China New Higher Education Group Limited
中國新高教集團有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 2001)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 28 FEBRUARY 2021

The Board of Directors is pleased to announce the interim results of the Group for the six months ended 28 February 2021.

HIGHLIGHT

	Six months ended 28 February 2021 ***(RMB million)*** **(Unaudited)**	Six months ended 29 February 2020 *(RMB million)* (Pro forma)	**Change** ***(RMB million)***	**Change** ***(Percentage)***	Six months ended 30 June 2020 *(RMB million)* (Unaudited)
Total revenue^	**925.2**	689.7	+235.5	+34.1%	694.3
Revenue	**786.5**	605.9	+180.6	+29.8%	641.2
Gross profit	**356.8**	295.3	+61.5	+20.8%	337.8
Net profit	**305.0**	225.0	+80.0	+35.6%	265.7
Net profit attributable to owners of the parent	**294.6**	203.2	+91.4	+45.0%	238.7
Dividend per share					
Interim dividend (RMB)	**0.054**				0.042

^ Total revenue derived from the revenue from main business of the Group as well as other income and gains.

Note: On 29 July 2020, the Company announced to change its financial year end date from 31 December to 31 August so as to align the financial year of the Group with the academic year of the schools operated by the Group (academic year ends in August each year) in the PRC.

Accordingly, the current accounting period covers a period of six months from 1 September 2020 to 28 February 2021. The corresponding comparative amounts shown in condensed consolidated statement of profit or loss and other comprehensive income covered a period of six months from 1 January 2020 to 30 June 2020, and therefore are not entirely comparable with those of the current period.

To provide meaningful comparative information, the Group prepared pro forma financial information covering the six months ended 29 February 2020 (the "**Pro Forma Period**"). The pro forma figures have not been audited. The pro forma financial information is comprised of the figures of (1) four months derived on a proportion basis from the financial results of the period from 1 July 2019 to 31 December 2019; and (2) two months derived on a proportion basis from the financial results of the period from 1 January 2020 to 30 June 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

The financial results for the six months ended 28 February 2021 and the Pro Forma Period are as follows:

	Six months ended			Six months ended
	28 February 2021	29 February 2020	**Change**	30 June 2020
	RMB million	*RMB million*		*(RMB million)*
	(Unaudited)	(Pro forma)		(Unaudited)
Revenue	**786.5**	**605.9**	**+29.8%**	**641.2**
Cost of sales	**(429.7)**	**(310.6)**	**+38.3%**	**(303.4)**
Gross profit	**356.8**	**295.3**	**+20.8%**	**337.8**
Other income and gains	**138.7**	**83.8**	**+65.5%**	**53.1**
Selling and distribution expenses	**(8.3)**	**(7.9)**	**+5.1%**	**(6.8)**
Administrative expenses	**(51.7)**	**(45.1)**	**+14.6%**	**(25.6)**
Other expenses	**(26.5)**	**(9.7)**	**+173.2%**	**(7.2)**
Finance costs	**(65.3)**	**(52.8)**	**+23.7%**	**(55.0)**
PROFIT BEFORE TAX	**343.7**	**263.6**	**+30.4%**	**296.3**
Income tax expense	**(38.7)**	**(38.6)**	**+0.3%**	**(30.6)**
Net profit	**305.0**	**225.0**	**+35.6%**	**265.7**
Net profit attributable to owners of the parent	**294.6**	**203.2**	**+45.0%**	**238.7**
Gross profit margin	**45.4%**	**48.7%**	**–3.3%**	**52.7%**
Net profit margin	**38.8%**	**37.1%**	**+1.7%**	**41.4%**

Revenue

The Group's revenue increased by 29.8% from RMB605.9 million for the Pro Forma Period to RMB786.5 million for the six months ended 28 February 2021. Revenue for the Reporting Period was generated from its organic growth, and the significant increase in revenue was mainly attributable to (1) continuing to leverage the advantages of centralized school operation to rapidly integrate newly acquired schools and improve the operational efficiency and profitability of newly acquired schools; and (2) the integration of high-quality teaching, high-quality employment, and high-quality student-teacher experience, which drove steady growth in student numbers and average tuition.

Cost of Sales

Cost of sales of the Group increased by 38.3% from RMB310.6 million for the Pro Forma Period to RMB429.7 million for the six months ended 28 February 2021. The increase was mainly due to (1) the Group's adherence to high-quality development, continuously improved and increased investment in teaching, employment, information technology and talent echelon building; (2) the increase in the number of students; and (3) the one-off recording of the conversion fee of Central China School.

Gross Profit and Gross Profit Margin

Gross profit of the Group increased by 20.8% from RMB295.3 million for the Pro Forma Period to RMB356.8 million for the six months ended 28 February 2021, consistent with the growth of the Group's business. The gross profit margin amounted to 45.4% for the six months ended 28 February 2021, representing a slight decrease as compared with 48.7% for the Pro Forma Period. The lower gross profit margin was mainly due to the Group's strategy of adhering to great quality and great price and increasing investment in teaching, where the growth rate of revenue at current stage was temporarily lower than the growth rate of cost of sales. The high quality-based strategy will lay a solid foundation for future organic growth.

Other Income and Gains

Other income and gains of the Group increased by 65.5% from RMB83.8 million for the Pro Forma Period to RMB138.7 million for the six months ended 28 February 2021. This is mainly due to (1) the completion of the acquisition of Yunnan Vocational School in the first half of 2020, the Group integrated Yunnan Vocational School's training resources which accumulated over the years, and the fully cooperated with various schools to actively provide training services for vocational skills improvement to the community, contributing to "preserving employment"; (2) leveraging the advantages of centralized school operation, the logistics service model was replicated to the newly acquired schools, contributing to a solid growth in logistics revenue; and (3) fair value gains from convertible bonds.

Selling and Distribution Expenses

Selling and distribution expenses of the Group increased by 5.1% from RMB7.9 million for the Pro Forma Period to RMB8.3 million for the six months ended 28 February 2021. The increase was mainly due to the continued strengthening of its brand building and increased investment in enrollment promotion. Such expense accounted for approximately 0.9% of the Group's total revenue for the Reporting Period, a slight decrease as compared to the proportion of the selling and distribution expense over total revenue of 1.1% during the Pro Forma Period.

Administrative Expenses

Administrative expenses of the Group increased by 14.6% from RMB45.1 million for the Pro Forma Period to RMB51.7 million for the six months ended 28 February 2021. The growth rate of administrative expenses was lower than the growth rate of revenue due to the Group's strict control over administrative expenses. The increase was mainly due to the Group's increased investment in hiring professionals to provide internal management services to the Group and its schools and to build the talent echelon.

Other Expenses

Other expenses of the Group increased by 173.2% from RMB9.7 million for the Pro Forma Period to RMB26.5 million for the six months ended 28 February 2021. This is mainly due to (1) increased expenses resulted from the increase in other income and gains; and (2) increased expenses resulted from completion of the acquisition of Yunnan Vocational School in the first half of 2020.

Finance Costs

Finance costs of the Group increased by 23.7% from RMB52.8 million for the Pro Forma Period to RMB65.3 million for the six months ended 28 February 2021. This is mainly due to the effect of the one-off accrual of the initial cost of convertible bonds. Excluding such effect, the finance cost was flat as compared with that of the Pro Forma Period.

Profit before Tax

As a result of the foregoing, the Group recognised a profit before tax of RMB343.7 million for the six months ended 28 February 2021 as compared with RMB263.6 million for the Pro Forma Period, representing an increase of 30.4%. This is mainly due to (1) substantial organic growth; (2) the development of diversified income, provision of vocational skills training services for students and society, and the expansion of commercial logistics income by leveraging the advantages of its centralized school operation; and (3) the continuous optimization of cost structure with the increase in cost of sales, and strict control of administrative expenses and selling and distribution expenses.

Income Tax Expense

The Group's income tax expense increased by 0.3% from RMB38.6 million for the Pro Forma Period to RMB38.7 million for the six months ended 28 February 2021. The growth rate of income tax expense was significantly lower than the growth rate of revenue of 29.8%, mainly due to the significant effect of the Group's tax planning.

Net Profit

As a result of the combined effect of revenue, costs and expenses above, the net profit of the Group was RMB305.0 million for the six months ended 28 February 2021, an increase of 35.6% as compared with RMB225.0 million for the Pro Forma Period.

Net Profit Attributable to Owners of the Parent

Due to the combined effects of the above revenue, costs and expenses, the Group's net profit attributable to owners of the parent increased by 45.0% to RMB294.6 million for the six months ended 28 February 2021 from RMB203.2 million for the Pro Forma Period.

Adjusted Net Profit

The adjusted net profit of the Group increased by 53.3% to RMB345.0 million for the six months ended 28 February 2021 from RMB225.0 million for the Pro Forma Period.

	Six months ended	
	28 February 2021	29 February 2020
	(RMB million)	*(RMB million)*
	(Unaudited)	(Pro forma)
Net profit	**305.0**	225.0
Add: Conversion fee of Central China School	**40.0**	–
	345.0	225.0

Adjusted Net Profit Attributable to Owners of the Parent

The adjusted net profit attributable to owners of the parent of the Group increased by 64.7% to RMB334.6 million for the six months ended 28 February 2021 from RMB203.2 million for the Pro Forma Period.

	Six months ended	
	28 February 2021	29 February 2020
	(RMB million)	*(RMB million)*
	(Unaudited)	(Pro forma)
Net profit attributable to owners of the parent	**294.6**	203.2
Add: Conversion fee of Central China School	**40.0**	–
	334.6	203.2

Total Capital

The total capital of the Group, which equals to the aggregate of cash and cash equivalents plus time deposits, pledged deposits, financial assets at fair value through profit or loss, increased by 63.5% from RMB998.1 million as of 31 August 2020 to RMB1,632.2 million as of 28 February 2021. The capital reserves were significantly increased.

Financial Resources and Gearing Ratio

The Group's interest-bearing bank loans and other borrowings primarily consisted of short-term working capital loans and long-term project loans for our school buildings and facilities. The interest-bearing bank loans and other borrowings as well as lease liabilities amounted to RMB1,406.4 million as of 28 February 2021 (31 August 2020: RMB1,895.8 million), among which HK$292.5 million was denominated in Hong Kong dollar, while the remaining was denominated in Renminbi.

Certain interest-bearing bank loans and other borrowings, convertible bonds and the proceeds from the placement have not yet been used. In order to utilize the Group's financial resources more effectively, the Group purchased certain structured deposits and money market funds during the period ended 28 February 2021. These structured deposits and money market funds are short-term liquidity management products with extremely low risks, and the Group holds these investments for short-term cash management.

Interest-bearing debt equals to the total amount of interest-bearing bank loans and other borrowings and lease liabilities as of 28 February 2021. The Group's interest-bearing debt/total assets decreased from 32.4% as of 31 August 2020 to 21.1% as of 28 February 2021, mainly due to the decrease in scale of interest-bearing debt.

Net interest-bearing debt equals to the total interest-bearing bank loans and other borrowings and lease liabilities net of total capital as of 28 February 2021. The Group's net interest-bearing debt to total equity decreased from 35.9% as of 31 August 2020 to -7.4% as of 28 February 2021, which was primarily attributable to the increase in the Group's capital reserves and the fact that total capital was higher than interest-bearing debt.

Gearing ratio equals to ratio of interest-bearing debt divided by total equity as of 28 February 2021. The Group's gearing ratio decreased from 75.7% as of 31 August 2020 to 46.2% as of 28 February 2021, mainly due to a decrease in scale of interest-bearing debt.

Capital Expenditures

For the six months ended 28 February 2021, the Group's capital expenditures were RMB179.9 million, which was primarily used for the construction of our school buildings and facilities at the new campus and purchase of equipment and software.

Capital Commitments

The Group's capital commitments were primarily related to the balance payment for the construction of school building, purchase of facilities and investment in Gansu School. The following table sets out a summary of our capital commitments as of the dates indicated:

	28 February 2021 (Unaudited) ***(RMB million)***	31 August 2020 (Audited) *(RMB million)*
Contracted but not provided for:		
Property, plant and equipment	**345.7**	190.8
Investments	**128.0**	23.0
	473.7	213.8

As of 28 February 2021, the Group had no significant capital commitment authorized but not contracted for.

FUTURE PLAN FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

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

SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS

Save as disclosed in this announcement, there were no other significant investments held by the Group, no material acquisitions or disposals of subsidiaries, associates or joint ventures during the Reporting Period, nor was there any plan authorized by the Board for other material investments or additions of capital assets during the six months ended 28 February 2021.

FOREIGN EXCHANGE RISK MANAGEMENT

The functional currency of the Group is RMB. The majority of the Group's revenue and expenditures are denominated in RMB. As at 28 February 2021, certain bank loans and bank balances were denominated in USD and HKD. The Group currently does not have foreign currency hedging policies. The management will continue to monitor the Group's foreign exchange risk exposure and consider adopting prudent measures as appropriate.

PLEDGE OF ASSETS

The pledged assets of the Group as at 28 February 2021 are as follows:

(i) the Group's buildings, furniture and fixtures and electronic devices with an aggregate net carrying amount of approximately RMB166,026,000 as at 28 February 2021 (31 August 2020: RMB182,969,000);

(ii) the pledge of shares of the Group's certain subsidiaries;

(iii) personal guarantees executed by Mr. Li and Ms. Yang;

(iv) corporate guarantees executed by the Group and subsidiaries of the Group, which are controlled by Mr. Li;

(v) deposits of the Group with an amount of RMB77,994,000 as at 28 February 2021 (31 August 2020: RMB271,796,000); and

(vi) the charging right of tuition and boarding fees of Yunnan School, Guizhou School, Guangxi Yinghua International Occupation College, Guangxi Yinghua International Occupation Middle School and Luoyang School.

Contingent Liabilities

As of 28 February 2021, the Group did not have any material contingent liabilities, guarantees or any litigations or claims of material importance, pending or threatened against any member of the Group.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the date of this announcement, the Group had not entered into any off-balance sheet transactions.

BUSINESS OVERVIEW

The Group is a leading private higher education group and first put forward and propelled the education model of Application-oriented Universities. As at 28 February 2021, the Group's school networks covered higher education schools in seven provinces and regions. The total number of enrolled students increased from approximately 46,500 in 2017 when it was listed on the main board of the Hong Kong Stock Exchange to more than 126,000 at present, ranking the third in the higher education sector of the Hong Kong Stock Exchange. After the Reporting Period, the Group further expanded its business to Zhengzhou, Henan Province.

RECENT BUSINESS HIGHLIGHTS

(I) 1+1 Strategic Acquisition, Driven by Two-wheel of Internal Growth and External Investment

In February 2021, the Group acquired 100% equity interest in Beijing Lianhe Open Education Technology Co., Ltd.（北京聯合開放教育科技有限公司）("**Beijing Lianhe**") for approximately RMB2.35 million, which provides technological services for the establishment, operation and maintenance of the Group's online education platform. The acquisition will help strengthen online and offline hybrid teaching of the Group, improving teaching quality and students' experience.

Subsequent to the Reporting Period, the Group won the Bidding for 100% sponsor interest in Zhengzhou School in April 2021 at a consideration of RMB673,516,600. Located in Zhengzhou, the capital of Henan Province and a central city in central China, such school has obvious advantages in terms of location, enrollment and teacher attraction and can radiate to the whole province of Henan. Meanwhile, Henan Province has the largest source of students in China with the largest number of candidates for the National University Entrance Exam of the PRC, reaching 1.15 million in 2020, 370,000 more than Guangdong Province which ranked second. Therefore there is great potential for growth in the number of students at Zhengzhou School. In addition, as Henan Province has the 5th largest GDP in China. Lastly, Zhengzhou School can form synergy with Luoyang School of the Group in terms of education resource sharing, social resource matching and brand promotion to further enhance the Group's market share in the province with the largest student population, facilitating the rapid growth of the Group's school scale of operation and revenue.

(II) Conversion of Independent Colleges

Subsequent to the Reporting Period, with its strong centralized replication capability, Central China School and Gansu School were approved by the Ministry of Education to successfully convert from independent colleges to full private universities in March 2021.

Upon the completion of the conversion, Central China School has been renamed as "Hubei Enshi College" and Gansu School has been renamed as "Lanzhou College of Information Science and Technology" and the above two schools will recruit students under the new school names and will educate and manage students under the management system of the new school.

After the conversion, the above two schools will receive policy support in the areas of "enrollment plans, project application and discipline setting etc". The above two schools will be more clearly positioned in the education sector. With high quality employment of students as the guide, they will vigorously develop the talent cultivation model with integration of industry and education, and collaborative education. The Group will also further expand the autonomy of school operation, strengthen management empowerment, and continuously improve the above two schools' operational efficiency and profitability.

(III) Completion in Acquisition of Gansu School

Subsequent to the Reporting Period, the Company has obtained all necessary approvals and completed the acquisition of the Gansu School in April 2021, where Bei Ai Company became the sole school sponsor of the Gansu School.

Since joining the Group in July 2018, through integrated resources, sharing of strengths and synergized development, the Group has supported the Gansu School to become the key university supported by and developed in the "13th Five-Year Plan" of Gansu Province. The Gansu School has also been recognized as Advanced Unit of Employment in Ordinary Colleges and Universities in Gansu Province. The student enrollment of the Gansu School for the 2020/2021 academic year increased to over 9,200. Following the execution of the relevant supplemental agreement to the Structured Contracts, Gansu School will become an entity controlled by the Group and its results of operations will be consolidated into those of the Group, which will help improving the revenue and profit of the Group.

(IV) High Quality Employment

In response to the national call, the Group provides modern vocational education services and has reached strategic cooperation with well-known enterprises to jointly cultivate high-quality technical talents for application and regional development. Recently, the Group reached a number of cooperation agreements, including the signing of a strategic cooperation agreement with Jingdong in December 2020; the official establishment of the Yangtze River Delta Regional Career Innovation Center in December 2020, which will connect the resources of leading industries and enterprises in the Yangtze River Delta to provide better, newer and more job opportunities for students; from November 2020 to March 2021, deep cooperation with the governments of Suzhou, Chuzhou and Cixi, and signed a framework agreement between the "university, government, industry and enterprises" to open a new model of multi-dimensional cooperation; in March 2021, the Group signed a comprehensive cooperation agreement with Huawei, taking the construction of Huawei Cloud School project as the beginning, to jointly construct majors, teachers, courses, experimental and practical training conditions, etc., and to fully develop collaborative education and build an information and communication technology (ICT) talent ecology.

(V) Diversified Financing Channels to Support Value Investment

Completion of US$130 million financing with strong capital reserves

In September 2020, the Group completed the issuance of US$100 million of convertible bonds and approximately US$30 million of top-up placement, with a total financing amount of approximately US$130 million, making it the first simultaneous issuance of convertible bond and placement transaction in the Asia-Pacific education sector. The convertible bond has a coupon rate of only 1%, which is the lowest among non-investment grade one-year convertible bonds. It is also one of the lowest coupon rates among Hong Kong-listed education companies that have issued convertible bonds so far. The convertible bond has a conversion premium rate of 18%, which is the highest premium level for a one-year convertible bond issue in the past two years under the same issuance conditions. At the same time, the discount rate for the top-up placement was low, representing approximately 7.76% discount to the closing price of the previous date, which was one of the lowest discounts among Hong Kong-listed education companies of the year.

Establishment of Trust Scheme

Subsequent to the Reporting Period, in April 2021, the Yun Ai Group, a consolidated affiliated entity of the Company, entered into a strategic cooperation framework agreement with the Trust Company for the establishment of an industry investment trust plan targeting the private higher vocational education industry in the PRC, with a view to execute the Group's development strategy of expanding private higher education business.

The target capital size of the trust plan is RMB2 billion. Yun Ai Group and/or its affiliated entities will make capital contribution of a total of RMB1.2 billion to the investment trust plan, of which the first instalment of contribution will not exceed RMB0.5 billion. The plan provides an investment and financing platform for the Group to further expand its self-founding and merger and acquisition projects.

Awards and Honors

During the six months ended 28 February 2021, the Group and its schools won a number of awards and honors, where its schools actively participated in 44 national university student competitions recognized by the Ministry of Education, and won 33 national awards and 377 provincial awards. The above awards were recognization of the Group's quality of education, its educating capabilities and its achievements of centralized operation. The following table shows some of the representative awards and honors received by the Group and its schools.

Schools	**Awards and Honor**
Group	The Group was honored as "National Employment Competitiveness Group" in CCTV.COM Education Gala 2020
Group	Outstanding Listed Company Award was received by Outstanding Listed Company Award 2020 held by "AM730" and PR Asia
Group	The 17th Hong Kong Outstanding Enterprise Award (for the third consecutive year) presented by Hong Kong Economic Digest
Group	"Vocational Education Leap of the Year" was awarded at the 4th Blue Whale Education Conference 2020
Group	Best Education Company Award in the "5th Annual Golden Hong Kong Stock Awards Ceremony" co-organized by Zhitong Finance and Tonghuashun Finance

Yunnan School	Four Grand Prizes and five First Prizes at the "Innovation, Creativity and Entrepreneurship" Challenge for National University Students in E-Commerce
Guizhou School	One First prize and two Third prizes at the 4th "Keyun Cup" National Vocational Colleges and Universities Finance and Accounting Vocational Ability Competition
Northeast School	One First prize (the first place in three northeastern provinces) and one Second prize at the Second "Inspur Cup" Business Big Data Analysis and Application Competition
Central China School	Second prize in four categories of "Innovation, Creativity and Entrepreneurship" Challenge for National University Students in E-Commerce
Luoyang School	Gold Prize at the 12th Challenge Cup China University Students' Entrepreneurship Project Competition and many other awards, a record number of awards
Guangxi Schools	First prize and Second prize at the Fifth National Ceramics Vocational Skills Competition of China Skills Competition of "Gaoling Cup "
Gansu School	The 16th "Bor-Tron Cup" National University Student Embedded Artificial Intelligence Design Competition with four Second prizes and two Third prizes

Core Strength: Centralized Replication Capability

Since the establishment of the Group in 2005, it has developed a centralized school operation model with strong replication capability in enrollment, teaching, employment, student experience, campus environment and Informatization.

(I) Enrollment

The Group is responsible for controlling and empowering its schools to implement an "online and offline brand enrollment" strategy. On the one hand, the Group organizes its colleges and universities to launch offline enrollment promotions in nearly 1,000 key high schools, and on the other hand, it strengthens "online promotions" to expand the visibility and reputation of the schools. Gansu School has recently been approved for 2,000 admission quotas of students enrolled through junior college to bachelor degree transfer programmes, the 2,000 admission quotas has doubled the quotas granted last year. The Group replicated and promoted the above best practice demonstrated by Gansu Schools to other schools under the Group.

(II) Teaching

With the teaching ideas that can be followed through, the Group's curriculum design has been student's learning result-oriented and student learning experience as the key. The Group's industry-education integration was supported by above mentioned first-class subject and curriculum design. The Group also created a collaborative education platform to facilitate industry-academia-research integration development.

(III) Employment

The Group has obvious advantages in high-quality employment, and the Group has established in-depth cooperation with more than 1,500 famous enterprises. Even during the epidemic, the Group's average employment rate climbed to 98% in 2020, exceeding the Group's average employment rate for the same period in 2019, and much higher than the average in the nationwide. The Star Employment rate doubled as compared with that for the same period of 2019. The Group was awarded the National Employment Competitiveness Group in the CCTV.COM Education Gala 2020, which was the only education group in China to win the award. Each of Guangxi Schools and Gansu School ranked First in the respective province in terms of employment rate, and the employment rate of Gansu School exceeded the historical record of Gansu Province in undergraduate employment rate, and the Group has established a strong and replicable employment work system.

(IV) Campus Construction

The Group cooperates with well-known third-party institutions, such as Tsinghua University Architectural Design and Research Institute, China Academy of Building Research, Tongji University Architectural Design and Research Institute, to carry out planning and design, forming a replicable group standardized construction system, achieving excellent design, high quality, fast speed and replicability, constantly improving the campus environment and continuously enhancing the experience of students and teachers. For example, the 180,000 sq.m. campus of Central China School was built in only nine months, and the 190,000 sq.m. campus of Gansu School was built in only 12 months, making its new campus construction the fastest in the field of education in Gansu Province.

(V) Student Experience

The Group has put "first-class student experience" at the strategic level of the Group to improve student experience in terms of "food, accommodation, transportation, learning, management and organization", such as: building new campus, renovating student dormitories, adding study rooms for examinations, increasing investment in books and facilities, and renovating campus landscape.

(VI) Informatization

Through informatization, the Group facilitates the rapid replication of management, teaching, service, security and other abilities to its schools:

The Group has deployed the OA and ERP systems to continuously optimize its management processes. For example, comprehensive budgets, organizational performance, finance and capital, etc., and realize rapid replication to other schools. The Group has built Business Intelligence (BI) platform for data decision purposes and completed the set up of 19 functional modules of it, such as data warehouse and budget execution analysis, which assist the Group to achieve the visualization of strategic goals, sharing of experience between schools and execution of development strategy accurately; completed a major upgrade of the TronClass platform to support the online teaching of all students and teachers, cross-school sharing, and rapid replication of teaching resources such as high-quality teaching methods, lesson plans and courseware.

The smart campus and safety campus platform was completed with full coverage. Following the full launch of the Group's smart campus digital platform in Yunnan School, Guizhou School and Central China School, it was quickly replicated in other schools of the Group. The Group's smart campus digital platform system was fully completed, with over 75 million annual functional services, and satisfaction of students and teachers improved continuously. In cooperation with Hikvision, all schools of the Group completed the construction of the safe campus intelligent platform.

FUTURE PROSPECTS

(I) General Secretary Xi Jinping clearly states that vocational education has a bright future

Xi Jinping, General Secretary of the Central Committee of the Chinese Communist Party, President of the People's Republic of China, and Chairman of the Central Military Commission, recently gave an important instruction on vocational education, saying that vocational education has a promising future and huge development potential in the new journey of building a modern socialist country. The school-enterprise cooperation should further deepen, cultivate more high-quality technical and skilled personnel, engineer and experts, and then provide strong talents and skills support for the comprehensive building of a modern socialist country and the realization of the Chinese dream of the great rejuvenation of the Chinese nation.

(II) Continuing to firmly insist on higher vocational education

Firstly, policies and regulations are formulated to continuously encourage the development of vocational education, which has relatively lower legal risks, stronger policy certainty, larger development potential and more stable development expectations. Secondly, vocational education can solve the pain point of the government and the society. Cultivation of technical and skilled talents has been a long-term challenge to the government. Such challenge can be overcome with the support of social power and the entering of capital that private vocational education group is capable of nurturing technical and skilled talents. In addition, the private system has greater vitality, and cultivation of technical and skilled personnel is needed to interact with economic and social development at high frequency, the private system can maximize the advantages of flexible mechanisms. Finally, the Group, with obvious advantages in schools operation, has the centralized school operation that can be replicated, shared and synergized, and can give full play to the scale effect.

(III) Two-wheel Driven Development Strategy

"Two-wheel driven development strategy of" of organic growth + value investment

The Group insists on the "two-wheel driven" growth strategy of organic growth + value investment to build dual internal and external growth engines and continue to drive high growth. The Group continued to leverage the advantages of centralized replication to rapidly integrate and optimize its existing schools, fully unleash the potential of newly invested schools to improve quality and profitability, and promote the implementation of the "two-wheel drive" business strategy.

High quality development with great quality and great price

At present, average tuition fees of the Group are still relatively lower compared to the market, and there is great potential for growth. In the future, with the strong centralized replication capability, the Group will support the continuous increase of average tuition fees in the future through high quality teaching, high quality employment, high quality experience of students and teachers and high-quality campus environment.

FAVOURABLE POLICIES TO FACILITATE THE DEVELOPMENT OF PRIVATE EDUCATION

In November 2020, the Ministry of Education published an article proposing that (1) local governments should enjoy greater autonomy in the administration of private educational services, and that they could set the registration time and taxes for for-profit and non-profit schools according to the actual situation, instead of taking the centralized administration mode; (2) legal connected transactions are permitted; and (3) private education is actively encouraged and tax concessions and other supports are provided for profit-earning private schools.

In March 2021, the National People's Congress issued the Outline of the 14th Five-Year Plan for National Economic and Social Development of the People's Republic of China and the Vision 2035 (the "**Plan**"), which clearly states that a high quality education system should be built. The Plan specifically introduces the "Education Quality and Expansion Project", which specifies: (1) in the vocational and technical education, it is to support the construction of more than 200 high-level vocational schools with more than 600 high-level majors; and (2) in the higher education, it focuses on improving the operating conditions of 100 undergraduate colleges and universities in Central and Western China.

RECENT DEVELOPMENTS OF REGULATORY FRAMEWORK

(I) Classified Registration

According to the Several Opinions of the State Council on Encouraging Social Power to Set up Education to Promote the Healthy Development of Private Education (29 December 2016), a classification registration and management system shall be applicable to private schools, and private school sponsors can choose to run non-profit or for-profit private schools. The revised Laws for Promoting Private Education of the PRC (implemented on 1 September 2017) also promulgated the same provisions.

According to the Implemental Rules on Private School Classified Registration (30 December 2016), if an existing private school chooses to register as a non-profit private school, it should modify its article of association, continue to run the school and complete new registration procedures in accordance with relevant laws. If it chooses to register as a for-profit private school, it should conduct financial settlement, clarify the ownership of school land, school premises, school accumulation, and pay related taxes and fees, obtain a new permit in running a school, re-register and continue the operations for education.

In order to further implement the above requirements, government and relevant competent departments in the region where the Group runs schools have successively issued supporting measures, including (1) Notice of the Five Departments including Education Department of Yunnan Province on Steady and Orderly Promotion of Classified Registration and Management of Private Schools (12 June 2019); (2) Implementation Opinions issued by the People's Government of Guizhou Province on Supporting and Regulating Social Forces to Set up Education to Promote the Healthy Development of Private Education (3 August 2018), Measures for the Implementation of Classified Examination and Approval of Registration and Supervision and Management of Private Schools in Guizhou Province (Trial) (11 June 2019); (3) Implementation Opinions issued by Heilongjiang Province on Encouraging Social Powers to Set up Education to Promote the Healthy Development of Private Education, Measures for the Implementation of Classified Registration of Private Schools in Heilongjiang Province, and Measures for the Supervision and Administration of for-profit Private Schools in Heilongjiang Province (26 February 2019); (4) Implementation Opinions of the People's Government of Gansu Province on Further Promoting the Healthy Development of Private Education (8 November 2017), Measures for the Implementation of Classified Registration of Private Schools in Gansu Province (15 November 2018); (5) Implementation Opinions issued by the People's Government of Guangxi Zhuang Autonomous Region on Encouraging Social Powers to Set up Education to Promote the Healthy Development of Private Education (2 July 2018), Measures for the Implementation of Classified Registration of Private Schools in Guangxi Zhuang Autonomous Region (10 October 2018), Measures for the Implementation of Supervision and Administration of for-profit Private Schools in Guangxi Zhuang Autonomous Region (16 October 2018); (6) Implementation Opinions issued by the People's Government of Hubei Province on Encouraging Social Powers to Set up Education to Promote the Healthy Development of Private Education (20 December 2017); and (7) Implementation Opinions issued by the People's Government of Henan Province on Encouraging Social Powers to Set up Education to Promote the Healthy Development of Private Education (2 February 2018).

The above local regulations provide a framework procedure for the classification and registration of existing private schools in relevant provinces as for-profit private schools or non-profit private schools, but do not further specify the process of classification and registration, for example, (1) the specific procedures for a school to be registered as a for-profit or non-profit school, and (2) the various preferential taxes and land use policies that can be enjoyed by for-profit and non-profit schools. As of the date of this announcement, the Company has not commenced the process of classification and registration for schools under the Group. There are certain uncertainties in the interpretation and application of the above requirements in respect of when the private schools under the Group can complete the classified registration, whether the relevant taxes and fees will need to be paid in accordance with local supporting rules in the process of classified registration in the future, and what supporting policies provided by government regarding tax and land use they will enjoy.

(II) The MOJ Draft for Comments

On 10 August 2018, the Ministry of Justice issued the Regulations for the Implementation of the Law on the Promotion of Private Education of the People's Republic of China (Revised Draft) (the Draft for Examination and Approval) (《中華人民共和國民辦教育促進法實施條例(修訂草案)(送審稿)》) (the "**MOJ Draft for Comments**") to solicit public opinions.

If the MOJ Draft for Comments is approved in the current manner and takes effect, and if our mode of running a school is identified as centralized school management mode and our Structured Contracts is identified as "contractual agreements" according to Article 12 of the MOJ Draft for Comments, we may need to register the subordinate private colleges and universities as for-profit private schools. In addition, as we can no longer acquire or control non-profit private schools by means of franchising or contractual agreements, our acquisition scope may be limited. This provision may have an impact on our expansion strategy. In addition, our Structured Contracts may be treated as connected transactions.

However, there are still uncertainties as to whether the MOJ Draft for Comments will be adopted in its current form and how it will be interpreted and implemented. We cannot predict with confidence the impact of the laws or regulations related to the implementation of the Private Education Promotion Law of the PRC on our business, financial condition and results of operations (if any) in the future at this stage.

As confirmed by our PRC Legal Advisors, the Company hereby informs its Shareholders and investors that the MOJ Draft for Comments is still in the negotiation stage and has not been issued or implemented in China. The Company will continue to follow up on the development of the MOJ Draft for Comments and relevant laws and regulations.

(III) Foreign Investment Law

The Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) ("**Foreign Investment Law**") approved by the National People's Congress on 15 March 2019 has been implemented since 1 January 2020, and has become the basic law for foreign investment in China. According to this law, existing foreign-invested enterprises may maintain their existing organization structure within five years from the effective date of the Foreign Investment Law.

On 26 December 2019, the State Council issued the Implementation Regulations of the Foreign Investment Law of the PRC ("**Implementation Regulations**"), which also came into effect on 1 January 2020, aiming to implement the legislative principles and purposes of the Foreign Investment Law.

The Foreign Investment Law clearly specifies three forms of foreign investment, but neither the Foreign Investment Law nor the Implementing Regulations explicitly stipulate contractual agreements as a form of foreign investment. As confirmed by our PRC legal advisors, as the Foreign Investment Law and Implementation Regulations do not define contractual agreements as a form of foreign investment, if future laws, administrative regulations, and regulations of the State Council do not include contractual agreements as a form of foreign investment, the Structured Contracts as a whole and the agreements constituting the Structured Contracts will not be affected, and will continue to be legally valid, effective and binding on the parties. However, if future laws, administrative regulations, and regulations of the State Council stipulate contractual agreements as one of the ways of foreign investment, the Group may need to take relevant measures in accordance with the requirements of the laws, regulations and regulations of the State Council at that time. There will be uncertainty as to whether we can complete these measures in a timely manner or at all. Failure to take appropriate measures in a timely manner to address any of the compliance requirements in the above provisions may have a significant effect on our current group structure, corporate governance and business operations.

As of the date of this announcement, the Company's operations have not been affected by the Foreign Investment Law.

The Board will continue to monitor any updates regarding the Foreign Investment Law and seek from our PRC Legal Advisors to ensure that the Company meets all relevant laws and regulations in China.

(IV) Independent Colleges Conversions

In May 2020, the Ministry of Education issued the "Implementation Plan on Accelerating Promotion of the Independent Colleges Conversions"（《關於加快推進獨立學院轉設工作的實施方案》）, which requires making the independent colleges conversions as the top priority of the establishment of universities, and actively creating conditions to promote the completion of conversions. By the end of 2020, all independent colleges shall formulate the conversions work plans, and at the same time promote certain independent colleges to complete their conversions. For the independent colleges conversions, it shall perform financial settlement procedures, amend and perfect the articles of association in accordance with the relevant provisions of the Private Education Promotion Law, and then submit an application to the provincial education administrative department upon the approval of the independent college's board of directors (board of management), and after review by experts in the province, publicity and other procedures, it will be reported by the provincial people's government to the Ministry of Education for approval.

As of the date of this announcement, the conversion of Gansu School and Central China School of the Group has been approved by the Ministry of Education, and the Group had completed the change of registration procedures of Gansu School and Central China School with the relevant authorities in each of the provinces.

PAYMENT OF INTERIM DIVIDEND

The Board has resolved to recommend the payment of an interim dividend of RMB0.054 per Share for the six months ended 28 February 2021. The interim dividend will be declared in Renminbi and paid in Hong Kong dollars. The exchange rate adopted for conversion was the average middle exchange rate published by the People's Bank of China of the five business days prior to the declaration of the interim dividend (i.e.19 April 2021 to 23 April 2021) (HK$1.0 to RMB0.83763). Accordingly, the amount of the interim dividend payable in Hong Kong dollars will be HK$0.06447 per Share. The interim dividend will be paid on or about Thursday, 10 June 2021 to the Shareholders whose names appear on the register of members of the Company on Tuesday, 1 June 2021.

CLOSURE OF THE REGISTER OF MEMBERS

The register of members of the Company will be closed by the Group from Friday, 28 May 2021 to Tuesday, 1 June 2021, both days inclusive, during which period no transfer of shares of the Company will be effected. In order to be qualified for the interim dividend, all share transfer documents accompanied by the relevant share certificates must be lodged with the Hong Kong Share Registrar, 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 Thursday, 27 May 2021.

HUMAN RESOURCES

As of 28 February 2021, the Group had a total of 7,671 employees (7,430 as of 31 August 2020). As required by the PRC laws and regulations, the Group participates in various employee social security plans for our employees that are administered by local governments, including housing, pension, medical insurance, injury insurance, maternity insurance and unemployment insurance. The Group maintains a good working relationship with employees, and the Group did not experience any material labor disputes during the six months ended 28 February 2021.

CORPORATE GOVERNANCE

Corporate Governance Code

The Company is committed to the establishment of good corporate governance practices and procedures with a view to being a transparent and responsible organization which is open and accountable to the Shareholders. The Board strives for adhering to the principles of corporate governance and has adopted sound corporate governance practices to meet the legal and commercial standards, focusing on areas such as internal control, fair disclosure and accountability to all Shareholders to ensure the transparency and accountability of all operations of the Company. The Company believes that effective corporate governance is an essential factor to create more value for its Shareholders. The Board will continue to review and improve the corporate governance practices of the Group from time to time to ensure that the Group is led by an effective Board in order to optimize return for Shareholders.

During the six months ended 28 February 2021, the Company has complied with the Corporate Governance Code as set out in Appendix 14 of the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has also adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 of the Listing Rules as its code of conduct regarding securities transactions by the Directors in March 2017.

Having made specific enquiry with all Directors of the Company, all Directors confirmed that they have complied with the required standard set out in the Model Code regarding directors' securities transactions for the six months ended 28 February 2021.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 28 February 2021.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") has reviewed and discussed with the management of the Company in relation to the accounting principles and practices adopted by the Company, the internal controls and financial report matters, and the Company's policies and practices on corporate governance. The interim results has been reviewed by the Audit Committee. The Company's external auditor, Ernst & Young, has carried out a review of the interim financial report for the six months ended 28 February 2021 in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. There is no disagreement by the Audit Committee of the Company with the accounting treatment adopted by the Company.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (http://www.xingaojiao.com). The interim report for the six months ended 28 February 2021 containing all the information required by Appendix 16 to the Listing Rules will be dispatched to Shareholders of the Company and available on the same websites in due course.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 28 FEBRUARY 2021

	Notes	**Six months ended 28 February 2021 (Unaudited)** ***RMB'000***	Six months ended 30 June 2020 (Unaudited) *RMB'000*
REVENUE	*4*	**786,499**	641,166
Cost of sales		**(429,740)**	(303,384)
Gross profit		**356,759**	337,782
Other income and gains	*4*	**138,727**	53,061
Selling and distribution expenses		**(8,276)**	(6,798)
Administrative expenses		**(51,748)**	(25,552)
Other expenses		**(26,476)**	(7,138)
Finance costs	*5*	**(65,251)**	(54,997)
PROFIT BEFORE TAX	*6*	**343,735**	296,358
Income tax expense	*7*	**(38,724)**	(30,646)
PROFIT FOR THE PERIOD		**305,011**	265,712
Attributable to:			
Owners of the parent		**294,604**	238,685
Non-controlling interests		**10,407**	27,027
		305,011	265,712
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic *(RMB)*			
– For profit for the period	*9*	**0.19**	0.15
Diluted *(RMB)*			
– For profit for the period	*9*	**0.17**	0.15

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 28 FEBRUARY 2021

	Six months ended 28 February 2021 (Unaudited) ***RMB'000***	Six months ended 30 June 2020 (Unaudited) *RMB'000*
PROFIT FOR THE PERIOD	**305,011**	265,712
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of financial statements	**30,378**	(7,274)
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods	**30,378**	(7,274)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	**30,378**	(7,274)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**335,389**	258,438
Attributable to:		
Owners of the parent	**324,982**	231,411
Non-controlling interests	**10,407**	27,027
	335,389	258,438

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
28 FEBRUARY 2021

	Notes	**28 February 2021 (Unaudited) *RMB'000***	31 August 2020 (Audited) *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**3,193,076**	3,100,669
Investment properties		**213,273**	213,693
Right-of-use assets		**477,457**	467,968
Goodwill		**242,248**	241,732
Other intangible assets		**23,200**	23,479
Other non-current assets	*10*	**737,431**	671,507
Total non-current assets		**4,886,685**	4,719,048
CURRENT ASSETS			
Prepayments, other receivables and other assets	*11*	**147,688**	139,510
Financial assets at fair value through profit or loss	*12*	**514,180**	118,041
Pledged deposits		**77,994**	271,796
Time deposits		**205,163**	–
Cash and cash equivalents		**834,892**	608,234
Total current assets		**1,779,917**	1,137,581
CURRENT LIABILITIES			
Deferred revenue	*13*	**652,437**	274,029
Other payables and accruals	*14*	**742,980**	1,019,916
Interest-bearing bank and other borrowings		**482,024**	718,242
Lease liabilities		**10,396**	9,762
Convertible bonds	*15*	**629,076**	–
Deferred income		**8,297**	9,185
Tax payable		**45,695**	26,799
Total current liabilities		**2,570,905**	2,057,933
NET CURRENT LIABILITIES		**(790,988)**	(920,352)
TOTAL ASSETS LESS CURRENT LIABILITIES		**4,095,697**	3,798,696

	Note	28 February 2021 (Unaudited) RMB'000	31 August 2020 (Audited) RMB'000
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**911,246**	1,161,798
Lease liabilities		**2,686**	5,996
Deferred income		**35,096**	32,589
Deferred tax liabilities		**100,150**	95,588
Total non-current liabilities		**1,049,178**	1,295,971
Net assets		**3,046,519**	2,502,725
EQUITY			
Equity attributable to owners of the parent			
Share capital	*16*	**1,086**	1,056
Reserves		**2,852,426**	2,319,069
		2,853,512	2,320,125
Non-controlling interests		**193,007**	182,600
Total equity		**3,046,519**	2,502,725

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 28 FEBRUARY 2021

1. CORPORATE INFORMATION

The Company was incorporated as an exempted company with limited liability under the Companies Law of the Cayman Islands on 8 July 2016. The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 19 April 2017.

The Company is an investment holding company. During the period, the Company and its subsidiaries (collectively referred to as the "Group") were principally engaged in rendering private education services in the People's Republic of China (the "PRC").

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 28 February 2021 has been prepared in accordance with HKAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the eight months ended 31 August 2020.

The Group recorded net current liabilities of RMB790,988,000 as at 28 February 2021 (31 August 2020: RMB920,352,000), included in which were deferred revenue of RMB652,437,000 as at 28 February 2021 (31 August 2020: RMB274,029,000).

In view of the net current liabilities position, the directors of the Company (the "Directors") have given careful consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern. Having considered the cash inflow from operations and its available resource of finance, the Directors are of the opinion that the Group is able to meet in full its financial obligations as they fall due for the foreseeable future and it is appropriate to prepare the interim condensed consolidated financial information on a going concern basis.

2.2 CHANGE OF FINANCIAL YEAR END DATE

As set out in the announcement of the Company issued on 29 July 2020, the financial year end date of the Company and the Group has been changed from 31 December to 31 August to align the financial year end date of the Group with the academic year of the schools operated by the Group in the PRC, which ends in August each year.

In view of the change of financial year end date, the interim condensed consolidated financial information and the related notes presented for the current period cover a six-month period from 1 September 2020 to 28 February 2021 while the corresponding comparative amounts shown for the interim condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows, and the related notes cover a six-month period from 1 January 2020 to 30 June 2020. As a result, the comparative amounts are therefore not entirely comparable with those of the current period.

3. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the provision of education services in the PRC.

HKFRS 8 *Operating Segments* requires operating segments to be identified on the basis of internal reporting about components of the Group that are regularly reviewed by the chief operating decision-maker in order to allocate resources to segments and to assess their performance. The information reported to the directors of the Company, who are the chief operating decision-makers, for the purpose of resource allocation and assessment of performance does not contain discrete operating segment financial information and the directors reviewed the financial results of the Group as a whole. Therefore, no further information about the operating segment is presented.

Geographical information

During the period, the Group operated within one geographical location because all of its revenue was generated in the PRC and all of its long-term assets/capital expenditure were located/incurred in the PRC. Accordingly, no geographical information is presented.

Information about major customers

No revenue from sales to a single customer contributed to 10% or more of the total revenue of the Group during the period.

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Six months ended 28 February 2021 (Unaudited) ***RMB'000***	Six months ended 30 June 2020 (Unaudited) *RMB'000*
Revenue from contracts with customers		
Tuition fees	**714,720**	605,832
Boarding fees	**71,779**	35,334
	786,499	641,166

Revenue from contracts with customers

(i) Disaggregated revenue information

	Six months ended 28 February 2021 (Unaudited) ***RMB'000***	Six months ended 30 June 2020 (Unaudited) *RMB'000*
Type of services		
Education services	**786,499**	641,166
Geographical markets		
Mainland China	**786,499**	641,166
Timing of revenue recognition		
Services transferred over time	**786,499**	641,166

	Six months ended 28 February 2021 (Unaudited) ***RMB'000***	Six months ended 30 June 2020 (Unaudited) *RMB'000*
Other income and gains		
Service income	**35,827**	2,083
Gross rental income from investment property operating leases	**38,995**	16,140
Government grants	**7,811**	5,204
Bank interest income	**10,603**	7,464
Other interest income from financial assets at fair value through profit or loss	**4,189**	1,383
Reversal of impairment allowance	**–**	19,774
Catering income	**7,624**	–
Net proceeds from sales of textbooks	**7,854**	–
Fair value gains from financial assets at fair value through profit or loss	**2,346**	–
Fair value gains from convertible bonds	**13,301**	–
Foreign exchange gain	**3,768**	–
Others	**6,409**	1,013
	138,727	53,061

5. FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended 28 February 2021 (Unaudited) ***RMB'000***	Six months ended 30 June 2020 (Unaudited) *RMB'000*
Interest on bank and other loans	**69,232**	54,694
Interest on lease liabilities	**266**	303
Total interest expense on financial liabilities not at fair value through profit or loss	**69,498**	54,997
Less: Interest capitalized	**4,247**	–
	65,251	54,997

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Six months ended 28 February 2021 (Unaudited) ***RMB'000***	Six months ended 30 June 2020 (Unaudited) *RMB'000*
Employee benefit expense (excluding directors' and chief executive's remuneration):		
Wages and salaries	**251,746**	180,933
Equity-settled share option expense	**2,144**	324
Pension scheme contributions (defined contribution plan)	**19,304**	7,246
	273,194	188,503
Depreciation of property, plant and equipment	**61,938**	61,496
Depreciation of investment properties	**2,413**	2,601
Depreciation of right-of-use assets	**10,480**	9,289
Amortisation of other intangible assets	**4,252**	3,366
Gross rental income from investment property operating leases	**(38,995)**	(16,140)
Bank interest income	**(10,603)**	(7,464)
Loss on disposal of items of property, plant and equipment	**132**	44

7. INCOME 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 not subject to income tax.

No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the period.

According to relevant provisions of Implementation Rules for the Law for Promoting Private Education (the "Implementation Rules"), private schools, whether requiring reasonable returns or not, may enjoy a preferential tax treatment. The Implementation Rules provide that the private schools for which the sponsors do not require reasonable returns/schools are elected as to be not-for-profit schools are eligible to enjoy the same preferential tax treatment as public schools, and relevant authorities under the State Council may introduce preferential tax treatments and related policies applicable to private schools requiring reasonable returns. To date, however, no separate policies, regulations or rules have been introduced by the authorities in this regard. In accordance with the historical tax returns filed to the relevant tax authorities and the confirmation obtained therefrom previously,Yunnan Technology and Business University ("Yunnan School"), Harbin Huade University, Guangxi Yinghua International Occupation Middle School and, Hubei Enshi College (formerly named Science and Technology College of Hubei Minzu University) have historically enjoyed the preferential tax treatment since their establishment. There was no corporate income tax imposed on the income from the provision of formal educational services of the schools of the Group. As a result, no income tax expense was recognised for the income from the provision of formal educational services by above schools during the period. These schools also have not yet elected to be for-profit or not-for-profit schools. According to the relevant in-charge tax bureau, since the relevant tax policy for schools that have not yet elected to be for-profit or not-for-profit is not yet announced and if the school nature has not yet been changed, the schools could follow previous corporate income tax exemption treatment for income from provision of formal educational services.

According to the Circular on Issues Concerning Tax Policies for In-depth Implementation of Western Development Strategies, certain qualifying entities of the Group that are located in Yunnan, Guizhou, Guangxi, Hubei Province and Tibet Autonomous Region engaged in encouraged business are entitled to a preferential corporate income tax rate of 15%. Tibet Daai Huihuang Information and Technology Co., Ltd. ("Huihuang Company") was subject to the PRC income tax at an original tax rate of 15%, which was subsequently changed to 9% under the Tibet Autonomous Region's preferential investment policies upon the successful application by the company, during the period from 2020 to 2021. According to the Preferential Policies for Key Pilot Zone of Development and Opening Up ("重點開發開放試驗區") in Yunnan Province, Ruili City, certain subsidiaries located in the city of Ruili are entitled to a preferential corporate income tax rate of 9%. Other entities of the Group established in mainland China are subject to corporate income tax at a rate of 25% on their respective taxable income.

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	Six months ended 28 February 2021 (Unaudited) ***RMB'000***	Six months ended 30 June 2020 (Unaudited) *RMB'000*
Current		
Charge for the period	**33,943**	29,623
Deferred	**4,781**	1,023
Total tax charge for the period	**38,724**	30,646

8. DIVIDENDS

	Six months ended 28 February 2021 (Unaudited) ***RMB'000***	Six months ended 30 June 2020 (Unaudited) *RMB'000*
Interim dividend proposed subsequent to the reporting period – RMB0.054 (2020: RMB0.042) per ordinary share	**85,620**	64,726

Subsequent to the end of the current interim period, the directors of the Company have determined that an interim dividend of RMB0.054 (six months ended 30 June 2020: RMB0.042) per share, amounting to RMB85,620,000 (six months ended 30 June 2020: RMB64,726,000) will be paid to the owners of the Company.

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the parent of RMB294,604,000 (2020: RMB238,685,000), and the weighted average number of ordinary shares of 1,578,164,180 (2020: 1,541,100,000) in issue during the period.

The calculation of the diluted earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the parent of RMB281,303,000 (2020: RMB238,685,000), adjusted to reflect the fair value gain on the convertible bonds of RMB13,301,000 (2019: Nil). The weighted average number of ordinary shares used in the calculation is the number of ordinary shares of 1,578,164,180 (2020: 1,541,100,000) in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares of 104,304,925 (2020: Nil) assumed to have been issued at no consideration on the deemed exercise of share options and conversion of convertible bonds into ordinary shares.

10. OTHER NON-CURRENT ASSETS

	28 February 2021 (Unaudited) ***RMB'000***	31 August 2020 (Audited) *RMB'000*
Prepayment for investments	**545,465**	472,355
Prepayment for land use rights	**174,060**	172,368
Prepayment for other intangible assets	**586**	528
Prepayment for property, plant and equipment	**17,320**	26,256
	737,431	671,507

Prepayments mainly represent down payments for investments of a new school.

11. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	28 February 2021 (Unaudited) *RMB'000*	31 August 2020 (Audited) *RMB'000*
Prepaid expenses	**14,151**	2,100
Advance and other receivables	**38,899**	78,168
Staff advances	**2,301**	2,408
Deposits and other miscellaneous receivables	**92,337**	56,834
	147,688	139,510

The amounts are interest-free and are not secured with collateral.

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	28 February 2021 (Unaudited) *RMB'000*	31 August 2020 (Audited) *RMB'000*
Unlisted investments	**514,180**	118,041

The above unlisted investments were wealth management products issued by banks in Mainland China. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

13. DEFERRED REVENUE

Details of contract liabilities are as follows:

	28 February 2021 (Unaudited) *RMB'000*	31 August 2020 (Audited) *RMB'000*
Tuition fees	**594,118**	259,206
Boarding fees	**58,319**	14,823
Total contract liabilities	**652,437**	274,029

Contract liabilities include short-term advances received from students in relation to the proportionate service not yet provided. The Group receives tuition and boarding fees from students in advance prior to the beginning of each academic year. Tuition and boarding fees are recognised proportionately over the relevant period of the applicable program. Students are entitled to refund of the payment in relation to the proportionate service not yet provided.

14. OTHER PAYABLES AND ACCRUALS

	28 February 2021 (Unaudited) ***RMB'000***	31 August 2020 (Audited) *RMB'000*
Payables for purchase of property, plant and equipment	**69,260**	90,342
Accrued bonus and social insurance	**79,024**	107,492
Miscellaneous expenses received from students *(Note (i))*	**125,655**	102,387
Deposits	**35,758**	35,640
Payables to cooperative schools	**12,793**	12,656
Advance from lessee	**29,066**	34,931
Government subsidies payable to students and teachers	**18,775**	55,286
Consideration payable for acquisitions *(Note (ii))*	**205,420**	289,800
Dividend payables	**–**	64,256
Other payables	**149,782**	182,429
Accrued expenses	**10,179**	12,244
Boarding fees refundable to students	**7,268**	32,453
	742,980	1,019,916

The above balances are unsecured and non-interest-bearing. The carrying amount of other payables and accruals at the end of the period approximated to their fair value due to their short term maturity.

Note (i): The amount represents the miscellaneous expenses received from students which will be paid out on behalf of students.

Note (ii): The amount mainly includes consideration payable for the acquisition of non-controlling interests in Luoyang Science and Technology Vocational College amounted to RMB155,420,000 in accordance with the acquisition agreement.

15. CONVERTIBLE BONDS

The convertible bonds issued during the period are as follows:

	28 February 2021 (Unaudited) ***RMB'000***	31 August 2020 (Audited) *RMB'000*
Financial liability at fair value through profit or loss:		
Convertible bonds	**629,076**	–

On 16 September 2020, the Company and a wholly-owned subsidiary of the Company, Goldensep Investment Company Limited (the "Issuer") entered into a subscription agreement with Credit Suisse (Hong Kong) Limited (the "Manager"), pursuant to which the Issuer has agreed to issue convertible bonds at an aggregate principal amount of U.S.$100,000,000 ("Convertible Bonds"), and the Company has agreed to guarantee payment of all sums payable by the Issuer in accordance with the terms and conditions in relation to such Convertible Bonds, and the Manager has agreed to subscribe and pay for, or to procure subscribers to subscribe and pay for, the Convertible Bonds. The Convertible Bonds can be converted into fully paid ordinary shares of the Company with a par value of USD0.0001 each at the option of the bondholders.

Each bond will, at the option of the holder, be convertible (unless previously redeemed, converted or purchased and cancelled) on or after 10 November 2020 up to the close of business (at the place where the bond certificate evidencing such bond is deposited for conversion) on the date falling ten days prior to 28 September 2021 (the "Maturity Date") (both days inclusive) into fully paid ordinary shares with a par value of USD0.0001 each of the Company at an initial conversion price of HKD6.313 per share. The conversion price is subject to adjustment in the circumstances described under certain terms and conditions. The bonds bear interest on their outstanding principal amount from and including the issue date at the rate of 1.00 per cent per annum, payable in arrears on 30 March 2021 and the Maturity Date. As at 28 February 2021, the bondholders had not converted the bonds into ordinary shares of the Company.

The issuance was completed on 30 September 2020. Details of the issuance are set out in the Company's announcement dated 17 September 2020.

16. SHARE CAPITAL

	28 February 2021 (Unaudited) ***RMB'000***	31 August 2020 (Audited) *RMB'000*
Issued and fully paid:		
1,585,561,540 (2020: 1,541,175,430) ordinary shares	**1,086**	1,056

A summary of movements in the Company's share capital is as follows:

	Number of shares	**Amount** *USD'000*	**Amount** *RMB'000 equivalent*
Registered:	2,000,000,000	200	1,355
Issued and fully paid:			
At 1 January 2020	1,541,100,000	154	1,056
Share options exercised	75,430	–	–
At 31 August 2020 and 1 September 2020	1,541,175,430	154	1,056
Issue of new shares	44,000,000	4	30
Share options exercised	386,110	–	–
At 28 February 2021	1,585,561,540	158	1,086

17. BUSINESS COMBINATION

As announced on 4 February 2021, the Group acquired the entire interests of Beijing Lianhe Open Education Technology Co., Ltd. ("Beijing Lianhe") in February 2021 from Beijing Daai Enterprise Management Co., Ltd. at a total consideration of RMB2,352,000. Beijing Lianhe has years of experience in the provision of online education related technical services for the establishment, operation and maintenance of online education platform. The acquisition was accounted for using the acquisition method. The purchase consideration was settled in the form of cash in February 2021.

The acquisition is part of the Group's business strategy to expand into the training business sector and will enable the Group to promote collectivized school operation by applying information technology. For the purpose of acquisition of Beijing Lianhe, the Group engaged an external independent appraiser to perform the valuation with the identification and determination of fair values to be assigned to the acquiree's assets and liabilities as at the acquisition date.

Beijing Lianhe

The fair values of the identifiable assets and liabilities of Beijing Lianhe as at the date of acquisition were as follows:

	Fair value recognised on acquisition *RMB'000* **(Unaudited)**
Property, plant and equipment	9
Right-of-use assets	589
Other intangible assets	410
Cash and bank balances	1,938
Prepayments, other receivables and other assets	3,004
Other payables and accruals	(3,495)
Lease liabilities	(589)
Deferred tax liabilities	(30)
Total identifiable net assets at fair value	1,836
Goodwill on acquisition	516
Satisfied by cash	2,352

The goodwill recognised is primarily attributed to the expected business synergies arising from the acquisition, which is not separately recognised. The goodwill recognised is not expected to be deductible for income tax purposes.

The Group measured the acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition. The right-of-use assets were measured at an amount equal to the lease liabilities.

In accordance with HKFRS 3 (Revised) Business Combinations, the amounts recorded for the acquisition are provisional and are subject to adjustments during the measurement period of not exceeding one year from the acquisition date if new information is obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date.

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

	RMB'000
Cash consideration	(2,352)
Cash and bank balances acquired	1,938
Net outflow of cash and cash equivalents included in cash flows from investing activities	(414)

18. EVENTS AFTER THE REPORTING PERIOD

(a) As detailed in the Company's announcement, on 9 July 2018, the Group entered into Cooperation Agreement (the "Agreement") in relation to the school sponsor's interest in College of Technology and Engineering ("Gansu School", renamed as "Lanzhou College of Information Science and Technology" after converting from an independent college into a full private university). The Group further announced that Gansu School has obtained all necessary approvals from government authorities and the Group has become the sole school sponsor of the Gansu School on 20 April 2021.

(b) As per the Company's announcement made on 13 April 2021, the Group has successfully bid the Zhengzhou School, including all the assets and liabilities it owns and all the rights its school sponsor and investor enjoy, by way of internet auction through Alibaba Judicial Auction published by the Intermediate People's Court of Zhengzhou, Henan Province. The acquisition is subject to the regulatory approvals from the relevant authorities in the PRC.

The Group is still in the process of assessing the initial accounting for above acquisitions and will incorporate the relevant financial information in the Group's 2021 annual financial statements.

(c) As per the Company's announcement made on 13 April 2021, the Group entered into the Strategic Cooperation Framework Agreement with the Shanghai AJ Trust Co., Ltd to establish an industrial investment trust plan targeting the private higher education and vocational education industries in the PRC, of which the term shall be three years from the date of the agreement. New agreement shall be entered into upon expiry if the parties intend to extend the terms.

DEFINITIONS

In this announcement, the following expressions shall have the following meanings unless the context requires otherwise:

"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Bei Ai Company"	Beijing Aiyinsheng Education Investment Co., Ltd.*（北京愛因生教育投資有限責任公司）, a limited liability company established under the laws of the PRC on 16 October 2012, and wholly owned by Yun Ai Group. Bei Ai Company will act as the school sponsor of the Gansu School upon the official establishment of the Gansu School
"Beijing Daai Gaoxue"	Beijing Daai Gaoxue Education Technology Co., Ltd.*（北京大愛高學教育科技有限公司）, a limited liability company established in the PRC on 23 March 2018. It is wholly owned by Yun Ai Group
"Bidding"	the bidding of the Zhengzhou School by way of auction through Alibaba Judicial Auction*（淘寶網司法拍賣網絡平台）published by the Intermediate People's Court of Zhengzhou, Henan Province *（河南省鄭州市中級人民法院）
"Board" or "Board of Directors"	the board of Directors of the Company
"Business Cooperation Agreement (2019)"	the business cooperation agreement entered into by and among Huihuang Company, the PRC Consolidated Affiliated Entities and the Registered Shareholders
"Business Day" or "business day"	a day on which banks in Hong Kong are generally open for business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
"Central China School"	After the completion of the transfer, the school name was changed from to Science and Technology College of Hubei Minzu University*（湖北民族大學科技學院）to Hubei Enshi College（湖北恩施學院）, an institution of higher education established under the laws of the PRC in 2003. Central China School is a consolidated affiliated entity of the Company
"China" or "PRC"	the People's Republic of China excluding for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

"Company"	China New Higher Education Group Limited (中國新高教集團有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 8 July 2016
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Director(s)"	the directors of the Company
"Directors' Powers of Attorney (2019)"	the school directors' power of attorney executed by each of the directors of each PRC Operating School
"Enchang Company"	Enshi Autonomous Prefecture Changqing Education Development Co., Ltd.* (恩施自治州常青教育發展有限責任公司), a limited liability company established under the laws of the PRC on 13 November 2014. It is wholly owned by Yun Ai Group. Enchang Company is the school sponsor of Central China School
"Equity Pledge Agreement (2019)"	the equity pledge agreement entered into by and among the Registered Shareholders, Yun Ai Group and Huihuang Company
"Exclusive Call Option Agreement (2019)"	the exclusive call option agreement entered into by and among Huihuang Company, the PRC Consolidated Affiliated Entities and the Registered Shareholders
"Exclusive Technical Service and Management Consultancy Agreement (2019)"	the exclusive technical service and management consultancy agreement entered into by and among Huihuang Company and PRC Consolidated Affiliated Entities
"Gansu School"	Formerly abbreviated as "Gansu College", and now abbreviated as "Gansu School", after the completion of the transfer, the name of the school was changed from College of Technology and Engineering* (蘭州理工大學技術工程學院) to Lanzhou College of Information Science and Technology (蘭州信息科技學院), an independent institution of higher education established under the laws of the PRC in 2004
"Group", "we" or "us"	the Company, its subsidiaries, the PRC Operating Schools and the consolidated affiliated entities from time to time, or, where the context so requires in respect of the period before the Company became the holding company of the present subsidiaries, the entities which carried on the business of the present Group at the relevant time

"Guangxi Schools"	together, Guangxi Yinghua International Occupation College*（廣西英華國際職業學院）, Guangxi Qinzhou Yinghua International Occupation and Technology School*（廣西欽州英華國際職業技術學校）and Guangxi Yinghua International Occupation Middle School*（廣西英華國際職業學院附屬中學）. Guangxi Schools are consolidated affiliated entities of the Company
"Guizhou School"	Guizhou Technology and Business Institute*（貴州工商職業學院）, a private institution of formal higher education established under the laws of the PRC on 3 July 2012, of which the school sponsor's interest is wholly owned by Yun Ai Group and a consolidated affiliated entity of the Company
"Haxuan Company"	Harbin Xuande Technology Co., Ltd.*（哈爾濱軒德科技有限公司）, a limited liability company established under the laws of the PRC on 19 April 2016, and owned as to 73.91% by Yun Ai Group and as to 26.09% by Ningde Company. Haxuan Company is the sole school sponsor of the Northeast School
"Henan Rongyu"	Henan Rongyu Education Consulting Co., Ltd.*（河南榮豫教育諮詢有限公司）, a limited liability company established in the PRC on 2 March 2017, and wholly-owned by Beijing Daai Gaoxue. Henan Rongyu is the school sponsor of the Luoyang School
"HK$", "Hong Kong dollar(s)", "HKD" or "cents"	Hong Kong dollars and cents respectively, the lawful currency for the time being of Hong Kong
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Huihuang Company"	Tibet Daai Huihuang Information and Technology Co., Ltd.*（西藏大愛輝煌信息科技有限公司）, a limited liability company established on 5 August 2016 under the laws of the PRC, which is a wholly owned subsidiary of the Group
"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
"Loan Agreement (2019)"	a loan agreement to be entered into by and among Huihuang Company, the PRC Operating Schools, and Yun Ai Group

"Luoyang School"	Formerly abbreviated as "Henan School", and now abbreviated as "Luoyang School", Luoyang Science and Technology Vocational College*（洛陽科技職業學院）, a private institution of formal higher education established under the laws of the PRC in June 2013. Luoyang School is a consolidated affiliated entity of the Company
"Mr. Li"	Mr. Li Xiaoxuan（李孝軒）, the founder, one of the controlling shareholders, chairman of the Board and an executive Director of the Company
"MOE" or "Ministry of Education"	the Ministry of Education of the PRC
"Ms. Yang"	Ms. Yang Xuqing（楊旭青）, the spouse of Mr. Li
"Northeast School"	Harbin Huade University*（哈爾濱華德學院）, an independent institute established under the laws of the PRC in 2004. Northeast School is a consolidated affiliated entity of the Company
"PRC Consolidated Affiliated Entities"	namely, the School Sponsors and the PRC Operating Schools, each a consolidated affiliated entity of the Company and other investment holding companies which were consolidated to the Group by virtue of the Structured Contracts, as amended from time to time
"PRC Legal Advisors"	Commerce & Finance Law Offices, the Company's Legal advisors as to PRC Laws
"PRC Operating Schools"	the consolidated affiliated entities, namely, Yunnan School, Guizhou School, Luoyang School, Northeast School, Guangxi Schools and Central China School and other schools which were consolidated to the Group by virtue of the Structured Contracts
"Qinzhou Yinghua"	Qinzhou Yinghua Datang Education Investment Company Limited*（欽州英華大唐教育投資有限公司）, a limited liability company established under the laws of the PRC on 25 August 2017 and wholly owned by Songming Xinju. Qingzhou Yinghua is the school sponsor of the Guangxi Schools

"Registered Shareholders"	the shareholders of Yun Ai Group immediately after the completion of the equity transfer agreement, namely Kunming Paiduipai Economic Information Consultancy Co., Ltd., Kunming Bamupu Technology Co., Ltd., Songming Dexue and Songming Zhongyi Enterprise Management and Consulting Services Co., Ltd.
"Reporting Period"	the six months ended 28 February 2021
"RMB" or "Renminbi"	Renminbi, the lawful currency for the time being of the PRC
"School Sponsors"	the current school sponsors, Yun Ai Group, Henan Rongyu, Haxuan Company, Qinzhou Yinghua, Enchang Company, the future school sponsor, Bei Ai Company, and other school sponsors which were consolidated to the Group by virtue of the Structured Contracts
"School Sponsors' and Directors' Rights Entrustment Agreement (2019)"	the school sponsors' and directors' rights entrustment agreement entered into by and among School Sponsors, the PRC Operating Schools, the relevant directors appointed by the School Sponsors and Huihuang Company
"School Sponsors' Powers of Attorney (2019)"	the school sponsors' power of attorney executed by the School Sponsors in favor of Huihuang Company
"SFO"	Securities and Futures Ordinance
"Share(s)"	ordinary share(s) of US$0.0001 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Shareholders' Powers of Attorney (2019)"	the shareholders' power of attorney executed by the Registered Shareholders and Yun Ai Group and other shareholders which were consolidated to the Group by virtue of the Structured Contracts in favor of Huihuang Company
"Shareholders' Rights Entrustment Agreement (2019)"	the shareholders' rights entrustment agreement entered into by and among the Registered Shareholders, the School Sponsors and Huihuang Company
"Songming Dexue"	Songming Dexue Education Development Co., Ltd.*（嵩明德學教育發展有限公司）, a limited liability company established under the laws of the PRC on 17 April 2019 and wholly owned by Mr. Li. Songming Dexue is one of the Registered Shareholders and owns 70.8305% equity interest of Yun Ai Group

"Songming Xinju"	Songming Xinju Enterprise Management Company Limited* (嵩明新巨企業管理有限公司), a limited liability company established under the laws of the PRC on 27 October 2016
"Stock Exchange" or "Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Spouse's Undertakings"	the spouse undertakings executed by Ms. Yang, the spouse of Mr. Li
"Star Employment"	graduates with an annual salary of RMB80,000 or more, taking postgraduate entrance examinations and admission to a provincial key undergraduate university, employed as municipal and above civil servants, or studying abroad
"Strategic Cooperation Framework Agreement"	the strategic cooperation framework agreement dated 13 April 2021 and entered into by and between Yun Ai Group and the Trust Company in relation to the proposed cooperation in establishing an industrial investment trust plan targeting the private higher education and vocational education industries in the PRC
"Structured Contracts"	collectively, the Business Cooperation Agreement (2019), the Exclusive Technical Service and Management Consultancy Agreement (2019), the Exclusive Call Option Agreement (2019), the Equity Pledge Agreement (2019), the Shareholders' Rights Entrustment Agreement (2019), the School Sponsor's and Directors' Rights Entrustment Agreement (2019), the School Sponsors' Powers of Attorney (2019), the Directors' Powers of Attorney (2019), the Shareholders' Powers of Attorney (2019), the Loan Agreement (2019) and the Spouse's Undertakings (2019), and the various supplemental agreements entered into their connection, further details of which are set out in the announcements of the Company dated 26 August 2019, 6 December 2019, 8 May 2020, 29 July 2020, 27 August 2020, 4 February 2021 and 20 April 2021
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules
"substantial Shareholder(s)"	has the meaning ascribed to it under the Listing Rules

"Trust Company"	Shanghai AJ Trust Co., Ltd*（上海愛建信託有限責任公司）, a company established under the laws of the PRC and listed on the Shanghai Stock Exchange (stock code: 600643), whose substantial shareholders include Shanghai Junyao (Group) Co., Ltd., Shanghai Industrial and Commercial Patriotic Construction Special Foundation (上海工商界愛國建設特種基金會) and Guangzhou Industrial Investment Fund Management Co. Ltd.
"USD" or "U.S.$"	United States dollars, the lawful currency of the United States
"Yun Ai Group"	Yunnan Einsun Education Investment Group Co., Ltd.*（雲南愛因森教育投資集團有限公司）, a limited liability company established under the laws of the PRC on 19 September 2005, and owned as to 70.8305% by Songming Dexue Education Development Co., Ltd., 20.0568% by Kunming Paiduipai Economic Information Consultancy Co., Ltd., 5.7305% by Kunming Bamupu Technology Co., Ltd. and 3.3822% by Songming Zhongyi Enterprise Management and Consulting Services Co., Ltd.
"Yunnan School"	Yunnan Technology and Business University*（雲南工商學院）(formerly known as Yunnan Einsun Software Vocational College*（雲南愛因森軟件職業學院）("**Software College**")), a private institution of formal higher education established under the laws of the PRC on 29 September 2005, of which the school sponsor's interest is wholly owned by Yun Ai Group and a consolidated affiliated entity of the Company
"Yunnan Vocational School"	Einsun Science and Technology Vocational College*（雲南愛因森科技專修學院）
"Zhengzhou School"	Zhengzhou City Vocational College*（鄭州城市職業學院）, a private higher vocational college located in Zhengzhou, Henan Province, the PRC
"%"	percent

By order of the Board
China New Higher Education Group Limited
Li Xiaoxuan
Chairman

Hong Kong, 26 April 2021

As at the date of this announcement, the executive Directors are Mr. Li Xiaoxuan, Mr. Zhao Shuai and Ms. Shen Chunmei, and the independent non-executive Directors are Mr. Kwong Wai Sun Wilson, Mr. Hu Jianbo, Mr. Chan Tung Hoi and Dr. Pang Tsz Kit Peter.