



EASTBUY

东方甄选

East Buy Holding Limited
東方甄選控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1797)

2024
INTERIM REPORT

EASTBUY

东 方 甄 选



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CORPORATE INFORMATION



BOARD OF DIRECTORS

Executive Directors

Mr. YU Minhong (俞敏洪), *Chairman and chief executive officer (appointed as chief executive officer and re-designated as an executive Director on 16 December 2023)*

Mr. YIN Qiang (尹強), *Chief financial officer*

Mr. SUN Dongxu (孫東旭) (*ceased to be chief executive officer and re-designated as a non-executive Director on 16 December 2023, and resigned as a non-executive Director on 22 December 2023*)

Non-executive Director

Ms. SUN Chang (孫暢)

Independent non-executive Directors

Mr. TONG Sui Bau (董瑞豹)

Mr. KWONG Wai Sun Wilson (鄺偉信)

Mr. LIN Zheyang (林哲瑩)

BOARD COMMITTEES

Audit committee

Mr. TONG Sui Bau, *Committee chairman*

Mr. KWONG Wai Sun Wilson

Mr. LIN Zheyang

Remuneration committee

Mr. LIN Zheyang, *Committee chairman*

Ms. SUN Chang

Mr. TONG Sui Bau

Nomination committee

Mr. YU Minhong, *Committee chairman*

Mr. TONG Sui Bau

Mr. LIN Zheyang

COMPANY SECRETARY

Mr. CHEUNG Kai Cheong Willie (*FCPA, FCCA*)

AUTHORISED REPRESENTATIVES

Mr. YIN Qiang

Mr. CHEUNG Kai Cheong Willie

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants
Registered Public Interest Entity Auditors

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEADQUARTERS

Level 18, South Wing
2 Haidian East Third Road
Haidian District
Beijing, China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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



LEGAL ADVISERS

As to Hong Kong Laws and United States Laws

Skadden, Arps, Slate, Meagher & Flom and affiliates

As to PRC Laws

Tian Yuan Law Firm

As to Cayman Islands Laws

Conyers Dill & Pearman

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited

PRINCIPAL SHARE REGISTRAR

Conyers Trust Company (Cayman) Limited

PRINCIPAL BANK

Bank of China (Hong Kong) Limited

STOCK CODE

1797

WEBSITE

ir.eastbuy.com

FINANCIAL HIGHLIGHTS



KEY FINANCIAL HIGHLIGHTS

	Six months ended 30 November 2023 RMB'000 (unaudited)	Six months ended 30 November 2022 RMB'000 (unaudited)	Change %
Revenue	2,795,046	2,080,073	34.4
Profit before tax	378,128	755,294	(49.9)
Income tax expenses	(128,937)	(170,001)	(24.2)
Profit for the period	249,191	585,293	(57.4)
Profit for the period attributable to:			
– Owners of our Company	249,191	585,293	(57.4)
– Non-controlling interests	–	–	–
Earnings/(Loss) per share:			
– Basic (RMB)	0.25	0.58	(56.9)
– Diluted (RMB)	0.23	0.55	(58.2)
Non-IFRS measure: Adjusted Profit⁽¹⁾	508,500	600,995	(15.4)
Non-IFRS measure: Adjusted EBITDA⁽²⁾	595,197	686,246	(13.3)

- (1) Adjusted Profit for the period represents profit for the period less (loss)/gain on fair value changes of financial assets at FVTPL plus share-based compensation expenses for the period.
- (2) Adjusted EBITDA (or earnings before interest, taxes, depreciation, and amortisation) represents profit for the period plus income tax expenses, share-based compensation expenses, finance costs, impairment losses recognised under expected credit loss model, net, depreciation of property and equipment, depreciation of right-of-use assets, less other income, gains and losses for the period.

BUSINESS OVERVIEW AND OUTLOOK



OUR BUSINESS

We have positioned ourselves as a private label products and livestreaming e-commerce platform that focuses on carefully selecting premium products for our customers, an outstanding product and technology company that continually provides as its core product agricultural products under our private label brand, “East Buy” (東方甄選), and a cultural communication company that provides customers with pleasant experience. Through the provision of high-quality products and services, the promotion of traditional Chinese culture and positive values, we hope to contribute and provide every customer and viewer with a better, healthier, and high-quality life.

Since 2021, we have expanded our businesses in private label products and livestreaming e-commerce and established “East Buy”, which has become a well-known online platform for selling top-quality and good value for money agricultural and other products. Not only does the platform offer an alternative channel for farmers and local companies to sell high-quality agricultural and other products to a broader customer base, it also provides consumers with a platform which offers a wide range of high-quality products with transparency in pricing. Leveraging our deep understanding of customers’ needs, we select quality agricultural and other products for our customers through our integrated supply chain management and diversified cooperation with various third parties. We create value for consumers by providing various private label products under the “East Buy” brand, which are designed to be healthy and high-quality with good value for money, including fresh food, juice, coffee, tea, bedding, etc. Through direct cooperation with producers and local enterprises, we aspire to promote quality products that have traditionally lacked sales channels and to improve the operational efficiency of the industry supply chain, so as to accelerate rural revitalisation and contribute long-term value to the relevant upstream and downstream industry.

Being consistent with our Company’s history, we continue to stand by a “customer-centric” long-term development strategy. Through innovative livestreaming activities and providing premium services, we provide our customers with a unique and entertaining shopping experience that involves the sharing of knowledge, wisdom and Chinese culture and history. We have an established team of talented livestreamers and have adopted a multi-channel strategy to reach a wider consumer base. We have set up various livestreaming channels, including East Buy Beautiful Life (東方甄選美麗生活) and East Buy Private Label (東方甄選自營產品) on Douyin (抖音), which focus on different product categories to continually create positive, unique and interesting content to attract and retain user viewership, while at the same time, promote traditional Chinese culture and share knowledge with consumers. During the six months ended 30 November 2023, we launched our livestreaming channel on Taobao (淘寶), Mini program (微信小程序) and our own APP. The “East Buy” brand has become increasingly prominent in the industry, quickly becoming synonymous with “quality, accessibility, and lifestyle culture” in China, particularly as related to agricultural and other daily necessities products, and thereby, our brand is gaining millions of loyal viewers/followers and returning customers.



The key operating metrics in livestreaming e-commerce business for the periods indicated are summarised below:

	For the six months ended 30 November 2023	For the six months ended 30 November 2022
Key operating data		
GMV (RMB) (billion) ⁽¹⁾	5.7	4.8
Number of followers on Douyin (million)	45.8	35.2
Number of paid orders on Douyin (million)	59.6	70.2

Note:

(1) Include the paid GMV from all sales channels such as Douyin, Taobao and our own APP, etc.

During the Reporting Period, we have also been operating a leading online learning and extracurricular education services platform in China with a portfolio of well-recognised brands known for high-quality content, with a notable specialty in online language learning and test preparation (“**Education Business**”).

On 21 November 2023, we announced a proposed disposal of our Education Business (comprising college education and institutional customers) (i.e. the Disposal). Following this Disposal, we have no current plans to operate online education business services. The Disposal was approved by independent Shareholders at the extraordinary general meeting of the Company on 18 January 2024 and as at the date of this report, the Disposal has not yet completed. Please see our announcements dated 21 November 2023 (in which we first announced the Disposal) and 18 January 2024 (on the poll results from the extraordinary general meeting held to consider the Disposal) and the Disposal Circular for more information.

Accordingly, during the Reporting Period, our Education Business represented a smaller percentage of our overall Group business. The student enrolments in the college education segment decreased from 315 thousand in the six months ended 30 November 2022 to 225 thousand in the six months ended 30 November 2023, while average spending per enrolment in the college education segment increased from RMB1,058 in the six months ended 30 November 2022 to RMB1,944 in the six months ended 30 November 2023.



BUSINESS DEVELOPMENTS

Our financial performance

We delivered a strong start to the financial year 2024, demonstrating resilience of our business model and the potential of our private label products and livestreaming e-commerce business. During the Reporting Period, the Company achieved solid revenue growth as we implemented a series of new initiatives to boost the development of private label products and upgrade our services to consumers. Total net revenues increased by 34.4% from RMB2.08 billion for the six months ended 30 November 2022 to RMB2.8 billion for the six months ended 30 November 2023. The net revenue from private label products and livestreaming e-commerce segment increased by 36.6% from RMB1.77 billion for the six months ended 30 November 2022 to RMB2.41 billion for the six months ended 30 November 2023. The adjusted net profit was RMB508.5 million for the Reporting Period as compared to RMB601.0 million in the first half of financial year 2023 and RMB488.3 million in the second half of financial year 2023.

Benefiting from domestic consumption recovery, a matured social infrastructure and China's long-standing historical and cultural heritage, we were able to launch a series of new high-quality products, new content and new livestreaming events. Despite being faced with higher customer demands and a complex and ever-changing market environment, we remained loyal to our "customer-centric" approach and were committed to providing high-quality products and premium experience for our consumers.

The "East Buy" brand has always regarded the quality of our products as the fundamental basis for our business success and growth, and the cornerstone of New Oriental's reputation over the past three decades. During the Reporting Period, we carried out a holistic, top-down, detailed optimising and upgrade of our product quality control measures. For example, for the quality control of the raw materials in our product offerings, we installed CCTV surveillance systems to monitor our raw material warehouse and core input process stages. At the same time, we have also set up a "one-shot" video shooting mode and ensure food safety and transparency in (i) the sourcing of our raw material production through a centralised unpacking system for raw materials, (ii) the traceability testing of raw material in upstream factories, and (iii) the monitoring and testing of each batch of production, so as to guarantee that the raw materials are of high-quality, are authentic and reliable, and that the production process meets our prescribed standards (which are set above industry standards). Furthermore, we understand that it is difficult to fully encapsulate the rigor and meticulousness involved in product quality inspections through text descriptions and data presentations. Therefore, through live-broadcasting events, we will also showcase our production line to provide consumers an opportunity to witness the production and quality inspection process of our products first-hand, so as to maintain a more transparent and trustworthy process.

Our supply chain management has horizontally expanded in FY2023, and during the Reporting Period, we have made a breakthrough achievement in our supply chain integration. We are already benefiting from having built an economy of scale with some of our popular products during the Reporting Period, and sales of each product reaching notably high levels in the industry. Leveraging off our competitive advantage in branding, business model and development pace, we have the ability to select the best manufacturers in the industry to collaborate with us in the long term, enabling us to request for more stringent adjustments in product design and quality control.



We have continued to improve and enhance our service capabilities. We have established and will continue to promote our membership system. With our increasing number of customers and increasing repurchase rate, we have introduced a membership plan in our APP, to effectively provide customers with more favorable products and more comprehensive membership services. Members can enjoy membership discounts or coupons during the year and earn loyalty points that can be used to offset cash payments. Based on our existing warehouse network layout in FY2023, we also further upgraded our storage capacity during the Reporting Period and expanded our warehouse network by the addition of warehouses in Qingdao, Kunshan and Xinjiang. As a result, deliveries under normal temperatures cover over 99% of China and cold chain deliveries cover over 97% of China. For express deliveries, we have cooperated with S.F. Holding Co., Ltd. and JD Logistics, Inc. to establish warehouses nationwide, including in Beijing, Xi'an, Guangzhou, Tianjin, Shanghai, Hangzhou, Nanjing and other cities, which has enabled us to achieve same-day or next-day express deliveries nationwide, thereby minimising the time needed for deliveries in transit and allows us to continually improve customer experience.

During the Reporting Period, we have continued to host provincial broadcast events nationwide with strong support of local cultural and tourism authorities. We have started to introduce cultural tourism products (文旅產品), incorporated history, culture, geography and folklore into our livestreaming e-commerce broadcasts to introduce and promote certain historical sites and monuments, tourist attractions and also local specialty products to our audience. Local products and brands that are less well-known but popular among locals can achieve nationwide publicity through livestreaming broadcast, which allows more consumers to enjoy different cuisines, and at the same time, allows audiences to tap into the culture of these local places and improve their understanding of local traditional cultures.

We believe that the key drivers for growth are advanced technological capabilities and continuous product innovation. During the Reporting Period, we have upgraded our APP by carefully selecting and optimising our product offerings and successfully, stably, and promptly launching various core business innovations and special features, including paid membership subscriptions, point and coupon system, cultural tourism products, new customer introduction incentive scheme, livestreaming gifts, etc. These special features have greatly improved user engagement and user adhesion, thereby providing an enriched and personalised shopping experience.

Further, we have built a more comprehensive organisational structure to support the rapid development of our new businesses, and recruited and cultivated more excellent talents in the professional field. As of 30 November 2023, the total number of personnel in our private label products and livestreaming e-commerce team reached 1,587, of which 643 personnels are dedicated to our supply chain and product team.

Our strategic positioning is clear and concise. In the future, we will continue to strive to become a livestreaming platform that focuses on carefully selecting premium products for our customers, an outstanding product and technology company that continually provides agricultural products as its core product under our private label, "East Buy", and a cultural communication company that provides customers with pleasant experience. We firmly believe in our mission of promoting public welfare and creating value for society.



As a result of our aspiration and insistence on creating values in the industry, we have attracted and retained a large group of talents, co-operators as well as followers and members. We have continued to expand our product selection and SKUs through the strong development of private labels. During the Reporting Period, the number of our private label products has exceeded 264. Our GMV for the six months ended 30 November 2023 reached RMB5.7 billion. While the GMV from Douyin represented a large majority of our GMV, the total number of paid orders from our third-party products and our private label products on Douyin for the six months ended 30 November 2023 has reached 59.6 million.

FUTURE OUTLOOK BEYOND THE REPORTING PERIOD

Disposal of the Education Business

As mentioned above, we announced on 21 November 2023 that the Company proposed to dispose all of its Education Business to its parent company, New Oriental. The Company has no present plans to operate online education business services following the Disposal. The Disposal is part of a broader business re-delineation of our parent group (of which we form part), to enable our parent company to focus on offline-merge-online education and to enable our Group to become a pure-play private label and livestreaming e-commerce operator. This will allow us to consolidate and concentrate our management and financial resources towards growing this business, which has already seen rapid growth and become the majority revenue generator for our Group. The Disposal was approved by independent Shareholders at the extraordinary general meeting of the Company on 18 January 2024 and as at the date of this report, the Disposal is still in progress and has not yet completed.

Future plans for the private label products and livestreaming e-commerce business

The Company will continue to adopt the multi-platform strategy in order to expand its reach for a wider consumer base and increase brand awareness and influence. With the Company's continuous enhancement of supply chain management capabilities and a richer product portfolio, we are able to expand our cooperation with more e-commerce platforms and fulfil the needs of target customers from different channels to develop the layout for our product portfolio, and ensure that consumers receive consistently high-quality products, brand experience and services through different channels. We believe that relying on our deep understanding of customers accumulated over the years, our ability to continually learn and our capability to cultivate popular live streamers, we will develop a series of suitable marketing strategies and events in the future to effectively expand our reach to new consumer groups and better meet their needs.



Going forward, we will focus our efforts in the following key areas:

- (a) Expanding our catalogue of products, strengthening our relationship with existing and new suppliers and farming businesses, and exploring new product categories and livestreaming topics that align with our aim of communicating Chinese culture, history and wellbeing to its viewers and connecting local producers/suppliers with a broader audience base.
- (b) Expanding our brand awareness and audience reach, including through community partnerships and local offline and broader online campaigns, to elevate the presence of “East Buy” (東方甄選) as the premium “go to” brand for quality products, knowledge and culture, and wellbeing across China.
- (c) Growing, retaining and continuing to foster our team of established and up-and-coming livestreaming talent, to deliver educational wisdom in an entertaining and inspirational manner to audiences, with the goal of distilling “simple to digest” information about Chinese culture, history, wellbeing and China’s agricultural industry to a broader audience.
- (d) Researching and developing new or improved technologies to support our online livestreaming and e-commerce business, to enhance the user experience for both livestreamers and viewers/consumers.

Product offerings

As an innovative company, we continue to stand by our “customer-centric” strategy, given our commitments to providing customers with healthy, delicious and cost-effective products. During the Reporting Period, we have continued to focus our efforts on our product offerings in the following key areas:

- (a) Solving product pain points for customers. We pay close attention to channel data and market feedback. For the development of new products, we strive to ensure product quality, while minimising unnecessary additions. We have strict protocols and safety requirements for pigment, preservatives and other additives, adhering to the principle of “unless it is necessary, less is more” (能不加就不加, 能少加就少加) to develop healthier and natural products for consumers. For our existing products, we will continually improve and optimize the user experience.
- (b) Acting in the interests of our customers. Based on our experience and data, and in-depth communication and cooperation with the manufacturers, we deepened our understanding of raw material trend, which in turn, achieves significant optimisation results in terms of cost saving. At the same time, we will strengthen quality control over the whole inspection process starting from raw materials to the finished products. The Company aims to provide better products at more affordable prices to customers.

Taking into account the market trend of a more conservative consumption pattern, going forward, we will focus on creating “hot-selling” products and strive to introduce new products with high cost performance and high repurchase rate with an attempt to break through the existing product cycle, and continue to increase the scope of SKUs.



Supply chain

We will continue to strengthen the layout and management of our upstream and downstream supply chains. Our control of the supply chain is not only reflected in our top-tier manufacturers and high standards, but also lies in the in-depth layout of our entire supply chain and strategic investments. In the future, we will increase our investments in the supply chain at the factory level, as a means to gain control over quality control measures, so that our production capacity can be more flexible, and reducing raw material and management costs. In addition, this will also allow us to fully return value to our consumers.

Customer services

We will continue to pursue our “customer centric” long-term development strategy. In order to continue to improve customer service experience, we not only provide price insurance for our private label products, but also implement the price insurance mechanism for products from third parties purchased from our different channels on Douyin. Whether purchasing private label products or third-party products, we always ensure that customers can enjoy high-quality service experience. In order to further improve logistics efficiency and ensure the supply of fresh, high-quality products, we will experiment with hosting front-end warehouses through cooperation with third-party logistics companies in first-tier cities such as Beijing in 2024. By hosting our front-end warehouses, we expect to achieve faster, more cost-effective shipping and complete the order-to-delivery process in two hours. We can also consolidate orders and package shipments, which will greatly improve our user experience. In terms of after-sales services, our overall responsiveness and reputation have been improved, and will continue to actively accept the constructive criticism and advice from consumers, draw inspiration and motivation from the needs of customers, and improve the quality of our products and services. We firmly believe that through sincere communication and interaction with our consumers, our East Buy brand will continue to experience tremendous growth.

MANAGEMENT DISCUSSION AND ANALYSIS



REVENUE

Our total revenues increased by 34.4% from RMB2.08 billion in the six months ended 30 November 2022 to RMB2.8 billion in the six months ended 30 November 2023.

Private label products and livestreaming e-commerce business

Revenue from our private label products and livestreaming e-commerce segment increased by 36.6% from RMB1.77 billion in the six months ended 30 November 2022 to RMB2.41 billion in the six months ended 30 November 2023, among which revenue from our private label products amounted to approximately RMB1.9 billion. During the Reporting Period, we have been working on strengthening the supply chain management system, expanding our product categories, and increasing the number of products and SKUs, especially our private label products.

College education

Revenue from our college education segment increased by 23.9% from RMB295.1 million in the six months ended 30 November 2022 to RMB365.7 million in the six months ended 30 November 2023. The increase was mainly due to improvement in marketing strategies and increase in brand exposure. The student enrolments in the college education segment decreased from 315 thousand in the six months ended 30 November 2022 to 225 thousand in the six months ended 30 November 2023.

Institutional customers

Revenue from our institutional customers decreased by 6.2% from RMB19.2 million in the six months ended 30 November 2022 to RMB18.0 million in the six months ended 30 November 2023. This was primarily due to the business adjustment in institutional customers segment.

COST OF REVENUE, GROSS PROFIT AND GROSS MARGIN

Our total cost of revenue increased by 55.0% from RMB1.1 billion in the six months ended 30 November 2022 to RMB1.7 billion in the six months ended 30 November 2023, primarily due to the increase in cost of inventories and shipping cost for private label products as a result of substantial growth in our business.

Our gross profit increased by 11.4% from RMB982.5 million in the six months ended 30 November 2022 to RMB1.1 billion in the six months ended 30 November 2023. Our gross profit margin decreased from 47.2% in the six months ended 30 November 2022 to 39.1% in the six months ended 30 November 2023, primarily due to the rapid development of our private label products and livestreaming e-commerce business.



Private label products and livestreaming e-commerce business

Cost of revenue for our private label products and livestreaming e-commerce segment was RMB1.6 billion in the six months ended 30 November 2023, compared to RMB1.0 billion in the six months ended 30 November 2022. Segment gross profit for our private label products and livestreaming e-commerce was RMB794.2 million in the six months ended 30 November 2023, compared to RMB749.8 million in the six months ended 30 November 2022, and the gross profit margin decreased from 42.5% in the six months ended 30 November 2022 to 32.9% in the six months ended 30 November 2023, mainly due to the increased proportion of revenue from private label products.

College education

Cost of revenue for our college education segment increased by 5.4% from RMB77.6 million in the six months ended 30 November 2022 to RMB81.8 million in the six months ended 30 November 2023, primarily due to the increase in staff costs.

Segment gross profit for our college education business increased by 30.6% from RMB217.5 million in the six months ended 30 November 2022 to RMB284.0 million in the six months ended 30 November 2023, and the segment profit margin increased from 73.7% in the six months ended 30 November 2022 to 77.6% in the six months ended 30 November 2023. This was primarily due to strong recovery in market demand and less low-price entry courses offering as a result of strong brand exposure.

Institutional customers

Cost of revenue for services to institutional customers decreased by 49.6% from RMB4.0 million in the six months ended 30 November 2022 to RMB2.0 million in the six months ended 30 November 2023, and the gross profit margin increased from 79.2% in the six months ended 30 November 2022 to 88.8% in the six months ended 30 November 2023.

OTHER INCOME, GAINS AND LOSSES

Our other income, gains and losses decreased by 48.1% from RMB121.3 million in the six months ended 30 November 2022 to RMB63.0 million in the six months ended 30 November 2023, primarily due to the decrease in exchange gain.

SELLING AND MARKETING EXPENSES

Our selling and marketing expenses increased by 145.6% from RMB227.8 million in the six months ended 30 November 2022 to RMB559.5 million in the six months ended 30 November 2023, primarily due to the increase in staff costs as we recruited and attracted more talents in private label products and livestreaming business operations.



RESEARCH AND DEVELOPMENT EXPENSES

Our research and development expenses increased by 56.5% from RMB48.3 million in the six months ended 30 November 2022 to RMB75.5 million in the six months ended 30 November 2023, primarily due to an increase in staff costs as we invested in the internet technology system and application for private label and livestreaming e-commerce business during the Reporting Period.

ADMINISTRATIVE EXPENSES

Our administrative expenses increased by 129.6% from RMB62.3 million in the six months ended 30 November 2022 to RMB142.9 million in the six months ended 30 November 2023, primarily due to the increase in share-based compensation expenses.

SHARE OF RESULT OF ASSOCIATES

Our share of profit of associates increased from a loss of RMB9.1 million in the six months ended 30 November 2022 to a gain of RMB1.9 million in the six months ended 30 November 2023, primarily due to the turnaround from loss to profit in Beijing Shidai Yuntu Book Co., Ltd. (北京時代雲圖圖書有限責任公司) and the change in Beijing Edutainment World Education Technology Co., Ltd. (北京寓科未來智能科技有限公司) as it ceased to be an associate of the Group from 1 June 2023.

INCOME TAX EXPENSES

Our income tax expenses were RMB128.9 million in the six months ended 30 November 2023, compared to RMB170.0 million in the six months ended 30 November 2022, primarily due to the increase in deferred tax during the Reporting Period.

NET PROFIT FOR THE PERIOD

As a result of the above, our net profit decreased from RMB585.3 million in the six months ended 30 November 2022 to RMB249.2 million in the six months ended 30 November 2023.

NON-IFRS MEASURES

To supplement our financial information presented in accordance with IFRS, we also use Adjusted Profit for the period and Adjusted EBITDA as non-IFRS measures, which are not required by, or presented in accordance with IFRS. We believe that these non-IFRS measures facilitate comparison of operating performance from period to period by eliminating potential impacts of items that our management does not consider to be indicative of our operating performance. We also believe these measures provide useful information to investors and others in understanding and evaluating our consolidated statements of profit or loss in the same manner as they have assisted our management. Please note, however, our presentation of Adjusted Profit and Adjusted EBITDA may not be comparable to similarly titled measures presented by other companies. The use of these non-IFRS measures has limitations as an analytical tool, and you should not consider it in isolation from, or as substitute for analysis of, our consolidated statements of profit or loss or financial condition as reported under IFRS.



We define Adjusted Profit for the period represents profit for the period less (loss)/gain on fair value changes of financial assets at FVTPL plus share-based compensation expenses for the period. We define Adjusted EBITDA as profit for the period plus income tax expense, share-based compensation expenses, finance costs, impairment losses recognised under expected credit loss model, net, depreciation of property and equipment, depreciation of right-of-use assets, less other income, gains and losses for the period.

The following table reconciles our net profit for the period to Adjusted Profit for the period:

	Six months ended 30 November 2023 RMB'000 (unaudited)	Six months ended 30 November 2022 RMB'000 (unaudited)
Reconciliation of our net profit for the period to Adjusted Profit:		
Net profit for the period	249,191	585,293
Less:		
(Loss)/gain on fair value changes of financial assets at FVTPL	(13,587)	13,007
Add:		
Share-based compensation expenses	245,722	28,709
Adjusted Profit for the period	508,500	600,995

The following table reconciles our profit for the period to Adjusted EBITDA for the period:

	Six months ended 30 November 2023 RMB'000 (unaudited)	Six months ended 30 November 2022 RMB'000 (unaudited)
Reconciliation of net profit for the period to Adjusted EBITDA:		
Net profit for the period	249,191	585,293
Add:		
Income tax expense	128,937	170,001
Share-based compensation expenses	245,722	28,709
Finance costs	1,213	923
Impairment losses recognised under expected credit loss model, net of reversal	1,600	112
Depreciation of property and equipment	10,811	9,301
Depreciation of right-of-use assets	20,716	13,168
Less:		
Other income, gain and losses	62,993	121,261
Adjusted EBITDA for the period	595,197	686,246



OTHER INFORMATION ABOUT OUR FINANCIAL PERFORMANCE

Liquidity and capital resources

During the Reporting Period, we met our cash requirements primarily from cash and cash equivalents and proceeds from the 2020 Subscription. We had cash and cash equivalents of RMB1.3 billion as at 30 November 2023 compared to RMB1.2 billion as at 31 May 2023 and RMB793.7 million as at 30 November 2022. We had term deposits of RMB991.5 million as at 30 November 2023, compared to RMB796.9 million as at 31 May 2023 and RMB743.5 million as at 30 November 2022. We also had financial assets (current) at FVTPL of RMB1.2 billion as at 30 November 2023, compared to RMB1.0 billion as at 31 May 2023 and RMB716.1 million as at 30 November 2022. Cash and cash equivalents were represented by bank balances and cash; and bank balances and cash comprised of cash and short-term deposits with an original maturity of three months or less. Financial assets (current) at FVTPL comprised of wealth management products.

During the Reporting Period, we primarily used cash to fund required working capital and other recurring expenses to support the expansion of our operations. Going forward, we believe that our liquidity requirements will be satisfied by using funds from a combination of internally generated cash and net proceeds from our 2020 Subscription.

As at 30 November 2023, our gearing ratio was 30.3%, compared with 27.8% as at 30 November 2022 and 27.2% as at 31 May 2023, calculated as total liabilities divided by total assets.

Capital expenditure

The following table sets forth our capital expenditure for the period indicated:

	Six months ended 30 November 2023 RMB'000 (unaudited)	Six months ended 30 November 2022 RMB'000 (unaudited)
Purchase of property and equipment	18,954	4,755

Our capital expenditures were primarily for purchases of property and equipment in the six months ended 30 November 2022 and 2023, respectively. Our purchases of property and equipment were RMB4.8 million and RMB19.0 million for the six months ended 30 November 2022 and 2023, respectively.

Off-balance sheet commitments and arrangements

As of 30 November 2023, we had not entered into any off-balance sheet transactions.

Future plans for material investments and capital assets

As of 30 November 2023, we did not have any other foreseeable plans for material investments and capital assets.



Material acquisitions and/or disposals of subsidiaries and affiliated companies

During the Reporting Period, we did not have any other material acquisitions and/or disposals of subsidiaries and affiliated companies.

Significant investments held

Save as disclosed above, the Group did not make or hold any significant investments (including any investment in an investee company with a value of 5% or more of the Group's total assets as of 30 November 2023) during the six months ended 30 November 2023.

Employees and remuneration policy

As at 30 November 2023, we had 1,785 full-time employees and 720 part-time employees (30 November 2022: 1,260 full-time employees and 410 part-time employees). The number of employees employed by the Group varies from time to time depending on needs and employees are remunerated based on industry practice.

Our success depends on our ability to attract, retain and motivate qualified personnel. The remuneration policy and package of the Group's employees are periodically reviewed. Apart from pension funds and in-house training programmes, discretionary bonuses, share awards and share options may be awarded to employees according to assessment of individual performance.

The total remuneration expenses, including share based compensation expense incurred by the Group for the six months ended 30 November 2023 was RMB624.8 million, representing a period-on-period increase of 167.7% from RMB233.4 million for the six months ended 30 November 2022.

Foreign exchange risk

Foreign exchange risk arises when commercial transactions or recognised assets and liabilities are denominated in a currency that is not the functional currency of our operating entities. We operate in the PRC with most of the transactions settled in RMB. During the Reporting Period, we had assets and liabilities denominated in United States dollars and Hong Kong dollars. We continuously monitor changes in currency exchange rates and will take necessary measures to mitigate exchange rate impact.

Indebtedness

During the Reporting Period, we did not incur any bank loan or other borrowings. Our Directors consider that we have adequate cash and capital resources considering our bank balances and cash, term deposits and our financial assets at FVTPL, wealth management products generated from our operating activities and the net proceeds from the share subscription to fund our operations and expansion, therefore, we do not plan to incur any borrowing in the 12 months from the date of this report.

Pledge of assets

As at 30 November 2023, none of our Group's assets were pledged.

Contingent liabilities

As of 30 November 2023, we did not have any material contingent liabilities.

OTHER INFORMATION



DISCLOSURE OF INTERESTS

Directors and chief executives

As at 30 November 2023, the interests and short positions of our Directors and the Company's chief executive in our Shares, underlying Shares and debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by our Company pursuant to Section 352 of the SFO, or as otherwise notified to our Company and the Stock Exchange pursuant to the Model Code are set out below. All interests disclosed represent long positions in Shares. Our Directors and the Company's chief executive do not hold any short positions in Shares.

Interest in our Shares

Name of Director or chief executive	Nature of interest	Relevant entity	Number of Shares interested	Approximate percentage of shareholding in our Company ⁽¹⁾
Mr. Sun Dongxu ⁽²⁾ ("Mr. Sun")	Beneficial owner		14,982,000	1.48%
Mr. Yu Minhong ⁽³⁾ ("Mr. Yu")	Beneficial owner		24,195,285	2.38%
	Interest in a controlled corporation	Tigerstep	27,182,832	2.68%
Ms. Sun Chang ⁽⁴⁾ ("Ms. Sun")	Beneficial owner		30,000	0.00%
	Interest in a controlled corporation	First Bravo	151,000	0.01%
Mr. Yin Qiang ⁽⁵⁾ ("Mr. Yin")	Beneficial owner		4,700,000	0.46%

Notes:

- (1) The percentages are calculated based on our Company's total number of issued shares, being 1,015,013,486 Shares, as at 30 November 2023.
- (2) These interests comprise: (i) 4,139,000 and 4,500,000 Shares that may be issued pursuant to an exercise of options granted to Mr. Sun under the Pre-IPO Scheme and 2019 Scheme, respectively; and (ii) 3,000,000 underlying Shares for the share awards granted to Mr. Sun under the 2023 Scheme. Mr. Sun was a Director during the Reporting Period and resigned from our Board on 22 December 2023.
- (3) These interests comprise: (i) 16,695,285 and 6,000,000 Shares that may be issued pursuant to an exercise of options granted to Mr. Yu under the Pre-IPO Scheme and 2019 Scheme, respectively; (ii) 1,500,000 underlying Shares for the share awards granted to Mr. Yu under the 2023 Scheme; and (iii) 27,182,832 Shares held through Tigerstep. Tigerstep is wholly owned by Mr. Yu. Through a trust arrangement, Mr. Yu, together with his family, holds beneficial interest in Tigerstep.



- (4) These interests comprise: (i) 30,000 underlying Shares for the share awards granted to Ms. Sun under the 2023 Scheme; and (iii) 151,000 Shares held through First Bravo Asia Limited ("**First Bravo**"). First Bravo is wholly-owned by Ms. Sun. Under the SFO, Ms. Sun is deemed to be interested in all of First Bravo's interests in our Company.
- (5) These interests comprise: (i) 2,100,000 Shares and 2,000,000 Shares that may be issued pursuant to an exercise of options granted to Mr. Yin under the Pre-IPO Scheme and 2019 Scheme, respectively; and (ii) 600,000 underlying Shares for the share awards granted to Mr. Yin under the 2023 Scheme.

Interest in our Controlling Shareholder

Name of Director or chief executive	Nature of interest	Total number of shares	Percentage of shareholding in New Oriental ⁽¹⁾
Mr. Yu ⁽¹⁾	Interest in a controlled corporation; beneficiary of a trust	199,072,160	12.0%

Note:

- (1) According to the best knowledge of our Directors and publicly available information of New Oriental accessed as at the end of the Reporting Period (being Schedule 13G/A filed with the SEC on 7 February 2024), this interest represents: (i) 165,235,000 common shares held by Tigerstep, a company wholly-owned by Mr. Yu, and (ii) 3,383,716 ADSs (each representing ten underlying shares of New Oriental), which consist of 3,315,054 ADSs held by Tigerstep and 68,662 ADSs held by Mr. Yu. The figures in the table represent new common shares. Tigerstep is wholly owned by Mr. Yu. Through a trust arrangement, Mr. Yu, together with his family, holds beneficial interest in Tigerstep.

Interest in our associated corporations (other than New Oriental)

Name of Director	Nature of interest	Associated corporation	Amount of registered capital (RMB)	Approximate percentage of shareholding in the associated corporation
Mr. Yu	Beneficial owner	Beijing Century Friendship Education Investment Co., Ltd. (" Century Friendship ") ⁽¹⁾	9,900,000	99%
	Interest in a controlled corporation	New Oriental Education & Technology Group Co., Ltd. (" New Oriental China ") ⁽¹⁾	50,000,000	100%
	Interest of controlled limited partnership	Huoguoosi Oriental New Venture Equity Investment Partnership (L.P.) (" New Venture ") ⁽²⁾	50,000,000	50%



Notes:

- (1) Century Friendship and New Oriental China are controlled through a series of contractual arrangements by, and are therefore treated as subsidiaries of New Oriental. Mr. Yu holds an 99% equity interest in Century Friendship, which in turn, holds the entire equity interests in New Oriental China. New Oriental China holds a 100% equity interest in, and has entered into contractual arrangements with, Beijing New Oriental Xuncheng Network Technology Inc. Under the SFO, Mr. Yu is deemed to be interested in all of Century Friendship's interests in New Oriental China.
- (2) New Venture is held by our Company as to more than 20%, and is held by New Oriental China as to 50%. Mr. Yu holds 99% equity interest in Century Friendship, which in turn, holds the entire equity interests in New Oriental China. Under the SFO, Mr. Yu is deemed to be interested in all of New Oriental China's interests in New Venture.

Substantial shareholders

As at 30 November 2023, as far as our Directors are aware, the following persons (other than our Directors and the chief executive of our Company) had interests or short positions in our Shares or underlying Shares of our Company as recorded in the register required to be kept by our Company pursuant to Section 336 of the SFO. All of the interests below represent long positions in shares. As far as our Directors are aware, none of the persons listed below held any short positions in Shares.

Name of Shareholder	Nature of interest	Number of ordinary shares	Approximate percentage of shareholding in our Company ⁽¹⁾
New Oriental	Beneficial interest	557,160,500	54.89%

Note:

- (1) The percentages are calculated based on our Company's total number of issued shares, being 1,015,013,486 Shares, as at 30 November 2023.

SHARE SCHEMES

Our Company has adopted three share schemes, the Pre-IPO Scheme, the 2019 Scheme (terminated on 9 March 2023) and the 2023 Scheme. See "Statutory and general information" of Appendix IV to the Prospectus for further details of the Pre-IPO Scheme and the 2019 Scheme, and the circular of our Company dated 21 February 2023 for further details of the 2023 Scheme.

30,000 new Shares, representing approximately 0.00% of the weighted average of issued share capital of the Company, may be issued in respect of all awards granted during the Reporting Period to eligible participants pursuant to the 2023 Scheme.



Pre-IPO Scheme

No further options were granted or maybe granted under the Pre-IPO Scheme following the Listing. Details of the movements of the options granted under the Pre-IPO Scheme are as follows:

Name or category of grantee	Date of grant	Vesting period	Exercise period	Number of options					Weighted average closing price of Shares immediately before the date of exercise during the Reporting Period (HK\$)	
				Exercise price (HK\$ per Share)	Outstanding as at 1 June 2023	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period		Outstanding as at 30 November 2023
Directors										
Mr. Yu	6 March 2019	Three years from Listing Date	From the commencement of the first vesting period to the day prior to the sixth anniversary of the Listing Date	8.88	16,695,285	Nil	Nil	Nil	16,695,285	Nil
Mr. Sun ⁽¹⁾	6 March 2019	Three years from Listing Date	From the commencement of the first vesting period to the day prior to the sixth anniversary of the Listing Date	8.88	4,139,000	Nil	Nil	Nil	4,139,000	Nil
Mr. Yin	6 March 2019	Three years from Listing Date	From the commencement of the first vesting period to the day prior to the sixth anniversary of the Listing Date	8.88	2,100,000	Nil	Nil	Nil	2,100,000	Nil
Other grantees in category										
Employee participants ⁽²⁾	6 March 2019	Three years from Listing Date	From the commencement of the first vesting period to the day prior to the sixth anniversary of the Listing Date	8.88	4,150,100	256,500	Nil	Nil	3,893,600	33.35
Total					27,084,385	256,500	Nil	Nil	26,827,885	

Notes:

- (1) Mr. Sun was a Director during the Reporting Period; Mr. Sun resigned from our Board on 22 December 2023 and continues to be a connected person of the Company (as a former Director who was on the Board within the past 12 months).
- (2) Employee participants as defined under the Listing Rules and excluding Mr. Yu, Mr. Sun and Mr. Yin as disclosed above, on individual basis.

Further details of movements in the Pre-IPO Scheme are set out in Note 21 to the condensed consolidated financial statements.

2019 Scheme

The 2019 Scheme was terminated on 9 March 2023. The Company shall not grant any further options under the 2019 Scheme after its termination. Any granted and unexercised options made under the 2019 Scheme before the termination shall continue to be valid and exercisable in accordance with the terms of the grant and the 2019 Scheme rules.

Details of the movements of the options granted under the 2019 Scheme are as follows:

Name or category of grantee	Role	Date of grant	Vesting period	Exercise period	Exercise price (HK\$)	Outstanding as of 1 June 2023	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as of 30 November 2023	Number of options	
											Weighted average closing price of the Share immediately before the date of exercise during the Reporting Period (HK\$)	Weighted average closing price of the Share immediately before the date of exercise during the Reporting Period (HK\$)
Mr. Yu	Non-executive Director and chairman of the Board ⁽¹⁾	15 November 2021	(1) One-third of the options to vest on the date immediately before the first anniversary of the date of grant;	Ten years from the date of grant	5.22	6,000,000	Nil	Nil	Nil	6,000,000	Nil	Nil
Mr. Sun	Executive Director ⁽²⁾	15 November 2021	(2) One-third of the options to vest on the date immediately before the first anniversary of the first vesting date; and		5.22	4,500,000	Nil	Nil	Nil	4,500,000	Nil	Nil
Mr. Yin	Executive Director	15 November 2021	(3) One-third of the options to vest on the date immediately before the first anniversary of the second vesting date.		5.22	2,000,000	Nil	Nil	Nil	2,000,000	Nil	Nil
Other grantees in category												
Employee participants ⁽³⁾		15 November 2021			5.22	27,962,810	890,276	262,668	304,912	26,504,954		34.90
Total						40,462,810	890,276	262,668	304,912	39,004,954		

**Notes:**

- (1) Mr. Yu has been redesignated as an executive Director on 16 December 2023.
- (2) Mr. Sun resigned from his position as Chief Executive Officer on 16 December 2023 and resigned as Director on 22 December 2023.
- (3) Employee participants as defined under the Listing Rules and excluding Mr. Yu, Mr. Sun and Mr. Yin as disclosed above, on individual basis.

Further details of movements in the 2019 Scheme are set out in Note 21 to the consolidated financial statements.

2023 Scheme

Maximum number of awards available for grant and new Shares available for issue under the scheme mandate

Scheme mandate and sub-limit

The total number of Shares that may be issued pursuant to all awards to be granted under the 2023 Scheme and awards to be granted under any other share schemes of the Company is initially set at 10% of the Shares in issue as at the adoption date of the 2023 Scheme, being 101,351,871 Shares (the “**Scheme Mandate**”). The total number of Shares that may be issued pursuant to all awards to be granted to Service Provider Participants under the 2023 Scheme is initially set at up to 2% of the Scheme Mandate, being 2,027,037 Shares (the “**Service Provider Sublimit**”).

The 2023 Scheme was adopted on 9 March 2023. During the Reporting Period, no new Shares were issued pursuant to the 2023 Scheme. Therefore, as at 1 June 2023 and 30 November 2023, 101,351,871 and 2,027,037 new Shares were available for issue under the Scheme Mandate and the Service Provider Sublimit, respectively.

Number of Shares underlying awards available for grant

The aggregate number of Shares underlying all grants made or to be made pursuant to the 2023 Scheme was 101,351,871. As at 1 June 2023, 70,976,871 Shares were available for grant under the 2023 Scheme. During the Reporting Period, 30,000 Shares underlying awards were granted under the 2023 Scheme, no share awards had been cancelled and 399,000 share awards had lapsed. It follows that, as at 30 November 2023, there were 71,345,871 Shares available for grant under the 2023 Scheme.

Details of grants

Details of the movements of share awards granted under the 2023 Scheme are as follows:

Name or category of grantee	Role	Date of grant	Vesting period	Exercise period	Issue price (HK\$)	Number of share awards							Weighted average closing price of Shares immediately before the date of vesting during the period (HK\$)	Performance targets of the share awards granted during the period ⁽⁷⁾	
						Unvested as at 1 June 2023	Granted during the Reporting Period	Vested during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Unvested as at 30 November 2023	Closing price of the Shares immediately before the date of grant during the Reporting Period (HK\$)			Fair value ⁽¹⁾ of the share awards at the date of grant during the Reporting Period (HK\$)
Mr. Yu	Non-executive Director and chairman of the Board ⁽²⁾	11 April 2023	(a) 33% will vest on each of the first and second anniversary of the date of grant; and (b) 34% will vest on the third anniversary of the date of grant	Ten years from the date of grant	Nil	1,500,000	Nil	Nil	Nil	Nil	Nil	1,500,000	Nil	Nil	Nil
Mr. Sun	Executive Director and chief executive officer ⁽³⁾	11 April 2023			Nil	3,000,000	Nil	Nil	Nil	Nil	Nil	3,000,000	Nil	Nil	Nil
Mr. Yin	Executive Director	11 April 2023	A total vesting period of 3 years from the date of grant ⁽⁴⁾		Nil	600,000	Nil	Nil	Nil	Nil	Nil	600,000	Nil	Nil	Nil
Ms. Sun	Non-executive Director	28 November 2023	One-third of the share awards shall vest on each anniversary of the date of grant		Nil	Nil	30,000	Nil	Nil	Nil	30.65	30,000	30.26	Nil	See note 5
Other grantees in category Employee Participants⁽⁵⁾		11 April 2023	A total vesting period of 3 years from the date of grant ⁽⁴⁾		Nil	25,214,000	Nil	Nil	Nil	Nil	Nil	24,815,000	Nil	Nil	Nil
Total						30,314,000	30,000	Nil	Nil	Nil	399,000	29,945,000			



Notes:

- (1) the fair value of the share awards granted during the period was determined based on the fair value of the ordinary shares of the Company on the date of grant. Further details of fair value measurement are set out in Note 3 and Note 21 to the consolidated financial statements.
- (2) Mr. Yu has been redesignated as an executive Director on 16 December 2023.
- (3) Mr. Sun resigned from his position as Chief Executive Officer on 16 December 2023 and resigned as Director on 22 December 2023.
- (4) a total vesting period of 3 years from the date of grant, and shall vest according to the following schedule: (i) between 20% to 50% of the total share awards granted will vest on the first anniversary of the date of grant; (ii) between 20% to 50% of the total share awards granted will vest on the second anniversary of the date of grant; and (iii) between 20% to 50% of the total share awards granted will vest on the third anniversary of the date of grant.
- (5) upon each vesting date, the portion of share awards eligible to vest will actually vest if Ms. Sun actively engages in the work of the Board, provides valuable input and advice, and ensures the effective and efficient functioning of the Board during the one year period prior to the vesting date. The scheme administrator may determine whether eligible but not actually vested share awards may vest based on factors including the overall financial position and operating conditions of the Group on each vesting date.
- (6) Employee Participants excluding Mr. Yu, Mr. Sun, Mr. Yin and Ms. Sun as disclosed above, on individual basis.

Further details of movements in the 2023 Scheme are set out in Note 21 to the consolidated financial statements.

EVENTS AFTER THE REPORTING PERIOD

With effect from 16 December 2023, Mr. Sun was dismissed from the position of Chief Executive Officer of the Company (“CEO”) and was re-designated from his position of executive Director to non-executive Director, and Mr. Yu Minhong (俞敏洪) was appointed as new CEO and was re-designated as an executive Director with effect from 16 December 2023. For details, please refer to the announcement of the Company dated 17 December 2023.

With effect from 22 December 2023, Mr. Sun resigned from his position as a non-executive Director. For details, please refer to the announcement of the Company dated 22 December 2023.

On 21 November 2023, we announced our proposal to dispose of our Education Business, with further details announced in the Disposal Circular. On 18 January 2024, The proposal was approved by our Shareholders at the extraordinary general meeting, with the poll results announced on the same date. As at the date of this report, the Disposal is still in progress and has not yet completed. Details of which are set out under the section headed “Future Outlook Beyond the Reporting Period” in this report.



On 24 November 2023, we announced a proposed issuance of subscription shares under specific mandate to our parent company, New Oriental, (i.e. the 2023 Subscription) with further details announced in our circular dated 19 January 2024. The proposal was subject to approval by our Shareholders at an extraordinary general meeting. On 31 January 2024, the Company and New Oriental jointly announced that both parties had entered into an agreement to terminate the 2023 Subscription, and the Company announced that the extraordinary general meeting that was originally scheduled for 7 February 2024 at 10 a.m. for the approval of the 2023 Subscription had been cancelled. For further details, please refer to the announcement of the Company dated 31 January 2024.

Save as disclosed above, no significant events affecting our Company have occurred since the end of the Reporting Period to the date of this report.

CORPORATE GOVERNANCE PRACTICES

Our Company was incorporated in the Cayman Islands on 7 February 2018 as an exempted company with limited liability, and our Shares were listed on the Main Board of the Stock Exchange on 28 March 2019.

We are committed to maintaining and promoting stringent corporate governance. The principle of our Company's corporate governance is to promote effective internal control measures and to enhance the transparency and accountability of the Board to all shareholders of our Company. During the Reporting Period, the Company has complied with all the applicable code provisions as set out in the Corporate Governance Code.

We will continue to regularly review and monitor our corporate governance practices to ensure compliance with the Corporate Governance Code, and maintain a high standard of corporate governance practices of the Company.

OUR DIRECTORS' COMPLIANCE WITH THE MODEL CODE

We have adopted the Model Code as the code of conduct regulating our Directors' dealings in our Company's securities. To the best of our Directors' knowledge and belief, all our Directors confirm that they have complied with the required standards set out in the Model Code during the Reporting Period.

AUDIT COMMITTEE

Our Board has established an Audit Committee in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code (as amended from time to time). The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal controls system (including risk management) of our Group, to review and approve connected transactions (as defined in the Listing Rules) and to provide advice and comments to the Board. The Audit Committee consists of three members: Mr. TONG Sui Bau (as the Audit Committee's chairperson), Mr. KWONG Wai Sun Wilson and Mr. LIN Zheyang.

The Audit Committee, together with our external Auditor, Deloitte Touche Tohmatsu, have reviewed our Group's unaudited condensed consolidated financial statements for the six months ended 30 November 2023. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by our Company and internal control measures with senior management members.



OTHER BOARD COMMITTEES

In addition to our Audit Committee, our Company has also established a nomination committee and a remuneration committee.

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

Save as disclosed in this report under the section "Net Proceeds from Share Subscription", neither our Company nor any of its subsidiaries purchased, sold or redeemed any of our Company's securities listed on the Stock Exchange during the Reporting Period.

MATERIAL LITIGATION

During the Reporting Period, our Company was not involved in any material litigation or arbitration; nor were our Directors aware of any material litigation or claims that were pending or threatened against our Company as at 30 November 2023.

INTERIM DIVIDEND

Our Board does not recommend the distribution of an interim dividend for the Reporting Period (six months ended 30 November 2022: nil).

CHANGES IN THE INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of Directors are set out below:

1. Mr. Yu Minhong (俞敏洪) was appointed as new CEO and was re-designated as an executive Director with effect from 16 December 2023; and
2. Mr. Sun was dismissed from the position of CEO and was re-designated from his position of executive Director to non-executive Director with effect from 16 December 2023, and he resigned from his position as a non-executive Director with effect from 22 December 2023.

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



NET PROCEEDS FROM SHARE SUBSCRIPTION

2020 Subscription

The 2020 Subscription was completed on 24 December 2020 and raised approximately HK\$1.783 billion in net proceeds. Subsequent to the 2020 Subscription, our Group had used the net proceeds from the 2020 Subscription in the manner and according to the intended uses set out in the circular of the Company dated 14 October 2020. On 21 January 2022, the Board has resolved to change the use of the remaining net proceeds as at the same date and the Group had used the net proceeds in accordance with the intended use as set out in the announcement of the Company dated 21 January 2022. We will continue to gradually utilise the net proceeds, in accordance with the table set out below, within three years from 21 January 2022.

The utilisation of the net proceeds for the six months ended 30 November 2023 are summarised as follows:

	Unutilised amount as at 1 June 2023	Utilised during the six months ended 30 November 2023	Remaining amount
<i>HK\$ million</i> ⁽¹⁾			
Sales and marketing	254.8	4.4	250.4
Technology infrastructure	3.9	–	3.9
Teachers and other business related staff	216.5	73.6	142.9
Working capital	202.6	20.9	181.7
Total	677.8	98.9	578.9

Notes:

- (1) The amounts "utilised during the six months ended 30 November 2023" are based on the exchange rate of HK\$1.0992:RMB1.
- (2) The figures presented in this table are approximations and subject to currency exchange rate fluctuation and rounding.

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



Deloitte.

德勤

To the Board of Directors of East Buy Holding Limited
(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of East Buy Holding Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 30 to 57, which comprise the condensed consolidated statement of financial position as of 30 November 2023 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
24 January 2024

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 NOVEMBER 2023

	NOTES	Six months ended 30 November	
		2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Revenue	4	2,795,046	2,080,073
Cost of revenue		(1,700,970)	(1,097,600)
Gross profit		1,094,076	982,473
Other income, gains and losses	6	62,993	121,261
Impairment losses recognised under expected credit loss model, net of reversal	17	(1,600)	(112)
Selling and marketing expenses		(559,529)	(227,816)
Research and development expenses		(75,539)	(48,253)
Administrative expenses		(142,926)	(62,259)
Share of results of associates		1,866	(9,077)
Finance costs		(1,213)	(923)
Profit before tax		378,128	755,294
Income tax expense	7	(128,937)	(170,001)
Profit and total comprehensive income for the period	8	249,191	585,293
Earnings per share			
– Basic (RMB)	9	0.25	0.58
– Diluted (RMB)	9	0.23	0.55

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 NOVEMBER 2023

	NOTES	30 November 2023 RMB'000 (unaudited)	31 May 2023 RMB'000 (audited)
Non-current Assets			
Property and equipment		40,302	34,057
Right-of-use assets	11	49,704	54,389
Interests in associates	12	71,305	138,423
Financial assets at fair value through profit or loss	13	142,982	102,576
Deposits for acquisition of property and equipment		2,706	569
Refundable rental deposits		4,703	2,743
Deferred tax assets		72,415	83,265
		384,117	416,022
Current Assets			
Inventories	14	359,754	140,952
Trade and other receivables	15	257,146	218,972
Prepayments		161,730	77,308
Financial assets at fair value through profit or loss	13	1,150,527	1,037,402
Term deposits	16	991,454	796,895
Restricted cash	16	93,291	250
Cash and cash equivalents	16	1,345,039	1,165,137
		4,358,941	3,436,916
Current Liabilities			
Lease liabilities		24,955	33,074
Contract liabilities	18	257,205	253,522
Refund liabilities		45,278	27,665
Trade payables	19	644,424	335,263
Accrued expenses and other payables		361,526	336,248
Income tax payables		79,082	43,057
		1,412,470	1,028,829
Net Current Assets		2,946,471	2,408,087
Total Assets less Current Liabilities		3,330,588	2,824,109
Capital and Reserves			
Share capital	20	131	131
Reserves		3,304,928	2,803,677
Total Equity		3,305,059	2,803,808
Non-current Liabilities			
Deferred tax liabilities		4,732	2,379
Lease liabilities		20,797	17,922
		25,529	20,301
Net Assets		3,305,059	2,803,808

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 NOVEMBER 2023



	Share capital RMB'000	Share premium RMB'000	Statutory reserve RMB'000	Translation reserve RMB'000	Share- based payments reserve RMB'000	Other reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 June 2022 (audited)	129	4,021,677	23,978	220	154,477	(140,767)	(2,418,706)	1,641,008
Profit and total comprehensive income for the period	-	-	-	-	-	-	585,293	585,293
Recognition of equity-settled share-based payments	-	-	-	-	28,709	-	-	28,709
Exercise of share options (Note 20)	1	52,036	-	-	(15,852)	-	-	36,185
At 30 November 2022 (unaudited)	130	4,073,713	23,978	220	167,334	(140,767)	(1,833,413)	2,291,195
At 1 June 2023 (audited)	131	4,149,495	97,692	(23)	218,414	(140,767)	(1,521,134)	2,803,808
Profit and total comprehensive income for the period	-	-	-	-	-	-	249,191	249,191
Recognition of equity-settled share-based payments	-	-	-	-	245,722	-	-	245,722
Exercise of share options (Note 20)	-	9,371	-	-	(3,033)	-	-	6,338
At 30 November 2023 (unaudited)	131	4,158,866	97,692	(23)	461,103	(140,767)	(1,271,943)	3,305,059

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 NOVEMBER 2023



	Six months ended 30 November	
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(unaudited)
NET CASH GENERATED FROM OPERATING ACTIVITIES	481,108	537,580
INVESTING ACTIVITIES		
Proceeds from disposal of financial assets at fair value through profit or loss	1,475,206	802,455
Purchases of financial assets at fair value through profit or loss	(1,573,340)	(1,154,000)
Proceeds on disposal of property and equipment	3	3
Interest received from term deposits	16,913	845
Purchase of property and equipment	(18,954)	(4,755)
Payments for rental deposits	(3,434)	(1,484)
Refund of rental deposits	1,564	604
Placement of term deposits	(867,819)	(176,283)
Withdrawal of term deposits	679,665	173,307
Placement of restricted cash	(35)	–
NET CASH USED IN INVESTING ACTIVITIES	(290,231)	(359,308)
FINANCING ACTIVITIES		
Proceeds from issuance of shares upon exercise of share options	6,338	35,866
Repayment of lease liabilities	(22,076)	(11,302)
NET CASH (USED IN)/FROM FINANCING ACTIVITIES	(15,738)	24,564
NET INCREASE IN CASH AND CASH EQUIVALENTS	175,139	202,836
CASH AND CASH EQUIVALENTS AT 1 JUNE	1,165,137	547,445
Effect of exchange rate changes	4,763	43,432
CASH AND CASH EQUIVALENTS AT 30 NOVEMBER	1,345,039	793,713



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 NOVEMBER 2023

1. GENERAL INFORMATION

East Buy Holding Limited (the “Company”) was incorporated as an exempted company with limited liability in the Cayman Islands on 7 February 2018 under the Companies law, Cap 22 (law 3 of 1961, as consolidated and revised) of the Cayman Islands. New Oriental Education & Technology Group Inc. (“New Oriental Group”) is the ultimate controlling shareholder of the Company.

The Company is an investment holding company. The principal activities of the Company and its subsidiaries (the “Group”) are operating livestreaming e-commerce business for sales of private label products to individual customers and provision of commission services. The Group provides online education services to college students and other occupational people in the People’s Republic of China (the “PRC”). The Group also provides education and related services to institutional customers such as public libraries and universities in the PRC.

The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) with effect from 28 March 2019.

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

2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting issued by the International Accounting Standards Board (the “IASB”) as well as with the applicable disclosure requirements of Appendix D2 (formerly Appendix 16) to the Rules Governing the Listing of Securities on the Stock Exchange.



3. 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, as appropriate.

Other than changes in accounting policies resulting from application of amendments to International Financial Reporting Standards (“IFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 November 2023 are the same as those presented in the Group’s annual financial statements for the year ended 31 May 2023.

Application of new and amendments to IFRSs

In the current interim period, the Group has applied the following new and amendments to IFRSs issued by the IASB, for the first time, which are mandatorily effective for the Group’s annual period beginning on or after 1 June 2023 for the preparation of the Group’s condensed consolidated financial statements:

IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	Insurance Contracts
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform – Pillar Two Model Rules

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



4. REVENUE

Disaggregation of revenue from contracts with customers

	Six months ended 30 November	
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Timing of revenue recognition		
At a point in time	2,414,115	1,779,621
Over time	380,931	300,452
Total	2,795,046	2,080,073
Type of customers		
Customers for private label products and livestreaming e-commerce	2,411,323	1,765,803
Students for online education service	365,742	295,103
Institutional customers for online education service	17,981	19,167
Total	2,795,046	2,080,073
Type of revenue		
Sales of products	1,865,607	1,088,838
Service revenue and others	929,439	991,235
Total	2,795,046	2,080,073

All revenues of the Group were generated from private label products and livestreaming e-commerce, online education services and other related services.

There were no adjustments or eliminations between the revenue from contracts with customers and the amount disclosed in the segment information.



5. SEGMENT INFORMATION

Information reported to the executive directors, being the chief operating decision maker (the “CODM”), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services provided.

Specifically, the Group’s reportable segments under IFRS 8 *Operating Segments* are as follows:

1. Private Label Products and Livestreaming E-Commerce – online live commerce with private label products sold to individual customers and commission services.
2. College Education – online education service targeted to college and above students and adults.
3. Institutional Customers – online education service provided to institutional customers.

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

For the six months ended 30 November 2023 (unaudited)

	Private Label Products and Livestreaming E-Commerce RMB’000	College Education RMB’000	Institutional Customers RMB’000	Total RMB’000
Revenue	2,411,323	365,742	17,981	2,795,046
Cost of revenue	(1,617,173)	(81,785)	(2,012)	(1,700,970)
Segment gross profit	794,150	283,957	15,969	1,094,076
Unallocated income and expenses:				
Other income, gains and losses				62,993
Impairment losses recognised under expected credit loss model, net of reversal				(1,600)
Selling and marketing expenses				(559,529)
Research and development expenses				(75,539)
Administrative expenses				(142,926)
Share of results of associates				1,866
Finance costs				(1,213)
Profit before tax				378,128



5. SEGMENT INFORMATION (Continued)

For the six months ended 30 November 2022 (unaudited)

	Private Label Products and Livestreaming E-Commerce RMB'000	College Education RMB'000	Institutional Customers RMB'000	Total RMB'000
Revenue	1,765,803	295,103	19,167	2,080,073
Cost of revenue	(1,015,993)	(77,614)	(3,993)	(1,097,600)
Segment gross profit	749,810	217,489	15,174	982,473
Unallocated income and expenses:				
Other income, gains and losses				121,261
Impairment losses recognised under expected credit loss model, net of reversal				(112)
Selling and marketing expenses				(227,816)
Research and development expenses				(48,253)
Administrative expenses				(62,259)
Share of results of associates				(9,077)
Finance costs				(923)
Profit before tax				755,294

Segment gross profit is the measure reported to the CODM for the purposes of resource allocation and performance assessment. Segment gross profit is gross profit earned by each segment and other income, gains and losses, impairment losses recognised under expected credit loss model, net of reversal, selling and marketing expenses, research and development expenses, administrative expenses, share of results of associates and finance costs are excluded from segment result.

Information of segment assets and liabilities and other segment information for reportable and operating segments are not provided to the CODM for their review. Therefore, no analysis of the Group's assets and liabilities and other segment information by reportable and operating segments are presented.

All of the Group's revenue were generated from external customers in the PRC during the six months ended 30 November 2023 and 2022. The Group's non-current assets excluding financial instruments and deferred tax assets are located in the PRC.

No goods or services provided to a single customer exceed 10% or more of the total revenue of the Group for the six months ended 30 November 2023 (six months ended 30 November 2022: nil).



6. OTHER INCOME, GAINS AND LOSSES

	Six months ended 30 November	
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Interest income	35,929	7,879
Government grants ⁽ⁱ⁾	30,948	–
(Loss)/gain on fair value changes of financial assets at fair value through profit or loss (“FVTPL”)	(13,587)	13,007
Net foreign exchange gain	8,817	96,617
Others	886	3,758
	62,993	121,261

Note:

- (i) Government grants amounted to RMB29,870,000 (six months ended 30 November 2022: nil) have been recognised for the subsidies relating to its local municipal business development during the six months ended 30 November 2023. The amounts have been recognised as other income, and there was no unfulfilled condition attached to these government grants in the period in which they were recognised.

7. INCOME TAX EXPENSE

	Six months ended 30 November	
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Current tax:		
PRC enterprise income tax	115,734	172,409
Deferred tax	13,203	(2,408)
	128,937	170,001

The Company was incorporated in the Cayman Islands. It is tax exempted under the tax laws of the Cayman Islands, as no business is carried out in the Cayman Islands. There was no material change of tax status of the Group during the six months ended 30 November 2023. Applicable tax rates of the Group's major subsidiaries are as follows.

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% during the six months ended 30 November 2023 (six months ended 30 November 2022: 25%).



7. INCOME TAX EXPENSE (Continued)

The Group's subsidiaries operating in the PRC are eligible for certain tax concessions. Under the EIT Law effective on 1 January 2008, the "High and New Technology Enterprise" (the "HNTE") status is valid for three years and qualifying entities can reapply for an additional three years provided their business operations continue to qualify for the HNTE status. In 2020, Beijing New Oriental Xuncheng Network Technology Inc. ("Beijing Xuncheng") renewed the certificate of the HNTE status and enjoy the preferential tax rate of 15% from calendar year 2020 to 2022. In 2020, Beijing Dexin Dongfang Network Technology Co., Inc. ("Dexin Dongfang") obtained the HNTE status and enjoy the preferential tax rate of 15% from calendar year 2020 to 2022. Both Beijing Xuncheng and Dexin Dongfang are in process of annual renewal of the HNTE. The directors of the Company consider Beijing Xuncheng and Dexin Dongfang can still be qualified upon the completion of annual renewal process and hence continue to enjoy the preferential tax rate of 15% for the six months ended 30 November 2023.

According to the EIT Law, qualified research and development expenses can be deducted at 175% of such expenses for income tax deduction purposes upon approval from the relevant tax authority. The State Taxation Administration of the PRC announced in September 2022 that enterprises that currently apply 175% deduction in qualified research and development expenses would be entitled to claim 200% of their qualified research and development expenses as super deduction from 1 October 2022 to 31 December 2022, and the implementation period was indefinitely extended as announced in March 2023.

The Group's subsidiaries operating in Hainan and Zhuhai are eligible for local tax concessions. According to the local tax policies, Hainan Haiyue Dongfang Network Technology Co., Ltd., Zhuhai Chongsheng Heli Network Technology Co., Ltd. and East Buy (Zhuhai) Tourism Culture Co., Ltd. which is established on 16 October 2023, subsidiaries of the Group, meet the relevant criteria and can enjoy a preferential tax rate of 15% during the six months ended 30 November 2023 (six months ended 30 November 2022: 15%).

8. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging the following items:

	Six months ended 30 November	
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Depreciation of property and equipment	10,811	9,301
Depreciation of right-of-use assets	20,716	13,168
Cost of inventories recognised as expenses	1,113,521	751,704
Share-based payment expenses	245,722	28,709



9. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share is based on the following data:

	Six months ended 30 November	
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Earnings:		
Earnings for the period attributable to owners of the Company for the purpose of calculating basic and diluted earnings per share	249,191	585,293

Number of shares:

	Six months ended 30 November	
	2023	2022
	(unaudited)	(unaudited)
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,014,522,650	1,003,695,178
Effect of dilutive potential ordinary shares:		
Share options and share awards	68,100,183	59,297,507
Weighted average number of ordinary shares for the purpose of diluted earnings per share	1,082,622,833	1,062,992,685

10. DIVIDENDS

No dividends were paid, declared or proposed during the six months ended 30 November 2023 (six months ended 30 November 2022: nil). The board of directors of the Company (the "Directors") has determined that no dividend will be paid in respect of the six months ended 30 November 2023 (six months ended 30 November 2022: nil).

11. MOVEMENTS IN RIGHT-OF-USE ASSETS

During the current interim period, the Group entered into several new lease agreements with lease terms ranged from 2 to 3 years (six months ended 30 November 2022: 2 to 3 years). On lease commencement date, the Group recognised right-of-use assets of RMB17,438,000 (six months ended 30 November 2022: RMB11,298,000) and lease liabilities of RMB17,193,000 (six months ended 30 November 2022: RMB11,172,000) after consideration of lease payments made at or before the commencement date.



12. INTERESTS IN ASSOCIATES

	30 November 2023 RMB'000 (unaudited)	31 May 2023 RMB'000 (audited)
Cost of investment in associates (Note 13)	69,672	172,470
Share of results and other comprehensive income	1,633	(7,106)
Impairment loss	–	(26,941)
	71,305	138,423

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 November 2023 RMB'000 (unaudited)	31 May 2023 RMB'000 (audited)
Non-current assets		
Financial assets at FVTPL		
– unlisted equity investments ^(a)	142,982	102,576
Current assets		
Financial assets at FVTPL		
– wealth management products ^(b)	1,150,527	1,037,402

- (a) Included in the equity investments as at 30 November 2023 are the Group's investments in ordinary shares with preferential rights of East Buy (Henan) Food Technology Co., Ltd. ("East Buy (Henan)") and Beijing Edutainment World Education Technology Co., Ltd. ("Edutainment World") which are established in the PRC and investments in preferred shares of EEO Education Technology Co., Ltd. ("EEO") which is incorporated in the Cayman Islands.

On 18 January 2023, Dong Fang You Xuan (Beijing) Technology Co., Ltd., one of the Company's subsidiaries, invested 30% ordinary shares with preferential rights in East Buy (Henan), a grilled sausages producer, for a total cash consideration of RMB17,527,000. With the preferential rights, the Group has the right to require the investee to redeem all of the shares held by the Group at a guaranteed predetermined fixed amount upon certain redemption events which are out of control of the investee. Hence, the investment is accounted for under IFRS 9 *Financial Instruments* and measured as financial assets at FVTPL.



13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

(Continued)

(a) (Continued)

The Group's previously investment in Edutainment World's equity interest was accounted for as investment in an associate using equity method. On 1 June 2023, the Group entered into a new shareholder agreement (the "Agreement") with Edutainment World and its other shareholders which included certain preferred rights such as redemption rights and liquidation preference. The management of the Group concludes that such ordinary shares with preferential rights are not substantively the same as ordinary shares under the Agreement and accounted for the investment in Educational World as financial assets at FVTPL. On 22 January 2024, the Group transferred the equity interest in Edutainment World to the founder of Edutainment World at a consideration of approximately RMB33 million.

During the six months ended 30 November 2023, the Group did not make any sales or purchases from EEO (six months ended 30 November 2022: nil).

During the six months ended 30 November 2023, the Group made purchases of products from East Buy (Henan) amounting to RMB76,593,000 (six months ended 30 November 2022: nil).

During the six months ended 30 November 2022, the Group made sales and purchases of products from Edutainment World amounting to RMB1,354,000 and RMB27,000 respectively (six months ended 30 November 2023: nil and nil).

(b) Wealth management products are purchased from various banks with expected rate of return ranging from 2.02% to 3.47% (31 May 2023: 2.17% to 3.00%) per annum, and maturity period ranging from 1 day to 365 days (31 May 2023: 1 day to 180 days) as at 30 November 2023. The principals and returns of these wealth management products are not guaranteed.

14. INVENTORIES

	30 November 2023 RMB'000 (unaudited)	31 May 2023 RMB'000 (audited)
Products	300,003	114,688
Products in transit	59,751	26,264
	359,754	140,952



15. TRADE AND OTHER RECEIVABLES

	30 November 2023 RMB'000 (unaudited)	31 May 2023 RMB'000 (audited)
Trade receivables	55,223	48,381
Less: allowance for credit losses	(12,006)	(10,454)
	43,217	37,927
Other receivables		
Receivables from third-party payment platforms	181,979	131,640
Others	31,950	49,405
Trade and other receivables	257,146	218,972

The credit terms granted to the institutional customers are within 90 days from the date of invoice.

The following is an analysis of trade receivables by age, presented based on the invoice date, net of allowance for credit losses:

	30 November 2023 RMB'000 (unaudited)	31 May 2023 RMB'000 (audited)
1 – 90 days	5,993	2,530
91 – 180 days	5,871	953
181 days – 365 days	1,780	33,995
over 365 days	29,573	449
	43,217	37,927



16. CASH AND CASH EQUIVALENTS, TERM DEPOSITS AND RESTRICTED CASH

Cash and cash equivalents

Cash and cash equivalents include demand deposits and short term deposits with an original maturity of three months or less for the purpose of meeting the Group's short term cash commitments, which carry interest at market rates ranging from 0.00% to 3.48% (31 May 2023: 0.00% to 3.90%) per annum as at 30 November 2023.

Restricted cash

Restricted cash represents cash received from consumers and deposited in a special bank account reserved for payments to merchants. As at 30 November 2023, such balances carry interest at a fixed rate of 0.2% per annum.

Term deposits

Term deposits represent fixed term deposits with commercial banks with an original maturity of over three months but within one year. As at 30 November 2023, term deposits carry interest at fixed rates ranging from 4.55% to 6.00% (31 May 2022: 2.00% to 5.51%) per annum.

17. IMPAIRMENT ASSESSMENT ON FINANCIAL ASSETS SUBJECT TO EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

	Six months ended 30 November	
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Impairment loss recognised in respect of:		
Trade receivables	1,600	112

The basis of determining the inputs and assumptions and the estimation techniques used in the condensed consolidated financial statements for the six months ended 30 November 2023 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 May 2023.



18. CONTRACT LIABILITIES

	30 November 2023 RMB'000 (unaudited)	31 May 2023 RMB'000 (audited)
Contract liabilities in relation to:		
Students for online education service	190,439	168,903
Membership fees	21,507	–
Membership points	16,839	58,741
Institutional customers for online education service	15,036	25,423
Others	13,384	455
	257,205	253,522

The following table shows the unsatisfied contracts at the end of the reporting period and the expected timing of recognising revenue.

	30 November 2023 RMB'000 (unaudited)	31 May 2023 RMB'000 (audited)
Expected to be recognised within one year		
Students for online education service	130,049	158,750
Membership fees	21,507	–
Membership points	16,839	58,741
Institutional customers for online education service	9,948	25,423
Others	13,384	455
Expected to be recognised over one year		
Students for online education service	60,390	10,153
Institutional customers for online education service	5,088	–
Total	257,205	253,522

19. TRADE PAYABLES

The following is an analysis of trade payables by age, presented based on the invoice date.

	30 November 2023 RMB'000 (unaudited)	31 May 2023 RMB'000 (audited)
1 – 90 days	577,240	237,918
91 – 180 days	42,935	88,553
181 days – 1 year	22,168	4,786
1 year – 2 years	1,380	2,374
> 2 years	701	1,632
	644,424	335,263

Included in trade payables, RMB14,132,000 as at 30 November 2023 (31 May 2023: RMB9,140,000) were amounts due to related parties (details as set out in Note 23), among which RMB7,795,000 (31 May 2023: RMB2,685,000) were aged 1-90 days, RMB5,196,000 (31 May 2023: RMB2,346,000) were aged 91-180 days, RMB1,091,000 (31 May 2023: RMB3,759,000) were aged 181 days-1 year, RMB50,000 (31 May 2023: RMB250,000) were aged 1 year-2 years, and no trade payables (31 May 2023: RMB100,000) were aged over 2 years based on the invoice date.

20. SHARE CAPITAL

Details of the movements of share capital of the Company are as follows:

Issued and fully paid	Number of ordinary shares	Par value per ordinary share		Share capital	
		US\$	RMB	US\$'000	RMB'000
At 1 June 2022	1,000,724,102			20	129
Exercise of share options ^(a)	5,065,354	0.00002	0.00014	–	1
At 30 November 2022 (unaudited)	1,005,789,456			20	130
At 1 June 2023	1,013,866,710			20	131
Exercise of share options ^(a)	1,146,776	0.00002	0.00014	–	–
At 30 November 2023 (unaudited)	1,015,013,486			20	131

- (a) As a result of exercise of share options, 1,146,776 ordinary shares were issued by the Company during the six months ended 30 November 2023 (six months ended 30 November 2022: 5,065,354 ordinary shares). Upon the exercise of share options, RMB9,371,000 (six months ended 30 November 2022: RMB52,036,000) was credited to share premium and RMB3,033,000 (six months ended 30 November 2022: RMB15,852,000) was debited to share-based payments reserve.



21. SHARE-BASED PAYMENTS

The table below sets forth share-based payments for share options and share awards:

	Six months ended 30 November	
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Share options	15,881	28,709
Share awards	229,841	–
	245,722	28,709

Pre-IPO Share Option Scheme

On 13 July 2018, the Directors approved an employee's share option plan (the "Pre-IPO Share Option Scheme") for the purpose of providing incentives to directors and eligible employees. The options will expire on 28 March 2025.

The table below discloses movement of the Company's share options under the Pre-IPO Share Option Scheme:

	Number of share options
Outstanding and exercisable as at 1 June 2022	35,911,985
Exercised during the period	(4,041,600)
Outstanding and exercisable as at 30 November 2022 (unaudited)	31,870,385
Outstanding and exercisable as at 1 June 2023	27,084,385
Exercised during the period	(256,500)
Outstanding and exercisable as at 30 November 2023 (unaudited)	26,827,885

The weighted average closing price of the Company's shares immediately before the dates on which the options were exercised was HK\$33.35 (equivalent to RMB30.42) during the six months ended 30 November 2023 (six months ended 30 November 2022: HK\$29.02 (equivalent to RMB25.46)).



21. SHARE-BASED PAYMENTS (Continued)

Post-IPO Share Option Scheme

On 30 January 2019, the Directors approved an employee's share option plan (the "Post-IPO Share Option Scheme") for the purpose of providing incentives to directors and eligible employees.

On 15 November 2021, the Company granted 48,441,590 options for the purpose of providing incentives to directors and employees, pursuant to the Post-IPO Share Option Scheme. For the share options granted, one third vested on the first anniversary of the grant date, one third vested on the second anniversary of the grant date, one third vested on the third anniversary of the grant date. The options will expire on 15 November 2031.

The table below discloses movement of the Company's share options under the Post-IPO Share Option Scheme:

	Number of share options
Outstanding as at 1 June 2022	45,994,093
Forfeited during the period	(673,965)
Exercised during the period	(1,023,754)
Outstanding as at 30 November 2022 (unaudited)	44,296,374
Outstanding as at 1 June 2023	40,462,810
Forfeited during the period	(304,912)
Cancelled during the period	(262,668)
Exercised during the period	(890,276)
Outstanding as at 30 November 2023 (unaudited)	39,004,954
Exercisable as at 31 May 2023	10,818,286
Exercisable as at 30 November 2023 (unaudited)	24,466,463

The Group recognised total expense of RMB15,881,000 during the six months ended 30 November 2023 in relation to share options granted under the Post-IPO Share Option Scheme (six months ended 30 November 2022: RMB28,709,000).

The weighted average closing price of the Company's shares immediately before the dates on which the options were exercised was HK\$34.90 (equivalent to RMB32.00) during the six months ended 30 November 2023 (six months ended 30 November 2022: HK\$40.10 (equivalent to RMB36.19)).



21. SHARE-BASED PAYMENTS (Continued)

2023 Scheme

On 20 February 2023, the Directors approved a new post-IPO share scheme (the “2023 Scheme”). The issue price of each share underlying the share awards upon vesting is nil. Each grant has a total vesting period of 3 years from the date of grant, and shall vest according to the following schedule upon certain performance conditions are met:

- (1) between 20% and 50% of the total share awards granted will vest on the first anniversary of the date of grant;
- (2) between 20% and 50% of the total share awards granted will vest on the second anniversary of the date of grant; and
- (3) between 20% and 50% of the total share awards granted will vest on the third anniversary of the date of grant.

On 11 April 2023, pursuant to the 2023 Scheme, the Company granted 30,459,000 share awards to 154 individuals including certain directors for the purpose of providing incentives to them. The fair value of the share awards granted was RMB775,132,000 based on the fair value of the ordinary shares of the Company on the date of grant.

On 28 November 2023, the Directors announced to grant 30,000 share awards to a non-executive director pursuant to the 2023 Scheme. The fair value of the share awards granted was RMB829,000 based on the fair value of the ordinary shares of the Company on the date of grant.

The movement of share awards granted under the 2023 Scheme is summarised as follows:

	Number of share awards
Outstanding as at 1 June 2023	30,314,000
Granted on 28 November 2023	30,000
Forfeited during the period	(399,000)
<hr/>	
Outstanding as at 30 November 2023 (unaudited)	29,945,000

The Group recognised total expense of RMB229,841,000 during the six months ended 30 November 2023 (six months ended 30 November 2022: nil) in relation to the share awards granted under 2023 Scheme of the Company.



22. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation techniques and inputs used) as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

Fair value hierarchy as at 30 November 2023 (unaudited)

	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets at FVTPL			
Unlisted equity securities	–	142,982	142,982
Financial assets at FVTPL			
Wealth management products	1,150,527	–	1,150,527

Fair value hierarchy as at 31 May 2023 (audited)

	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets at FVTPL			
Unlisted equity securities	–	102,576	102,576
Financial assets at FVTPL			
Wealth management products	1,037,402	–	1,037,402



22. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

Fair value of the Group's financial assets that are measured at fair value on a recurring basis (Continued)

Financial assets	Fair value		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)
	30 November 2023	31 May 2023			
	RMB'000 (unaudited)	RMB'000 (audited)			
<p>Wealth management products issued by banks classified as financial assets at FVTPL</p>	1,150,527	1,037,402	Level 2	Discounted cash flow – future cash flows are estimated based on contractual terms of the wealth management products and discounted at a rate that reflects the credit risk of the counterparties.	N/A
<p>Private equity investments classified as financial assets at FVTPL</p> <p>– 5.61% equity investment in EEO which engaged in development of computer platforms used in online education services</p>	84,952	85,049	Level 3	Income approach – discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of this investee, based on an appropriate weighted average cost of capital ("WACC").	<p>Long-term revenue growth rates, taking into account management's experience and knowledge of market conditions of the specific industries of 2.2% (Note I).</p> <p>WACC determined using a Capital Asset Pricing Model is 25% (Note I).</p> <p>Discount for lack of marketability, determined by reference to the share price of listed entities in similar industries is 25% (Note I).</p>
<p>Private equity investments classified as financial assets at FVTPL</p> <p>– 30% equity investment in East Buy (Henan) which is engaged in meat processing industry</p>	24,630	17,527	Level 3	Income approach – discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of this investee, based on an appropriate WACC.	<p>Long-term revenue growth rates, taking into account management's experience and knowledge of market conditions of the specific industries of 2.5% (Note II).</p> <p>WACC determined using a Capital Asset Pricing Model is 16% (Note II).</p> <p>Discount for lack of marketability, determined by reference to the share price of listed entities in similar industries is 21% (Note II).</p>

22. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

Fair value of the Group's financial assets that are measured at fair value on a recurring basis (Continued)

Financial assets	Fair value		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)
	Fair value as at 30 November 2023	Fair value as at 31 May 2023			
Private equity investments classified as financial assets at FVTPL	RMB'000 (unaudited)	RMB'000 (audited)	N/A	Level 3	Income approach – discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of this investee, based on an appropriate WACC.
- 22.02% equity investment in Edutainment World which is engaged in in education research, product development and education services	33,400				Long-term revenue growth rates, taking into account management's experience and knowledge of market conditions of the specific industries of 2.2% (Note III). WACC determined using a Capital Asset Pricing Model is 16% (Note III). Discount for lack of marketability, determined by reference to the share price of listed entities in similar industries is 20% (Note III).

Note 1: An increase in the long-term revenue growth rates used in isolation would result in an increase in the fair value of the private equity investments, and vice versa. A 1% increase/decrease in the long-term revenue growth rates holding all other variables constant would increase/decrease the carrying amount of the private equity investments by RMB167,000 as at 30 November 2023 (31 May 2023: RMB167,000).

An increase in WACC used in isolation would result in a decrease in the fair value of the private equity investments, and vice versa. A 3% increase/decrease in WACC holding all other variables constant would decrease/increase the carrying amount of the private equity investments by RMB1,045,000 as at 30 November 2023 (31 May 2023: RMB1,068,000).

An increase in the discount for lack of marketability used in isolation would result in a decrease in the fair value of the private equity investments, and vice versa. A 5% increase/decrease in the discount for lack of marketability holding all other variables constant would decrease/increase the carrying amount of the private equity investments by RMB5,664,000 as at 30 November 2023 (31 May 2023: RMB5,670,000).



22. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

(Continued)

Fair value of the Group's financial assets that are measured at fair value on a recurring basis (Continued)

Note II: An increase in the long-term revenue growth rates used in isolation would result in an increase in the fair value of the private equity investments, and vice versa. A 1% increase/decrease in the long-term revenue growth rates holding all other variables constant would increase/decrease the carrying amount of the private equity investments by RMB960,000 as at 30 November 2023.

An increase in WACC used in isolation would result in a decrease in the fair value of the private equity investments, and vice versa. A 3% increase/decrease in WACC holding all other variables constant would decrease/increase the carrying amount of the private equity investments by RMB4,110,000 as at 30 November 2023.

An increase in the discount for lack of marketability used in isolation would result in a decrease in the fair value of the private equity investments, and vice versa. A 5% increase/decrease in the discount for lack of marketability holding all other variables constant would decrease/increase the carrying amount of the private equity investments by RMB1,560,000 as at 30 November 2023.

Note III: An increase in the long-term revenue growth rates used in isolation would result in an increase in the fair value of the private equity investments, and vice versa. A 1% increase/decrease in the long-term revenue growth rates holding all other variables constant would increase/decrease the carrying amount of the private equity investments by RMB974,000 as at 30 November 2023.

An increase in WACC used in isolation would result in a decrease in the fair value of the private equity investments, and vice versa. A 3% increase/decrease in WACC holding all other variables constant would decrease/increase the carrying amount of the private equity investments by RMB5,012,000 as at 30 November 2023.

An increase in the discount for lack of marketability used in isolation would result in a decrease in the fair value of the private equity investments, and vice versa. A 5% increase/decrease in the discount for lack of marketability holding all other variables constant would decrease/increase the carrying amount of the private equity investments by RMB2,087,000 as at 30 November 2023.



22. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

(Continued)

Fair value of the Group's financial assets that are measured at fair value on a recurring basis (Continued)

The following table represents the reconciliation of level 3 fair value measurements of private equity investments during the six months ended 30 November 2023 and 2022.

	Six months ended 30 November	
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(unaudited)
At the beginning of the period	102,576	99,429
Transfer from interest in associates (Note 13)	68,984	–
Changes in fair value	(28,578)	7,536
At the end of the period	142,982	106,965

The total gains or losses for the period included an unrealised loss of RMB28,578,000 relating to private equity investments that are measured at fair value at the end of the reporting period (six months ended 30 November 2022: an unrealised gain of RMB7,536,000). Such gains or losses on fair value changes are included in "other income, gains and losses".

Fair value of the Group's financial assets and liabilities that are not measured at fair value on a recurring basis

The Directors consider that the carrying amounts of financial assets and financial liabilities at amortised cost recognised in the condensed consolidated financial statements approximate their fair values.



23. RELATED PARTY TRANSACTIONS

During the interim period, the Group entered into the following transactions with related parties:

	Relationships	Nature of transactions	Six months ended 30 November	
			2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
New Oriental Group	Controlling shareholder of the Company	Trade sales	19,706	15,344
		Trade purchases	19,320	22,750
Metropolis Holding (Tianjin) Co., Ltd. ("Metropolis Holding")	A company wholly owned by the Chairman of the Company	Interest expenses on lease liabilities	136	31
		Management fee expenses	87	102
Edutainment World ^(a)	Associate	Trade sales	-	1,354
		Trade purchases	-	27
Beijing Shidai Yuntu Book Co., Ltd. ("Shidai Yuntu")	Associate	Trade purchases	-	5

(a) Edutainment World ceased to be an associate of the Group from 1 June 2023 as detailed in Note 13.

The following balances represent outstanding balance with related parties at the end of the reporting period:

	Nature of balance	30 November	31 May
		2023 RMB'000 (unaudited)	2023 RMB'000 (audited)
New Oriental Group	Trade and other receivables	10,825	2,977
	Prepayments	367	2
	Trade payables	14,132	8,804
	Accrued expenses and other payables	11,024	13,165
	Contract liabilities	-	205
Metropolis Holding	Leases liabilities	5,325	6,283
	Trade and other receivables	-	623
	Prepayments	116	3
	Accrued expenses and other payables	-	165
Shidai Yuntu	Trade payables	-	236
Edutainment World	Trade and other receivables	-	797
	Trade payables	-	100



23. RELATED PARTY TRANSACTIONS (Continued)

Compensation of key management personnel

The remuneration of directors and other members of key management during the six months ended 30 November 2023 and 2022 are as follows:

	Six months ended 30 November	
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Short-term benefits	5,463	1,621
Retirement benefits	54	60
Equity-settled share-based expense	44,023	9,239
	49,540	10,920

The remuneration of directors and key executives is determined by the Directors having regard to the performance of individuals and market trends.

24. EVENTS AFTER THE END OF THE REPORTING PERIOD

On 21 November 2023, the Directors approved the proposed disposal of the education business (the "Disposal") to the Company's parent company, New Oriental Group. The Disposal is part of a business re-delineation by the New Oriental Group to more clearly separate its business lines and better align its business segments with the environment in which it operates. The consideration, an aggregate of RMB1.5 billion, was agreed by the parties after arm's length negotiations, with reference to an independent valuation. The consideration will be settled within 10 business days of the closing date, being 1 March 2024 or a date as otherwise agreed by all parties to the agreement. On 18 January 2024, the Disposal was approved by the shareholders in the extraordinary general meeting.

On 24 November 2023, the Company and New Oriental Group entered into a subscription agreement, pursuant to which New Oriental Group has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue to New Oriental Group 51,352,277 subscription shares at the subscription price of HK\$31.75 per share, for an aggregate subscription amount of RMB1.5 billion. This share subscription will be subject to approval by independent shareholders at the extraordinary general meeting of the Company to be held on 7 February 2024, and if approved, the share issuance for the subscription will be made under specific mandate.

DEFINITIONS



"2019 Scheme"	the post-IPO share option scheme of the Company adopted in January 2019, the terms of which are summarised in Appendix IV to the Prospectus
"2020 Subscription"	the subscription of an aggregate of 59,432,000 Shares by the Subscribers for a subscription price of HK\$30.00 per subscription share, which was completed on 24 December 2020, the further details of which are contained in the Company's circular dated 14 October 2020
"2023 Scheme"	the share incentive scheme of the Company adopted on 9 March 2023, a summary of the principal terms of which is set out in the Company's circular dated 21 February 2023
"2023 Subscription"	the subscription of 51,352,277 Shares by New Oriental for a subscription price of HK\$31.75 per subscription share, which was terminated by the Company and New Oriental on 31 January 2024 prior to obtaining approval by independent Shareholders at the extraordinary general meeting, the further details of which are contained in the Company's announcements dated 24 November 2023 and 31 January 2024 and circular dated 19 January 2024
"Adjusted EBITDA"	adjusted EBITDA (or earnings before interest, taxes, depreciation, and amortisation) represents profit for the period plus income tax expense, share-based compensation expenses, finance costs, impairment losses recognised under expected credit loss model, net, depreciation of property and equipment, depreciation of right-of-use assets, less other income, gains and losses for the period
"Adjusted Profit"	adjusted profit for the period represents profit for the period less (loss)/gain on fair value changes of financial assets at FVTPL plus share-based compensation expenses for the period
"ADS(s)"	each American depositary share represents ten underlying common shares of New Oriental
"Audit Committee"	the audit committee of the Board
"Board"	the board of Directors
"China" or "the PRC"	the People's Republic of China, and for the purposes of this interim report only, except where the context requires otherwise, excluding Hong Kong, the Macao Special Administrative Region of the People's Republic of China and Taiwan
"Company", "we", "us", or "our"	East Buy Holding Limited 東方甄選控股有限公司, an exempted company with limited liability incorporated under the laws of the Cayman Islands on 7 February 2018



“Consolidated Affiliated Entity”	an entity controlled by the Company through the contractual arrangements
“Controlling Shareholder”	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to New Oriental
“Corporate Governance Code”	the <i>Corporate Governance Code</i> as set out in Part 2 of Appendix C1 (formerly Appendix 14) to the Listing Rules, as amended from time to time
“Director(s)”	the director(s) of our Company
“Disposal”	a proposed disposal of our Education Business (comprising college education and institutional customers), details of which are set out in the Company’s announcements dated 21 November 2023 and 18 January 2024, and the Disposal Circular
“Disposal Circular”	the circular of our Company dated 28 December 2023
“Employee Participant(s)”	as defined in the 2023 Scheme rules, being an employee, director or officer of the Group on the date of grant
“FVTPL”	fair value through profit or loss
“FY2023”	the financial year ended 31 May 2023
“GMV”	gross merchandise volume
“Group” or “our Group”	the Company and its subsidiaries from time to time or, where the context requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“IFRS(s)”	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
“Listing Date”	28 March 2019
“Listing Rules”	the <i>Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited</i> , as amended, supplemented or otherwise modified from time to time



“Model Code”	The <i>Model Code for Securities Transactions by Directors of Listed Issuers</i> as set out in Appendix C3 (formerly Appendix 10) to the Listing Rules
“New Oriental”	New Oriental Education & Technology Group Inc., a company incorporated under the Laws of the Cayman Islands on 16 March 2006, which is dual listed on the New York Stock Exchange (NYSE: EDU) and the Stock Exchange (HKEX: 9901) and our Controlling Shareholder
“New Oriental Group”	New Oriental and its subsidiaries
“Pre-IPO Scheme”	share option scheme adopted by the Company on 13 July 2018 and subsequently amended on 29 September 2018
“Prospectus”	the prospectus of our Company dated 15 March 2019 issued in relation to the listing of our Shares on the Main Board of the Stock Exchange
“Reporting Period”	the six months ended 30 November 2023
“RMB” or “Renminbi”	Renminbi, the lawful currency of China
“SFO”	<i>Securities and Futures Ordinance</i> (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) in the share capital of our Company currently with a par value of US\$0.00002 each
“Shareholder(s)”	holder(s) of our Share(s)
“SKU”	stock-keeping units
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscribers”	New Oriental Group and Tigerstep
“Tigerstep”	Tigerstep Developments Limited, a company incorporated under the Laws of the British Virgin Islands, and a connected person of the Company
“subsidiary” or “subsidiaries”	has the meaning ascribed to it in the Listing Rules and includes consolidated affiliated entities controlled
“United States” or “U.S.”	United States of America, its territories, its possessions and all areas subject to its jurisdiction
“US\$”	United States dollars, the lawful currency of the United States
“%”	per cent