CHINA YUHUA EDUCATION CORPORATION LIMITED
中国宇华教育集团有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 6169)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 AUGUST 2017

HIGHLIGHTS

The board (the "**Board**") of directors (the "**Directors**") of China YuHua Education Corporation Limited (the "**Company**", together with its subsidiaries, the "**Group**") is pleased to announce the audited consolidated annual results of the Group for the year ended 31 August 2017. These annual results have been reviewed by the Company's audit committee and the Company's auditors, PricewaterhouseCoopers.

(RMB '000)	**Year ended 31 August** **2017**	2016	Change (%)
Revenue	**846,222**	781,331	+8.3%
Adjusted Gross Profit[1]	**461,415**	406,198	+13.6%
Adjusted Operating Profit[2]	**424,811**	337,686	+25.8%
Adjusted Net Profit[3]	**429,882**	322,147	+33.5%

(RMB ’000)	Year ended 31 August **2017**	2016	Change
Adjusted Items:			
One-off Listing Expense	**24,503**	10,380	+14,123
Share-based compensation expense (in cost of revenue)	**25,657**	—	+25,657
Share-based compensation expense (in administrative expense)	**65,921**	—	+65,921

Notes:

1 Adjusted Gross Profit is calculated as gross profit for the period, excluding the impact from certain non-cash or non-recurring expenses including share-based compensation.

2 Adjusted Operating Profit is calculated as the operating profit for the period, excluding the impact from certain non-cash or non-recurring expenses including: (i) share-based compensation and (ii) one-off listing expenses incurred in connection with the initial public offering and listing of the shares of the Company on The Stock Exchange of Hong Kong Limited in February 2017.

3 Adjusted Net Profit is calculated as the profit for the period, excluding the impact from certain non-cash or non-recurring expenses including: (i) share-based compensation and (ii) one-off listing expenses incurred in connection with the initial public offering and listing of the shares of the Company on The Stock Exchange of Hong Kong Limited in February 2017.

Non-IFRS Measures

To supplement the Group’s consolidated financial statements which are presented in accordance with the International Financial Reporting Standards (“**IFRS**”), the Company also uses Adjusted Gross Profit, Adjusted Operating Profit, Adjusted Net Profit and other adjusted figures as additional financial measures, which are not required by, or presented in accordance with, IFRS. The Company believes that these non-IFRS measures facilitate comparisons of operating performance from period to period and company to company by eliminating potential impacts of items that the management do not consider to be indicative of the Group’s operating performance. The Company believes that these measures provide useful information to shareholders and potential investors in understanding and evaluating the Group’s consolidated results of operations in the same manner as they help the Group’s management. However, the Company’s presentation of such adjusted figures may not be comparable to a similarly titled measure presented by other companies. The use of these non-IFRS measures have limitations as an analytical tool, and you should not consider it in isolation from, or as substitute for analysis of, the Company’s results of operations or financial condition as reported under IFRS.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Note	Year ended 31 August 2017 RMB'000	2016 RMB'000
Revenue	3	**846,222**	781,331
Cost of revenue	6	**(410,464)**	(375,133)
Gross profit		**435,758**	406,198
Selling expenses	6	**(3,755)**	(4,196)
Administrative expenses	6	**(147,203)**	(70,421)
Other income	4	**22,870**	6,442
Other gains/(losses) — net	5	**1,060**	(337)
Operating profit		**308,730**	337,686
Finance income	8	**15,527**	1,376
Finance expenses	8	**(10,456)**	(27,386)
Finance income/(expenses) — net		**5,071**	(26,010)
Profit before income tax		**313,801**	311,676
Income tax expense	9	**—**	—
Profit attributable to equity holders of the Company		**313,801**	311,676
Earnings per share attributable to equity holders of the Company (RMB Yuan)			
Basic	10	**0.12**	0.14
Diluted	10	**0.12**	0.14

CONSOLIDATED BALANCE SHEET

	Note	As at 31 August 2017 RMB'000	2016 RMB'000
Assets			
Non-current assets			
Prepaid land lease payments	11	**236,322**	224,693
Property, plant and equipment	12	**1,477,434**	1,465,026
Intangible assets	13	**1,689**	1,792
Other non-current assets	14	**17,687**	20,587
Total non-current assets		**1,733,132**	1,712,098
Current assets			
Trade and other receivables	15	**12,944**	11,324
Financial assets at fair value through profit or loss	16	**153,114**	—
Cash and cash equivalents	17(a)	**642,506**	304,986
Restricted cash	17(b)	**587**	—
Term deposits with initial term of over three months	18	**832,237**	—
Total current assets		**1,641,388**	316,310
Total assets		**3,374,520**	2,028,408
Equity			
Equity attributable to equity holders of the Company			
Share capital	20	**26**	65
Share premium	20	**1,318,313**	—
Reserves	21	**516,564**	386,557
Retained earnings		**642,193**	523,026
Total equity		**2,477,096**	909,648
Liabilities			
Non-current liabilities			
Borrowings	25	**—**	195,000
Other non-current liabilities		**—**	37,898
Total non-current liabilities		**—**	232,898
Current liabilities			
Accruals and other payables	23	**265,713**	156,669
Deferred revenue	24	**631,711**	609,193
Borrowings	25	**—**	120,000
Total current liabilities		**897,424**	885,862
Total liabilities		**897,424**	1,118,760
Total equity and liabilities		**3,374,520**	2,028,408

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

		Attributable to Equity holders of the Company							
	Note	Share capital *RMB'000*	Share premium *RMB'000*	Capital reserve *RMB'000*	Statutory surplus reserve *RMB'000*	Share-based payments reserve *RMB'000*	Translation reserve *RMB'000*	Retained earnings *RMB'000*	Total *RMB'000*
At 1 September 2015		—	—	150,000	148,607	—	—	299,300	597,907
Comprehensive income									
Profit for the year		—	—	—	—	—	—	311,676	311,676
Transactions with equity holders									
Capital contribution from the Controlling Shareholder (defined below)		65	—	—	—	—	—	—	65
Profit appropriation to statutory surplus reserves		—	—	—	87,950	—	—	(87,950)	—
Total transactions with equity holders		65	—	—	87,950	—	—	(87,950)	65
At 31 August 2016		65	—	150,000	236,557	—	—	523,026	909,648
At 1 September 2016		**65**	**—**	**150,000**	**236,557**	**—**	**—**	**523,026**	**909,648**
Comprehensive income									
Profit for the year		**—**	**—**	**—**	**—**	**—**	**—**	**313,801**	**313,801**
Other comprehensive income									
Currency translation differences		**—**	**—**	**—**	**—**	**—**	**(59,213)**	**—**	**(59,213)**
Transactions with equity holders									
Capital contribution from the Controlling Shareholder		**19**	**—**	**—**	**—**	**—**	**—**	**—**	**19**
Repurchase of shares		**(65)**	**—**	**46**	**—**	**—**	**—**	**—**	**(19)**
Profit appropriation to statutory surplus reserves		**—**	**—**	**—**	**97,596**	**—**	**—**	**(97,596)**	**—**
Issuance of ordinary shares relating to initial public offering, net of underwriting commissions and other issuance costs		**7**	**1,318,313**	**—**	**—**	**—**	**—**	**—**	**1,318,320**
Dividends relating to the year	26	**—**	**—**	**—**	**—**	**—**	**—**	**(97,038)**	**(97,038)**
Share-based compensation	22	**—**	**—**	**—**	**—**	**91,578**	**—**	**—**	**91,578**
Total transactions with equity holders		**(39)**	**1,318,313**	**46**	**97,596**	**91,578**	**—**	**(194,634)**	**1,312,860**
At 31 August 2017		**26**	**1,318,313**	**150,046**	**334,153**	**91,578**	**(59,213)**	**642,193**	**2,477,096**

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note	Year ended 31 August 2017 RMB'000	2016 RMB'000
Cash flows from operating activities			
Cash generated from operations		**526,460**	446,793
Interest paid		**(10,654)**	(26,650)
Net cash generated from operating activities		**515,806**	420,143
Cash flows from investing activities			
Disposal of a subsidiary, net of cash paid		**—**	(2,210)
Purchases of property, plant and equipment		**(87,941)**	(162,509)
Purchases of prepaid land lease payments		**(16,821)**	—
Refund of prepaid land lease payments	23(e)	**48,472**	—
Proceeds from disposal of property, plant and equipment		**835**	416
Proceeds from disposal of prepaid land lease payments		**—**	1,044
Purchases of intangible assets		**(177)**	(554)
Purchases of financial assets at fair value through profit or loss		**(328,000)**	(45,000)
Disposal of financial assets at fair value through profit or loss		**176,292**	106,732
Purchases of term deposits with initial term of over three months		**(869,616)**	—
Change of restricted cash		**(587)**	58,000
Interest received		**1,116**	2,013
Net cash used in investing activities		**(1,076,427)**	(42,068)
Cash flows from financing activities			
Proceeds from issuance of shares upon the initial public offering		**1,361,918**	—
Payment of share issuance cost		**(36,513)**	(693)
Capital contribution from the Controlling Shareholder		**—**	65
Proceeds from borrowings		**30,000**	280,000
Repayments of borrowings		**(345,000)**	(467,000)
Borrowings from the Controlling Shareholder		**—**	65,533
Repayments of borrowings to the Controlling Shareholder		**—**	(58,579)
Borrowings from related parties		**6,864**	80,014
Repayments of borrowings to related parties		**(6,864)**	(90,014)
Borrowings from third parties		**—**	4,000
Repayments of borrowings to third parties		**—**	(40,800)
Dividends paid to company's shareholders		**(97,038)**	—
Net cash generated/(used) in financing activities		**913,367**	(227,474)
Net increase in cash and cash equivalents		**352,746**	150,601
Cash and cash equivalents at the beginning of year		**304,986**	154,339
Exchange (losses)/gains on cash and cash equivalents		**(15,226)**	46
Cash and cash equivalents at the end of year		**642,506**	304,986

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 August	
	2017	2016
	RMB'000	*RMB'000*
Profit for the year	**313,801**	311,676
Other comprehensive loss		
Items that may be reclassified to profit or loss:		
Currency translation differences	**(59,213)**	—
Other comprehensive income for the year, net of tax	**(59,213)**	—
Total comprehensive income for the year	**254,588**	311,676
Total comprehensive income attributable to:		
Equity holders of the Company	**254,588**	311,676

1. General information

China YuHua Education Corporation Limited ("the **Company**") was incorporated in the Cayman Islands on 25 April 2016 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is at the offices of Maples Corporate Services Limited at PO Box 309, Ugland House, Grand Cayman, KY1-1104, the Cayman Islands. The Company is an investment holding company and its subsidiaries (collectively referred to as the "**Group**") provide private formal full-coverage non-vocational education services in Henan province of People's Republic of China (the "**PRC**") (collectively referred to as the "**Business**").

The ultimate holding company of the Company is GuangYu Investment Holdings Limited ("**GuangYu Investment**"). The ultimate controlling party of the Group is Mr. Li Guangyu, who is also the executive Director and chairman of the Board of the Company (the "**Mr. Li**" or the "**Controlling Shareholder**").

Prior to the incorporation of the Company and the completion of the reorganisation as described below, which was completed on 7 September 2016 (the "**Reorganisation**"), the main operating activities of the Group were carried out by YuHua Investment Management Co., Ltd, Zhengzhou YuHua Education Investments Co., Ltd, Zhengzhou Zhongmei Education Investments Co., Ltd (collectively the "**PRC Investment Holding Companies**") and their wholly owned subsidiaries (collectively the "**Consolidated Affiliated Entities**") which were incorporated in the PRC and owned by Mr. Li, Ms. Li Hua, the daughter of Mr. Li, and Ms. Liu Chunhua, the wife of Mr. Li under an act in concert arrangement of which all parties under this arrangement in the past, present and future are act at the consent of Mr. Li Guangyu, who has the ultimate control over the PRC Investment Holding Companies. On 7 September 2016, a wholly-owned subsidiary of the Company, Xizang Yuanpei Information Technology Management Company Limited ("**Xizang Yuanpei**"), has entered into the contractual arrangements with the PRC Investment Holding Companies, their wholly owned subsidiaries and their respective equity holders, effective from 7 September 2016, enable Xizang Yuanpei and the Group to:

— exercise effective financial and operational control over the Consolidated Affiliated Entities;

— exercise equity holder's voting rights of the Consolidated Affiliated Entities;

— receive substantially all of the economic interest returns generated by the Consolidated Affiliated Entities in consideration for the corporate management and educational services, intellectual property licensing services as well as technical and business support services provided by Xizang Yuanpei. Such services include the provision of advisory services and recommendations on asset and business operation, debt restructuring, material contracts, and mergers and acquisitions; research and development on educational software and course materials; employee on-the-job management training; technology development, transfer and consulting services; public relation services; market survey, research and consulting services; market development and planning services; human resources and internal information management; website development, upgrade and ordinary maintenance services; sales of proprietary products; software, trademark, domain name and know-how and/or the use of related intellectual property rights; and other additional services as the parties may mutually agree from time to time.

— obtain an irrevocable and exclusive right to purchase all of equity interests in the PRC Investment holding Companies from the respective equity holders at nil consideration or a minimum purchase price permitted under PRC laws and regulations. Xizang Yuanpei may exercise such options at any time until it has acquired all equity interests in and/or all assets of the PRC Investment Holding Companies permitted under PRC laws and regulations. In addition, the PRC Investment Holding Companies are not allowed to sell, transfer, or dispose any assets, or make any distributions to their equity holders without prior consent of Xizang Yuanpei.

— obtain a pledge over the entire equity interest of PRC Investment Holding Companies from their equity holders to secure performance of the obligations of the PRC Investment Holding Companies and their respective subsidiaries under the contractual arrangements.

Upon completion of the above Reorganisation, the Company became the holding company of the subsidiaries now comprising the Group.

The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited since 28 February 2017 (the "**Listing**") by way of its initial public offering (the "**IPO**"). The net proceeds of the Company from the IPO, after deducting underwriting commissions and other issuance costs, were approximately RMB1,318,320,000.

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

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to the years presented, unless otherwise stated.

During the year, the functional currency of the Company and subsidiaries outside mainland of the PRC has been changed from RMB to HKD by the management of those entities. The aligning of the functional currency with the underlying operations better reflects the results of their operations subsequent to the Company's listing of its shares in Hong Kong as the majority of their businesses including the investing and financing activities are denominated in HKD. Since those entities just established since April 2016 and the operations were limited, the prior period's financial statements have not been restated as the impact caused by the change of accounting policy of those entities was immaterial.

The consolidated financial statements of the Company have been prepared in accordance with all applicable International Financial Reporting Standards ("**IFRS**") and requirements of the Hong Kong Companies Ordinance (Cap. 622 of the Laws of Hong Kong). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss, which are carried at fair value.

2.1 Basis of preparation

2.1.1 Changes in accounting policy and disclosures

(a) New and amended standards to IFRSs effective for the financial year beginning on or after 1 January 2017 do not have a material impact on the Group.

- *Amendments to IAS 7 — Statement of Cash Flows*

- *Amendments to IAS 12 — Income Taxes*

(b) New standards and interpretations not yet adopted

The following new standards, amendments to standards and interpretations have been published but are not yet effective for the annual period beginning from 1 January 2017 and which the Group has not early adopted. The Directors have already commenced an assessment of the impact of these new or revised standards, interpretation and amendments, certain of which are relevant to the Group's operation. According to the preliminary assessment made by the Directors, no significant impact on the financial performance and positions of the Group is expected when they become effective except for IFRS 9 "Financial instruments", IFRS 16 "Leases" and IFRS 15 "Revenue from contracts with customer" set out below:

(i) IFRS 9 Financial instruments

IFRS 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The Group has decided not to adopt IFRS 9 until it becomes mandatory on 1 January 2018.

There will be no significant impact on the Group's accounting for financial assets and liabilities, as the new requirements only affect the accounting for financial assets and liabilities that are designated at fair value through profit or loss and the Group has already recognised such assets as financial assets that are designated at fair value through profit or loss under IAS 39, and the Group does not have any such liabilities. The derecognition rules have been transferred from IAS 39 Financial Instruments: Recognition and Measurement and have not been changed.

IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and the "hedged ratio" to be the same as that used by management for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. As the Group does not have any current hedge relationships, the Group does not expect a significant impact on the accounting resulted from the adoption of IFRS 9.

The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under IAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at fair value through other comprehensive income (FVOCI), contract assets under IFRS 15 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

Accordingly, the Group does not expect the new guidance to have a significant impact on the classification and measurement of its financial assets.

IFRS 9 must be applied for financial years commencing on or after 1 January 2018. Based on the transitional provisions in the completed IFRS 9, early adoption in phases was only permitted for annual reporting periods beginning before 1 February 2015. After that date, the new rules must be adopted in their entirety. The Group does not intend to adopt IFRS 9 before its mandatory date.

(ii) IFRS 15 Revenue from contracts with customers

The International Accounting Standards Board has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers revenue arising from the sale of goods and the rendering of services and IAS 11 which covers construction contracts.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. IFRS 15 specifies how and when the Group will recognise revenue as well as requiring the Group to provide users of financial statements with more informative and relevant disclosures.

The standard permits either a full retrospective or a modified retrospective approach for the adoption. The new standard is effective for the financial years beginning on or after 1 January 2018. The Group will adopt the new standard from 1 January 2018.

Based on the assessment up to this stage, management does not expect the adoption of the new standard will have a material impact on the Group.

(iii) IFRS 16 Leases

IFRS 16 was issued in January 2016. It will result in almost all leases being recognized on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognized. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of RMB45,406,000. However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under IFRS 16.

The standard is mandatory for the financial years beginning on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date.

3 Segment information

The Group is principally engaged in the provision of private formal non-vocational education service from kindergarten to university in Henan province of the PRC.

The Controlling Shareholder and other Directors are identified as the chief operating decision-maker (the "**CODM**") of the Group. Management has determined the operating segments based on the information reviewed by the CODM for the purposes of allocating resources and assessing performance.

The CODM considers the business from the service perspective. When the Group companies have similar economic characteristics, and the segments are similar in each of the following respects: (i) the nature of the services; (ii) the type or class of students for their services; (iii) the methods used to provide their services; and (iv) if applicable, the nature of the regulatory environment, the Group's operating segments are aggregated. In the view of CODM, the Group is principally engaged in three different segments which are subject to different business risks and different economic characteristics and the Group's operating and reportable segments for segment reporting purpose are Kindergartens, Grade 1–12 schools and University respectively.

For the purposes of monitoring segment performances and allocating resources between segments, segment results represent the profit before tax earned by each segment. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

Assets and liabilities dedicated to a particular segment's operations are included in that segment's total assets and liabilities.

The Group's principal market is Henan province of the PRC, all of the Group's revenue and operating profit are derived within Henan province of the PRC, and all of the Group's operations and non-current assets are located in Henan province of the PRC. Due to the similar risks and returns, the CODM considers the Business as one geographic location. Accordingly, no geographical segment information is presented.

The Group has a large number of customers, no single customer accounted for more than 10% of the Group's total revenue for the year ended 31 August 2017.

The segment information provided to the CODM for the reportable segments for the year ended 31 August 2017 are as follows:

	Kindergartens *RMB'000*	Grade 1–12 schools *RMB'000*	University *RMB'000*	Unallocated *RMB'000*	Inter-segment elimination *RMB'000*	Total *RMB'000*
For the year ended 31 August 2017						
Revenue	**57,371**	**468,627**	**320,224**	**2,416**	**(2,416)**	**846,222**
Cost of revenue	**(30,891)**	**(254,197)**	**(125,376)**	**—**	**—**	**(410,464)**
Gross profit	**26,480**	**214,430**	**194,848**	**2,416**	**(2,416)**	**435,758**
Selling expenses	**—**	**(368)**	**(3,387)**	**—**	**—**	**(3,755)**
Administrative expenses	**(8,446)**	**(32,783)**	**(11,628)**	**(96,762)**	**2,416**	**(147,203)**
Other income	**66**	**17,948**	**4,856**	**—**	**—**	**22,870**
Other gains/(losses) — net	**43**	**1,538**	**(414)**	**(107)**	**—**	**1,060**
Operating profit	**18,143**	**200,765**	**184,275**	**(94,453)**	**—**	**308,730**
Finance income/(expenses) — net	**169**	**(3,065)**	**(6,293)**	**14,260**	**—**	**5,071**
Profit before income tax	**18,312**	**197,700**	**177,982**	**(80,193)**	**—**	**313,801**
As at 31 August 2017						
Total assets	**149,950**	**1,708,285**	**1,260,580**	**2,361,077**	**(2,105,372)**	**3,374,520**
Total liabilities	**85,811**	**1,078,866**	**427,517**	**1,192,245**	**(1,887,015)**	**897,424**
Other segment information						
Additions to non-current assets	**2,779**	**47,526**	**46,649**	**544**	**—**	**97,498**
Depreciation and amortisation (Note 6)	**(4,095)**	**(42,043)**	**(27,194)**	**(2,051)**	**—**	**(75,383)**
(Losses)/gains on disposal of property, plant and equipment (Note 5)	**(6)**	**181**	**(414)**	**(7)**	**—**	**(246)**

The segment information provided to the CODM for the reportable segments for the year ended 31 August 2016 are as follows:

	Kindergartens *RMB'000*	Grade 1–12 schools *RMB'000*	University *RMB'000*	Unallocated *RMB'000*	Inter-segment elimination *RMB'000*	Total *RMB'000*
For the year ended 31 August 2016						
Revenue	51,007	435,773	294,551	—	—	781,331
Cost of revenue	(29,230)	(237,860)	(108,043)	—	—	(375,133)
Gross profit	21,777	197,913	186,508	—	—	406,198
Selling expenses	(38)	(707)	(3,451)	—	—	(4,196)
Administrative expenses	(6,011)	(28,837)	(11,997)	(23,576)	—	(70,421)
Other income	—	5,637	618	187	—	6,442
Other (losses)/gains — net	(7)	(431)	723	(622)	—	(337)
Operating profit	15,721	173,575	172,401	(24,011)	—	337,686
Finance income/(expenses) — net	30	(11,016)	(14,943)	(81)	—	(26,010)
Profit before income tax	15,751	162,559	157,458	(24,092)	—	311,676
As at 31 August 2016						
Total assets	123,840	1,537,059	1,174,785	1,243,085	(2,050,361)	2,028,408
Total liabilities	84,174	1,136,180	522,168	1,252,839	(1,876,601)	1,118,760
Other segment information						
Additions to non-current assets	2,478	50,307	69,522	1,242	—	123,549
Depreciation and amortisation (Note 6)	(3,931)	(38,613)	(29,474)	(1,994)	—	(74,012)
(Losses)/gains on disposal of property, plant and equipment (Note 5)	(7)	(640)	(764)	190	—	(1,221)
Gains on disposal of prepaid land lease payments (Note 5)	—	209	—	—	—	209

4 Other income

	Year ended 31 August	
	2017	2016
	RMB'000	*RMB'000*
Government grants and subsidies	**21,230**	5,775
Others	**1,640**	667
	22,870	6,442

5 Other gains/(losses) — net

	Year ended 31 August	
	2017	2016
	RMB'000	*RMB'000*
Losses on disposal of property, plant and equipment	**(246)**	(1,221)
Gains on disposal of prepaid land lease payments	**—**	209
Loss on disposal of a subsidiary	**—**	(812)
Donation	**(100)**	—
Gains on disposal of investments in wealth management products	**292**	1,533
Fair value gains/(losses) on financial instruments:		
— Investments in wealth management products	**1,114**	—
— Derivative financial instruments for interest rate swap contract	**—**	(46)
	1,060	(337)

6 Expenses by nature

	Year ended 31 August	
	2017	2016
	RMB'000	*RMB'000*
Employee benefit expenses (Note 7)	**232,472**	220,511
Depreciation of property, plant and equipment (Note 12)	**69,911**	68,657
Share-based payment expenses (Note 22)	**91,578**	—
Amortisation of prepaid land lease payments (Note 11)	**5,192**	5,119
Amortisation of intangible assets (Note 13)	**280**	236
Canteen expenditure	**26,089**	27,095
Student training and scholarship expenses	**13,620**	24,107
School consumables	**28,283**	26,900
Utilities expenses	**22,970**	18,177
Marketing expenses	**3,365**	3,654
Operating lease payments	**4,458**	3,409
Expenses in relation to the Listing (Note 20(e))	**24,503**	10,380
Office expenses	**12,086**	11,588
Travel and entertainment expenses	**6,272**	6,709
Auditors' remuneration		
— Audit services	**2,400**	85
— Non-audit services	**—**	—
Other expenses	**17,943**	23,123
	561,422	449,750

7 Employee benefit expenses

	Year ended 31 August	
	2017	2016
	RMB'000	*RMB'000*
Wages, salaries and bonuses	**201,033**	186,433
Contributions to pension plan (a)	**18,423**	19,565
Welfare and other expenses	**13,016**	14,513
	232,472	220,511

Employee benefit expenses were charged in the following categories in the consolidated statement of profit or loss:

	Year ended 31 August	
	2017	2016
	RMB'000	*RMB'000*
Cost of revenue	**197,429**	181,201
Administrative expenses	**34,653**	38,768
Selling expenses	**390**	542
	232,472	220,511

(a) Contributions to pension plan

The employees of the Group in the PRC are members of a state-managed pension obligations operated by the PRC Government. The Group is required to contribute a specified percentage of payroll costs as determined by respective local government authority to the pension obligations to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make the specified contributions under the scheme.

(b) Five highest paid individuals

The five individuals whose remunerations were the highest in the Group for the year include one (2016: one) Director. Details of the remunerations of the remaining highest paid non-director individuals during the year are set out as below:

	Year ended 31 August	
	2017	2016
	RMB'000	*RMB'000*
Wages, salaries and bonuses	**1,395**	1,056
Contributions to pension plan	**10**	24
Welfare and other expenses	**5**	14
	1,410	1,094

The remunerations fell within the following band:

	Year ended 31 August 2017 RMB'000	2016 RMB'000
Emolument band		
Nil to HK$1,000,000	**4**	4

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

8 Finance expenses — net

	Year ended 31 August 2017 RMB'000	2016 RMB'000
Finance income		
Interest income from deposits	**8,318**	1,328
Net foreign exchange gains	**7,209**	48
	15,527	1,376
Finance expenses:		
Interest expenses	**(10,456)**	(29,888)
	(10,456)	(29,888)
Less: interests capitalised on qualifying assets	**—**	2,502
	(10,456)	(27,386)
Finance expenses — net	**5,071**	(26,010)

9 Income tax expense

	Year ended 31 August 2017 RMB'000	2016 RMB'000
Current tax on profits for the year	**—**	—
Deferred tax	**—**	—
	—	—

The current tax on the Group's profit before income tax differs from the theoretical amount that would arise using the taxation rate of PRC, the principal place of the Group's operations, as follows:

	Year ended 31 August	
	2017	2016
	RMB'000	*RMB'000*
Profit before income tax	**313,801**	311,676
Tax calculated at a taxation rate of 25% or relevant domestic tax rate applicable to profits in the respective countries	**78,450**	77,919
Tuition profit not subject to tax (iv)	**(78,450)**	(77,919)
	—	—

(i) The Cayman Islands profits tax

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

(ii) British Virgin Islands profit tax

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

(iii) Hong Kong profit tax

No provision for Hong Kong profit tax was provided as the Company and the Group did not have assessable profits in Hong Kong during the year.

(iv) PRC corporate income tax ("CIT")

CIT is provided on assessable profits of entities incorporation in the PRC. Pursuant to the Corporate Income Tax Law of the PRC (the "**CIT Law**"), which was effective from 1 January 2008, the CIT was 25% during the year, except that one subsidiary of the Group was taxed at a preferential tax rate of 9% (2016: 9%) under the relevant PRC tax rules and regulations.

According to the Implementation Rules for the Law for Promoting Private Education, private schools for which the sponsors do not require reasonable returns are eligible to enjoy the same preferential tax treatment as public schools. As a result, private schools providing academic qualification education are eligible to enjoy income tax exemption treatment if the sponsors of such schools do not require reasonable returns. All schools of the Group are elected to be schools do not require reasonable returns. Thus, for the year ended 31 August 2017, there was no CIT provision provided in the PRC (2016: nil).

10 Earnings per share

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased by the Company.

	For the year ended 31 August	
	2017	2016
	RMB'000	*RMB'000*
Profit attributable to equity holders of the Company	**313,801**	311,676
Weighted average number of ordinary shares in issue (Thousand)	**2,593,151**	2,250,000
Basic earnings per share (RMB Yuan)	**0.12**	0.14

(b) Diluted

Diluted earnings per share is calculated based on the profit attributable to equity holders of the Company after adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares during the year.

	For the year ended 31 August	
	2017	2016
	RMB'000	*RMB'000*
Earnings		
Profit attributable to equity holders of the Company (RMB'000)	**313,801**	311,676
Weighted average number of ordinary shares in issue (Thousand)	**2,593,151**	2,250,000
Adjustments for:		
— Share options (Thousand)	**52,995**	—
Weighted average number of ordinary shares for diluted earnings per share (Thousand)	**2,646,146**	2,250,000
Diluted earnings per share (RMB Yuan)	**0.12**	0.14

11 Prepaid land lease payments

	As at 31 August	
	2017	2016
	RMB'000	*RMB'000*
At beginning of the year		
Cost	**254,001**	255,046
Accumulated amortisation	**(29,308)**	(24,399)
Net book amount	**224,693**	230,647
Opening net book amount	**224,693**	230,647
Additions	**16,821**	—
Disposal	**—**	(835)
Amortisation (Note 6)	**(5,192)**	(5,119)
Closing net book amount	**236,322**	224,693
Cost	**270,822**	254,001
Accumulated amortisation	**(34,500)**	(29,308)
Net book amount	**236,322**	224,693

(a) The Group's land use rights are either purchased from or allocated by the government.

(b) The carrying value of the land use right allocated by the government of RMB199,970,803 (2016: RMB204,654,000) as at 31 August 2017, has no definite life of use stated in the relevant land use right certificates. The estimated useful lives is 50 years which is the best estimate based on the normal terms in the PRC. However, without the relevant administrative authorities' permission, the Group cannot transfer, lease or mortgage such land use right allocated by the government.

(c) As at 31 August 2017, the carrying amount of prepaid land lease payments without land use right certificates was RMB73,920,000 (2016: RMB58,514,000). The Group is in the process to obtain the certificates.

12 Property, plant and equipment

	Buildings	Leasehold improvements	Motor vehicles	Electronic equipment	Furniture and fixtures	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 August 2016							
Opening net book amount	1,287,339	17,096	6,731	47,120	39,163	11,379	1,408,828
Additions	3,490	—	1,903	13,304	16,078	91,730	126,505
Transfer upon completion	98,992	—	—	—	—	(98,992)	—
Disposals	(59)	(47)	(106)	(1,012)	(413)	—	(1,637)
Disposal of a subsidiary	—	—	—	—	(13)	—	(13)
Depreciation charge (Note 6)	(36,412)	(4,372)	(2,560)	(11,074)	(14,239)	—	(68,657)
Closing net book amount	1,353,350	12,677	5,968	48,338	40,576	4,117	1,465,026
At 31 August 2016							
Cost	1,531,175	21,751	18,531	101,088	97,959	4,117	1,774,621
Accumulated depreciation	(177,825)	(9,074)	(12,563)	(52,750)	(57,383)	—	(309,595)
Net book amount	1,353,350	12,677	5,968	48,338	40,576	4,117	1,465,026
Year ended 31 August 2017							
Opening net book amount	**1,353,350**	**12,677**	**5,968**	**48,338**	**40,576**	**4,117**	**1,465,026**
Additions	**1,479**	**118**	**853**	**7,040**	**7,472**	**66,438**	**83,400**
Transfer upon completion	**70,180**	**—**	**—**	**—**	**—**	**(70,180)**	**—**
Disposals	**(157)**	**—**	**(183)**	**(536)**	**(205)**	**—**	**(1,081)**
Depreciation charge (Note 6)	**(40,691)**	**(4,611)**	**(2,077)**	**(10,665)**	**(11,867)**	**—**	**(69,911)**
Closing net book amount	**1,384,161**	**8,184**	**4,561**	**44,177**	**35,976**	**375**	**1,477,434**
At 31 August 2017							
Cost	**1,602,662**	**21,869**	**18,719**	**105,550**	**104,044**	**375**	**1,853,219**
Accumulated depreciation	**(218,501)**	**(13,685)**	**(14,158)**	**(61,373)**	**(68,068)**	**—**	**(375,785)**
Net book amount	**1,384,161**	**8,184**	**4,561**	**44,177**	**35,976**	**375**	**1,477,434**

(a) Depreciation charges were charged to the consolidated statement of profit or loss as follows:

	Year ended 31 August	
	2017	2016
	RMB'000	*RMB'000*
Cost of revenue	**65,359**	63,744
Administrative expenses	**4,552**	4,913
	69,911	68,657

(b) Construction-in-progress as at 31 August 2017 and 2016 mainly comprised buildings being constructed in the PRC.

(c) The Group has capitalised borrowing costs amounting to RMB2,502,000 on qualifying assets (Note 8), and the borrowing costs were capitalised at the weighted average rate of its specific and general borrowings of 6.1% for the year ended 31 August 2016. For the year ended 31 August 2017, the Group did not capitalise any borrowing cost.

(d) As at 31 August 2017, the carrying amount of buildings without building ownership certificates was RMB1,056,915,000 (2016: RMB1,035,294,000). The Group is in the process to obtain the certificates.

13 Intangible assets

	Software
	RMB'000
Year ended 31 August 2016	
Opening net book amount	1,474
Additions	554
Amortisation (Note 6)	(236)
Closing net book amount	1,792
At 31 August 2016	
Cost	2,714
Accumulated depreciation	(922)
Net book amount	1,792
Year ended 31 August 2017	
Opening net book amount	**1,792**
Additions	**177**
Amortisation (Note 6)	**(280)**
Closing net book amount	**1,689**
At 31 August 2017	
Cost	**2,891**
Accumulated depreciation	**(1,202)**
Net book amount	**1,689**

Amortisation of the Group's intangible assets were charged in the following categories in the consolidated statement of profit or loss as follows:

	As at 31 August	
	2017	2016
	RMB'000	*RMB'000*
Cost of revenue	**155**	151
Administrative expenses	**125**	85
	280	236

14 Other non-current assets

	As at 31 August	
	2017	2016
	RMB'000	*RMB'000*
Prepayments of rental expenses	**10,866**	13,766
Prepayments for prepaid land lease payment	**6,571**	6,571
Rental deposits	**250**	250
	17,687	20,587

15 Trade and other receivables

	As at 31 August	
	2017	2016
	RMB'000	*RMB'000*
Trade receivables (a)		
Due from students	**201**	35
Other receivables	**8,836**	3,957
Deposits	**1,359**	1,359
Staff advance	**—**	1,668
Interest receivables	**7,152**	—
Others	**325**	930
Prepayments	**3,907**	4,012
Prepaid expenses	**3,798**	3,903
Prepayments to suppliers	**109**	109
Accrued expenses in relation to the Listing (b)	**—**	3,320
	12,944	11,324

(a) The aging analysis of the trade receivables based on the recognition date is set as followings:

	As at 31 August	
	2017	2016
	RMB'000	*RMB'000*
Less than 1 year	**201**	35
	201	35

(b) The listing expenses that are attributable to the issuance of new shares are accrued during the listing process and will be deducted from equity when issuing new shares.

(c) As at 31 August 2017 and 2016, all trade and other receivables were denominated in RMB except that the interest receivables amounting to approximately RMB7,019,000 were denominated in HKD and USD.

(d) As at 31 August 2017 and 2016, the fair values of trade and other receivables, except the prepayments which are not financial assets of the Group, approximated their carrying amounts.

16 Financial assets at fair value through profit or loss

	As at 31 August	
	2017	2016
	RMB'000	*RMB'000*
Investments in wealth management products (a)	**153,114**	—

(a) For the year ended 31 August 2017, the gains on settlements and fair value gains of financial assets at fair value through profit or loss amounted to approximately RMB292,000 and RMB1,114,000 (2016: RMB1,533,000 and nil) respectively, which have been recognised as 'Other gains/(losses) — net' (Note 5) in the consolidated statement of profit or loss.

The fair value of the financial assets at fair value through profit or loss is determined by using the valuation technique of discounting the future cash flows at the expected yield rate with reference to the benchmark yield rates of the similar financial investment products of banks.

17 Cash and cash equivalents and restricted cash

(a) Cash and cash equivalents

	As at 31 August	
	2017	2016
	RMB'000	*RMB'000*
Cash at bank and on hand	**315,164**	304,986
Short-term bank deposits	**327,342**	—
Cash and cash equivalents	**642,506**	304,986

(b) Restricted Cash

	As at 31 August	
	2017	2016
	RMB'000	*RMB'000*
Restricted Cash	**587**	—

All the Group's restricted cash is dominated in RMB.

The restricted cash is mainly the deposit of education reserve required by local authority in dedicated bank account.

18 Term deposits with initial term of over three months

	As at 31 August	
	2017	2016
	RMB'000	*RMB'000*
Term deposits with initial term of over three months	**832,237**	—

The carrying amounts of term deposits with initial term of over three months approximated their fair values due to the nature and short maturities of the related assets.

The term deposits with initial term of over three months were denominated in USD.

19 Financial instruments by category

	Loans and receivables	Assets at fair value through profit or loss	Total
	RMB'000	***RMB'000***	***RMB'000***
At 31 August 2017			
Assets as per consolidated balance sheets			
Trade and other receivables excluding prepayments	**9,037**	**—**	**9,037**
Financial assets at fair value through profit or loss	**—**	**153,114**	**153,114**
Cash and cash equivalents	**642,506**	**—**	**642,506**
Restricted Cash	**587**	**—**	**587**
Term deposits with initial term of over three months	**832,237**	**—**	**832,237**
	1,484,367	**153,114**	**1,637,481**

	Financial liabilities at amortised cost *RMB'000*	Total *RMB'000*
At 31 August 2017		
Liabilities as per consolidated balance sheet		
Accruals and other payables excluding non-financial liabilities	**214,032**	**214,032**

	Loans and receivables *RMB'000*	Assets at fair value through profit or loss *RMB'000*	Total *RMB'000*
At 31 August 2016			
Assets as per consolidated balance sheets			
Trade and other receivables excluding prepayments	3,992	—	3,992
Cash and cash equivalents	304,986	—	304,986
	308,978	—	308,978

	Financial liabilities at amortised cost *RMB'000*	Total *RMB'000*
At 31 August 2016		
Liabilities as per consolidated balance sheet		
Borrowings	315,000	315,000
Accruals and other payables excluding non-financial liabilities	117,838	117,838
Other non-current liabilities	37,898	37,898
	470,736	470,736

20 Share capital and share premium

Authorised:	**Number of ordinary shares**	**Nominal value of ordinary shares**
As at 25 April 2016 (Establishment date of the Company)	50,000	US$50,000
As at 1 September 2016	50,000	US$50,000
Increase of shares	50,000,000,000	HK$500,000
Cancellation of shares	(50,000)	(US$50,000)
As at 31 August 2017	50,000,000,000	HK$500,000

Issued and paid:	Number of ordinary shares	Nominal value of ordinary shares	Equivalent nominal value of ordinary shares *RMB'000*	Share premium *RMB'000*	Total share capital and share premium *RMB'000*
Balance at 1 September 2015	—	—	—	—	—
Capital contribution from the Controlling Shareholder (a)	10,000	US$10,000	65	—	65
Balance at 1 September 2016	10,000	US$10,000	65	—	65
Capital contribution from the Controlling Shareholder (b)	2,250,000,000	HK$22,500	19	—	19
Repurchase of shares (c)	(10,000)	(US$10,000)	(65)	—	(65)
Issuance of shares relating to IPO (e)	750,000,000	HK$7,500	7	1,318,313	1,318,320
Balance at 31 August 2017	3,000,000,000	HK$30,000	26	1,318,313	1,318,339

(a) The Company was incorporated in the Cayman Islands under the Companies Law of the Cayman Islands as an exempted company with limited liability on 25 April 2016 with an authorised share capital of US$50,000 divided into 50,000 shares of a nominal or par value of US$1.00 each, of which 10,000 shares were issued and paid.

(b) On 7 September 2016, the authorised share capital of the Company was increased by HK$500,000 divided into 50,000,000,000 shares. On the same day, the Company allotted and issued 2,250,000,000 shares to GuangYu Investment, a company incorporated in the BVI with limited liability on 21 March 2016 and a controlling shareholder of the Company, for a subscription price of HK$22,500.

(c) Immediately following the allotment and issue of the 2,250,000,000 shares, the Company repurchased 10,000 shares of par value US$1.00 each from GuangYu Investment at an aggregate consideration of HK$22,500 which was paid out of the proceeds of the aforesaid subscription.

(d) Immediately following the repurchase, the authorised share capital of the Company was reduced by the cancellation of 50,000 shares of par value of US$1.00 each and became HK$500,000 divided into 50,000,000,000 Shares of par value of HK$0.00001 each.

(e) On 28 February 2017, the Company completed its IPO by issuing 750,000,000 new shares with nominal value of HK$0.00001 each at a price of HK$2.05 per share. The gross proceeds raised was approximately HK$1,537,500,000 (equivalent to RMB1,361,918,000), with which share capital was increased by approximately RMB7,000 and share premium was increased by approximately RMB1,318,313,000. The share issuance costs paid and payable mainly include share underwriting commissions, lawyers' fees, reporting accountant's fee and other related costs, of which, the share issuance costs directly attributable to the issuance of the new shares amounting to RMB43,598,000 were charged to share premium, and the share issuance costs attributable to the listing of the old shares amounting to RMB24,503,000 were charged to the consolidated statement of profit or loss for the year ended 31 August 2017.

21 Reserves

	Capital reserve *RMB'000*	Statutory surplus reserves *RMB'000*	Share-based payments reserve *RMB'000*	Translation reserve *RMB'000*	Total *RMB'000*
At 1 September 2015	150,000	148,607	—	—	298,607
Profit appropriation to statutory surplus reserves	—	87,950	—	—	87,950
At 31 August 2016	150,000	236,557	—	—	386,557
At 1 September 2016	**150,000**	**236,557**	**—**	**—**	**386,557**
Profit appropriation to statutory surplus reserves	**—**	**97,596**	**—**	**—**	**97,596**
Repurchase of shares	**46**	**—**	**—**	**—**	**46**
Share-based compensation	**—**	**—**	**91,578**	**—**	**91,578**
Currency translation differences	**—**	**—**	**—**	**(59,213)**	**(59,213)**
At 31 August 2017	**150,046**	**334,153**	**91,578**	**(59,213)**	**516,564**

(a) Capital reserve

Capital reserve of the Group represented the capital contribution premium of the Consolidated Affiliated Entities from its then shareholders.

(b) Statutory surplus reserves

Pursuant to the relevant laws and regulations in the PRC, the Company's subsidiaries in the PRC shall make appropriations from after-tax profit to non-distributable reserve funds as determined by the boards of directors of the relevant PRC subsidiaries. These reserves include (i) statutory reserve fund of the limited liability companies, (ii) general reserve fund of foreign invested enterprise and (iii) the development fund of schools.

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

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

(ii) According to the relevant PRC laws and regulations, for a private school that does not require reasonable return, it is required to appropriate to development fund of not less than 25% of the annual increase of net assets of the relevant school as determined in accordance with PRC GAAP. The development fund is for the construction or maintenance of the school or procurement or upgrading of educational equipment.

22 Share-based payments

Movements in the number of share options outstanding under the Pre-IPO Share Option Scheme and their weighted average exercise prices are as follows:

	31 August 2017 Average exercise price in HK$ per share option	Number of share options
Opening balance	—	—
Granted	**0.00001**	**180,000,000**
Closing balance	**0.00001**	**180,000,000**
Exercisable at period end	**0.00001**	**5,917,350**

Share options outstanding as at 31 August 2017 have the following expiry date and exercise prices:

Expiry date	31 August 2017 Exercise price in HK$ per share option	Number of share options
1 September 2036	**0.00001**	**180,000,000**

102,621,000 share options granted under the Pre-IPO Share Option Scheme on 1 September 2016 have a vesting period of 20 years. Commencing from the first, second to sixth, seventh to eleventh, twelfth to sixteenth and seventeenth to twentieth anniversaries, the relevant grantees may exercise up to 5%, 20%, 30%, 50% and 100% of the shares comprised in his or her option.

15,658,000 share options granted under the Pre-IPO Share Option Scheme on 1 September 2016 have a vesting period of 20 years. Upon the Listing and commencing from the second to sixth, seventh to eleventh, twelfth to sixteenth and seventeenth to twentieth anniversaries, the relevant grantees may exercise up to 5%, 20%, 30%, 50% and 100% of the shares comprised in his or her option. As at 31 August 2017, 782,900 share options had been vested but not yet exercised.

4,402,000 share options granted under the Pre-IPO Share Option Scheme on 1 September 2016 have a vesting period of 15 years. Commencing from the first, second to sixth, seventh to eleventh and twelfth to fifteenth anniversaries, the relevant grantees may exercise up to 5%, 25%, 45% and 100% of the shares comprised in his or her option.

1,636,000 share options granted under the Pre-IPO Share Option Scheme on 1 September 2016 have a vesting period of 15 years. Upon the Listing and commencing from the second to sixth, seventh to eleventh and twelfth to fifteenth anniversaries, the relevant grantees may exercise up to 5%, 25%, 45% and 100% of the shares comprised in his or her option. As at 31 August 2017, 81,800 share options had been vested but not yet exercised.

2,608,000 share options granted under the Pre-IPO Share Option Scheme on 1 September 2016 have a vesting period of 10 years. Upon the Listing and commencing from the second to sixth and seventh to tenth anniversaries, the relevant grantees may exercise up to 5%, 40% and 100% of the shares comprised in his or her option. As at 31 August 2017, 130,400 share options had been vested but not yet exercised.

44,075,000 share options granted under the Pre-IPO Share Option Scheme on 1 September 2016 have a vesting period of 5 years. Upon the Listing and commencing from the second to fifth anniversaries, the relevant grantees may exercise up to 3% and 100% of the shares comprised in his or her option. As at 31 August 2017, 1,322,250 share options had been vested but not yet exercised.

9,000,000 share options granted under the Pre-IPO Share Option Scheme on 1 September 2016 have a vesting period of 3 years. Upon the Listing and commencing from the first and second to third anniversary, the relevant grantees may exercise up to 40%, 60% and 100% of the shares comprised in his or her option. As at 31 August 2017, 3,600,000 share options had been vested but not yet exercised.

The fair value of the options granted under the Pre-IPO Share Option Scheme as determined using the Binominal model was HK$464,583,000. Significant inputs into the model were as follows:

Spot price (HK$)	2.58
Exercise price (HK$)	0.00001
Expected volatility	62.0%
Time to maturity	Based on the terms of the options
Weighted average annual risk free interest rate	1.1%
Expected dividend yield	0.0%

The fair value of the Pre-IPO Share Option Scheme is charged to the consolidated statement of profit or loss over the vesting period of the options. Total share option expenses charged to the consolidated statement of profit or loss for the year ended 31 August 2017 amounted to HK$106,366,000 (equivalent to RMB91,578,000).

23 Accruals and other payables

	As at 31 August	
	2017	2016
	RMB'000	*RMB'000*
Amount due to related parties	**1,122**	—
Payable for the prepaid land lease payments (e)	**48,472**	—
Payables for purchases of property, plant and equipment	**91,514**	58,157
Salary and welfare payables	**51,681**	38,831
Payables for annual fees	**1,300**	1,300
Deposits received from teachers and students	**19,322**	19,274
Miscellaneous expenses received from students (a)	**12,353**	7,192
Payables for teaching materials and other operating expenditure (d)	**14,082**	13,130
Payables for contracting canteens (b)(d)	**2,408**	2,343
Government subsidies payable to students	**1,604**	1,887
Payables in relation to the Listing	**14,874**	10,629
Interest payables	**—**	198
Others	**6,981**	3,728
	265,713	156,669

(a) The amounts represent the miscellaneous expenses received from students which will be paid out on behalf of students.

(b) A few of third party canteens were contracted by the Group to provide catering service to schools.

(c) The carrying amount of the Group's accruals and other payables were denominated in RMB.

(d) As of 31 August 2017 and 2016, the ageing of payables for teaching materials and other operating expenditure and payables for contracting canteens were less than 1 year.

(e) During the year, because of the local government structure reorganisation, Zhengzhou Technology and Business University, a subsidiary of the Group, has received a refund of prepaid land lease payments from the original local authority amounting to RMB48,472,000, which will be instructed to pay to the new local authority in charge of the land management. Such amount is expected to be paid within next 12 month.

24 Deferred revenue

	As at 31 August	
	2017	2016
	RMB'000	*RMB'000*
Tuition and boarding fees	**631,711**	609,193

25 Borrowings

	As at 31 August	
	2017	2016
	RMB'000	*RMB'000*
Non-current		
Bank borrowings		
— secured	**—**	105,000
— unsecured	**—**	90,000
	—	195,000
Current		
Bank borrowings		
— secured	**—**	80,000
— unsecured	**—**	40,000
	—	120,000
Total borrowings	**—**	315,000

Total borrowings are comprised of the following loans:

(a) Bank borrowings of the Group which are pledged by right over the tuition fee and guaranteed by related parties are shown below:

	As at 31 August	
	2017	2016
	RMB'000	*RMB'000*
Guaranteed by a subsidiary of the Group and the Controlling Shareholder	**—**	185,000

(b) Bank borrowings of the Group which are guaranteed by related parties are shown below:

	As at 31 August	
	2017	2016
	RMB'000	*RMB'000*
A subsidiary of the Group	**—**	100,000
A subsidiary of the Group and the Controlling Shareholder	**—**	30,000
	—	130,000

(c) The weighted average effective interest rates (per annum) are set out as follows:

	As at 31 August	
	2017	2016
Bank borrowings	**—**	5.4%

(d) The maturity date of the borrowing was analysed as follows:

	As at 31 August	
	2017	2016
	RMB'000	*RMB'000*
Within 1 year	**—**	120,000
Between 1 and 2 years	**—**	80,000
Between 2 and 5 years	**—**	115,000
	—	315,000

(e) The Group has the following unutilised borrowing facilities and undrawn bank borrowings:

	As at 31 August	
	2017	2016
	RMB'000	*RMB'000*
Floating rate and expiring beyond one year		
— Undrawn bank borrowings	**—**	100,000
	—	100,000

(f) The Group's borrowings were denominated in RMB.

26 Dividends

The dividends paid in 2017 and 2016 were RMB97,038,000 (HKD0.037 per share) and nil respectively. A dividend in respect of the year ended 31 August 2017 of HKD0.043 per share, amounting to a total dividend of RMB117,903,000, is to be proposed at the annual general meeting to be held on 9 February 2018. These financial statements do not reflect this dividend payable.

	2017	2016
	RMB'000	*RMB'000*
Interim dividend paid of HKD0.037 (2016: nil) per ordinary share	**97,038**	—
Proposed final dividend of HKD0.043 (2016: nil) per ordinary share	**117,903**	—

EVENTS AFTER THE PERIOD

On 2 November 2017, the Company entered into a placing and top-up subscription agreement (the "**Placing and Subscription Agreement**") with CLSA Limited (中信里昂證券有限公司) (the "**Placing Agent**"), GuangYu Investment Holdings Limited (the "**Vendor**") and Mr. Li Guangyu, pursuant to which (a) the Vendor appointed the Placing Agent as placing agent of the Company to use its best effort to procure placees, who and whose ultimate beneficial owners shall be independent third parties to the Company, to subscribe for up to 253,150,000 shares of the Company at the placing price of HK$3.70 per share (the "**Placing**"), and (b) the Vendor agreed to subscribe for, and the Company agreed to allot and issue to the Vendor, up to 253,150,000 new share (being the same number of shares actually placed) at the subscription price (being the same as the placing price) (the "**Subscription**"). The Placing was completed on 7 November 2017 with all of the 253,150,000 shares successfully placed at the placing price of HK$3.70 per share. The Subscription was completed on 10 November 2017 with 253,150,000 new shares issued and allotted to the Vendor at the subscription price of HK$3.70 per share. For further details, please refer to the Company's announcements dated 3 November 2017 and 10 November 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

With over 15 years of operating private schools in Henan province, the Group is one of the leading private school operators in central China in terms of student enrolment.

The Group provides both university education and K-12 education with all of its 26 schools located in Henan province of China. The Group's mission is to foster modern talent with leadership and lifelong learning capabilities and nurture great minds to contribute to the future development of the Chinese nation ("培養具有領導才能和自主學習能力的現代化人才，為中華民族的偉大復興貢獻力量"). With such objectives in mind, the Group has structured the curriculums of its university and K-12 schools not only to accommodate the students' pursuit of academic excellence, but also to facilitate their well-rounded development.

The business of the Group remained relatively stable for the year ended 31 August 2017. There have been no material changes in respect of the business of the Group since 31 August 2016.

The Group's Schools

As at 31 August 2017, the Group had 26 schools(note 2) located in Henan province of China. In the past fiscal year, the Group's new high school on Luohe Yuhua Elite School campus commenced operation in September 2016. The following table sets out a summary of the Group's schools by category as at the end of August 2017 and 2016:

The Group's schools	**As at 31 August 2017**	As at 31 August 2016
University	**1**	1
High schools	**4** (note 2)	3 (note 1)
Middle schools	**7**	7
Primary schools	**6**	6
Kindergartens	**8**	8
Total	**26**	25

Notes:

1. Includes the high school on the Luohe YuHua Elite School campus, which had been established but was not yet put into operation as of 31 August 2016. It commenced operation in September 2016.

2. Includes the high school on the Xuchang YuHua Elite School campus, which had been established but was not yet put into operation as of 31 August 2017. It commenced operation in September 2017.

Subsequent to 31 August 2017, the new high school on the Xuchang YuHua Elite School campus commenced operation on 1 September 2017.

Business Outlook

Future Development

The Group has a strong pipeline for opening new schools in Henan province. In particular, the Group is planning to construct two new high schools which will be located in the Group's existing campuses, details of which are set out below. Please refer to the section headed "Business" in the Company's prospectus dated 16 February 2017 (the "**Prospectus**") for further details of the Group's strategy for future development.

1. *Kaifeng YuHua Elite School Campus*

   As disclosed in the Prospectus, the new high school on the Kaifeng YuHua Elite School campus will involve building a new student dormitory and ancillary teaching facilities depending on the needs of teaching activities. The student dormitory will have a capacity of approximately 2,000 students.

2. *Jiyuan YuHua Elite School Campus*

As disclosed in the Prospectus, the new high school on the Jiyuan YuHua Elite School campus will involve building a new student dormitory and ancillary teaching facilities depending on the needs of teaching activities. The student dormitory will have a capacity of approximately 2,000 students.

Financial Review

1. *Overview*

For the year ended 31 August 2017, we recorded a revenue of RMB846.2 million, an Adjusted Gross Profit of RMB461.4 million and a gross profit of RMB435.8 million. The Adjusted Gross Profit Margin[1] of the Group was 54.5% for the year ended 31 August 2017 as compared with 52.0% for the corresponding period in 2016. The gross profit margin was 51.5% for the year ended 31 August 2017 as compared with 52.0% for the corresponding period in 2016.

The Adjusted Net Profit of the Group for the year ended 31 August 2017 was RMB429.9 million, representing an increase of RMB107.8 million or a 33.5% increase from the corresponding period in 2016. The Adjusted Net Profit Margin[2] of the Group was 50.8% and 41.2% for the years ended 31 August 2017 and 31 August 2016, respectively. The increase in the Adjusted Net Profit was mainly due to the increase in student enrolment and tuition fees for several schools.

The net profit of the Group amounted to RMB313.8 million and RMB311.7 million for the years ended 31 August 2017 and 31 August 2016, respectively. The net profit margin of the Group amounted to 37.1% and 39.9% for the years ended 31 August 2017 and 31 August 2016, respectively.

2. *Revenue*

For the year ended 31 August 2017, revenue of the Group amounted to RMB846.2 million, representing an increase of RMB64.9 million or 8.3% as compared with RMB781.3 million for the corresponding period of 2016. The increase was primarily the result of the increase in student enrolment and tuition fees for several schools.

3. *Cost of Revenue*

For the year ended 31 August 2017, the Adjusted Cost of Revenue[3] of the Group amounted to RMB384.8 million, representing an increase of RMB9.7 million or 2.6% as compared with RMB375.1 million for the corresponding period of 2016. The increase was primarily the result of the increase in the number of teachers and the teachers' salaries.

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[1] The Adjusted Gross Profit Margin is calculated as the gross profit margin for the period, excluding the impact from certain non-cash or non-recurring expenses including share-based compensation.

[2] The Adjusted Net Profit Margin is calculated as net profit margin for the period, excluding the impact from certain non-cash or non-recurring expenses including: (i) share-based compensation and (ii) one-off listing expenses incurred in connection with the IPO and the Listing in February 2017.

[3] The Adjusted Cost of Revenue is calculated as cost of revenue for the period, excluding the impact from the non-cash expenses of share-based compensation.

The cost of revenue of the Group amounted to RMB410.5 million and RMB375.1 million for the years ended 31 August 2017 and 31 August 2016, respectively. The increase was primarily due to teacher's share-based compensation.

4. ***Gross Profit and Gross Margin***

For the year ended 31 August 2017, the Adjusted Gross Profit of the Group amounted to RMB461.4 million, representing an increase of RMB55.2 million or 13.6% as compared with RMB406.2 million for the corresponding period in 2016, primarily due to the increase in student enrolment and tuition fees for several schools. The Adjusted Gross Profit Margin of the Group for the year ended 31 August 2017 was 54.5%, compared with and 52.0% for the corresponding period in 2016.

The Group's gross profit amounted to RMB435.8 million and RMB406.2 million for the years ended 31 August 2017 and 31 August 2016, respectively. The Group's gross profit margin amounted to 51.5% and 52.0% for the years ended 31 August 2017 and 31 August 2016, respectively.

5. ***Selling Expenses***

For the year ended 31 August 2017, selling expenses of the Group amounted to RMB3.76 million, representing a decrease of RMB0.4 million or 10.5% from RMB4.20 million during the corresponding period in 2016. There were no material changes to selling and marketing activities for the year ended 31 August 2017.

6. ***Administrative Expenses***

For the year ended 31 August 2017, the Adjusted Administrative Expenses[4] of the Group amounted to RMB56.8 million, representing a decrease of RMB3.2 million or 5.4% as compared with RMB60.0 million for the corresponding period in 2016. There were no material changes to the Adjusted Administrative Expenses for the year ended 31 August 2017.

The administrative expenses of the Group amounted to RMB147.2 million and RMB70.4 million for the years ended 31 August 2017 and 31 August 2016, respectively. The increase was primarily due to share-based compensation of administrative staff and listing expenses related to the IPO.

7. ***Other Income***

For the year ended 31 August 2017, the other income of the Group amounted to RMB22.9 million, representing an increase of RMB16.5 million or 255.5% as compared with RMB6.4 million for the corresponding period in 2016. This was primarily due to government's grant and subsidies.

[4] The Adjusted Administrative Expenses is calculated as administrative expense for the period, excluding the impact from certain non-cash or non-recurring expenses including: (i) share-based compensation and (ii) one-off listing expenses incurred in connection with the IPO and the Listing in February 2017.

8. Other Gains and Losses

For the year ended 31 August 2017, the other gains and losses of the Group amounted to a gain of RMB1.1 million as compared with a loss of RMB0.3 million for the corresponding period in 2016. There were no material changes to other gains and losses for the year ended 31 August 2017.

9. Operating Profit

For the year ended 31 August 2017, the Adjusted Operating Profit amounted to RMB424.8 million, representing an increase of RMB76.7 million or 22.0% as compared with RMB348.1 million for the corresponding period in 2016. The increase was primarily due to the increase in student enrolment and tuition fees for several schools.

The operating profits of the Group amounted to RMB308.7 million and RMB337.7 million for the years ended 31 August 2017 and 31 August 2016, respectively. The decrease was primarily due to share-based compensation and listing expenses relating to the IPO.

10. Finance Income

Finance income increased by 1,009.1% from RMB1.4 million for the year ended 31 August 2016 to RMB15.5 million for the corresponding period in 2017 due to increase in interest income from cash deposit which was enlarged following the IPO.

11. Finance Expenses

Finance expenses decreased by 61.7% from RMB27.4 million for the year ended 31 August 2016 to RMB10.5 million for the corresponding period in 2017 due to repayment of bank loans for the year ended 31 August 2017.

12. Profit for the Period

As a result of the above factors, the Adjusted Net Profit of the Group was RMB429.9 million for the year ended 31 August 2017, representing an increase of RMB107.8 million or 33.5% as compared with RMB322.1 million for the corresponding period in 2016. In addition, the Adjusted Net Profit Margin of the Group amounted to 50.8% and 41.2% for the years ended 31 August 2017 and 31 August 2016, respectively. The increase in adjusted net profit was mainly due to the increase in student enrolment and tuition fees for several schools.

The Group recorded a profit of RMB313.8 million for the year ended 31 August 2017, representing an increase of RMB2.1 million or 0.7% as compared with RMB311.7 million for the corresponding period in 2016. The profit margin of the Group for the year ended 31 August 2017 was 37.1%, compared to 39.9% for the corresponding period in 2016.

13. Liquidity and Source of Funding and Borrowing

As at 31 August 2017, the Group's cash and cash equivalents increased by 110.7% from RMB305.0 million as at 31 August 2016 to RMB642.5 million. The significant increase of cash and cash equivalents for the year ended 31 August 2017 primarily resulted from the net proceeds raised from the IPO.

As at 31 August 2017, the current assets of the Group amounted to RMB1,641.4 million, including RMB642.5 million in bank balances and cash and other current assets of RMB998.9 million. The current liabilities of the Group amounted to RMB897.4 million, of which RMB631.7 was deferred revenue, RMB265.7 million was accruals and other payables, and RMB0 million was borrowings. As at 31 August 2017, the current ratio, which is equivalent to the current assets divided by the current liabilities, of the Group was 1.83 as compared with 0.52 as at 31 August 2016.

14. Gearing Ratio

As at 31 August 2017, the gearing ratio of the Group, which was calculated as total interest-bearing bank loans divided by total equity, was approximately nil, representing a decrease of 34.6 percentage point(s) as compared with 34.6% as at 31 August 2016. The decrease was due to the repayment of bank loans for the year ended 31 August 2017.

15. Material Investments

The Group did not make any material investments during the year ended 31 August 2017.

16. Material Acquisitions and Disposals

The Group did not have any material acquisitions or disposals of subsidiaries, consolidated affiliated entities or associated companies during the year ended 31 August 2017.

17. Pledge of Assets

As at 31 August 2017, the Group had no bank borrowings and no assets of the Group were pledged to secure its loans and banking facilities.

18. Contingent Liabilities

The Group had no material contingent liabilities as at 31 August 2017.

19. Foreign Exchange Exposure

During the year ended 31 August 2017, the Group mainly operated in China and majority of the transactions were settled in Renminbi ("**RMB**"), the Company's primary consolidated affiliated entities' functional currency. As at 31 August 2017, except for the bank deposits denominated in foreign currencies, the Group did not have significant foreign currency exposure from its operations.

FINAL DIVIDEND

The Board recommended the payment of a final dividend of HK$0.043 per share for the year ended 31 August 2017. The final dividend is subject to the approval of the shareholders of the Company (the "**Shareholders**") at the forthcoming annual general meeting of the Company to be held on 9 February 2018 (the "**AGM**") and the final dividend is expected to be payable on 2 March 2018 to the Shareholders whose names appear on the register of members of the Company on 21 February 2018.

CLOSURE OF THE REGISTER OF MEMBERS

The Company's annual general meeting will be held on 9 February 2018. The register of members of the Company will be closed from 6 February 2018 to 9 February 2018, both days inclusive, in order to determine the identity of the Shareholders who are entitled to attend the AGM, during which period no share transfers will be registered. To be eligible to attend the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 5 February 2018.

The register of members of the Company will also be closed from 15 February 2018 to 21 February 2018, both days inclusive, in order to determine the entitlement of the Shareholders to receive the final dividend, during which period no share transfers will be registered. To qualify for the final dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 14 February 2018.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

1. Compliance with the Code on Corporate Governance Practices

Since the listing (the "**Listing**") of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 28 February 2017 (the "**Listing Date**") and up to 31 August 2017, the Company has complied with all applicable code provisions set out in the Corporate Governance Code (the "**CG Code**") and Corporate Governance Report contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") except as disclosed below.

Code provision A.1.1 of the CG Code provides that board meetings should be held at least four times a year at approximately quarterly intervals. As the Company was only listed on 28 February 2017, the Company had only held one Board meeting since the Listing Date and up to 31 August 2017.

Further information of the corporate governance practice of the Company will be set out in the corporate governance report in the annual report of the Company for the year ended 31 August 2017.

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

2. Compliance with the Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own securities dealing code to regulate all dealings by Directors and relevant employees of securities in the Company and other matters covered by the Model Code.

Specific enquiry has been made of all the Directors and the relevant employees and they have confirmed that they have complied with the Model Code since the Listing Date and up to 31 August 2017.

3. Scope of Work of the Company's Auditors

The figures contained in this announcement of the Group's consolidated results for the year ended 31 August 2017 have been agreed by the Company's auditor (the "**Auditors**"), to the figures set out in the audited consolidated financial statements of the Group for the year ended 31 August 2017. The Auditors performed this work in accordance with Hong Kong Standard on Related Services 4400 "Engagements to Perform Agreed-upon Procedures Regarding Financial Information" and with reference to Practice Note 730 (Revised) "Guidance for Auditors Regarding Preliminary Announcements of Annual Results" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). The work performed by the Auditors in this respect does not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements, or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by the Auditors on this announcement.

4. Audit Committee

The Company has established an audit committee with written terms of reference in accordance with the Listing Rules. The audit committee comprises three independent non-executive Directors, namely, Mr. Chen Lei, Mr. Xia Zuoquan and Mr. Zhang Zhixue. Mr. Chen Lei is the chairman of the audit committee.

The audit committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 August 2017 and has met with the independent auditor, PricewaterhouseCoopers. The audit committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management members of the Company.

5. Other Board Committees

In addition to the audit committee, the Company has also established a nomination committee and a remuneration committee.

6. Purchase, Sale or Redemption of the Company's Listed Securities

During the period from the Listing Date and up to 31 August 2017, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

7. Material Litigation

The Company was not involved in any material litigation or arbitration during the year ended 31 August 2017. The Directors are also not aware of any material litigation or claims that are pending or threatened against the Group since the Listing Date and up to 31 August 2017.

8. Use of Proceeds from Global Offering

On 28 February 2017, the shares of the Company were listed on the Main Board of the Stock Exchange. The net proceeds from the above global offering were approximately HK$1,488.3 million. As at 31 August 2017, approximately HK$60 million of the proceeds had been applied towards facilities upgrade and capacity expansion of the Company's existing schools; and (ii) approximately RMB100 million (approximately HK$118 million) had been applied to repay the bank loans.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the website of the Stock Exchange at *www.hkexnews.hk* and the website of the Company at *www.yuhuachina.com*. The annual report of the Group for the year ended 31 August 2017 will be published on the aforesaid websites of the Stock Exchange and the Company and will be dispatched to the Company's shareholders in due course.

By order of the Board
China YuHua Education Corporation Limited
Li Guangyu
Chairman and Executive Director

Hong Kong, 22 November 2017

As at the date of this announcement, the Board comprises Mr. Li Guangyu, Ms. Li Hua and Ms. Qiu Hongjun as executive Directors; and Mr. Chen Lei, Mr. Xia Zuoquan and Mr. Zhang Zhixue as independent non-executive Directors.