450)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

2. BASIS OF PREPARATION (continued)

Contractual arrangements (continued)

	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited)
Non-current assets	57,112	45,547
Current assets	157,958	188,925
Current liabilities	172,144	180,650
Non-current liabilities	18,548	5,073

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

In the current interim period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2023. HKFRSs comprise Hong Kong Financial Reporting Standards (“HKFRS”); Hong Kong Accounting Standards; and Interpretations. The adoption of these new and revised HKFRSs 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 and prior periods.

The Group has not applied the new and revised HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs 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 30 June 2023

4. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

Other than additional accounting policies resulting from application of new and revised to HKFRSs as set out in note 3, the accounting policies and methods of computation used in the preparation of condensed consolidated financial statements for the current interim period are the same as those followed in the preparation of the consolidated financial statements of the Group for the year ended 31 December 2022.

5. REVENUE AND SEGMENT INFORMATION

Revenue

Disaggregation of revenue from contracts with customers is as follows:

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Tuition fees income		
— provision of academic education services	—	7,847
— provision of vocational education services	1,079	755
— provision of extracurricular programmes	13,095	232
— provision of training to teaching staff	538	—
Provision of overseas education consultation services	1,528	104
Provision of other consultancy services	3,475	—
Sales of books and teaching materials	316	418
Brand name licensing and related advisory services income	378	57
Others	159	461
	20,568	9,874
Timing of revenue recognition		
A point of time	1,844	522
Over time	18,724	9,352
Total	20,568	9,874

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

5. REVENUE AND SEGMENT INFORMATION (continued)

Revenue (continued)

The Group's tuition fees income consist of revenue generated from the provision of academic education services in the PRC (which was ceased completely in March 2022), the provision of vocational education courses, extracurricular programmes for personal attainment and training to teaching staff for educational institutions and schools in the PRC. Prepaid fee received for tutoring programs are initially recorded as contract liabilities, and revenue is recognised over time based on an output method because the participant simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs. Customers of education services usually settle the prepaid packages by cash or pay through third-party payment platforms.

Revenue from overseas education consultation services is recognised when the referral service has been provided and the student has enrolled in the overseas education institution or program. This is often the point at which the referral fee or commission is earned.

Revenue of sales of books and teaching materials is recognised when control of the goods has transferred on receipt by the customer. The general credit period granted to the customers is usually within 90 days from the date of billings.

Brand name licensing and related advisory services income, which is considered as a single performance obligation, is recognised over the relevant period of the agreements with independent third parties (the "**Contracted Parties**") in which the Group provides the services to facilitate the operation of their teaching centres. Contracted Parties are normally required to pay in advance of the consideration which is due upon the signing of relevant agreement.

Revenue derived from the provision of other consultancy services is recognised over the services period. Other consultancy services are mainly provided to parties who are engaged in education business in the PRC.

Segment information

Information reported to chief operating decision maker (i.e. the executive directors of the Company) (the "**CODM**"), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

5. REVENUE AND SEGMENT INFORMATION (continued)

Segment information (continued)

Specifically, the Group's operating and reportable segments under HKFRS 8 are as follows:

- the academic education segment, engages in the provision of primary and secondary after school academic education services in the PRC, which was ceased completely in March 2022.
- the extracurricular programmes segment, engages in the provision of extracurricular programmes for personal attainment in arts, sports and dancing target children and teenagers in the PRC.
- the overseas education segment, acting as an agent to provide overseas education consultation services.
- the training and consultancy segment, engages in the provision of training to teaching staff and other consultancy services for educational institutions, schools and other entities in the PRC.
- the "Others" segment, comprises, principally, brand name licensing and related advisory services, sales of books and materials, and the provision of vocational education services.

The accounting policies applied in determining segment revenue and segment results of the operating segments are the same as the Group's accounting policies. Segment results represent the profit/loss earned by each segment without allocation of central administrative costs, certain other income, other gains and losses, finance costs, share of results of associates and impairment loss/reversal of impairment loss recognised in respect of debt instruments at FVTOCI, loss on deemed partial disposal of an associate, fair value gain on financial assets at FVTPL.

No analysis of segment assets and segment liabilities is presented as such information are not regularly provided to the CODM for review.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

5. REVENUE AND SEGMENT INFORMATION (continued)

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segments:

	Academic education RMB'000 (unaudited)	Extra- curricular programmes RMB'000 (unaudited)	Overseas education RMB'000 (unaudited)	Training and consultancy RMB'000 (unaudited)	Others RMB'000 (unaudited)	Total RMB'000 (unaudited)
Six months ended 30 June 2023						
Segment revenue	—	13,095	1,528	4,013	1,932	20,568
Segment results	—	832	(264)	1,492	(3,521)	(1,461)
Foreign exchange gains, net						1,471
Unallocated other income						646
Unallocated corporate expenses						(15,018)
Reversal of impairment loss recognised in respect of debt instruments at FVTOCI						523
Fair value gain of financial assets at FVTPL						2,531
Share of results of associates						(3,947)
Loss on deemed partial disposal of an associate						(4,372)
Finance costs						(247)
Loss before tax						(19,874)
Six months ended 30 June 2022						
Segment revenue	7,847	232	104	—	1,691	9,874
Segment results	4,704	179	(653)	—	(194)	4,036
Foreign exchange gains, net						735
Unallocated other income						695
Content and information technology development and training expenses						(956)
Unallocated corporate expenses						(5,082)
Impairment loss recognised in respect of debt instruments at FVTOCI						(523)
Finance costs						(229)
Loss before tax						(1,324)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

5. REVENUE AND SEGMENT INFORMATION (continued)

Other segment information

	Academic education services RMB'000	Extra- curricular programmes RMB'000	Overseas education RMB'000	Training and consultancy RMB'000	Others RMB'000	Total RMB'000
Six months ended 30 June 2023						
Depreciation of property, plant and equipment	—	2,795	—	185	1,331	4,311
Depreciation of investment properties	—	—	—	—	53	53
Amortisation of other intangible assets	—	1,091	—	1,248	—	2,339
Reversal of impairment loss on other receivables, net	—	—	—	—	(523)	(523)
Six months ended 30 June 2022						
Depreciation of property, plant and equipment	111	142	1	—	660	914
Depreciation of investment properties	—	—	—	—	53	53
Impairment loss on other receivables, net of reversal	—	—	—	—	834	834
Gain on disposal of property, plant and equipment	—	(283)	—	—	—	(283)
Gain on derecognition of right-of-use assets and lease liabilities	(10,050)	—	—	—	—	(10,050)

Geographical information

The major operating entities of the Group are domiciled in the PRC. All of the Group's revenue are derived in the PRC for the six months ended 30 June 2023 and 2022.

As at 30 June 2023 and 2022, all of the Group's non-current assets are located in the PRC.

Information about major customers

During the current interim period, there were no revenue from customers contributing over total 10% of the total revenue of the Group (2022: nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

6. OTHER INCOME AND OTHER GAINS AND LOSSES, NET

Other income

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Bank interest income	134	258
Government grants	302	196
Interest income from financial asset at FVTPL	330	—
Interest income from debt instruments at FVTOCI	—	332
Rental income	73	86
Others	129	29
	968	901

Other gains and losses, net

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Foreign exchange gains	1,471	735
Reversal of impairment loss/(impairment loss) recognised on other receivables, net	523	(834)
Fair value gain on financial assets at FVTPL	2,531	—
Loss on deemed partial disposal of an associate	(4,372)	—
Gain on disposal of property, plant and equipment	—	283
Gain on derecognition of right-of-use assets and lease liabilities	—	10,050
	153	10,234

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

7. FINANCE COSTS

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Interests on:		
Lease liabilities	233	229
Bank borrowings	14	—
	247	229

8. INCOME TAX CREDIT

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Current tax:		
PRC Enterprise Income Tax	83	—
Deferred tax credit	(340)	(11)
Income tax credit	(257)	(11)

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

No provision for taxation in Hong Kong has been made as the Group's income neither arises in, nor is derived from Hong Kong.

Under the Law of the PRC on Enterprise Income Tax (the “**EIT Law**”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% (30 June 2022: 25%) for the period on their respective taxable profit, except for certain subsidiaries, which have been identified as the small and micro enterprises, and is entitled to a preferential tax rate of 5% for the six months ended 30 June 2023 and 2022.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

9. LOSS AND TOTAL COMPREHENSIVE EXPENSE FOR THE PERIOD

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Loss and total comprehensive expense for the period has been arrived at after charging/(crediting):		
Staff costs:		
Directors' remuneration	540	648
Other staff costs	13,015	11,890
Other staff's retirement benefits scheme contributions	1,184	969
	14,739	13,507
Staff subcontracting service fee	224	1,060
Reversal of write-down for inventories	—	(141)
Renting expenses including short-term leases and variable lease payments	1,205	90
Depreciation of investment properties	53	53
Depreciation of property, plant and equipment (included right-of-use assets for buildings)	4,311	914
Amortisation of other intangible assets	2,339	—
Cost of inventories sold	—	23

10. DIVIDEND

No dividends were declared, paid or proposed during the current interim period (six months ended 30 June 2022: nil). The directors of the Company have determined that no dividend will be paid in respect of the interim period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

11. LOSS PER SHARE

The calculation of basic and diluted loss per share attributable to the owners of the Company is based on the following data:

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Loss for the period attributable to owners of the Company	(21,026)	(827)
Number of shares:		
Weighted average number of ordinary share for the purpose of basic and diluted loss per share (note)	770,600,000	770,600,000

Note: The weighted average number of ordinary shares has been arrived at after deducting the shares held by the Group under Share Award Scheme.

No diluted loss per share for the six months ended 30 June 2023 and 2022 was presented as there were no potential ordinary shares in issue during the six months ended 30 June 2023 and 2022.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

12. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2023, the Group's additions to property, plant and equipment (excluding right-of-use assets for buildings) was RMB230,000 (six months ended 30 June 2022: RMB1,015,000).

During the six months ended 30 June 2023, the Group entered into several new lease agreements for the use of buildings for one to five years (six months ended 30 June 2022: one to four years). On lease commencement during the six months ended 30 June 2023, the Group recognised right-of-use assets of RMB14,394,000 (six months ended 30 June 2022: RMB6,286,000) and lease liabilities of RMB14,580,000 (six months ended 30 June 2022: RMB6,272,000).

During the six months ended 30 June 2022, right-of-use assets for buildings with a total carrying amount of RMB12,277,000 (Six months ended 30 June 2023: nil) and lease liabilities of RMB20,966,000 (Six months ended 30 June 2023: nil) were derecognised upon early termination of relevant leases.

13. GOODWILL

	RMB'000
COST	
At 31 December 2022 (audited) and 1 January 2023	7,206
Acquisition of subsidiaries (note 22)	1,042
At 30 June 2023 (unaudited)	8,248

The Group tests for impairment of goodwill annually and in the financial year in which the acquisition takes place, or more frequently if there are indications that goodwill might be impaired.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

14. LONG-TERM DEPOSITS AND PREPAYMENTS

	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited)
Deposits paid for leasehold improvements	1,691	1,667
Deposits paid for the proposed investment in an overseas education institution (Note (a))	11,636	61,047
Deposits paid for the acquisition of subsidiaries (Note (b))	—	1,000
Deposits paid for a proposed investment in an education fund (Note (c))	—	10,000
	13,327	73,714

Notes:

(a) The amount consists of:

- (i) deposits of RMB49,411,000 paid to existing shareholders of KSI Education Limited (“**KSI Education**”), a private company registered in England and Wales, for the proposed acquisition of 46.05% equity interests in KSI Education at a consideration of GBP5,800,000 (approximately RMB49,411,000). KSI Education and its subsidiaries (collectively “**KSI Group**”) are principally engaged in the provision of management and support services for independent school businesses in the United Kingdom. There are currently three independent schools managed by KSI Group. The above acquisition was completed in January 2023 and KSI Education become an associate of the Group.
- (ii) deposits of RMB11,636,000 paid to another existing shareholder of KSI Education for the proposed acquisition of its certain equity interests in KSI Education. Such proposed acquisition is currently put on hold and the Group is currently negotiating with that shareholder for the percentage of equity interests to be acquired and the refund of the excess deposits and related interest.

(b) Such deposit is paid for the proposed acquisition of 51% equity interests in Beijing Dancing Actor Culture Development Co., Ltd. (北京舞主角文化發展有限公司), which is established in the PRC and engaged in the provision of extracurricular programmes in Beijing, the PRC. The acquisition was completed in January 2023 (note 22) and the total consideration is RMB2,000,000.

(c) During the current Interim period, such proposed investment was called off and the deposits were fully refunded in June 2023.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

15. TRADE RECEIVABLES

	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited)
Training and consultancy services fee receivables	5,894	10,948
Less: impairment loss under expected credit losses ("ECL") model	(1,670)	(1,670)
	4,224	9,278

An ageing analysis of the trade receivables, net of impairment loss under ECL model, as at the end of the reporting period, based on the transaction date is as follows;

	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited)
0 to 30 days	1,392	9,278
61 to 90 days	1,095	—
91 to 180 days	1,737	—
	4,224	9,278

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

16. PREPAYMENT, DEPOSITS AND OTHER RECEIVABLES

Included in prepayments, deposits and other receivables as at 30 June 2023 are prepayments for software development project of RMB46,074,000 (30 June 2022: RMB24,074,000). During the year ended 31 December 2022, the Group engaged a software development company in the PRC to develop its own software to facilitate the online education business (the “**Education Software**”). The total contract sum is RMB100,000,000. Up to 31 December 2022, prepayments of RMB36,000,000 was made to the software development company, and further prepayments of RMB22,000,000 were made in January 2023. During the course of the software development project, the software development company provided status report to the Group on a monthly basis. Subsequently, in view of the then education situation which was still predominantly traditional offline education, the directors of the Company decided to terminate the software development project in August 2023. In September 2023, the Group and the software development company has entered into a termination contract and agreed to refund an aggregate amount of the prepayments made of approximately RMB46,074,000, being the prepayments made by the Group of RMB58,000,000 less the estimated value of the Education Software of approximately RMB11,926,000, prepared by an external valuer. The refunds were fully made to the Group in November 2023. The Group has charged the estimated value of the Education Software of RMB11,926,000 to the profit or loss during the year ended 31 December 2022.

17. LOAN RECEIVABLE

	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited)
Fixed-rate loan receivable	—	9,000

The loan receivable from an independent third party was denominated in Renminbi, bore fixed interest rate at 3% per annum and fully repaid during the current interim period. Pursuant to relevant loan agreement, the guarantor, an independent third party required to pay a deposit of HK\$10,000,000 (equivalent to approximately RMB9,000,000) to the Group as a guarantee deposit which bore no interest payable, which has been refunded upon the repayment of the loan.

18. BANK BALANCES AND CASH

Bank balances and cash comprise bank deposits, cash and bank balances held by the Group with original maturity of three months or less and carry interest at prevailing market rates ranging from 0.001% to 0.2% per annum (31 December 2022: 0.001% to 0.2% per annum).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

19. OTHER PAYABLES AND ACCRUED CHARGES

	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited)
Staff cost payables	1,478	1,368
Renovation cost payables	6,041	10,151
Refundable tuition deposits and other deposits	401	133
Other taxes payables	275	302
Deposit received for loan to a third party (note)	—	8,957
Consideration payables	486	486
Other payables	11,678	5,189
	20,359	26,586

Note:

During the year ended 31 December 2022, the Group granted a loan to an independent third party, amounted to RMB9,000,000 which bore interest rate of 3% per annum and repayable within one year. Pursuant to relevant loan agreement, the guarantor, an independent third party required to pay a deposit of HK\$10,000,000 (equivalent to approximately RMB9,000,000) to the Group as a guarantee deposit which bore no interest payable. The loan receivable was early settled during the current interim period and accordingly, the deposit received for loan to a third party was fully refunded upon the repayment of the loan.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

20. CONTRACT LIABILITIES

The following table provides information about contract liabilities from customers:

	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited)
Contract liabilities:		
— Tutoring fees and consultancy income	41,696	14,907
— Brand name licensing and advisory services income	630	465
	42,326	15,372

The contract liabilities relate to the advance consideration received from the students and the counterparties for contracts, for which revenue is recognised when the performance obligation is satisfied through service rendered.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

21. LEASE LIABILITIES

	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited)
Non-current	18,311	6,130
Current	9,424	3,875
	27,735	10,005
Minimum lease payment due:		
— within one year	9,798	3,982
— more than one year but not exceeding two years	8,098	3,163
— more than two years but not exceeding five years	10,499	3,036
— more than five years	93	—
	28,488	10,181
Less: future finance charge	(753)	(176)
Present value of lease liabilities	27,735	10,005
Present value of lease liabilities		
— within one year	9,424	3,875
— more than one year but not exceeding two years	7,875	3,114
— more than two years but not exceeding five years	10,343	3,016
— more than five years	93	—
	27,735	10,005

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

21. LEASE LIABILITIES (continued)

The Group leases various properties for provision of tutoring and consulting services and these lease liabilities were measured at the present value of the lease payments that are not yet paid.

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's treasury function.

The total cash outflows for leases including the payments of lease liabilities and interests for the six months ended 30 June 2023 were RMB5,222,000 (six months ended 30 June 2022: RMB531,000).

22. ACQUISITION OF SUBSIDIARIES

Acquisition of 51% equity interest of Beijing Dancing Actor Culture Development Co., Ltd.

In the early of January 2023, the Group acquired 51% of total equity interest of Beijing Dancing Actor Culture Development Co., Ltd. (北京舞主角文化發展有限公司) ("**Beijing Dancing Actor Culture**"), a company established in the PRC with limited liability and its subsidiaries at a total consideration of RMB2,000,000.

The transaction has been accounted for as a business combination using acquisition method. Upon completion of the acquisition, Beijing Dancing Actor Culture became an indirect non-wholly owned subsidiary of the Company. Beijing Dancing Actor Culture is principally engaged in the provision of extracurricular programmes, particularly for dancing courses, for personal attainment in the PRC. The directors of the Company are of the view that the acquisition will enable the Group to step further regarding the Group's plan in expanding and developing its business.

Acquisition-related costs were insignificant and have been recognised as an expense in the current year and included in the administrative expenses line item in the condensed consolidated statement of profit or loss and other comprehensive income.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

22. ACQUISITION OF SUBSIDIARIES (continued)

Acquisition of 51% equity interest of Beijing Dancing Actor Culture Development Co., Ltd. (continued)

The fair value of identifiable assets and liabilities of Beijing Dancing Actor Culture as at the date of acquisition were as follows:

	RMB'000
Property, plant and equipment	8,198
Interest in an associate	43
Intangible asset	6,549
Rental deposits	848
Other receivables	8,335
Bank balances and cash	4,128
Other payables and accrued charges	(2,952)
Contract liabilities	(22,211)
Bank borrowings — due within one year	(1,000)
Lease liabilities	(8,250)
Deferred tax liabilities	(1,637)
Net liabilities acquired	(7,949)
Cash consideration paid	2,000
Add: non-controlling interests	(8,907)
Add: net liabilities acquired	7,949
Goodwill arising on acquisition	1,042

None of the goodwill arising on these acquisitions is expected to be deductible for tax purposes.

The non-controlling interests (49%) recognised at the acquisition date was measured by reference to the proportionate share of recognised amounts of net liabilities of Beijing Dancing Actor Culture.

	RMB'000
Analysis of net inflows of cash and cash equivalents in respect of acquisition:	
Consideration paid during the current interim period	(1,000)
Bank balances and cash acquired	4,128
	3,128

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

23. SHARE-BASED PAYMENT TRANSACTIONS

Share Option Scheme

The Company adopted the Share Option Scheme on 18 June 2020. The terms of the Share Option Scheme are in accordance with the Chapter 17 of the Listing Rules. The purpose of the Share Option Scheme is to provide an incentive or a reward to eligible persons for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group or any entity in which the Group holds any equity interest. The total number of shares in respect of which options may be granted under the Share Option Scheme and any other share option schemes of the Group shall not exceed 80,000,000 shares, being 10% of the total number of shares in issue (assuming the over-allotment option is not exercised) as at 15 July 2020 unless the Group obtains the approval of the shareholders in general meeting for renewing the 10% limit.

A consideration of HK\$1 is payable on acceptance of the offer of grant of an option. Such consideration shall in no circumstances be refundable. An option may be exercised in whole or in part by the grantee (or his/her personal representative(s)) at any time before the expiry of the period to be determined and notified by the Board to the grantee which in any event shall not be longer than ten years commencing on the date of the offer letter and expiring on the last day of such ten-year period subject to the provisions for early termination as contained in the Share Option Scheme.

The Share Option Scheme will remain in force until 17 June 2030. During the six months ended 30 June 2023 and 2022, no options had been granted, exercised, cancelled or lapsed under the Share Option Scheme, nor were any options outstanding under the Share Option Scheme.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

23. SHARE-BASED PAYMENT TRANSACTIONS (continued)

Share Award Scheme

The Company has adopted the Share Award Scheme with effect from 14 December 2020 as means to recognise the contribution of the Group's employees, motivate, retain and recruit high-calibre employees and reward those who had made valuable contribution to the Group (the **"Selected Participants"**). Under the Share Award Scheme, the board of directors of the Company may grant shares to eligible employees, including directors of the Company and its subsidiaries.

The Company has set up a trustee (the **"Trustee"**) to administer and hold the Company's shares before they are vested and transferred to the Selected Participants. The Trustee may also purchase the Company's shares being awarded from the open market using cash contributed by the Company.

The Board may from time to time while the Share Award Scheme is in force and subject to all applicable laws, determine such vesting criteria and conditions or periods for the awards to be vested or credited. All of such vesting criteria and conditions (if any) and periods shall be set out in the relevant grant letter issued to each Selected Participant.

On 14 January 2021, the Group has granted an aggregate of 17,400,000 award shares to 52 employees and 12,600,000 award shares to four directors (the **"Grantees"**) under the Share Award Scheme at nil award price (the **"Grant"**). The award shares shall be satisfied by purchasing existing shares on the open market and shall be vested in the Grantees in the proportions of 40%, 30% and 30% on the first trading date upon expiry of seven days after the publication of the annual results announcement for the financial year ending 31 December 2021, 31 December 2022 and 31 December 2023, respectively, subject to certain conditions including the Group and individual performances.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

23. SHARE-BASED PAYMENT TRANSACTIONS (continued)

Share Award Scheme (continued)

No ordinary shares were repurchased by the Company through the Trustee during the current and prior interim periods.

During the current interim period, no award shares under Share Award Scheme (the “**Award Shares**”) (six months ended 30 June 2022: nil) was granted to the Selected Participants pursuant to the Share Award Scheme.

During the current interim period, 720,000 (six months ended 30 June 2022: 2,652,000) of the award shares had been lapsed as the relevant Grantees ceased to be employees of the Group prior to the vesting of the Award Shares. In the prior period, 10,712,000 of the Award Shares had been forfeited as the group performance target for the year ended 31 December 2021 was not met, 40% of the award shares granted to each Grantee will lapse according to the relevant grant letters.

As at 30 June 2023, the Trustee held 29,400,000 ordinary shares (31 December 2022: 29,400,000 ordinary shares) under the Share Award Scheme. As at 30 June 2023, the Group has no liabilities and there were no expense charged during the current interim period (30 June 2022: nil) in respect of Share Award Scheme since the Group’s performance target for the years ended 31 December 2022 and 2023 are not expected to meet.

24. OPERATING LEASE ARRANGEMENTS

The Group as lessor

All of the properties held for rental purposes have committed lessees for the next two years (31 December 2022: one year). Undiscounted lease payments receivable on leases are as follows:

	30 June 2023 RMB’000 (unaudited)	31 December 2022 RMB’000 (audited)
Within one year	162	11
In the second year	27	—
	189	11

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

25. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

The management of the Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values at the end of each reporting period based on discounted cash flow analysis.

Fair value measurement of financial instruments stated at fair value

Financial assets	Fair value at		Fair value hierarchy	Valuation technique and key inputs
	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (audited)		
Financial assets at FVTPL (Note a)	9,500	N/A	Level 2	Fair value of underlying investments Key inputs: N/A
Debt instruments at FVTOCI (Note a)	N/A	7,712	Level 3	Discounted cash flows Key inputs: 1. discount rate that reflects the credit risk of the financial institutions

Note:

- (a) The management of the Group considers that there is no material increase in the credit risk on debt instruments at FVTOCI and the financial asset at FVTPL for the current interim period and the risk of default is insignificant, and therefore no sensitivity analysis is presented.

There were no transfers between levels of the fair value hierarchy during the current interim period and the six months ended 30 June 2023 and 2022.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

25. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

(continued)

Reconciliation of Level 3 fair value measurements

	Debt instruments at FVTOCI RMB'000
At 1 January 2022	23,135
Exchange differences	623
At 30 June 2022 (unaudited)	23,758
At 1 January 2023	7,712
Exchange differences	(46)
Settled	(7,666)
At 30 June 2023 (unaudited)	—

26. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

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

	Six months ended 30 June 2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Short-term benefits	1,934	1,470
Post-employment benefits	65	57
	1,999	1,527

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

27. MAJOR NON-CASH TRANSACTIONS

During the current interim period, the Group has entered into the following major non-cash transactions:

- (a) Right-of-use assets for buildings with a total carrying amount of RMB14,394,000 (six months ended 30 June 2022: RMB6,286,000) and lease liabilities of RMB14,580,000 (six months ended 30 June 2022: RMB6,272,000) were recognised on commencement date of new leases entered into by the Group during the current interim period; and
- (b) Right-of-use assets for buildings with a total carrying amount of RMB12,277,000 (six months ended 30 June 2023: nil) and lease liabilities of RMB20,966,000 (six months ended 30 June 2023: nil) were derecognised during the six months ended 30 June 2022 upon termination of relevant leases.

28. EVENTS AFTER THE REPORTING PERIOD

In addition to those as disclosed in other notes to the condensed consolidated financial statements, the Group has the following significant events after the reporting period.

On 17 July 2023, the Group entered into a sale and purchase agreement relating to the acquisition of 60% equity interest of Jiangxi Hengxueyun Data Technology Co. Ltd. (江西恆學雲數據科技有限公司) and its subsidiaries from independent third parties at a consideration of RMB23,120,000. The acquisition was completed on the same date.

On 14 September 2023, the Group entered into a sale and purchase agreement relating to the disposal of 60% equity interest of Zhengzhou Zhongzhichuang Education Technology Company Limited (鄭州中之創教育科技有限公司) (formerly known as Henan Zhongzhichuang Education Information Consulting Company Limited (河南中之創教育信息諮詢有限公司)) to independent third parties, at a cash consideration of RMB1,300,000. The disposal was completed on the same date resulting loss on disposal of RMB140,000.

GLOSSARY

In this interim report (other than the condensed consolidated financial statements), unless the context otherwise requires, the following expressions shall have the meanings set out below:

“Articles of Association”	the articles of association of the Company, as amended from time to time
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Audit Committee”	the audit committee of the Board
“Auditor”	the auditor of the Company
“Award Shares”	award shares granted under the Share Award Scheme
“Board”	the board of Directors
“Chairman”	the chairman of the Board
“China” or “PRC”	the People’s Republic of China, which for the purpose of this interim report, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“CEO”	the chief executive officer of the Company
“Company”	Dashan Education Holdings Limited, a company incorporated in the Cayman Islands with limited liability, whose issued shares are listed on the Main Board of the Stock Exchange with stock code of 9986
“Company Secretary”	the company secretary of the Company
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Corporate Governance Code”	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules

“Dashan Training”	Zhengzhou Jinshui Dashan Technology Training Company Limited* (鄭州市金水區大山科技培訓有限公司) (formerly known as Zhengzhou Jinshui Dashan Training School Company Limited* (鄭州市金水區大山培訓學校有限公司), Zhengzhou Dashan Education Consultancy Company Limited* (鄭州大山教育諮詢有限公司) and Zhengzhou Dashan Education Technology Company Limited* (鄭州大山教育科技股份有限公司)), a company established in the PRC with limited liability on 30 December 2010
“Director(s)”	the director(s) of the Company
“GBP”	Great Britain Pound, the lawful currency of UK
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Houde Education”	Zhengzhou Houde Education Consultancy Company Limited* (鄭州市厚德教育諮詢有限公司), a company established in the PRC with limited liability on 25 March 2008, which is wholly-owned by Mr. Zhang Hongjun
“Independent Third Party(ies)”	third party(ies) who is/are independent of and not connected with the Company and its connected persons and not a connected person of the Company
“INED(s)”	the independent non-executive Director(s)
“Investment Management Committee”	the investment management committee of the Board
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

GLOSSARY

“Lucky Heaven”	Lucky Heaven International Limited, a Substantial Shareholder and a limited company incorporated in the British Virgin Islands, which is wholly owned by Mr. Zhang Hongjun, an executive Director, the Chairman and the CEO
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
“Nomination Committee”	the nomination committee of the Board
“Remuneration Committee”	the remuneration committee of the Board
“Reporting Period”	the six months ended 30 June 2023
“RMB”	Renminbi, the lawful currency of the PRC
“Prospectus”	the prospectus issued by the Company dated 30 June 2020
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share Award Scheme”	the share award scheme of the Company adopted on 14 December 2020
“Share Option Scheme”	the share option scheme of the Company adopted on 18 June 2020
“Shareholder(s)”	the holder(s) of the Share(s)
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the issued and unissued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Substantial Shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“UK”	the United Kingdom of Great Britain and Northern Ireland
“Zhonghui Anda”	Zhonghui Anda CPA Limited, the Auditor
“%”	per cent

* For identification purpose only