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 ANNUAL RESULTS FOR THE YEAR ENDED 31 AUGUST 2023

The Board of Directors of China New Higher Education Group Limited is pleased to announce the annual results of the Group for the year ended 31 August 2023.

HIGHLIGHTS

- The Group resolutely implements the strategy of high-quality development, firmly adheres to the educational philosophy of "strengthening morality through education, teaching students in accordance with their aptitude, studying for the sake of application", takes "enabling every student to achieve career success and happiness in life" as the mission of the Group, and devotes itself to building the "most student-oriented university in the PRC". Taking high-quality employment as the foundation of a school, the Group continuously strengthens the teaching innovation and educational investment, comprehensively improves the quality of education, teaching and talent cultivation, and serves the regional economic and social development, so as to contribute to the high-quality development of higher vocational education in China.

- The Group continued to deepen education and teaching innovations, and led its high-quality development with superior talent training. The Group fully leveraged on the advantages of centralized school operation, clearly defined the overall goal of talent cultivation, guided institutions to set up professional talent cultivation goals, implemented comprehensive and all-encompassing education for all students throughout their learning journey, continuously improved the support system for talent cultivation to enhance cultivation quality, and promoted the high-quality employment and sustainable development of students.

- The overall quality of education and teaching within the Group has been significantly enhanced. The Group has established collaborative training models with more than 1,000 enterprises, established a total of 51 modern industrial colleges, 108 employment-oriented classes for famous enterprises and 991 off-campus practice bases. The Group has been newly granted with eight "Four New" majors (new engineering, new medical, new agricultural and new liberal arts) that are urgently needed for the development of national strategies and local regions, and 7 advantageous majors at the Northeast School have been selected as the top applied majors in China in 2023. Remarkable achievements have been made in high-quality education, and students from our schools have won 40 top national prizes in 56 top comprehensive academic competitions recognized by the Ministry of Education, achieving a new record high.

- The Group continued to promote the development strategy of "high-quality employment as the foundation of a school". As of 31 December 2022, the overall employment rate of the Group's graduates of 2022 reached 95.6%, maintaining a high level for three consecutive years; as of 31 August 2023, the initial employment rate of graduates of 2023 reached 90.65%, representing an increase of 1.24 percentage points compared to the same period of last year, of which the number of students employed by famous enterprises such as the world's Top 500 companies, the China's Top 100 companies and A-shares listed companies increased by 67% compared to the same period of last year.

- Each of the schools have achieved outstanding results in high-quality employment. More than half of the graduates majoring in nursing in Yunnan School and Central China School who practiced in the General Hospital of the People's Liberation Army ("**301 Hospital**") were employed upon graduation; 1 out of every 10 graduates from Northeast School secured positions in the world's top 500 enterprises; Gansu School was honored as "Demonstration College for Student Employment in Gansu Province" and "Advanced Unit of Employment", being the only college in the province to receive such honor among similar institutions; four students from Yunnan School, Central China School, Guizhou School and Guangxi Schools respectively were awarded the First National Award for Excellence in Grassroots Employment for College Graduates Granted by Ministry of Education (教育部首屆全國高校畢業生基層就業卓越獎).

- In the 2023/2024 academic year, the total number of students in our Group's schools is approximately 140,000, with a 2.7% year-on-year increase in terms of number of new students. The structure of students has further optimized, with a continuous increase in the proportion of undergraduate students among the total number of students. The proportion of undergraduate students has increased by 3.4 percentage points. Additionally, there has been a significant increase in the proportion of cross-province admissions in the Group's schools, with a continued expansion of enrollment in provinces with a large student population and economically developed areas. The admission cut-off scores continue to increase, the brand competitiveness has been further enhanced, and the high-quality development strategy is steadily advancing.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Business overview

The Group is a leading higher vocational education group focusing on higher vocational education for over 20 years which first put forward and promoted the school operation model of application-oriented universities. The Group's schools covered various regions of China, cumulatively cultivating about 400,000 high-quality applied and technical talents for the society. As a leader of high-quality employment, the schools of the Group have been awarded the "Top 50 National Employment (全國就業工作50強)" by the Ministry of Education, and the employment rate of each school received top ranking from all provinces and regions, with continuous improvement in high-quality employment rates.

Business advantages

The Group firmly implemented and realized the strategy of high-quality development with high-quality talent cultivation driving high-quality development. We continuously increased investment to ensure sustained high-quality development and use high-quality employment as a measure of our progress. The Group's focus was centered around addressing the core demands of our students and make precise efforts in areas closely related to students, such as education, teaching, internships, practical training, and campus activities. The quality of education and teaching continues to improve, resulting in a significant improvement in student and teacher satisfaction. The outcomes in high-quality employment are fruitful, and the Group's high-quality development strategy is effectively implemented, leading to rapid development in various endeavors.

Continuously strengthening the level of connotation construction with substantial improvement in the quality of education and teaching

(I) Continuously increasing investment to fully support the high-quality development of Schools

The Group continued to increase investment in faculty costs, nurturing potential and teaching facilities and equipment to ensure high-quality development. The investment in teacher costs has increased by 11% year on year, with a more targeted focus on strategic core personnel. The Group has been expanding its dual-teacher teaching team, enhanced the remuneration and benefits of highly educated and qualified teachers, introduced industry experts and academic leaders, and achieved remarkable results in high-quality faculty development. Meanwhile, the Group has continuously upgraded its learning platform for faculty and staff, optimized its training strategy, and tilted its training resources towards frontline core staff (including teachers and tutors), so as to efficiently support their professional development and skills enhancement. In addition, the Group has continued to invest in the development of experimental and training laboratories, libraries, and teaching buildings, as well as the continuous upgrade of teaching equipment such as desks, smart boards, and the overall improvement of the teaching environment, providing comprehensive support for the high-quality development of the schools.

(II) Focusing on classroom teaching and learning and comprehensively improving the quality of talent training

The Group has adhered to the cultivation of high-quality talents as a driving force for high-quality development. The Group's affiliated schools focus on classroom teaching and learning, emphasizing the importance of delivering captivating lessons. For fourteen consecutive years, the Group has organized Wonderful Classroom competition, compiled excellent teaching case studies, and established a rewarding mechanism for outstanding lessons to promote significant improvement in students' learning outcomes. Teachers have achieved remarkable results in provincial teaching competitions and skills competitions. Teachers from schools of the Group won 291 awards in various teacher teaching competitions, including 175 awards in top competitions recognized by the Ministry of Education. Among them, our teachers won one second prize at the national level with 6 first prizes, 13 second prizes and 19 third prizes at the provincial level in three authoritative national teaching competitions for teachers, which has substantially improved the level of teaching.

The Group innovated the talent training model to promote teaching process management and evaluation with digital transformation of teaching. This enables the monitoring, supervision, and support of teaching through the use of educational big data, facilitating a hybrid model of online and offline teaching. The Group is fully committed to promoting the digital transformation of teaching by leveraging new platforms in educational information technology. They have developed 100 high-quality cloud teaching materials, with 50 of them officially published. Among them, the book of "Java Programming" was recognized as one of the top ten cloud teaching materials in the country, and the book of "Computer Fundamentals" was selected as one of the provincial teaching materials in the "14th Five-Year Plan" for vocational education. This effort contributed to further enhancement of teaching efficiency.

(III) Continuously promoting the integration of industry and education with distinctive and differentiated features in eight schools

The Group has continued to deepen the integration of industry and education by establishing collaborative training programs with 1,150 well-known companies. Together, we have built 51 modern industry academies, 108 employment-oriented classes with renowned enterprises, and 991 experimental training bases. The Group continues to conduct the survey of "exploring enterprises, expanding jobs, enquiring needs", organizing core teaching backbones to "go out of schools and into famous enterprise". Guided by national professional construction standards, they made improvements to teaching content, methods, teaching processes, and the integration of industry and education. The Group increased investment in teaching and optimized the professional structure.

The eight schools within the Group have achieved differentiated development through the integration of industry and education. For example, the Modern Welding Industry College at Northeast School has established a joint training program with the world's second-largest welding research institute. Distinguished academicians have visited the campus to provide teaching, resulting in an increasing number of students enrolled in the program each year. The Huawei ICT College at the Yunnan School is the only college in the southwest region that has been awarded the Huawei Excellent ICT College for five consecutive years. Students from this college have won first place in the 6th Huawei ICT Global Finals. In addition to undergraduate universities, the Group's four vocational schools also have their own characteristics in terms of industry-education integration. For instance, the Refractory Materials Industry College at the Zhengzhou School is the only national college specializing in refractory materials. The college has established collaborative partnerships with industry and government to build experimental training laboratories. The continuous deepening of industry-education integration strengthens the foundation for cultivating high-quality applied talents within the Group.

(IV) Significant achievements have been made in the construction of advantageous majors, with rich achievements in high-quality education

The Group actively responds to and undertakes the "Reform Plan for the Adjustment and Optimization of Subjects and Majors Setting in General Higher Education" (《普通高等教育學科專業設置調整優化改革方案》) issued by five ministries including the Ministry of Education, accelerates the adjustment and optimization of the structure of subjects and majors, and has been granted eight new "Four New" majors that are urgently needed for national strategic development or local regional development, such as artificial intelligence, big data management and application, and medical imaging technology. The Group has continued to collaborate with internationally renowned universities to develop advantageous majors. For example, the Snow Laboratory of Harvard Graduate School of Education has fully settled in and jointly built the pre-school education major with the Group, and completed the syllabus construction of 13 courses through cooperation, while the results of the investigations and researches carried out in cooperation were shared with world-renowned universities such as Fudan University, the Chinese University of Hong Kong and Beijing Normal University. The Group has cooperated with Xi'an Jiaotong-Liverpool University in carrying out the "Shadow Mentorship Program" (影子跟崗導師計劃) and jointly developed talent training programs and 12 courses, and carried out 6 professional certification and first-class curriculum construction training lectures at Yunnan School.

The Group has achieved remarkable results in the construction of advantageous majors. At present, the Group has been awarded 14 first-class majors, 9 backbone major groups, 19 first-class courses and 15 high-quality courses. Seven advantageous majors at the Northeast School, including welding technology and engineering, automotive service engineering and communication engineering, have been selected as 2023 China's top application-oriented majors. Students have achieved fruitful results in the competition. Students from the Group's schools have won 40 national top awards in 56 top-level comprehensive competitions recognized by the Ministry of Education, setting a new historical record, among which Gansu School achieved outstanding results by winning gold, silver, and bronze medals in the China Robot and Artificial Intelligence Competition, ranking first in both the quantity and quality of awards in the province.

Continuously strengthening employment services to implement the strategy of "high-quality employment as the foundation of the school"

The Group insists on high-quality employment as the foundation of its educational mission, considering high-quality employment as a benchmark for high-quality development. In the 2022/2023 academic year, against the backdrop of a challenging employment situation and intensified job competition, the Group has consistently adhered to a prioritized employment strategy. It has continuously expanded employment opportunities for graduates through the establishment of three employment and entrepreneurship centers in the Yangtze River Delta, the Pearl River Delta and the Beijing-Tianjin-Hebei region (the "**Three Centers**"). We have also collaborated with platforms including Zhaopin (智聯招聘) to focus on emerging industries and explore more high-quality employment resources. Meanwhile, we have incorporated employment guidance and career planning into the curriculum, and provided ongoing training to optimize graduates' resumes, interviewing skills, and other enhancements in employment competition and thus to further enhance graduates' employment confidence and competitiveness.

The Group has achieved outstanding results in high-quality employment. As of 31 December 2022, the final employment rate of the graduates of 2022 reached 95.6%, maintaining a high level for three consecutive years. The initial employment rate of the graduates of 2023 as of 31 August 2023 reached 90.65%, representing an increase of 1.24 percentage points from the same period of last year. In particular, the proportion of high-quality employment reached 24.7%, with the number of employments in famous companies which are among the world's Top 500 companies, the China's Top 100 companies and A-shares listed companies increasing by 67% compared with the same period of last year.

The Group's schools have achieved remarkable results in high-quality employment. At Yunnan School and Central China School, over half of the nursing graduates who interned at the renowned 301 Hospital have been retained for employment. In Northeast School, 1 out of every 10 graduates has secured employment in the world's Top 500 companies. In Gansu School, 1 out of every 2 graduates has entered central and state-owned enterprises. The school has been recognized as a "Demonstration College for Student Employment in Gansu Province" and "Advanced Unit of Employment", making it the only university in the province to receive this honor among similar institutions. Four students from Yunnan School, Central China School, Guizhou School, and Guangxi Schools respectively were awarded the First National Award for Excellence in Grassroots Employment for College Graduates Granted by the Ministry of Education (教育部首屆全國高校畢業生基層就業卓越獎). Yunnan School and Guizhou School stood out among the colleges and universities in their respective provinces and participated in the assessment of 2023 Demonstration Units of Employment and Entrepreneurship for Graduates of National College and Universities as the outstanding representatives of the province.

The improvement of students' and teachers' experience has achieved significant results to serve diversified success of students by a student-oriented approach

The Group attaches great importance to students' and teachers' experience. Earlier, it pioneered the establishment of an experience management center and build an experience management platform among national college and universities. It has continuously improved the experience of students and teachers, leading to a significant increase in their satisfaction and sense of achievement. The Group conducted a survey on the satisfaction degree of graduates and implemented 88 optimization measures related to employment services, curriculum design, internship arrangements, etc., resulting in an 8% increase in the satisfaction degree of graduates. The Group conducted the survey on partner companies for two consecutive years, and the school management and business environment were praised by graduates and partner companies, resulting in an 5% increase in the satisfaction degree of partner companies. Additionally, the Group iteratively upgraded its digital platform for managing student and faculty feedback, achieving a 99.9% resolution rate. The Group completed 176 tasks for experience improvement by listed and settled style, including the establishment of "Canteen Express Inspection Room" and "Courtesy Window" in all eight schools to ensure food safety. The Group also continued to conduct activities such as "Principal Reception Day" and experience seminars to collect opinions and suggestions. Many new suggestions proposed by students were adopted and solved. During the year, the satisfaction rate of current students increased by 7.2%, and faculty and staff satisfaction rate increased by 8.1%, with significant results in improving the experience of students and teachers.

The Group remains committed to the student-oriented approach and continuously introduced top-tier chain catering establishments to cater for students' campus life, and added new mobile dining trucks, shared printers and shared coffee machines to constantly improve students' living experience and make their intelligent life more convenient. At the same time, the Group has continued to enrich students' campus activities. All eight schools have launched "peak experience activities for the opening/graduation season", including a large-scale music festival and ceremonies where thousands of students wore traditional Chinese clothing, which have been highly recognized by students and reported by authoritative media. The Group's experience management efforts have become a new carrier and name card of "three comprehensive education" and received praise from students as well as recognition from educational authorities.

The brand effect of our schools is increasingly prominent and highly recognized by the society

The Group has achieved remarkable results in quality development. The brand effect of our schools is increasingly prominent and highly recognized by the authorities, the society and the industry. The following table shows the representative recognitions or awards received by each school:

School	Recognition and Awards
Yunnan School	The number of awards won by university students in academic competitions ranked first in Yunnan and the top 15 in China among similar institutions for five consecutive years; selected and recommended by Yunnan Province to participate in the assessment of 2023 Demonstration Units of Employment and Entrepreneurship for Graduates of National College and Universities as the outstanding representatives of the province
Guizhou School	Approved as one of the high level professional group institutions (i.e. "Double High" Institutions) in Guizhou Province
Northeast School	Ranked 17th in the 2023 China Private Universities Ranking by Airuishen Alumni Association, and ranked 1st among universities of the engineering class of the same level in the Northeast Province
Central China School	Its graduates receive the First Excellence Award in Grassroots Employment for National High School Graduates by the Ministry of Education
Luoyang School	Approved as a provincial-level vocational education professional teaching resource library in Henan Province, and approved as the first batch of exemplary traditional advantageous professional schools in Henan Province
Guangxi Schools	Invited to make a typical speech in the action meeting on graduation and employment of Guangxi Zhuang Autonomous Region's colleges and universities
Gansu School	The employment work was recognized as the exemplary college in Gansu Province for employment of college students and the advanced unit for, being the only collage among similar institutions in the province to receive this honor
Zhengzhou School	Its students won the first prize in the national final of the National College Digital Art & Design Awards for two consecutive years

Steady implementation of the high-quality development strategy and continuous optimization of student structure

In the 2023/2024 academic year, the total number of students in our Group's schools was approximately 140,000, with a 2.7% year-on-year increase in terms of number of new students. The structure of student has further optimized, with a continuous increase in the proportion of undergraduate students among the total number of students. The proportion of undergraduate students has increased by 3.4 percentage points. Additionally, there has been a significant increase in the proportion of cross-province admissions in the Group's schools, with a continued expansion of enrollment in provinces with a large student population and economically developed areas. The admission cut-off scores continue to increase, the brand competitiveness has been further enhanced, and the high-quality development strategy is steadily advancing.

FUTURE OUTLOOK

Vocational education is at the right time with bright future and great potential

Policies continue to support the development of vocational education, with a number of supporting policies have been introduced. In October 2022, the report of the 20th Party Congress pointed out "insisting on the priority development of education", "accelerating the construction of an education power", "accelerating the construction of a high-quality education system", "providing education that satisfies the people", and "implementing the strategy of giving priority to employment". In December 2022, the General Office of the CPC Central Committee and the General Office of the State Council issued the "Opinions on Deepening the Reform of Modern Vocational Education System Construction" (《關於深化現代職業教育體系建設改革的意見》), which proposed to "placing the promotion of the high-quality development of modern vocational education in a more prominent position", formulated specific measures to support vocational education in terms of finance, fiscal, land, credit, employment and income distribution incentives, and explored new mechanisms for local governments and social forces to support the development of vocational education, and attract investment from social capital and industrial funds in the meantime. In addition, in December 2022, the CPC Central Committee and the State Council issued the "Outline of Strategic Plan for Expanding Domestic Demand (2022-2035)" (擴大內需戰略規劃綱要(2022-2035年)), which clearly put forward to "encourage social forces to provide diversified education services to support and standardize the development of private education" and "steadily promote the classified management reform of private education". In March 2023, it was mentioned in the Government Work Report at the National Two Sessions to "vigorously develop vocational education and promote the innovation of higher education". In June 2023, the National Development and Reform Commission and other organizations jointly issued the "Implementation Plan for the Empowerment with Integration of Industry and Education of Vocational Education and Enhancement Actions (2023-2025)" (《職業教育產教融合賦能提升行動實施方案(2023-2025年)》), which clearly put forward to "increase support in finance, investment, taxation, land, credit, and other policies and further improve the comprehensive incentive policy system", thus providing a favorable guarantee for the development of private higher education institutions.

China New Higher Education Group will unwaveringly follow the path of high quality development, implement the fundamental task of strengthening morality through education, deepen the integration of industry and education, and comprehensively improve the quality of education, teaching and talent training to serve regional economic and social development, with the mission of "enabling every student to achieve career success and happiness in life", so as to contribute to the high-quality development of higher vocational education.

With the "three sustainability", future development can be expected

(I) Continue to follow the path of high-quality development

The Group has always insisted on being a long-term runner in the higher vocational education industry. The Group will continue to increase its investment and steadfastly follow the path of high-quality development supported by national policies to create and provide education opportunities with high quality teaching, high quality employment and high-quality experience for students of all our schools.

(II) Sustained and stable value creation under the ESG approach

The Group is committed to the environmental, social and governance ("**ESG**") philosophy and uses ESG as a guide to integrate financial indicators such as stable performance growth, steady investment returns, abundant cash flow and stable dividends with ESG, so as to create value in a sustained and steady manner, thereby realizing long-term benefits and sustainable development, and achieving a win-win situation for both investors and the Group in the long run.

(III) Becoming the most "student-oriented" university and continuing to provide education that satisfies the people

In the face of the new development stage, new development pattern and new development opportunities of higher education, the Group will follow the trends closely, adhere to the path of high-quality development, with the mission of "enabling every student to achieve career success and happiness in life", and is committed to become the "most student-oriented university in the PRC" and solidly execute the idea of "strengthening morality through education, teaching students in accordance with their aptitude, studying for the sake of application". We will continue to cultivate high-quality applied and technical talents who have comprehensive development in morality, intelligence, physical fitness, aesthetics, and labor skills to meet the needs of local economic and social development, so as to assist in the strengthening of a strong country of education and create greater values for the society, and to provide education that satisfies to the people.

FINANCIAL REVIEW

The financial results for the year ended 31 August 2023 and last year are as follows:

	Year ended 31 August 2023	31 August 2022	Change
	RMB million	*RMB million*	*(%)*
Total revenue^	**2,526.9**	2,262.5	+11.7%
Revenue	**2,119.1**	1,921.7	+10.3%
Cost of sales	**(1,313.1)**	(1,171.3)	+12.1%
Gross profit	**806.0**	750.4	+7.4%
Other income and gains	**407.8**	340.8	+19.7%
Selling and distribution expenses	**(35.8)**	(28.7)	+24.7%
Administrative expenses	**(95.7)**	(87.7)	+9.1%
Other expenses	**(92.8)**	(112.5)	-17.5%
Finance costs	**(143.6)**	(114.7)	+25.2%
PROFIT BEFORE TAX	**845.9**	747.6	+13.1%
Income tax expense	**(142.6)**	(117.4)	+21.5%
Net profit	**703.3**	630.2	+11.6%
Adjusted net profit#	**727.5**	671.2	+8.4%
Net profit attributable to owners of the parent	**703.3**	620.0	+13.4%
Adjusted net profit attributable to owners of the parent*	**727.5**	661.0	+10.1%

^ Total revenue = revenue + other income and gains

Adjusted net profit = net profit of RMB703.3 million for the year ended 31 August 2023 plus exchange loss of RMB24.2 million arising from the USD syndicated loans (FY2022: net profit of RMB630.2 million for the year ended 31 August 2022 plus exchange loss of RMB41.0 million arising from the USD syndicated loans)

* Adjusted net profit attributable to owners of the parent = net profit attributable to owners of the parent of RMB703.3 million for the year ended 31 August 2023 plus exchange loss of RMB24.2 million arising from the USD syndicated loans (FY2022: net profit attributable to owners of the parent of RMB620.0 million for the year ended 31 August 2022 plus exchange loss of RMB41.0 million arising from the USD syndicated loans)

Revenue

The Group's revenue reached RMB2,119.1 million for the year ended 31 August 2023, which was increased by 10.3% as compared to RMB1,921.7 million of last year, which was mainly attributable to steady growth of revenue from tuition fees and boarding fees driven by leveraging the advantages of centralized school operation and continuous high quality connotation development.

Cost of Sales

The Group's cost of sales was RMB1,313.1 million for the year ended 31 August 2023, which was increased by 12.1% as compared to RMB1,171.3 million of last year, which was primarily due to (1) an increase of 10.9% in labor-related costs as compared to last year as the Group continued to optimize the cost structure of teachers, enhance the remuneration and benefits of core teaching positions and strengthen the construction of a high quality teaching team; and (2) an increase of 19.4% in depreciation and amortization costs as compared to last year as the Group continued to upgrade and renovate its campus and upgrade its laboratory training equipment.

Gross Profit and Gross Profit Margin

The Group's gross profit was RMB806.0 million for the year ended 31 August 2023, which was increased by 7.4% as compared to RMB750.4 million of last year. The gross profit margin for the year ended 31 August 2023 was 38.0%, representing a decrease of 1 percentage point as compared to the gross profit margin of 39.0% of last year. The decrease was mainly due to the Group's adherence to a connotation development strategy and the increasing investment in talents and teaching. As such, the growth of revenue for current stage was temporarily lower than the growth of cost of sales. The development strategy, which is based on high quality, will lay a solid foundation for its future organic growth.

Other Income and Gains

The Group's other income and gains reached RMB407.8 million for the year ended 31 August 2023, which was increased by 19.7% as compared to RMB340.8 million of last year, which was mainly due to (1) the enhancement of school-enterprise cooperation by various schools utilizing their own professional strengths after the end of the COVID-19 pandemic, which led to a year-on-year increase of 246.6% in school-enterprise cooperation donation revenue; (2) leveraging on the advantages of its centralized school operation to actively expand the rentable area, resulting in a year-on-year increase of 24.7% in rental income; and (3) the integration of the Group's training resources accumulated over the years, exploring best practices and actively providing training services in vocational skills enhancement to the community and students, leading to a 15.1% increase in service revenue year-on-year.

Selling and Distribution Expenses

The Group's selling and distribution expenses were RMB35.8 million for the year ended 31 August 2023, which was increased by 24.7% as compared to RMB28.7 million of last year. This increase was primarily attributable to the Group's continuous efforts to strengthen brand building and enhance its schools' brand image. The expenses accounted for approximately 1.4% of the Group's total revenue for the Reporting Period, which was basically flat with the historical level.

Administrative Expenses

The Group's administrative expenses were RMB95.7 million for the year ended 31 August 2023, which was increased by 9.1% as compared to RMB87.7 million of last year, which was primarily due to that for the purpose of enhancing the student-teacher experience and the quality of its centralized school operation, the Group commissioned external organizations to provide advice on the reform of remuneration packages, the construction of brand culture and community platform, and the improvement of the nurturing environment, etc., and therefore the commissioned business fees increased.

Other Expenses

The Group's other expenses were RMB92.8 million for the year ended 31 August 2023, which was decreased by 17.5% as compared to RMB112.5 million of last year. The decrease was mainly attributable to (1) the Group's repayment of US$16 million syndicated loan as scheduled and the appreciation of the US dollar at the end of the financial year being less than that of last year, which resulted in the year-on-year decrease of 41.0% in the provision of exchange loss made by the Group from RMB41.0 million to RMB24.2 million. Excluding the effect of the exchange loss above, other expenses amounted to RMB68.6 million, representing a decrease of 4.1% as compared to last year; and (2) the change in the operation mode of the canteen of the Northeast School, which was shifted from self-operation to leasing out for rent, so that the cost of the canteen was no longer incurred.

Finance Costs

The Group's finance costs were RMB143.6 million for the year ended 31 August 2023, which was increased by 25.2% as compared to RMB114.7 million of last year, which was mainly due to the increase in the interest rates for the Group's USD syndicated loans whose interest was calculated at floating interest rates affected by the continued interest rate hikes performed by the US Federal Reserve, resulting in an increase in finance costs of the USD syndicated loans.

Profit before Tax

Due to the combined influence of revenue, cost and expenses above, the Group recorded a profit before tax of RMB845.9 million for the Reporting Period, representing an increase of 13.1% as compared to RMB747.6 million of last year.

Net Profit

Due to the combined effects of revenue, costs and expenses above, the net profit of the Group was RMB703.3 million for the year ended 31 August 2023, representing an increase of 11.6% as compared to RMB630.2 million of last year.

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 was RMB703.3 million for the year ended 31 August 2023, representing an increase of 13.4% as compared to RMB620.0 million of last year.

Non-HKFRS Measures

To supplement our consolidated financial statements presented under HKFRS, we also use adjusted net profit and adjusted net profit attributable to owners of the parent as additional financial measures. The Company considers that these non-HKFRS measures can eliminate the potential impact of items that management believes are not reflective of the Group's operating performance and thus facilitate comparisons of operating performance from period to period.

The use of non-HKFRS measures has limitations as an analytical tool as these measures do not include all items that affect our results in the related period. In view of the limitations of the non-HKFRS measures above, readers should not read the non-HKFRS measures in isolation or as an alternative to our profit for the year, or any other measure of operating performance calculated in accordance with HKFRSs, in assessing our operating and financial performance. In addition, as these non-HKFRS measures may be calculated differently by different companies, they should not be compared with similarly named measures used by other companies.

The calculation of adjusted net profit and adjusted net profit attributable to owners of the parent is as follows:

	Year ended	
	31 August 2023	31 August 2022
	RMB million	*RMB million*
Net profit	**703.3**	630.2
Adjusted item: Exchange loss arising from the USD syndicated loans	**24.2**	41.0
Adjusted net profit	**727.5**	671.2

	Year ended	
	31 August 2023	31 August 2022
	RMB million	*RMB million*
Net profit attributable to owners of the parent	**703.3**	620.0
Adjusted item: Exchange loss arising from the USD syndicated loans	**24.2**	41.0
Adjusted net profit attributable to owners of the parent	**727.5**	661.0

Total Capital

The total capital of the Group, which equals to the aggregate of cash and cash equivalents plus pledged and restricted deposits, financial assets at fair value through profit or loss (excluding the purchased U.S. dollar call options) was RMB1,148.6 million as of 31 August 2023.

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 RMB2,718.3 million as of 31 August 2023 (31 August 2022: RMB3,333.1 million), among which US$84.0 million was denominated in United States dollar, while the remaining was denominated in Renminbi.

Interest-bearing debt equals to the total amount of interest-bearing bank loans and other borrowings and lease liabilities as of 31 August 2023. The Group's interest-bearing debt/total assets decreased from 36.7% as of 31 August 2022 to 29.4% as of 31 August 2023, which was mainly due to the early repayment of its bank borrowings with higher interest rates in order to control the scale of debt and reduce the overall financing costs.

Net interest-bearing debt equals to the total interest-bearing bank loans and other borrowings and lease liabilities net of total capital as of 31 August 2023. The Group's net interest-bearing debt/ total equity decreased from 55.6% as of 31 August 2022 to 44.4% as of 31 August 2023, which was primarily attributable to the combined effects of the decrease in the size of the Group's net interest-bearing liabilities and the increase in the amount of total equity.

Gearing ratio equals to the ratio of interest-bearing debt divided by total equity as of 31 August 2023. The Group's gearing ratio decreased from 104.9% as of 31 August 2022 to 76.9% as of 31 August 2023, primarily due to the decrease in the scale of the Group's interest-bearing liabilities and the increase in the amount of total equity.

Capital Expenditures

For the year ended 31 August 2023, the Group's capital expenditures were RMB745.7 million, which was primarily used for the construction of our school buildings, facilities, purchase of equipment and software.

Capital Commitments

The Group's capital commitments were primarily used in the payment of construction and maintenance of school building and purchase of facilities. The following table sets out a summary of our capital commitments as of the dates indicated:

	Year ended 31 August 2023	Year ended 31 August 2022
	RMB million	*RMB million*
Contracted but not provided for:		
Property, plant and equipment		
Within one year	**231.4**	244.2
Over one year	**86.6**	175.5
	318.0	419.7

As of 31 August 2023, 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 any other plans for material investments and capital assets as of the Reporting Period.

SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS

No other significant investments and acquisitions or disposals of subsidiaries, associates or joint ventures were made by the Group, nor was there any plan authorized by the Board for other material investments or additions of capital assets during the Reporting Period.

FOREIGN EXCHANGE RISK MANAGEMENT

The functional currency of the Group is RMB and HKD. The majority of the Group's revenue and expenditures are denominated in RMB. As at 31 August 2023, certain bank loans and bank balances were denominated in USD and HKD. The Group had purchased call options with an underlying value of US$11 million to hedge its exposure to the exchange rate risk of USD loans. In future, the management will continue to pay attention on 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 31 August 2023 are as follows:

(i) equity interests of the Group's certain subsidiaries; and

(ii) deposits of the Group with an amount of RMB196,726,000 as at 31 August 2023 (31 August 2022: RMB301,000,000).

Contingent Liabilities

As of 31 August 2023, the Group did not have any material contingent liabilities, guarantee or any litigation 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.

FAVOURABLE POLICIES TO FACILITATE THE DEVELOPMENT OF PRIVATE HIGHER VOCATIONAL EDUCATION

On 12 October 2021, the General Office of the Chinese Communist Party Central Committee and the General Office of the State Council issued the Opinions on Promoting the High-quality Development of Modern Vocational Education (《關於推動現代職業教育高質量發展的意見》) (the "**Opinions**"), and issued a notice requiring serious implementation. The Opinions put forward that (1) Speeding up the establishment of the "vocational education college entrance examination" system, to promote the vertical connection of vocational education at different levels, and strengthen the penetration and integration of general education and vocational education at all levels; (2) Adherence to major national strategies, to encourage schools setting up more scarce and market-oriented majors; (3) Improving the diversified school operation pattern, to encourage listed companies and industry leading enterprises to establish vocational education, encourage all kinds of enterprises to participate in the establishment of vocational education according to law, and enrich the school operation forms of vocational schools; (4) Governments at all levels should coordinate the scale, structure and level of vocational education and human resources development, and include the integration of production and education into the economic and social development plan. Local governments should take the promotion of enterprises' participation in school-enterprise cooperation and the cultivation of technical and skilled talents as the important contents of industrial development plans, industrial incentive policies and rural revitalization plans, to provide "financial + fiscal + land + credit" incentives to industry education integrated enterprises, and implement the relevant tax and fee policies in accordance with the regulations; (5) Realizing the innovation of school enterprise cooperation mechanism, deepening the reform of education and teaching, building the brand of vocational education with Chinese characteristics, and exploring the international development mode of "Chinese + vocational skills".

In December 2021, the Opinions on the Authorization and Awarding of Bachelor's Degrees in Vocational Schools at the Undergraduate Level (《關於做好本科層次職業學校學士學位授權與授予工作的意見》) was issued by the Academic Degree Office of the State Council, which makes it clear that the authorization, awarding and management of bachelor's degrees in vocational education at the undergraduate level will be subject to the same rules as those for general undergraduates, while highlighting the characteristics of vocational education. The undergraduate-level vocational education degree certificate will thus be given the same status as the general undergraduate degree in terms of effectiveness and application value. The Group's development direction has been in line with the Group's commitment to strengthen the educational characteristics of vocational education, emphasize vocational competence and qualification, and promote high-quality development.

In January 2022, the Ministry of Education and other four departments issued the "14th Five-Year Plan for Vocational Skills Training" which was the first "Five-Year Plan" of vocational training of the Central Government, aiming to improve the capability of workers and relieve the pressure of employment. Such policy sets up key goals for the year of 2021 to 2025: (1) conducting subsidized vocational training with no less than 75 million persons, in which no less than 30 million persons for farmers; (2) no less than 40 million persons for newly obtained vocational qualification certificates or vocational skill level certificates; (3) no less than 200 of newly built public training bases. The higher education industry will continue to benefit from the favorable policy on vocational education.

In February 2022, the Ministry of Education announced the work focus of vocational education in 2022, proposed to promote fuller and higher quality employment for college graduates, supported and regulated the healthy development of private education and accelerated the digital transformation and smart upgrade of education. It is expected that the Group will continue to benefit from the favorable policies of vocational education.

The Vocational Education Law promulgated by the Standing Committee of the National People's Congress in April 2022, which became effective on 1 May, clarifies that vocational education and general education have the same important status, supports the social forces to extensively participate in vocational education, fosters, guides and backs up enterprises and other social forces to sponsor vocational schools and vocational training institutions in accordance with the law, and encourages enterprises to participate deeply in the integration of industry and education, as well as school-enterprise cooperation. The new law also makes it clear that when government, public institutions, state-owned enterprises are in the recruitment of technical skills positions, the level of technical skills should be an important criteria and public institutions can appropriately lower educational requirements when publicly recruit positions with vocational skills level requirements. From which we can observe that the new law continues the consistent policy direction of the state to support the development of vocational education. And through the improvement of the protection mechanism and measures of vocational education, it focuses on improving the recognition of vocational education and the quality of technical skills personnel training. The new law will definitely promote the high-quality development of vocational education, and the higher vocational education groups will also welcome a new round of development opportunities in a more sound and friendly legal environment.

In October 2022, Xi Jinping, General Secretary of the Communist Party of China ("**CPC**") Central Committee, pointed out in the report to the 20th National Congress of the Communist Party of China that China will continue to give high priority to the development of education, build a strong educational system, and move faster to build a high-quality educational system. It is clear that the focus of vocational education, higher education, and continuing education is collaborative innovation. China will promote integration between vocational education and general education, between industry and education, and between science and education. China will also better establish vocational education as a category in the educational system, setting out the direction for the future development of higher vocational education.

In December 2022, the General Office of the Chinese Communist Party Central Committee and the General Office of the State Council issued the Opinions on Deepening the Reform of the Construction of Modern Vocational Education System, which put forward the strategic tasks of exploring a new model for the construction of a modern vocational education system at the provincial level, building a municipal industry-education consortium and creating a community of industry-education fusion. It also specifies the key tasks of enhancing the key school-running capacity of vocational schools, strengthening the construction of "dual-teacher" teams, building an open regional practice centre for integration of industry and education, broadening the channels for students to grow up and become successful, and innovating the mechanism of international exchanges and cooperation.

In March 2023, Premier Li Keqiang, on behalf of the State Council, made a Report on the Work of the Government at the First Session of the Fourteenth National People's Congress, in which he proposed that over the past five years, the development of vocational education has achieved remarkable results, the adaptability of vocational education has been enhanced, and the conditions of operation of vocational schools have continued to improve, and proposed, among the priorities of this year's work, to promote the high-quality and balanced development of compulsory education and the integration of urban and rural areas, to develop vocational education vigorously and to promote the innovation of higher education.

In July 2023, the General Office of the Ministry of Education issued the Notice on Accelerating the Reform of the Construction of Modern Vocational Education System, deploying 11 key tasks for the reform of the construction of modern vocational education system, accelerating the construction of a new mechanism for the high-quality development of vocational education that involves interaction between the central government and the local government, regional linkage, and collaboration between government, industry, enterprises, and schools, so as to promote the reform of the construction of modern vocational education system in an orderly and effective manner.

RECENT DEVELOPMENTS OF REGULATORY FRAMEWORK

(I) Classified Registration

According to the Several Opinions of the State Council on Encouraging Social Powers 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) Implementation Opinions Issued by the People's Government of Yunnan Province on Encouraging Social Powers to Set up Education to Promote the Healthy Development of Private Education (18 December 2017), 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), Measures for the Implementation of Classified Registration of Existing Private Schools in Guangxi Zhuang Autonomous Region (19 April 2022); (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); (7) Implementation Opinions Issued by the People's Government of Henan Province on Encouraging Social Powers to Set up Education to Further Promote the Healthy Development of Private Education (2 February 2018).

The above local regulations only provide a procedure framework 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 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, except that the Northeast School, Guangxi Schools, Yunnan School and Guizhou School are currently in the process of classified registration according to the guidance of the relevant provincial authorities, the Company has not commenced the process of classified registration for other schools under the Group. However, due to the uncertainties in the interpretation and application of the above requirements, there are uncertainties as to 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 kind of tax and land use policies and other aspects of government supports such schools will enjoy in the future. The Group will continue to pay close attention to any further development on the application of the above requirements.

(II) The 2021 Implementation Rules

On 14 May 2021, the State Council promulgated the Implementation Rules for the Laws for Promoting Private Education of the PRC (the "**2021 Implementation Rules**"), which has been implemented since 1 September 2021. The 2021 Implementation Rules stipulate that: (1) private schools may enjoy the preferential tax policies stipulated by the State, among which non-profit private schools may enjoy the same preferential tax policies as public schools; (2) for the construction or expansion of non-profit private schools, the local people's governments shall grant preferential treatments in terms of land use by means of allocation in accordance with the principle of treating non-profit private schools equally as public schools. For the land use of private schools that implement preschool education and education for academic credentials, the governments may provide lands by means of agreement, bidding, auction and etc. according to the laws. Lands may also be supplied by long-term lease, lease and assignment, and combination of sale and rental. Charges for the assignment or rental of land may be paid in instalments within the specified time limit as agreed in the contract.

The 2021 Implementation Rules do not involve specific provisions on preferential taxation and land use policies. Therefore, there are still uncertainties as to what kind of tax and land use policies and other aspects of government supports the private schools under the Group will enjoy in the future.

The 2021 Implementation Rules further stipulate that: (1) the State encourages enterprises to establish or participate in the establishment of private schools that implement vocational education in various forms, such as sole proprietorship, joint venture or cooperation according to law; institutions that implement nationally recognized educational examinations, vocational qualification examinations and vocational skill level examinations shall comply with the relevant provisions of the State in the establishment or participation in the establishment of private schools related to the examination implemented by them; (2) private schools that provide compulsory education are not allowed to enter into transactions with their interested parties, and other private schools shall conduct transactions with their interested parties in a manner that is open, justified and fair, shall price such transactions reasonably, shall establish standardized decision-making for such transactions and shall not harm the interests of the State, schools and teachers and students. Private schools shall set up an information disclosure mechanism for dealing with their interested parties. The relevant governmental authorities, such as the education department, the human resources and social security departments and the financial departments, shall strengthen the supervision of the agreements entered into between non-profit private schools and their interested parties, and shall review the connected transactions annually; (3) if the sponsor is a legal person, its controlling shareholder and the actual controller must meet the requirements stipulated by laws and administrative regulations for the establishment of a private school, and any change of the controlling shareholder or the actual controller must be reported to the competent department for record-filing and publicity. Any social organizations and individuals shall not control private schools which provide compulsory education or non-profit private schools which implement preschool education through mergers and acquisitions or contractual agreements; and (4) the start-up capital and registered capital of a private school shall be compatible with the type, level and scale of the school and shall be paid in full when it is formally established.

Pursuant to the 2021 Implementation Rules, the Group is not prohibited from acquiring non-profit private schools providing higher education services or controlling them through structural contracts. As the Group has no plans to acquire private schools providing compulsory education or non-profit private schools providing preschool education, we do not consider that the 2021 Implementation Rules will have any adverse impact on the Group's future acquisitions.

The Structured Contracts may be considered as transactions with interested parties of private schools under the Group, and we may incur significant compliance costs due to the establishment of a disclosure mechanism. If the private school under the Group chooses to register as a non-profit private school, the competent government department shall review its relevant transactions annually. These processes may not be under our control and may be very complex and cumbersome, and may divert management attention. During the review process, government departments may require us to modify or terminate the Structured Contracts, which may lead to penalties, resulting in a material adverse impact on the operation of the Structured Contracts.

As at the date of this announcement, the Company's operations have not been affected by the 2021 Implementation Rules.

(III) Foreign Investment Law

The Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) (the "**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 (the "**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 Implementation Regulations explicitly stipulate contractual agreements as a form of foreign investment. As confirmed by our PRC Legal Advisors, as the Foreign Investment Law and the 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 at 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 guidance from our PRC Legal Advisors to ensure that the Company meets all relevant laws and regulations in China.

(IV) The Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies

On 17 February 2023, the China Securities Regulatory Commission (the "**CSRC**") released the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the "**Overseas Listing Trial Measures**") and five supporting guidelines, which came into effect on 31 March 2023. The Overseas Listing Trial Measures will regulate both direct and indirect overseas offering and listing of PRC domestic companies' securities by adopting a filing-based regulatory regime. On the same day, the CSRC also held a press conference for the release of the Overseas Listing Trial Measures and issued the Notice on Administration for the Filing of Overseas Offering and Listing by Domestic Companies (《關於境內企業境外發行上市備案管理安排的通知》), which, among others, clarified that the domestic companies that have already been listed overseas on or before the effective date of the Overseas Listing Trial Measures (i.e. 31 March 2023) shall be deemed as existing applicants (存量企業), or the Existing Applicants. Existing Applicants are not required to complete the filling procedures immediately, and they shall be required to file with the CSRC when subsequent matters such as refinancing are involved. The Overseas Listing Trial Measures also requires subsequent reports to be filed with the CSRC on material events, such as change of control or voluntary or forced delisting of the issuer(s) who have completed overseas offerings and listings.

As at the date of this announcement, the Company's operations have not been affected by the Overseas Listing Trial Measures.

PAYMENT OF FINAL DIVIDEND

The Board has resolved to recommend the payment of a final dividend of RMB0.096 per Share for the year ended 31 August 2023 (for the year ended 31 August 2022: RMB0.093 per Share). The final 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 final dividend (i.e. 21 November 2023 to 27 November 2023) (RMB1.0 to HK$1.09420). Accordingly, the amount of the final dividend payable in Hong Kong dollars will be HK$0.10504 per Share. The final dividend, subject to the approval of the Shareholders at the annual general meeting, will be paid on Friday, 20 September 2024 to the Shareholders whose names appear on the register of members of the Company on Thursday, 29 August 2024.

	Year ended 31 August 2023	Year ended 31 August 2022
Interim dividend *(RMB)*	**0.119**	0.106
Proposed final dividend *(RMB)*	**0.096**	0.093

CLOSURE OF THE REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the annual general meeting to be held on Wednesday, 28 February 2024, the register of members of the Company will be closed from Friday, 23 February 2024 to Wednesday, 28 February 2024, both days inclusive, during which period no transfer of Shares will be registered. In order to be qualified for attending and voting at the annual general meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than Thursday, 22 February 2024.

The register of members of the Company will be closed from Tuesday, 27 August 2024 to Thursday, 29 August 2024, both days inclusive, during which period no transfer of shares of the Company will be effected. In order to be qualified for the final dividend, all share transfer documents accompanied by the relevant share certificates must be lodged with the Group's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 26 August 2024.

HUMAN RESOURCES AND REMUNERATION POLICY

As of 31 August 2023, the Group had a total of 9,755 employees (9,593 as of 31 August 2022). The increase was mainly due to the Group insists on high-quality development and continues to introduce high-quality talents. 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, maternity insurance, work injury 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 Reporting Period.

The Group follows the remuneration policy of "contribution-driven, fair and competitive in the market" for employees. The remuneration policy is designed according to the different position sequences of the Group and its schools, and the salary is determined with reference to the capability, job responsibilities and contribution of its employees. At the same time, the Group has been actively cultivating the capabilities of its employees and has been providing external and internal training programs for employees to build a quality team to meet the development requirements of the Group.

CORPORATE GOVERNANCE

Corporate Governance Code

The Group 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 Group. The Group 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 the Shareholders.

During the Reporting Period, the Group has complied with all applicable code provisions set out in the Corporate Governance Code as set out in Appendix 14 to the Listing Rules.

The Group has three executive Directors (including Mr. Li) and three independent non-executive Directors, who have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning as well as a fairly strong independence element in the composition of the Board.

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 to the Listing Rules as its code of conduct regarding securities transactions by the Directors.

Having made specific enquiry of all Directors, all of them have confirmed that they have complied with the Model Code throughout the Reporting Period and up to the date of this announcement.

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

During the Reporting Period, the Company repurchased a total of 7,100,000 Shares on the Stock Exchange for an aggregate consideration of HK$23,982,734 before expenses. All the repurchased Shares were subsequently cancelled on 20 February 2023.

Details of the Share repurchased are as follows:

Month of repurchase during the Reporting Period	No. of Shares repurchased	Highest price paid per Share *(HK$)*	Lowest price paid per Share *(HK$)*	Aggregate consideration paid *(HK$)*
December 2022	7,100,000	3.84	2.21	23,982,734
Total	**7,100,000**			**23,982,734**

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's securities listed on the Stock Exchange during the Reporting Period and up to the date of this announcement.

EVENTS AFTER THE REPORTING PERIOD

There were no significant events affecting the Group which have occurred since the end of the Reporting Period up to the date of this announcement.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") has reviewed and discussed with the management 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 annual results of the Group have been reviewed by the Audit Committee.

SCOPE OF WORK FOR ANNUAL RESULTS ANNOUNCEMENT BY AUDITOR

The financial information of the Group for the year ended 31 August 2023 set out in this announcement does not constitute the Group's audited accounts for the year ended 31 August 2023, but represents an extract from the consolidated financial statements for the year ended 31 August 2023 which have been audited by the auditor of the Company, Ernst & Young, in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. The financial information of the Group for the year ended 31 August 2023 has been reviewed by the Audit Committee and approved by the Board.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.xingaojiao.com). The annual report for the Reporting Period containing all the information required by Appendix 16 to the Listing Rules will be dispatched to the Shareholders of the Company and available on the same websites in due course.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

YEAR ENDED 31 AUGUST 2023

	Notes	2023 RMB'000	2022 RMB'000
REVENUE	4	**2,119,140**	1,921,752
Cost of sales		**(1,313,136)**	(1,171,337)
Gross profit		**806,004**	750,415
Other income and gains	4	**407,778**	340,760
Selling and distribution expenses		**(35,828)**	(28,706)
Administrative expenses		**(95,712)**	(87,690)
Other expenses		**(92,823)**	(112,465)
Finance costs	5	**(143,576)**	(114,670)
PROFIT BEFORE TAX	6	**845,843**	747,644
Income tax expense	7	**(142,554)**	(117,432)
PROFIT FOR THE YEAR		**703,289**	630,212
Attributable to:			
Owners of the parent		**703,289**	620,003
Non-controlling interests		**–**	10,209
		703,289	630,212
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	9		
Basic *(RMB)*			
– For profit for the year		**0.45**	0.39
Diluted *(RMB)*			
– For profit for the year		**0.45**	0.39

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 AUGUST 2023

	2023	2022
	RMB'000	*RMB'000*
PROFIT FOR THE YEAR	**703,289**	630,212
OTHER COMPREHENSIVE INCOME		
OTHER COMPREHENSIVE INCOME THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS:		
Exchange differences on translation of financial statements	**3,234**	(5,620)
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	**3,234**	(5,620)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**3,234**	(5,620)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**706,523**	624,592
Attributable to:		
Owners of the parent	**706,523**	614,383
Non-controlling interests	**–**	10,209
	706,523	624,592

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 AUGUST 2023

	Notes	2023 *RMB'000*	2022 *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**5,440,611**	4,883,072
Investment properties		**402,447**	421,845
Right-of-use assets		**1,078,491**	1,110,245
Goodwill		**752,021**	752,021
Other intangible assets		**83,346**	76,422
Pledged and restricted deposits		**101,000**	101,000
Time deposits		**–**	110,000
Other non-current assets	*10*	**192,164**	142,231
Total non-current assets		**8,050,080**	7,596,836
CURRENT ASSETS			
Trade receivables, prepayments, other receivables and other assets	*11*	**142,513**	119,155
Financial assets at fair value through profit or loss		**48,789**	2,530
Pledged and restricted deposits		**146,557**	253,165
Time deposits		**–**	20,000
Cash and cash equivalents		**855,060**	1,081,449
Total current assets		**1,192,919**	1,476,299
CURRENT LIABILITIES			
Contract liabilities	*12*	**1,356,250**	973,335
Other payables and accruals	*13*	**976,314**	957,769
Interest-bearing bank and other borrowings		**1,153,554**	1,129,838
Lease liabilities		**6,414**	4,858
Deferred income		**14,632**	17,832
Tax payable		**149,304**	79,718
Total current liabilities		**3,656,468**	3,163,350
NET CURRENT LIABILITIES		**(2,463,549)**	(1,687,051)
TOTAL ASSETS LESS CURRENT LIABILITIES		**5,586,531**	5,909,785

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 AUGUST 2023

	2023 *RMB'000*	2022 *RMB'000*
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	**1,554,954**	2,190,302
Lease liabilities	**3,331**	8,129
Deferred income	**310,118**	312,862
Deferred tax liabilities	**185,317**	221,778
Total non-current liabilities	**2,053,720**	2,733,071
Net assets	**3,532,811**	3,176,714
EQUITY		
Equity attributable to owners of the parent		
Share capital	**1,067**	1,071
Reserves	**3,531,744**	3,175,643
Total equity	**3,532,811**	3,176,714

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2023

1. CORPORATE AND GROUP 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 year, 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

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss which have been measured at fair value. These financial statements are presented in RMB and all values are rounded to the nearest thousand except when otherwise indicated.

The Group recorded net current liabilities of RMB2,463,549,000 as at 31 August 2023 (2022: RMB1,687,051,000), included in which were contract liabilities of RMB1,356,250,000 as at 31 August 2023 (2022: RMB973,335,000).

In view of the net current liabilities position, 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, the directors are satisfied that the Group is able to meet in full its financial obligations as they fall due for the foreseeable future. To mitigate any liquidity issues that might be faced by the Group, the Group has obtained adequate banking facilities from reputable financial institutions to meet its obligations as and when they fall due.

Accordingly, the directors are of the opinion that it is appropriate to prepare the financial statements on a going concern basis. Should the Group be unable to operate as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, and to provide for any further liabilities which might arise. The effect of these adjustments has not been reflected in the financial statements.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 3	*Reference to the Conceptual Framework*
Amendment to HKFRS 16	*Covid-19-Related Rent Concessions beyond 30 June 2021*
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*
Amendments to HKAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*
Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

The nature and the impact of the revised HKFRSs that are applicable to the Group are described below:

(a) Amendments to HKFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* (the "**Conceptual Framework**") issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 September 2022. As there were no business combinations during the year, the amendments did not have any impact on the financial position and performance of the Group.

(b) Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items as determined by HKAS 2 *Inventories*, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 September 2022. Since there was no sale of items produced prior to the property, plant and equipment being available for use, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 September 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.

(d) *Annual Improvements to HKFRSs 2018-2020* sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendments that are applicable to the Group are as follows:

- HKFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively from 1 September 2022. Fees included in the modification of the Group's financial liabilities during the year meet the definition above, the amendment did not have any impact on the financial position or performance of the Group.

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 purposes 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 year, the Group operated within one geographical location because all of its revenues were generated in the PRC and all of its long-term assets/capital expenditures were located/incurred in the PRC. Accordingly, no geographical information is presented.

Information about major customers

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

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2023	2022
	RMB'000	*RMB'000*
Revenue from contracts with customers		
Tuition fees	**1,897,582**	1,741,268
Boarding fees	**221,558**	180,484
	2,119,140	1,921,752

Revenue from contracts with customers

(i) Disaggregated revenue information

	2023	2022
	RMB'000	*RMB'000*
Type of services		
Education services	**2,119,140**	1,921,752
Geographical market		
Mainland China	**2,119,140**	1,921,752
Timing of revenue recognition		
Services transferred over time	**2,119,140**	1,921,752

The following table shows the amount of revenue recognised in the current reporting period that was included in the contract liabilities at the beginning of the reporting period:

	2023	2022
	RMB'000	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Education services	**973,335**	350,933

(ii) Performance obligations

The performance obligation is satisfied over time as services are rendered and tuition and boarding fees are generally received in advance prior to the beginning of each academic year.

At 31 August 2023, all amounts of transaction prices related to performance obligations are expected to be recognised as revenue within one year and as permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts (or partially unsatisfied) is not disclosed.

	2023	2022
	RMB'000	*RMB'000*
Other income and gains		
Service income	**162,957**	141,566
Rental income	**125,164**	100,395
Donation income *(Note (a))*	**57,982**	16,730
Government grants	**22,479**	18,903
Bank interest income	**21,612**	22,132
Fair value gains, net:		
Financial assets at fair value through profit or loss	**1,142**	–
Gain on wealth investment products	**677**	1,021
Catering income	**–**	18,854
Others	**15,765**	21,159
	407,778	340,760

Note (a): The amount primarily consists of external donations of electronic devices and software related to teaching activities to promote integration between industry and education and cooperation between enterprises and colleges.

5. FINANCE COSTS

An analysis of finance costs is as follows:

	2023	2022
	RMB'000	*RMB'000*
Interest on bank loans and other loans	**177,140**	154,205
Interest on lease liabilities	**565**	508
Total interest expense on financial liabilities not at fair value through profit or loss	**177,705**	154,713
Less: Interest capitalised	**(34,129)**	(40,043)
	143,576	114,670

6. PROFIT BEFORE TAX

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

	2023	2022
	RMB'000	*RMB'000*
Cost of services provided	**1,313,136**	1,171,337
Employee benefit expense (excluding directors' and chief executive's remuneration):		
Wages and salaries	**767,560**	697,808
Equity-settled share option expense	**1,697**	2,657
Pension scheme contributions (defined contribution scheme)*	**58,314**	46,145
	827,571	746,610
Depreciation of property, plant and equipment	**200,583**	171,350
Depreciation of investment properties	**9,860**	8,431
Depreciation of right-of-use assets	**34,111**	35,998
Amortisation of other intangible assets	**25,680**	23,502
Research costs	**3,869**	2,310
Rental income	**(125,164)**	(100,395)
Government grants	**(22,479)**	(18,903)
Lease payments not included in the measurement of lease liabilities	**167**	294
Auditor's remuneration	**4,500**	4,500
Bank interest income	**(21,612)**	(22,132)
Foreign exchange differences, net	**24,951**	41,685
Impairment allowance for trade receivables, prepayments, other receivables and other assets	**942**	738
Fair value (gains)/losses, net:		
Financial assets at fair value through profit or loss	**(1,142)**	–
Convertible bonds	**–**	270
Loss on disposal of items of property, plant and equipment	**2,991**	4,373

* There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

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 year.

According to the Decision of the Standing Committee of the National People's Congress on Amending the Private Schools Promotion Law, which was promulgated on 7 November 2016 (the "**2016 Decision**"), and came into force on 1 September 2017, private schools are no longer being classified as either schools for which the school sponsor(s) require reasonable returns or schools for which the school sponsor(s) do not require reasonable returns. Instead, the school sponsor(s) of a private school may choose for the school to be a for-profit private school or a non-profit private school, with the exception that schools providing nine-year compulsory education must be non-profit.

On 14 May 2021, the State Council released the Implementation Rules for the Law for Promoting Private Education of the PRC with an effective date of 1 September 2021 (the "**2021 Implementation Rules**"). The 2021 Implementation Rules are the detailed implementation rules of the Law for Promoting Private Education of the PRC. Pursuant to the 2016 Decision and the 2021 Implementation Rules, a private school may enjoy the preferential tax policies, which are not defined under the 2016 Decision nor the 2021 Implementation Rules, as stipulated by the related government authorities and a non-profit school may enjoy the same tax policies as enjoyed by a public school.

As at the date of approval of these financial statements, the Group's schools in the People's Republic of China are still in the process of classification registrations.

According to the Circular on Issues Concerning Tax Policies for the In-depth Implementation of Western Development Strategies, certain qualifying entities/schools of the Group that are located in Yunnan, Guizhou, Guangxi, Gansu, Hubei Province and the Tibet Autonomous Region engaged in the encouraged business are entitled to a preferential corporate income tax rate of 15%. Huihuang Company was subject to the PRC income tax at 9% under the Tibet Autonomous Region's preferential investment policies for the year ended 31 August 2023. According to the Preferential Policies for Key Pilot Zone of Development and Opening Up (重點開發開放試驗區) in Ruili City, Yunnan Province, certain subsidiaries located in Ruili are entitled to a preferential corporate income tax rate of 9%. Other entities/schools 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.

	2023	2022
	RMB'000	*RMB'000*
Current		
Charge for the year	**179,015**	74,537
Deferred	**(36,461)**	42,895
Total tax charge for the year	**142,554**	117,432

8. DIVIDENDS

	2023	2022
	RMB'000	*RMB'000*
Interim – RMB0.119 (2022: RMB0.106) per ordinary share	**185,820**	165,000
Proposed final – RMB0.096 (2022: RMB0.093) per ordinary share	**149,304**	145,175
	335,124	310,175

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

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 year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 1,557,025,630 (2022: 1,570,028,357) in issue during the year.

The calculation of the diluted earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, adjusted to reflect the impact on profit or loss from the convertible bonds, where applicable (see below). The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings per share are based on:

	2023	2022
	RMB'000	*RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation:	**703,289**	620,003
Add: Impact on profit or loss from convertible bonds	**–**	331
Profit attributable to ordinary equity holders of the parent before impact on profit or loss from convertible bonds	**703,289**	620,334

	Number of shares	
	2023	2022
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**1,557,025,630**	1,570,028,357
Effect of dilution – weighted average number of ordinary shares:		
Share options*	**–**	–
Convertible bonds	**–**	10,383,307
	1,557,025,630	1,580,411,664

* The effect of share options on the basic earnings per share for the year ended 31 August 2023 and year ended 31 August 2022 were ignored in the calculation of diluted earnings per share as the impact of the share options outstanding had an anti-dilutive effect on the basic earnings per share amounts presented.

10. OTHER NON-CURRENT ASSETS

	2023 *RMB'000*	2022 *RMB'000*
Prepayment for land use rights	**185,176**	136,992
Prepayment for property, plant and equipment	**6,988**	4,239
Prepayment for investments	**–**	1,000
	192,164	142,231

11. TRADE RECEIVABLES, PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2023 *RMB'000*	2022 *RMB'000*
Trade receivables	**19,503**	18,215
Less: allowance for credit losses	**(4,924)**	(7,327)
	14,579	10,888
Advance and other receivables	**75,861**	47,735
Prepaid expenses	**11,962**	11,127
Deposits and other miscellaneous receivables	**30,401**	37,431
Staff advances	**9,710**	11,974
	142,513	119,155

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by customer type and rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

31 August 2023

		Past due					
	Current	**Less than 1 year**	**1 to 2 years**	**2 to 3 years**	**3 to 4 years**	**Over 4 years**	**Total**
Expected credit loss rate	**–**	**0.78%**	**2.50%**	**43.52%**	**75.63%**	**100.00%**	**25.25%**
Gross carrying amount *(RMB'000)*	**–**	**9,115**	**4,365**	**1,783**	**1,116**	**3,124**	**19,503**
Expected credit losses *(RMB'000)*	**–**	**71**	**109**	**776**	**844**	**3,124**	**4,924**

31 August 2022

		Past due					
	Current	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	Over 4 years	Total
Expected credit loss rate	–	0.78%	2.51%	44.67%	89.75%	100.00%	40.23%
Gross carrying amount *(RMB'000)*	–	7,825	2,151	1,652	1,102	5,485	18,215
Expected credit losses *(RMB'000)*	–	61	54	738	989	5,485	7,327

An ageing analysis of the trade receivables as at the end of the reporting period, based on the transaction date and net of loss allowance, is as follows:

	2023	2022
	RMB'000	*RMB'000*
Within 1 year	**9,044**	7,764
1 to 2 years	**4,256**	2,097
2 to 3 years	**1,007**	914
Over 3 years	**272**	113
	14,579	10,888

The movements in the allowance for credit losses in respect of trade receivables are as follows:

	Trade receivables
	RMB'000
At 1 September 2021	6,819
Impairment loss recognised during the year	738
Write-off during the year	(230)
At 31 August 2022 and 1 September 2022	7,327
Impairment loss recognised during the year	942
Write-off during the year	(3,345)
At 31 August 2023	4,924

12. CONTRACT LIABILITIES

Details of contract liabilities are as follows:

	31 August 2023	31 August 2022	1 September 2021
	RMB'000	*RMB'000*	*RMB'000*
Tuition fees	**1,169,514**	855,857	310,220
Boarding fees	**186,736**	117,478	40,713
Total contract liabilities	**1,356,250**	973,335	350,933

Contract liabilities include short-term advances received from students in relation to the proportionate services 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 programme. Students are entitled to a refund of the payment in relation to the proportionate services not yet provided.

The increase in contract liabilities as at 31 August 2023 and 2022 was mainly due to the increase of advances of tuition and boarding fees from students.

13. OTHER PAYABLES AND ACCRUALS

	2023	2022
	RMB'000	*RMB'000*
Payables for purchase of property, plant and equipment	**207,010**	143,641
Dividends payable	**185,820**	–
Other payables	**147,471**	175,131
Miscellaneous expenses received from students *(Note (a))*	**109,916**	100,315
Government subsidies payable to students and teachers	**98,480**	113,673
Accrued bonuses and social insurance	**88,463**	85,950
Deposits	**72,087**	75,633
Advance from lessees	**54,025**	40,628
Accrued expenses	**9,311**	13,824
Payables to cooperative schools	**3,731**	3,974
Consideration payable for acquisitions	**–**	205,000
	976,314	957,769

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

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

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 is the sole sponsor of 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
"Board" or "Board of Directors"	the board of Directors of the Company
"Business Cooperation Agreement (2019)"	the business cooperation agreement to be entered into by and among Huihuang Company, the PRC Consolidated Affiliated Entities and the Registered Shareholders
"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"	Hubei Enshi College* (湖北恩施學院), formerly known as Science and Technology College of Hubei Minzu University* (湖北民族大學科技學院), 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 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 to be executed by each of the directors of each PRC Operating Schools
"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 sole sponsor of Central China School
"Equity Pledge Agreement (2019)"	the equity pledge agreement entered into by and among the Registered Shareholders, Yun Ai Group, Huihuang Company and other parties
"Exclusive Call Option Agreement (2019)"	the exclusive call option agreement to be 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 to be entered into by and among Huihuang Company and the PRC Consolidated Affiliated Entities
"Gansu School"	Lanzhou College of Information Science and Technology* (蘭州信息科技學院), formerly known as College of Technology and Engineering of Lanzhou University of Technology* (蘭州理工大學技術工程學院), an institution of higher education established under the laws of the PRC in 2004. Gansu School is a consolidated affiliated entity of the Company
"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 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. Haxuan Company is the sole 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 sole 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 under the laws of the PRC on 5 August 2016, 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"	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
"Ministry of Education"	the Ministry of Education of the PRC
"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
"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), a private institute of higher education 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, Gansu School, Luoyang School, Northeast School, Guangxi Schools, Central China School and Zhengzhou 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. Qinzhou Yinghua is the sole 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 year ended 31 August 2023
"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, Zhengzhou New Higher Education, 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
"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
"Spouse's Undertakings (2019)"	the spouse undertakings executed by Ms. Yang, the spouse of Mr. Li
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

"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 Sponsors' 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 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, 20 April 2021, 25 May 2021, 28 September 2021 and 19 November 2021, respectively
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules
"USD" or "US$"	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, which is owned as to 20.0568% by Kunming Paiduipai Economic Information Consultancy Co., Ltd., 5.7305% by Kunming Bamupu Technology Co., Ltd., 70.8305% by Songming Dexue and 3.3822% by Songming Zhongyi Enterprise Management and Consulting Services Co., Ltd. and the sole sponsor of Yunnan School and Guizhou School
"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 in 2005, and a consolidated affiliated entity of the Company
"Zhengzhou New Higher Education"	Zhengzhou New Higher Education Technology Limited* (鄭州新高教教育科技有限公司), a company established in the PRC with limited liability, an indirect wholly-owned subsidiary of Yun Ai Group and the sole sponsor of Zhengzhou School

"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 and a consolidated affiliated entity of the Company
"%"	percent

If there is any inconsistency between the Chinese names of entities or enterprises established in the PRC and their English translations, the Chinese names shall prevail. The English translation of company or entity names in Chinese marked with "" is for identification purpose only.*

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

Hong Kong, 28 November 2023

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. Chan Tung Hoi and Dr. Pang Tsz Kit Peter.