China New Higher Education Group Limited
中國新高教集團有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock code: 2001)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 29 FEBRUARY 2024

The Board of Directors is pleased to announce the interim results of the Group for the six months ended 29 February 2024.

HIGHLIGHTS

- The Group has been determined to consistently implement the high-quality development strategy, with "enabling every student to achieve career success and happiness in life" as its mission, "building the most student-oriented university" as its vision, adhering to the values of "student-oriented, contributor-based and adherence to long-termism". Focusing on the core demands of "better learning outcomes, higher employment quality, better service experience and more beautiful campus environment", the Group has been promoting the "enhancing front line" action, continuously increasing educational investment, comprehensively improving the quality of education and teaching as well as cultivation of talents, serving regional economic and social development, and contributing to the high-quality development of higher vocational education in China.

- The Group has continued to deepen teaching reform, relying on visiting enterprises, expanding placement opportunities and asking for needs to collect market demand and thereby driving teaching reform. The Group's schools added 7 undergraduate majors that are urgently needed for national strategic and local regional development, including dentistry, robotics engineering, new energy vehicle engineering, etc. In 2024, only five institutions nationwide have been approved to offer the dentistry program, with Central China School being the only private institution. In addition, the schools have added 31 provincial first-class undergraduate courses, of which 7 courses have participated in the evaluation of national first-class courses.

- High-quality and full employment has been rising steadily. As of 31 December 2023, the overall employment rate of the Group's graduates of 2023 was 96.97%, maintaining a high level of employment rate for four consecutive years. The proportion of high-quality employment reached 27.76%, an increase of 5.8 percentage points compared with the same period of last year, of which the number of students employed by famous companies increased by 88.06%.

- Policies continue to support the development of vocational education. Guizhou School's application to be an undergraduate-level university has been formally included in the "14th Five-Year Plan" College Establishment Plan of Guizhou Province. At present, Guizhou School has fully activated the third phase campus construction project to ensure the completion of the relevant preparatory work with high quality and efficiency.

- The Group's financial performance has maintained steady growth. For the six months ended 29 February 2024, we achieved 13.8% period-on-period increase in the revenue from principal business of the Group to RMB1.311 billion, while 10.6% period-on-period increase in net profit attributable to owners of the parent to RMB432 million. The Group will maintain payment of its cash dividend for the FY2023/2024, which is expected to be on an annual basis, with the dividend payout ratio maintaining at 50%.

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 propelled the school operation model of application-oriented universities. The Group's schools covered various regions of China, cumulatively cultivating over 400,000 high-quality talents with applied and technical skills 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 its provinces and regions respectively, with continuous improvement in high-quality employment rates.

Business Advantages

The Group has firmly and continuously implemented and adhered to the strategy of high-quality development, continuously deepened the teaching reform, strengthened the employment measures, aimed at the effectiveness of the experience, created beautiful campuses, upgraded the core culture of the organization, enhanced its brand influence and competitiveness in enrolment, and took the road of high-quality development unswervingly.

Continuously deepening the teaching reform, and further strengthening high-equality connotation construction

(I) Continuously increasing investment in teaching staff costs to build a highly qualified and professional teaching force

The Group has increased the salary increment for core teaching positions and strengthened the introduction of external high-level talents, resulting in a continuous increase in the number of "dual-qualified" and "double-high" (high academic qualifications and high professional titles) teachers; at the same time, the Group has broadened the internal promotion paths to attract core teaching staff to upgrade their professional qualities. In addition, the Group has continued to develop teacher training to further empower teachers to enhance their professionalism and strengthen the building of a highly qualified and professional teaching force.

(II) Upgrading teaching hardware and facilities to create industry-leading conditions for schools

The Group has continued to increase its investment in teaching hardware and facilities, optimised and upgraded teaching facilities such as intelligent blackboards, desks and chairs, and experimental and training instruments and equipment. At the same time, based on the positioning of cultivating application-oriented technical and skilled talents, the Group's schools have launched an assessment of the utilisation rate and effectiveness of experimental and training laboratories, with a view to further optimising the allocation of teaching resources.

(III) Driving teaching reform through exploring enterprises, expanding job opportunities and enquiring needs

The Group has continued to carry out the "exploring enterprises, expanding job opportunities and enquiring needs" survey, visiting famous enterprises such as Geely Automobile, CATL and Huawei to collect market demand, and made fragmented improvements to teaching content, methodology, processes and integration of industry and education through increasing investment in teaching and optimizing the program structure. The Group formulated guidelines on the construction of the target system for talent cultivation based on OBE concept to launch OBE-based curriculum quality assessment covering eight schools and thus continuously optimize the talent cultivation program.

(IV) With a focus on the classroom as the main battlefield, student engagement and effectiveness in learning have been significantly enhanced

The Group has launched the "Wonderful Classroom" competition for 15 consecutive years and established a rewarding mechanism for outstanding lessons, with 40% of teachers having received the award. At the same time, the Group has implemented the "Standards on Building OBE-oriented Wonderful Classrooms", established more than 3,500 online classes, and created online and offline hybrid teaching, which has continuously improved the effectiveness of teaching and learning in the classroom.

Student engagement and effectiveness in learning increased significantly. Among the 32 nationally recognised academic competitions, students from the Group's schools won 13 top prizes, representing an increase of 30% over the same period last year. In addition, a total of 143 professional competitions for "one major, one competition" were organised by the Group's schools, covering all schools and professions, with 25,000 students participated.

(V) Optimising the layout of academic disciplines and professions in line with national strategies and industrial development

The Group continued to accelerate the adjustment and optimization of the structure of subjects and majors to promote high-quality development. Focusing on national strategies and industrial development, the Group has added seven new undergraduate programmes, including dentistry, new energy vehicle engineering, robotics engineering, network and new media. Among them, the major of dentistry, to be offered by Central China School, is a national regulated major and only five institutions nationwide has been approved in 2024 to offer it, with Central China School being the only private institution.

The development of advantageous majors and curriculum has achieved fruitful results. During the Reporting Period, the Group's schools added a total of 31 provincial first-class undergraduate courses, of which 7 curriculums participated in the evaluation of national first-class courses; and a new high-level subject group was added. At present, the Group has been granted 14 provincial first-class undergraduate majors, 10 provincial junior college backbone subject groups, 50 provincial first-class undergraduate courses and 15 provincial quality junior college courses. The Group has also achieved significant achievements in the construction of advantageous majors, with seven advantageous majors of the Northeast School selected as China's top application-oriented majors, while Zhengzhou School's computer application technology major was approved as one of the 2023 Henan Province Vocational Education Demonstration Major Construction Projects.

(VI) Continuously deepening the integration of industry and education to explore multi-level talents cultivation

The Group has strengthened the integration of industry and education, established strategic partnerships with 1,156 well-known companies, and built a total of 54 modern industrial colleges, more than 210 employment classes for famous companies and talent classes, as well as more than 1,110 off-campus experimental training bases. The integration of industry and education in various colleges and universities focus on and serve the local regional economic development. For example, Huawei ICT College of Yunnan School is closely connected with the information industry of Yunnan Province, with more than a hundred graduates entering Huawei-related companies per year; Luoyang School is closely integrated with Luoyang's "industrial center positioning", with a high-end intelligent equipment industry college established to cultivate advanced application technology talents and front-line management talents for the global intelligent manufacturing industry.

Continuously strengthening employment measures to further promote high-quality and full employment

The Group has always regarded employment quality as the criterion for testing its high-quality development. During the Reporting Period, the Group's employment rate and high-quality employment ratio continued to increase. As of 31 December 2023, the final employment rate of 2023 graduates reached approximately 96.97%, maintaining a high level of employment rate for four consecutive years. In particular, the proportion of high-quality employment reached 27.76%, representing an increase of 5.8 percentage points compared with the same period of last year, and the number of graduates employed in the Fortune Global 500, China's Top 100 and A-share listed companies increased by 88.06%.

The Group has adhered to the principle of "high-quality employment is the foundation of a school" and taken multiple measures to promote employment. First of all, the Group has increased its investment to promote employment, deployed a strong high-quality employment team, and focused on supporting front-line personnel to carry out activities including exploring enterprises to expand job opportunities and campus recruitment. Furthermore, the Group's schools have continued to deepen employment services and invite lecturers from well-known companies to provide graduates with training on interview skills, resume improvement and workplace etiquette to improve their employment competitiveness. In addition, the Group has further strengthened the construction of the three employment and entrepreneurship centers in the Yangtze River Delta, Pearl River Delta and Beijing-Tianjin-Hebei region (the "**Three Centers**"), and used the "Three Centers" to open up more high-quality well-known enterprise positions and employment resources for graduates. The number of 2023 graduates employed through the "Three Centers" increased by more than 30%.

Building upon the foundation of high-quality and full employment, the satisfaction of graduates towards the quality of employment has continued to increase, and employers' recognition of graduates from the Group's schools has further lifted. For example, more than 80% of graduates who participated in interviews at Beijing Friendship Hospital of Capital Medical University were successfully hired; 10 students from Northeastern School have won Geely Automobile's 2023 Excellent Benchmark Award; more than half of the nursing graduates from Yunnan School and Central China School who interned at General Hospital of the People's Liberation Army ("**301 Hospital**") were employed. "Good employment" has become the Group's renowned signature.

Continuously focusing on experiential effectiveness and further improving student and teacher satisfaction

The Group has attached great importance to the experience of students and teachers, and student satisfaction has continued to increase for three consecutive years, with students with high satisfaction accounting for 84% according to surveys. The Group and schools have continued to create a series of brand "peak experience" activities, which constantly increased student popularity. Meanwhile, these activities have been reported by more than 100 mainstream media including CCTV, and the brand influence has continued to increase. The Group's schools have always aimed at the effectiveness of experience, and continued to carry out activities including "I do something practical for students and teachers" campaign, "Principal's Reception Day" and visits by the Student Experience Committee, to encourage and support students and teachers to participate in campus construction, with various new suggestions put forward by students being adopted and applied.

With a focus on enhancing students' life experience, the Group has continued to build and renovate student apartments, and strengthened the "Six-T" apartment service standards including daily service, which has been widely praised by students. Meanwhile, schools have continued to attract well-known brands to the campuses and directly cooperated with leading commercial brands. For example, Yunnan School has introduced restaurants including Haidilao that are popular among students, continuously exploring new asset operation models. In addition, the schools under the Group have continued to increase investments to create the first-class educational environment, comprehensively enhancing the visual experience. The schools have also renovated and upgraded basketball courts, gymnasiums and sculptures to further consolidate support for high-quality development. The Group's efforts for experience have achieved remarkable results. During the Reporting Period, complaints on the digital student and teacher opinion management platform have dropped by 39%, and the proportion of praise opinions has increased from 3% to 16% compared with the same period of last year, significantly enhancing the happiness of students and teachers.

Steadily implementing the high-quality development strategy to further optimize the student source structure

In the 2023/2024 academic year, the total number of students in the Group's schools was approximately 140,000, with the number of new students increasing by 2.7% year-on-year. The student source structure has been further optimized, and the proportion of undergraduate students has continued to increase, with the proportion of undergraduate students of the total students increasing by 3.4 percentage points. In addition, the proportion of cross-provincial enrollment in the Group's schools has increased significantly, and enrollment in major student source provinces and economically developed regions has continued to expand with increasing admission scores, enhancing brand competitiveness and steadily advancing high-quality development strategies.

Fulfilling social responsibilities to firmly promote sustainable development

The Group has actively fulfilled its social responsibilities through subsidizing and exempting needy students from tuition fees, as well as practicing educational assistance and providing training for 27 rural assistance points in Yunnan and Guizhou provinces. Meanwhile, the Group has firmly promoted the integration of environment, society and governance ("**ESG**") into the Group's development strategy. For example, Yunnan School, Guizhou School and Central China School were selected as "Water-saving Universities". Sustainable development has also been recognized by the capital market. The Group received an ESG score of 36 for the first time from Standard & Poor's, one of the three major international rating agencies, ranking seventh in the world and first in China in the industry, and it is the highest score in China's education sector.

FUTURE OUTLOOK

Vocational education has a bright future and great potential

Policies continue to support the development of vocational education. In January 2024, the National Education Work Conference has deployed "enhancing the adaptability and attractiveness of vocational education" as one of the key tasks. In March 2024, the Government Work Report of the Two Sessions mentioned "vigorously improving the quality of vocational education". Meanwhile, during the Two Sessions, General Secretary Xi Jinping emphasized that "We must improve vocational education in a real way, establish the spirit of craftsman, and cultivate front-line craftsmen from the great power in batches."

With the support of favorable policies, Guizhou School's application to be an undergraduate-level university has been formally included in the "14th Five-Year Plan" College Establishment Plan of Guizhou Province. At present, Guizhou School has fully activated the third phase campus construction project to ensure the completion of the relevant preparatory work with high quality and efficiency. We will continue to solidly promote major projects such as the construction of upgrading Guizhou School to an undergraduate university.

Future development: "Three Sustainability"

(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 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) Implementing the fundamental mission of cultivating people with moral integrity, becoming the most "student-oriented" university and continuing to provide education that meets the satisfaction of the people

In the face of the new development stage, new development pattern and new development opportunities of higher education, with the mission of "enabling every student to achieve career success and happiness in life", the Group is committed to build the "most student-oriented university" 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 talents with applied and technical skills 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 meets the satisfaction of the people.

FINANCIAL REVIEW

The financial results for the six months ended 29 February 2024 and 28 February 2023 are as follows:

	Six months ended 29 February 2024 *RMB million*	28 February 2023 *RMB million*	Change *(%)*
Total revenue^	**1,482.3**	1,321.3	+12.2%
Revenue	**1,310.8**	1,152.2	+13.8%
Cost of sales	**(789.6)**	(699.5)	+12.9%
Gross profit	**521.2**	452.7	+15.1%
Other income and gains	**171.5**	169.1	+1.4%
Selling and distribution expenses	**(22.4)**	(17.5)	+28.0%
Administrative expenses	**(53.3)**	(44.9)	+18.7%
Other expenses	**(28.0)**	(29.1)	–3.8%
Finance costs	**(59.0)**	(68.2)	–13.5%
PROFIT BEFORE TAX	**530.0**	462.1	+14.7%
Income tax expense	**(98.0)**	(71.6)	+36.9%
Net profit	**432.0**	390.5	+10.6%
Adjusted net profit#	**426.1**	396.0	+7.6%
Net profit attributable to owners of the parent	**432.0**	390.5	+10.6%
Adjusted net profit attributable to owners of the parent*	**426.1**	396.0	+7.6%

^ Total revenue = revenue + other income and gains

Adjusted net profit = net profit of RMB432.0 million as of 29 February 2024 less exchange gain of RMB5.9 million arising from the USD syndicated loans (six months ended 28 February 2023: net profit of RMB390.5 million as of 28 February 2023 plus exchange loss of RMB5.5 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 RMB432.0 million as of 29 February 2024 less exchange gain of RMB5.9 million arising from the USD syndicated loans (six months ended 28 February 2023: net profit attributable to owners of the parent of RMB390.5 million as of 28 February 2023 plus exchange loss of RMB5.5 million arising from the USD syndicated loans)

Revenue

The Group's revenue reached RMB1,310.8 million for the Reporting Period, increased by 13.8% as compared to RMB1,152.2 million for the same period 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 RMB789.6 million for the Reporting Period, increased by 12.9% as compared to RMB699.5 million for the same period of last year, which was primarily due to (1) an increase of 19.5% in depreciation and amortization costs as compared to that for the same period of last year as the Group continued to upgrade and renovate its campus and upgrade its laboratory training equipment; and (2) an increase of 10.5% in labor-related costs as compared to the same period of 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.

Gross Profit and Gross Profit Margin

The Group's gross profit was RMB521.2 million for the Reporting Period, increased by 15.1% as compared to RMB452.7 million for the same period of last year. The gross profit margin for the Reporting Period was 39.8%, which remained stable as compared to 39.3% for the same period of last year.

Other Income and Gains

The Group's other income and gains reached RMB171.5 million for the Reporting Period, increased by 1.4% as compared to RMB169.1 million for the same period of last year, which was mainly due to (1) 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 24.8% increase in service revenue period-on-period; and (2) leveraging on the advantages of its centralized school operation to actively expand the rentable area, resulting in a period-on-period increase of 13.1% in rental income.

Selling and Distribution Expenses

The Group's selling and distribution expenses were RMB22.4 million for the Reporting Period, increased by 28.0% as compared to RMB17.5 million for the same period of last year. This increase was primarily attributable to the Group's continuous efforts to strengthen brand building and enhance the schools' brand images. The expenses accounted for approximately 1.5% of the Group's total revenue for the Reporting Period, which was slightly higher than 1.3% for the same period of last year.

Administrative Expenses

The Group's administrative expenses were RMB53.3 million for the Reporting Period, increased by 18.7% as compared to RMB44.9 million for the same period of last year. Such increase was mainly due to an increase in commissioning fees paid by the Group to external agencies for the purpose of promoting Guizhou School's application as an undergraduate-level university.

Other Expenses

The Group's other expenses were RMB28.0 million for the Reporting Period, which showed insignificant change as compared to RMB29.1 million for the same period of last year.

Finance Costs

The Group's finance costs were RMB59.0 million for the Reporting Period, decreased by 13.5% as compared to RMB68.2 million for the same period of last year, which was mainly due to the Group's continuous efforts to optimize its debt structure and control its finance costs, resulting in a decrease in the average loan interest rate.

Profit before Tax

Due to the combined effects of revenue, costs and expenses mentioned above, the Group recognised a profit before tax of RMB530.0 million for the Reporting Period, representing an increase of 14.7% as compared to RMB462.1 million for the same period of last year.

Net Profit

As a result of the combined effects of revenue, costs and expenses mentioned above, the net profit of the Group was RMB432.0 million for the Reporting Period, representing an increase of 10.6% as compared to RMB390.5 million for the same period 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 RMB432.0 million for the Reporting Period, increased by 10.6% as compared to RMB390.5 million for the same period 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, Shareholders and potential investors should not read the non-HKFRS measures in isolation or as an alternative to our profit for the Reporting Period, 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 are as follows:

	For the six months ended	
	29 February 2024	28 February 2023
	RMB million	*RMB million*
Net profit	**432.0**	390.5
Adjusted item: Exchange (gain)/loss arising from the USD syndicated loans	**(5.9)**	5.5
Adjusted net profit	**426.1**	396.0

	For the six months ended	
	29 February 2024	28 February 2023
	RMB million	*RMB million*
Net profit attributable to owners of the parent	**432.0**	390.5
Adjusted item: Exchange (gain)/loss arising from the USD syndicated loans	**(5.9)**	5.5
Adjusted net profit attributable to owners of the parent	**426.1**	396.0

Total Capital

The total capital of the Group, which equals to the aggregate of cash and cash equivalents plus pledged and restricted deposits, and financial assets at fair value through profit or loss (excluding the USD call options purchased) was RMB921.3 million as of 29 February 2024 (31 August 2023: RMB1,148.6 million).

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 RMB2,767.6 million as of 29 February 2024 (31 August 2023: RMB2,718.3 million), among which US$76.0 million was denominated in USD, 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 29 February 2024. The Group's interest-bearing debt/total assets as of 29 February 2024 was 30.0%, which was at a similar level to 29.4% as of 31 August 2023.

Net interest-bearing debt equals to the total interest-bearing bank loans and other borrowings and lease liabilities net of total capital as of 29 February 2024. The Group's net interest-bearing debt to total equity increased from 44.4% as of 31 August 2023 to 48.5% as of 29 February 2024, which was primarily attributable to the decrease in total capital.

Gearing ratio equals to the ratio of interest-bearing debt divided by total equity as of 29 February 2024. The Group's gearing ratio decreased from 76.9% as of 31 August 2023 to 72.7% as of 29 February 2024, primarily due to the increase in the amount of total equity.

Capital Expenditures

During the Reporting Period, the Group's capital expenditures were RMB397.3 million, which was primarily used for the construction of our school buildings and facilities, land acquisition and purchase of furniture and equipment.

Capital Commitments

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

	As of 29 February 2024 *RMB million*	As of 31 August 2023 *RMB million*
Contracted but not provided for:		
Property, plant and equipment		
Within one year	**65.9**	231.4
Over one year	**103.1**	86.6
	169.0	318.0

As of 29 February 2024, the Group had no significant capital commitment authorized but not contracted for.

FUTURE PLAN FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in this announcement, the Group did not have other future plans for material investments and capital assets since the end of the Reporting Period up to the date of this announcement.

SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS

No other significant investments and acquisitions or disposals of subsidiaries, associates or joint ventures were made by the Group 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 29 February 2024, 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 (of which US$8 million of the options have been utilized as of 29 February 2024) to hedge its exposure to the exchange rate risk of USD loans. In future, the management will continue to pay attention to 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 29 February 2024 were as follows:

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

(ii) deposits of the Group with an amount of RMB566,320,000 as at 29 February 2024 (31 August 2023: RMB196,726,000).

Contingent Liabilities

As of 29 February 2024, the Group did not have any material contingent liabilities, guarantees or any litigations or claims of material importance, pending or threatened against any member of the Group.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

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

FAVOURABLE POLICIES TO FACILITATE THE DEVELOPMENT OF PRIVATE HIGHER VOCATIONAL EDUCATION

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 been awaiting opening acceptance of applications for classified registration for other schools under the Group since the specific requirements and procedures for classified registration as for-profit or non-profit private schools remain unclear in other relevant provinces. 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.

(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; and (2) for the construction and 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 INTERIM DIVIDEND

The Board has resolved not to declare the payment of an interim dividend for the six months ended 29 February 2024. The Group plans to pay an annual dividend once a year.

HUMAN RESOURCES AND REMUNERATION POLICY

As of 29 February 2024, the Group had a total of 9,760 employees (9,755 as of 31 August 2023), which remained largely stable. 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 six months ended 29 February 2024.

The Group follows the remuneration policy of "contributor-based, fair and competitive in the market". The remuneration policy is designed according to the different position sequences within 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 high-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 Shareholders.

The Group has complied with all applicable code provisions set out in the Corporate Governance Code as set out in Appendix C1 to the Listing Rules during the Reporting Period.

As of 29 February 2024, the Group had two executive Directors (including Mr. Li) and three independent non-executive Directors, which 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 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, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's securities listed on the Stock Exchange.

Events After the Reporting Period

There were no important events affecting the Group which have occurred since the end of the Reporting Period and 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 of the Company in relation to the accounting principles and practices adopted by the Company, the internal controls and financial statements matters (including the unaudited interim condensed consolidated results of the Group for the six months ended 29 February 2024), and the Company's policies and practices on corporate governance. There is no disagreement by the Audit Committee with the accounting treatment adopted by the Company.

Scope of Work of the Auditor

The financial information set out in this announcement does not constitute the Group's unaudited accounts for the six months ended 29 February 2024, but represents an extract from the interim condensed consolidated financial statements for the six months ended 29 February 2024 which have been reviewed by the auditor of the Company, Ernst & Young, in accordance with Hong Kong Standard on Review Engagements 2410 issued by the Hong Kong Institute of Certified Public Accountants, The financial information has been reviewed by the Audit Committee and approved by the Board.

Publication of Interim Results and Interim Report

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.xingaojiao.com). The interim report for the six months ended 29 February 2024 containing all the information required by Appendix D2 to the Listing Rules is expected to be published on the above websites in May 2024.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 29 FEBRUARY 2024

	Notes	**2024 (Unaudited) *RMB'000***	2023 (Unaudited) *RMB'000*
REVENUE	*4*	**1,310,811**	1,152,172
Cost of sales		**(789,596)**	(699,438)
Gross profit		**521,215**	452,734
Other income and gains	*4*	**171,450**	169,062
Selling and distribution expenses		**(22,414)**	(17,511)
Administrative expenses		**(53,261)**	(44,851)
Other expenses		**(28,016)**	(29,142)
Finance costs	*5*	**(58,960)**	(68,193)
PROFIT BEFORE TAX	*6*	**530,014**	462,099
Income tax expense	*7*	**(98,028)**	(71,598)
PROFIT FOR THE PERIOD		**431,986**	390,501
Attributable to:			
Owners of the parent		**431,986**	390,501
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*9*		
Basic and diluted *(RMB)*			
– For profit for the period		**0.28**	0.25

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 29 FEBRUARY 2024

	2024	2023
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
PROFIT FOR THE PERIOD	**431,986**	390,501
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	**(7,036)**	(3,663)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**424,950**	386,838
Attributable to:		
Owners of the parent	**424,950**	386,838

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

29 FEBRUARY 2024

	Notes	29 February 2024 (Unaudited) RMB'000	31 August 2023 (Audited) RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**5,590,987**	5,440,611
Investment properties		**398,298**	402,447
Right-of-use assets		**1,061,605**	1,078,491
Goodwill		**752,021**	752,021
Other intangible assets		**79,754**	83,346
Pledged and restricted deposits		**–**	101,000
Other non-current assets	*10*	**316,299**	192,164
Total non-current assets		**8,198,964**	8,050,080
CURRENT ASSETS			
Trade receivables, prepayments, other receivables and other assets	*11*	**119,054**	142,513
Financial assets at fair value through profit or loss	*12*	**28,749**	48,789
Pledged and restricted deposits		**625,611**	146,557
Cash and cash equivalents		**267,704**	855,060
Total current assets		**1,041,118**	1,192,919
CURRENT LIABILITIES			
Contract liabilities	*13*	**1,093,750**	1,356,250
Other payables, bills payables and accruals	*14*	**811,580**	976,314
Interest-bearing bank and other borrowings		**1,362,476**	1,153,554
Lease liabilities		**6,205**	6,414
Deferred income		**8,520**	14,632
Tax payable		**197,262**	149,304
Total current liabilities		**3,479,793**	3,656,468
NET CURRENT LIABILITIES		**(2,438,675)**	(2,463,549)
TOTAL ASSETS LESS CURRENT LIABILITIES		**5,760,289**	5,586,531

	Notes	**29 February 2024 (Unaudited) *RMB'000***	31 August 2023 (Audited) *RMB'000*
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**1,398,066**	1,554,954
Lease liabilities		**878**	3,331
Deferred income		**374,105**	310,118
Deferred tax liabilities		**178,783**	185,317
Total non-current liabilities		**1,951,832**	2,053,720
Net assets		**3,808,457**	3,532,811
EQUITY			
Equity attributable to owners of the parent			
Issued capital	*15*	**1,067**	1,067
Reserves		**3,807,390**	3,531,744
Total equity		**3,808,457**	3,532,811

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

29 FEBRUARY 2024

1. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 29 February 2024 has been prepared in accordance with HKAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 August 2023.

The Group recorded net current liabilities of RMB2,438,675,000 as at 29 February 2024 (31 August 2023: RMB2,463,549,000), which included contract liabilities of RMB1,093,750,000 as at 29 February 2024 (31 August 2023: RMB1,356,250,000).

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

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 August 2023, except for the adoption of the HKFRS 17, Amendments to HKAS 1 and HKFRS Practice Statement 2, Amendments to HKAS 8 and Amendments to HKAS 12.

Upon the application of the amendments to HKAS 12, the Group has determined the temporary differences arising from right-of-use assets and lease liabilities separately. However, they did not have any material impact on the overall deferred tax balances presented in the consolidated statement of financial position as the related deferred tax balances qualified for offsetting under HKAS 12.

The Group has assessed the impact of the adoption of these new and revised standards and concluded that these new and revised standards did not have any material impact on the financial position and 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, who are the chief operating decision-makers, for the purpose of resource allocation and assessment of performance does not contain discrete operating segment financial information and the directors reviewed the financial results of the Group as a whole. Therefore, no information about the operating segment is presented.

Geographical information

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

Information about major customers

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

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	For the six months ended 29 February 2024 (Unaudited) ***RMB'000***	For the six months ended 28 February 2023 (Unaudited) *RMB'000*
Revenue from contracts with customers		
Tuition fees	**1,178,207**	1,039,915
Boarding fees	**132,604**	112,257
	1,310,811	1,152,172

Revenue from contracts with customers

(i) Disaggregated revenue information

	For the six months ended 29 February 2024 (Unaudited) ***RMB'000***	For the six months ended 28 February 2023 (Unaudited) *RMB'000*
Type of services		
Education services	**1,310,811**	1,152,172
Geographical market		
Chinese Mainland	**1,310,811**	1,152,172
Timing of revenue recognition		
Services transferred over time	**1,310,811**	1,152,172

	For the six months ended 29 February 2024 (Unaudited) *RMB'000*	For the six months ended 28 February 2023 (Unaudited) *RMB'000*
Other income and gains		
Service income	**75,424**	60,453
Rental income from investment property operating leases	**65,638**	58,019
Government grants	**10,111**	10,903
Bank interest income	**9,251**	16,476
Donation income *(Note (a))*	**7,314**	19,956
Net foreign exchange gain	**1,981**	–
Gain on wealth investment products	**713**	118
Others	**1,018**	3,137
Total	**171,450**	169,062

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:

	For the six months ended 29 February 2024 (Unaudited) *RMB'000*	For the six months ended 28 February 2023 (Unaudited) *RMB'000*
Interest on bank and other borrowings	**73,979**	86,892
Interest on lease liabilities	**178**	321
Total interest expense on financial liabilities not at fair value through profit or loss	**74,157**	87,213
Less: Interest capitalised	**15,197**	19,020
Total	**58,960**	68,193

6. PROFIT BEFORE TAX

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

	For the six months ended 29 February 2024 (Unaudited) ***RMB'000***	For the six months ended 28 February 2023 (Unaudited) *RMB'000*
Cost of services provided	**789,596**	699,438
Employee benefit expense (including directors' and chief executive's remuneration):		
Wages and salaries	**445,717**	398,699
Equity-settled share option expense	**–**	1,713
Pension scheme contributions (defined contribution plan)*	**32,535**	28,758
	478,252	429,170
Depreciation of property, plant and equipment	**116,868**	91,020
Depreciation of investment properties	**4,149**	4,278
Depreciation of right-of-use assets	**17,356**	17,715
Amortisation of other intangible assets	**13,363**	12,357
Rental income	**(65,638)**	(58,019)
Bank interest income	**(9,251)**	(16,476)
Fair value losses on foreign exchange options	**1,104**	–
Loss on disposal of items of property, plant and equipment	**410**	122

* 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 period.

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%. Tibet Daai Huihuang Information and Technology Co., Ltd. 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 Chinese Mainland 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.

	For the six months ended 29 February 2024 (Unaudited) ***RMB'000***	For the six months ended 28 February 2023 (Unaudited) *RMB'000*
Current		
Charge for the period	**104,562**	64,689
Deferred	**(6,534)**	6,909
Total tax charge for the period	**98,028**	71,598

8. DIVIDENDS

	For the six months ended 29 February 2024 (Unaudited) ***RMB'000***	For the six months ended 28 February 2023 (Unaudited) *RMB'000*
Interim dividend proposed subsequent to the reporting period – Nil (2023: RMB0.119) per ordinary share	**–**	185,820

No interim dividends (for the six months ended 28 February 2023: RMB0.119 per share, amounting to RMB185,820,000) is determined by the Directors to be paid to the owners of the company subsequent to the end of the current interim period.

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

The calculation of the basic earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the parent of RMB431,986,000 (for the six months ended 28 February 2023: RMB390,501,000), and the weighted average number of ordinary shares of 1,555,250,630 (for the six months ended 28 February 2023: 1,559,983,963) in issue during the period.

No adjustment has been made to the basic earnings per share amounts presented for the six months ended 29 February 2024 and the six months ended 28 February 2023 in respect of a dilution as the exercise prices of the Company's outstanding share options were higher than the average market prices for the Company's shares during the period.

10. OTHER NON-CURRENT ASSETS

	29 February 2024	31 August 2023
	(Unaudited)	(Audited)
	RMB'000	*RMB'000*
Prepayment for land use rights	**294,189**	185,176
Prepayment for property, plant and equipment	**22,110**	6,988
Total	**316,299**	192,164

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

	29 February 2024	31 August 2023
	(Unaudited)	(Audited)
	RMB'000	*RMB'000*
Trade receivables	**26,627**	19,503
Less: Allowance for credit losses	**(5,106)**	(4,924)
Subtotal	**21,521**	14,579
Advance and other receivables	**53,250**	75,861
Deposits and other miscellaneous receivables	**28,856**	30,401
Staff advances	**9,589**	9,710
Prepaid expenses	**5,838**	11,962
Total	**119,054**	142,513

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

	29 February 2024	31 August 2023
	(Unaudited)	(Audited)
	RMB'000	*RMB'000*
Within 1 year	**15,571**	9,044
1 to 2 years	**3,841**	4,256
2 to 3 years	**1,532**	1,007
Over 3 years	**577**	272
Total	**21,521**	14,579

All the receivables are interest-free and not secured with collateral.

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	29 February 2024	31 August 2023
	(Unaudited)	(Audited)
	RMB'000	*RMB'000*
Wealth investment products	**28,000**	46,000
Foreign exchange options	**749**	2,789
Total	**28,749**	48,789

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

13. CONTRACT LIABILITIES

Details of contract liabilities are as follows:

	29 February 2024	31 August 2023
	(Unaudited)	(Audited)
	RMB'000	*RMB'000*
Tuition fees	**960,586**	1,169,514
Boarding fees	**133,164**	186,736
Total contract liabilities	**1,093,750**	1,356,250

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

14. OTHER PAYABLES, BILLS PAYABLES AND ACCRUALS

	29 February 2024 (Unaudited) *RMB'000*	31 August 2023 (Audited) *RMB'000*
Payables for purchase of property, plant and equipment	**216,243**	207,010
Dividends payable	**149,304**	185,820
Other payables	**125,020**	147,471
Miscellaneous expenses received from students *(Note (a))*	**107,156**	109,916
Government subsidies payable to students and teachers	**57,655**	98,480
Deposits	**56,215**	72,087
Accrued bonus and social insurance	**55,707**	88,463
Advance from lessees	**32,299**	54,025
Accrued expenses	**6,656**	9,311
Payables to cooperative schools	**5,325**	3,731
Total	**811,580**	976,314

The above balances are unsecured and non-interest-bearing. The carrying amount of other payables, bill payables and accruals at the end of the period 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 out on behalf of students.

15. SHARE CAPITAL

	29 February 2024 (Unaudited) *RMB'000*	31 August 2023 (Audited) *RMB'000*
Issued and fully paid:		
1,555,250,630 (2023: 1,555,250,630) ordinary shares	**1,067**	1,067

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

	Number of shares	Amount *USD'000*	Amount *RMB'000 equivalent*
Registered:			
Issued and fully paid:			
At 1 September 2022	1,562,350,630	156	1,071
Repurchase and cancellation of shares	(7,100,000)	(1)	(4)
At 31 August 2023, 1 September 2023 and 29 February 2024	1,555,250,630	155	1,067

16. EVENTS AFTER THE REPORTING PERIOD

There are no significant events after the end of the reporting period.

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 entered into by and among Huihuang Company, the PRC Consolidated Affiliated Entities and the Registered Shareholders
"Business Day" or "business day"	a day on which banks in Hong Kong are generally open for business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
"Central China School"	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 entered into by and among Huihuang Company, the PRC Consolidated Affiliated Entities and the Registered Shareholders
"Exclusive Technical Service and Management Consultancy Agreement (2019)"	the exclusive technical service and management consultancy agreement entered into by and among Huihuang Company and 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 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

"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules
"Mr. Li"	Mr. Li Xiaoxuan (李孝軒), the founder, one of the Controlling Shareholders of the Company, chairman of the Board and an executive Director
"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"	Kunming Paiduipai Economic Information Consultancy Co., Ltd., Kunming Bamupu Technology Co., Ltd., Songming Dexue and Songming Zhongyi Enterprise Management and Consulting Services Co., Ltd.
"Reporting Period"	the six months ended 29 February 2024
"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
"Spouse's Undertakings (2019)"	the spouse undertakings executed by Ms. Yang Xuqing (楊旭青), 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
"Two Sessions"	the annual sessions of the National People's Congress and the National Committee of the Chinese People's Political Consultative Conference
"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, 24 April 2024

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