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

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 28 FEBRUARY 2023

The Board of Directors is pleased to announce the interim results of the Group for the six months ended 28 February 2023.

HIGHLIGHTS

- The Group adheres to "Student-oriented", implements the fundamental task of strengthening morality through education, unwaveringly follows the path of high-quality development, deepens the integration of industry and education, and comprehensively improves the quality of education, teaching and talent training to serve regional economic and social development, with the mission of "striving for students' career success and happiness in life", so as to contribute to the high-quality development of higher vocational education.

- The Group has continued to deepen the reform of talent training model, leading high-quality development with high-quality talent training. The Group's schools have conducted the survey of "exploring enterprises, expanding jobs, enquiring needs", comprehensively promoted the reform of outcome-based education ("**OBE**") model, established strategic partnership with well-known enterprises, and set up 47 modern industry colleges, more than 250 employment classes and elite classes for famous enterprises and over 840 experimental and training bases. Focusing on national strategies and the urgent needs of people's livelihood, 21 new majors such as intelligent construction engineering and infant care service and management have been applied, the quality of talent training has been comprehensively improved, and the pace of the construction of high-quality education system of the Group has been accelerated.

- The Group has achieved fruitful results in the building of advantageous majors. At present, the Group has been awarded 14 provincial first-class undergraduate majors, 6 provincial junior college backbone major groups, 18 provincial first-class undergraduate courses and 15 provincial quality junior college courses. Students' awards have continued to make breakthroughs. Students from the Group's schools have won 10 national top awards in 56 top-level comprehensive competitions recognized by the Ministry of Education, which records an increase of nearly 43% year-on-year.

- The Group has always taken the quality of employment as the criterion for its high-quality development. As of 31 December 2022, the employment rate of the Group's 2022 graduates was approximately 95.6%, higher than the national average, maintaining a high employment rate for three consecutive years. In April 2023, the Group was awarded 158 projects under the second phase of Supply-Demand Matching Career Development Project of the Ministry of Education, of which Gansu School was awarded 82 projects, ranking top five in China, together with Harbin Institute of Technology, Xi'an Jiaotong University and other "Double First-Class" universities.

- High quality employment is the foundation of the Group and its schools, and the litmus test of the Group's "Student-oriented" core value. As of 31 December 2022, the proportion of high-quality employment for the class of 2022 graduates reached 22%, with the number of employment in famous companies increasing by 187%. More than half of the graduates from nursing major from Yunnan School and Central China School who practiced in the 301 General Hospital of the People's Liberation Army have been retained for employment, and since 2023, 301 Hospital removed the limit on the internship quota of graduates from the Group's schools. "Good Employment" has become a famous business card of the Group.

- The Group's financial performance has maintained a steady growth. For the six months ended 28 February 2023, the revenue from the Group's principal business increased by 11.2% year-on-year to RMB1,152 million, net profit attributable to owners of the parent increased by 13.1% year-on-year to RMB391 million. The Group maintained cash dividend, with RMB0.119 per share for this period.

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 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 has resolutely implemented the high-quality development strategy, with continuous investment as a guarantee, high-quality talent training as a guide and high-quality employment as a criterion, focused on high-quality connotation construction, made continuous efforts in classroom teaching quality, integration of industry and education, experimental training and educational environment, constantly improved education and teaching level, steadily improve the employment quality of graduates, and continuously enhanced the experience of students and teachers, unswervingly following the path of high-quality development.

Accelerating the integration into the high-quality education system to comprehensively improve the quality of talent training

(I) Increasing investment in high-standard teaching to ensure high-quality development

The Group has devoted in high-standard teaching to ensure high-quality development with continuous high-standard investment. In terms of faculty, the Group has optimized the cost for strategic core groups and increased salaries for key positions such as teachers with advanced academic qualifications and professional titles. Besides, the input on teachers' training has been increased and the Group also introduced the "three-teacher system" ("三師制") training program and upgraded the online learning platform for teaching staff, and focusing on the improvement of teaching abilities of all faculty. In terms of education spaces, the Group has comprehensively upgraded classroom desks and chairs, smart blackboards and other teaching equipments, upgraded and renovated teaching hardware such as teaching buildings and experimental and training rooms, and the campus has taken on a new look.

(II) Deepening the concept of outcome-based education in response to the trend with fruitful results in high-quality talent training

The Group has continued to deepen the reform of talent training model, leading high-quality development with high-quality talent training. The Group's schools have conducted the survey of "exploring enterprises, expanding jobs, enquiring needs", organized more than 2,600 teaching backbones from nearly 300 majors to "go out of school and into factories", and visited the world's Top 500, China's Top 100 and A-share listed companies such as JD.com, Geely Automobile and China National Nuclear Corporation, so as to reverse design and improve the talent training program and promote curriculum reform in light of industrial development trend and enterprise needs.

According to national policies and the work deployment of the Ministry of Education, the Group's schools has comprehensively promoted the reform of OBE model according to the professional construction standards and professional certification requirements, organized over a hundreds of OBE trainings and workshops; and introduced domestic top experts to guide the construction of new engineering, engineering certification, medical professional certification and teaching reform; invited specialized personnel to train professional leaders to support the reform of personnel training program, teaching syllabus and teaching plans; and built an application-oriented personnel training target system. At the same time, the Group has further strengthened the construction of the curriculum test bank and continued to review the achievement of the construction of OBE majors to promote the improvement of teaching quality.

(III) Distinctive and differentiated integration of industry and education to create a new ecosystem of application-oriented talent training

The Group has established strategic partnership with well-known enterprises and has built 47 modern industry colleges, more than 250 employment classes and elite classes for famous enterprises and over 840 experimental and training bases. The integration of industry and education of different schools has distinctive and differentiated features. For example, the Modern Welding Industrial College of Northeast School has achieved joint training with the world's second largest welding institute, with academicians offering classroom teaching in person the and the number of students of the college increasing year by year. The Huawei ICT College of Yunnan School is the only university in Southwest China that has been awarded Huawei Excellent ICT College for five consecutive years, and the students of the college won the first prize of the 6th Huawei ICT Global Finals. The Huawei Kunpeng Industrial College of Central China School is the only Chinasoft International Industrial College and Huawei Cloud College in Enshi, Hubei. The Chinasoft International Artificial Intelligence Industrial College of Gansu School has established an international advanced information technology personnel training base.

Apart from undergraduate universities, the integration of industry and education of the Group's four junior colleges also achieve their own distinctive features. For example, the Industry-Education Integration Institute of Jingdong of Guizhou School has successfully created the "Guizhou model" of Jingdong industry-education integration. Funa Intelligent Industrial College of Luoyang School has trained senior application-oriented technical talents and first-line management talents for the global intelligent manufacturing industry. Keerrui Big Data Industrial College of Guangxi Schools has cultivated talents for the big data application ecology enterprises in the Yangtze River Delta. The Refractory Materials Industrial College of Zhengzhou School is the only refractory materials industrial college in China, with the experimental and training laboratories jointly built by the school and the government. The continuous deepening of industry-education integration has constantly consolidated the Group's foundation for the cultivation of high-quality application-oriented talents.

(IV) Focusing on national strategies and the urgent needs of people's livelihood, and the construction of advantageous majors has taken another step forward

The Group actively responds to and accepts 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 to promote high-quality development, and has applied 21 new majors such as intelligent construction engineering and infant care service and management focusing on national strategies and the urgent needs of people's livelihood. The Group has continued to build advantageous majors with internationally renowned universities. For example, the Group has jointly built the pre-school education major with the Snow Laboratory of Harvard Graduate School of Education, and completed the syllabus construction of four courses through cooperation; and 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 to enhance its majors construction capabilities. In terms of classroom construction, the Group has organized wonderful classroom competitions for 13 consecutive years, continuously leading the courses construction and classroom reform of its schools.

The Group's schools have achieved fruitful results in the building of advantageous majors. At present, the Group has been awarded 14 provincial first-class undergraduate majors, 6 provincial junior college backbone major groups, 18 provincial first-class undergraduate courses and 15 provincial quality junior college courses. During the period, students from the Group's schools have won 10 national top awards in 56 top-level comprehensive competitions recognized by the Ministry of Education, which records an increase of nearly 43% year-on-year. Teachers of its schools have won 2 provincial teaching achievement awards and 63 provincial or above teacher awards including teaching skills competition. The quality of talent training has been comprehensively improved, and the pace of the construction of high-quality education system of the Group has been accelerated.

(V) "One Integrality, Five Dimensions, One Platform" teaching quality assurance system to ensure steady improvement in teaching level

The Group has continued to strengthen and improve the quality assurance system of education and teaching, and has successfully set up the "One Integrality, Five Dimensions, One Platform" (一體五翼一平台) quality assurance system, with the overall improvement of talent training quality as "One Integrality", carrying out teaching quality assurance as well as monitoring and evaluation work from the five aspects of teams, majors, courses, classrooms and achievements as "Five Dimensions", and the construction of an information-based teaching quality monitoring and evaluation platform as "One Platform". Through the construction of "evaluation – feedback – rectification – enhancement" quality assurance closed-loop mechanism, the quality standard, quality evaluation and quality management have been implemented in all aspects of education and teaching, so as to ensure the continuous improvement of education and teaching level of the Group.

The "Three Centers" continue to make efforts to steadily improve high quality employment

The Group has always taken the quality of employment as the criterion for its high-quality development. As the employment situation was grim and employment competition intensified in 2022, the Group continued to implement the employment priority strategy and strengthened the construction of three employment and entrepreneurship centers in the Yangtze River Delta, the Pearl River Delta and the Beijing-Tianjin-Hebei region (the "Three Centers"). The Group has focused on high-quality employment, developed more high-quality employment resources, and enhanced graduates' confidence and competitiveness in employment by matching more advantageous internship and employment positions with students and providing employment services that meet their needs. As of 31 December 2022, the employment rate of 2022 graduates was approximately 95.6%, higher than the national average, maintaining a high employment rate for three consecutive years. Recently, the Group were awarded 158 projects under the second phase of Supply-Demand Matching Career Development Project of the Ministry of Education, of which Gansu School were awarded 82 projects, ranking top five in China, together with Harbin Institute of Technology, Xi'an Jiaotong University and other "Double First-Class" universities.

High quality employment is the foundation of the Group and its schools, and the litmus test of the Group's "Student-oriented" core value. As of 31 December 2022, the proportion of high-quality employment for the class of 2022 graduates reached 22%, with the number of employment in famous companies increasing by 187%. All schools have achieved fruitful results in employment. For example, graduates from nine industrial colleges of the Group's schools such as Geely Automobile Industrial College in Northeast School and Software Industrial College in Luoyang School have achieved an employment rate of 100%. More than half of the graduates majoring in nursing in Yunnan School and Central China School who practiced in the 301 General Hospital of the People's Liberation Army have been retained for employment, and since this year, 301 Hospital removed the limit on the internship quota of graduates from the Group's schools, with 98 graduates working as interns in 301 Hospital in 2023. "Good Employment" has become a famous business card of the Group.

Improving students' and teachers' experience in all aspects to serve diversified success of students by a student-oriented approach

The Group attaches great importance to students' and teachers' experience and is the first one to set up an experience management center and build an experience management platform among colleges and universities in China to continuously improve students' and teachers' experience, resulting in a significant increase in students' and teachers' satisfaction and sense of gain. During the period, the Group conducted a survey on the satisfaction degree of graduates and partners companies for the first time, covering more than 40,000 person-times. The survey results showed that the satisfaction degree of graduates reached 91%, and the school management and business environment were praised by graduates and partner companies. At the same time, the Group has iteratively upgraded its digital management platform for students' and teachers' opinions, and completed 183 tasks of experience improvement. For example, eight schools have set up "Canteen Express Inspection Room" to scientifically guarantee food safety. The Group has continued to carry out "Principal's Reception Day", experience forum and other opinions solicitation activities, and a number of new opinions put forward by students have been adopted and solved.

In terms of the campus life concerned by students, the Group has continued to introduce leading catering chains, and added new mobile dining trucks, shared printers and shared coffee machines to constantly improve students' life experience, and the quality of campus business has achieved leap-forward improvement. In the first back-to-school season after the end of the epidemic, the Group's schools were the first ones among all universities in China to launch back-to-school "peak experience" activities, including a series of activities such as music festivals, sports events, school celebration and ceremonial heroes' meetings, which were reported by media such as CCTV, Xinhua News Agency and others. The Group's experience management has become a new carrier and name card of "three comprehensive education", which has received excellent comments from students and teachers and recognition from the competent education authorities.

Group governance is becoming more mature, further contributing to high-quality school operation

The Group has continued to empower its schools from four aspects, including resources sharing, systems and processes, procurement and supply management and risk control, to further promote high-quality school operation. In terms of resources sharing, the Group has continued to send middle and senior management cadres to its colleges and universities, standardize the construction standards of advantageous majors, and replicate typical cases of best practices of its schools. In terms of systems and processes, the Group has led its schools to establish process reform centers through the Process Reform Department, and continuously carried out the construction of core business systems and processes in a deep manner. In terms of procurement and supply management, the Group has established a total of nine supplier databases in the headquarters and schools by category to improve the efficiency of recruitment and procurement, and cooperated with leading enterprises to achieve higher efficiency and better quality on the basis of cost saving. In terms of risk control, the Group has carried out risk identification and evaluation from various aspects such as investment attraction, examination and training, infrastructure construction, and procurement and supply, and formed a risk list database to significantly improve its risk identification ability.

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 December of the same year, 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".

China New Higher Education Group will always adhere to "Student-oriented", implement the fundamental task of strengthening morality through education, unwaveringly follow the path of high-quality development, 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 "striving for students' career success and happiness in life", so as to contribute to the high-quality development of higher vocational education.

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) Strengthen the attributes of a top-performing public utilities stock in Hong Kong to continue to generate stable returns

The Group has the attributes of a top-performing public utilities stock in the Hong Kong stock market: stable performance growth, solid investment returns, sufficient cash flow, high safety margin and stable dividends payout. In the future, the Group will continue to build a higher vocational education group with sustainability and high-quality development, so to achieve a win-win situation with investors in the long run.

(III) Implement the fundamental task of strengthening morality through education, continue to implement the concept of "Student-oriented" and 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 "Student-oriented" principle and the path of high-quality development, take "building a respected education group" as our vision and solidly execute the idea of "Strengthening morality through education, teaching students in accordance with their aptitude, studying for the sake of application", and fight for successful career and happy life of students. We will continue to cultivate high-quality applied and technical talents with innovative spirit and practical capability, trustworthy and social responsibility to create more value for the society.

FINANCIAL REVIEW

The financial results for the six months ended 28 February 2023 and 28 February 2022 are as follows:

	Six months ended 28 February 2023 *RMB million*	28 February 2022 *RMB million*	Change (%)
Total revenue^	**1,321.3**	1,209.5	+9.2%
Revenue	**1,152.2**	1,036.1	+11.2%
Cost of sales	**(699.5)**	(619.6)	+12.9%
Gross profit	**452.7**	416.5	+8.7%
Other income and gains	**169.1**	173.4	–2.5%
Selling and distribution expenses	**(17.5)**	(15.6)	+12.2%
Administrative expenses	**(44.9)**	(58.5)	–23.2%
Other expenses	**(29.1)**	(35.8)	–18.7%
Finance costs	**(68.2)**	(65.9)	+3.5%
PROFIT BEFORE TAX	**462.1**	414.1	+11.6%
Income tax expense	**(71.6)**	(58.5)	+22.4%
Net profit	**390.5**	355.6	+9.8%
Net profit attributable to owners of the parent	**390.5**	345.4	+13.1%

^ Total revenue = revenue + other income and gains

Revenue

The Group's revenue reached RMB1,152.2 million for the Reporting Period, increased by 11.2% as compared to RMB1,036.1 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 RMB699.5 million for the Reporting Period, increased by 12.9% as compared to RMB619.6 million for the same period of last year, which was primarily due to (1) an increase of 19.4% in labor-related costs as compared to the same period 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; (2) an increase of 13.6% 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.

Gross Profit and Gross Profit Margin

The Group's gross profit was RMB452.7 million for the Reporting Period, increased by 8.7% as compared to RMB416.5 million for the same period of last year. The gross profit margin for the Reporting Period was 39.3%, representing a decrease of 0.9 percentage points as compared to the gross profit margin of 40.2% for the same period of last year. The decrease was mainly due to the Group's adherence to connotation development strategy and the increased investment. As such, the growth of revenue for current stage was temporarily lower than the growth of cost of sales. The development strategy based on high quality will lay a solid foundation for future organic growth.

Other Income and Gains

The Group's other income and gains reached RMB169.1 million for the Reporting Period, decreased by 2.5% as compared to RMB173.4 million for the same period of last year, which was mainly due to the delay in school commencement and early holiday during the semester affected by the epidemic, thus students stayed in school for a shorter time, which resulted in a slight decline in service income and logistics income for the period.

Selling and Distribution Expenses

The Group's selling and distribution expenses were RMB17.5 million for the Reporting Period, increased by 12.2% as compared to RMB15.6 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 school's brand image. The expenses accounted for approximately 1.3% of the Group's total revenue for the Reporting Period, which was basically the same with historical level.

Administrative Expenses

The Group's administrative expenses was RMB44.9 million for the Reporting Period, decreased by 23.2% as compared to RMB58.5 million for the same period of last year. Such decrease was mainly because: (1) the Company incurred consulting expenses for the exploration of centralized school operation model and governance system, the introduction of high-end talents and organizational development in the same period last year, which no longer occurred in the period; and (2) the Group constantly optimized the cost structure and saved administrative expenses.

Other Expenses

The Group's other expenses was RMB29.1 million for the Reporting Period, decreased by 18.7% as compared to RMB35.8 million for the same period of last year, which was primarily due to (1) decreased expenses resulted from the decrease in other income and gains; and (2) the Group's continuous efforts to optimize the cost structure and control other expenses.

Finance Costs

The Group's finance costs was RMB68.2 million for the Reporting Period, increased by 3.5% as compared to RMB65.9 million for the same period of last year, which was mainly due to (1) the increase in the size of interest-bearing liabilities and the increase in interest rates on USD syndicated loans which resulted in a 27.6% increase in finance costs; and (2) the increase in utilization of specific borrowings to continuously upgrade and renovate the school campus, which resulted in the increase of the amount of interest capitalized on borrowing costs and thus a 24.1% decrease in finance costs.

Profit before Tax

Due to the combined influence of revenue, cost and expenses, the Group recognised a profit before tax of RMB462.1 million for the Reporting Period, representing an increase of 11.6% as compared with RMB414.1 million for the same period of last year.

Net Profit

As a result of the combined effect of revenue, costs and expenses above, the net profit of the Group was RMB390.5 million for the Reporting Period, an increase of 9.8% as compared to RMB355.6 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 RMB390.5 million for the Reporting Period, increased by 13.1% as compared to RMB345.4 million for the same period of last year.

Total Capital

The total capital of the Group, which equals to the aggregate of cash and cash equivalents plus time deposits, pledged and restricted deposits, financial assets at fair value through profit or loss was RMB969.4 million as of 28 February 2023 (31 August 2022: RMB1,568.1 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 RMB2,776.9 million as of 28 February 2023 (31 August 2022: RMB3,333.1 million), among which US$90.5 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 28 February 2023. The Group's interest-bearing debt/total assets decreased from 36.7% as of 31 August 2022 to 31.6% as of 28 February 2023, which was mainly due to the early repayment of bank borrowings with higher interest rates in order to control the size of the Group's liabilities and reduce 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 28 February 2023. The Group's net interest-bearing debt to total equity decreased from 55.6% as of 31 August 2022 to 51.0% as of 28 February 2023, which was primarily attributable to the increase in amount of total equity of the Group compared to 31 August 2022.

Gearing ratio equals to ratio of interest-bearing debt divided by total equity as of 28 February 2023. The Group's gearing ratio decreased from 104.9% as of 31 August 2022 to 78.4% as of 28 February 2023, primarily due to the combined effect of the decrease in the size of the Group's interest-bearing debt and the increase in the amount of total equity.

Capital Expenditures

During the Reporting Period, the Group's capital expenditures were RMB351.7 million, which was primarily used for the construction of our school buildings and facilities, and purchase of equipment and software.

Capital Commitments

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

	As of 28 February 2023	As of 31 August 2022
	RMB million	*RMB million*
Contracted but not provided for:		
Property, plant and equipment		
Within one year	**235.0**	244.2
Over one year	**12.0**	175.5
	247.0	419.7

As of 28 February 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 other future plans for material investments and capital assets since the end 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 during the Reporting Period, 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 28 February 2023, certain bank loan and bank balances were denominated in USD and HKD. The Group currently does not have any foreign currency hedging policies. 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 28 February 2023 are as follows:

(i) the Group's buildings, furniture and fixtures and electronic devices with an aggregate net carrying amount of approximately RMB35,672,000 as at 28 February 2023 (31 August 2022: RMB80,091,000);

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

(iii) deposits of the Group with an amount of RMB518,329,000 as at 28 February 2023 (31 August 2022: RMB354,165,000).

Contingent Liabilities

As of 28 February 2023, 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 the payment of an interim dividend of RMB0.119 per Share for the six months ended 28 February 2023 (for the six months ended 28 February 2022: RMB0.106 per Share). The interim dividend is 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 for the five business days prior to the declaration of the interim dividend (i.e. 17 April 2023 to 21 April 2023) (RMB1.0 to HK$1.14094). Accordingly, the amount of the interim dividend payable in Hong Kong dollars will be HK$0.13577 per Share. The interim dividend will be paid on or about Friday, 22 September 2023 to the Shareholders whose names appear on the register of members of the Company on Thursday, 7 September 2023.

CLOSURE OF THE REGISTER OF MEMBERS

In order to ascertain Shareholder's entitlement to the interim dividend, the register of members of the Company will be closed from Tuesday, 5 September 2023 to Thursday, 7 September 2023, both days inclusive, during which period no transfer of shares of the Company will be affected. In order to be qualified for the interim dividend, all share transfer documents accompanied by the relevant share certificates must be lodged with the Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 4 September 2023.

HUMAN RESOURCES AND REMUNERATION POLICY

As of 28 February 2023, the Group had a total of 9,536 employees (9,593 as of 31 August 2022), 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 28 February 2023.

The Group follows the salary policy of "contributor-based, fair and competitive in the market". The salary policy is designed according to the different position sequences of the Group and its schools, and the salary level is differentiated according 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 Shareholders.

The Group has complied with all applicable code provisions set out in the Corporate Governance Code as set out in Appendix 14 of the Listing Rules during the Reporting Period.

The Group has three executive Directors (including Mr. Li) and four 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 for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 of the Listing Rules as its code of conduct regarding securities transactions by the Directors.

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 of the repurchased Shares were subsequently cancelled.

Details of the share repurchased are as follows:

Month of Repurchase during the Reporting Period	No. of Shares Repurchased	Highest price paid *(HK$)*	Lowest price paid *(HK$)*	Aggregate consideration *(HK$)*
December 2022	7,100,000	3.84	2.21	23,982,734.40
Total	**7,100,000**			**23,982,734.40**

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 important events affecting the Group which have occurred since the end of the Reporting Period.

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 28 February 2023), 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 28 February 2023, but represents an extract from the consolidated financial statements for the six months ended 28 February 2023 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 28 February 2023 containing all the information required by Appendix 16 to the Listing Rules will be despatched to Shareholders of the Company and available on the above websites in May 2023.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 28 FEBRUARY 2023

	Notes	**For the six months ended 28 February** **2023** **(Unaudited)** ***RMB'000***	2022 (Unaudited) *RMB'000*
REVENUE	*4*	**1,152,172**	1,036,111
Cost of sales		**(699,438)**	(619,562)
Gross profit		**452,734**	416,549
Other income and gains	*4*	**169,062**	173,448
Selling and distribution expenses		**(17,511)**	(15,632)
Administrative expenses		**(44,851)**	(58,545)
Other expenses		**(29,142)**	(35,830)
Finance costs	*5*	**(68,193)**	(65,919)
PROFIT BEFORE TAX	*6*	**462,099**	414,071
Income tax expense	*7*	**(71,598)**	(58,460)
PROFIT FOR THE PERIOD		**390,501**	355,611
Attributable to:			
Owners of the parent		**390,501**	345,402
Non-controlling interests		**–**	10,209
		390,501	355,611
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic *(RMB)*	*9*	**0.25**	0.22
Diluted *(RMB)*	*9*	**0.25**	0.22

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 28 FEBRUARY 2023

	For the six months ended 28 February	
	2023	2022
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
PROFIT FOR THE PERIOD	**390,501**	355,611
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	**(3,663)**	13,735
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**386,838**	369,346
Attributable to:		
Owners of the parent	**386,838**	359,137
Non-controlling interests	**–**	10,209
	386,838	369,346

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

28 FEBRUARY 2023

	Notes	**28 February 2023 (Unaudited)** ***RMB'000***	31 August 2022 (Audited) *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**5,130,010**	4,883,072
Investment properties		**417,567**	421,845
Right-of-use assets		**1,095,276**	1,110,245
Goodwill		**752,021**	752,021
Other intangible assets		**74,941**	76,422
Pledged and restricted deposits		**101,000**	101,000
Time deposits		**–**	110,000
Other non-current assets	*10*	**188,891**	142,231
Total non-current assets		**7,759,706**	7,596,836
CURRENT ASSETS			
Trade receivables, prepayments, other receivables and other assets	*11*	**162,864**	119,155
Financial assets at fair value through profit or loss	*12*	**47,010**	2,530
Pledged deposits		**417,329**	253,165
Time deposits		**–**	20,000
Cash and cash equivalents		**404,024**	1,081,449
Total current assets		**1,031,227**	1,476,299
CURRENT LIABILITIES			
Contract liabilities	*13*	**969,115**	973,335
Other payables, bills payables and accruals	*14*	**844,639**	957,769
Interest-bearing bank and other borrowings		**780,194**	1,129,838
Lease liabilities		**6,469**	4,858
Deferred income		**14,423**	17,832
Tax payable		**118,704**	79,718
Total current liabilities		**2,733,544**	3,163,350
NET CURRENT LIABILITIES		**(1,702,317)**	(1,687,051)
TOTAL ASSETS LESS CURRENT LIABILITIES		**6,057,389**	5,909,785

	Notes	28 February 2023 (Unaudited) *RMB'000*	31 August 2022 (Audited) *RMB'000*
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**1,983,657**	2,190,302
Lease liabilities		**6,528**	8,129
Deferred income		**309,831**	312,862
Deferred tax liabilities		**213,508**	221,778
Total non-current liabilities		**2,513,524**	2,733,071
Net assets		**3,543,865**	3,176,714
EQUITY			
Equity attributable to owners of the parent			
Issued capital	*15*	**1,067**	1,071
Reserves		**3,542,798**	3,175,643
Total equity		**3,543,865**	3,176,714

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

28 FEBRUARY 2023

1. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 28 February 2023 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 2022.

The Group recorded net current liabilities of RMB1,702,317,000 as at 28 February 2023 (31 August 2022: RMB1,687,051,000), which included contract liabilities of RMB969,115,000 as at 28 February 2023 (31 August 2022: RMB973,335,000).

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 2022, except for the adoption of the Amendments to HKFRS 3, HKAS 16, HKAS 37 and *Annual Improvements to HKFRSs 2018-2020*.

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

Geographical information

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

Information about major customers

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

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	For the six months ended 28 February	
	2023	2022
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Revenue from contracts with customers		
Tuition fees	**1,039,915**	943,561
Boarding fees	**112,257**	92,550
	1,152,172	1,036,111

Revenue from contracts with customers

(i) Disaggregated revenue information

	For the six months ended 28 February	
	2023	2022
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Type of services		
Education services	**1,152,172**	1,036,111
Geographical market		
Mainland China	**1,152,172**	1,036,111
Timing of revenue recognition		
Services transferred over time	**1,152,172**	1,036,111

	For the six months ended 28 February	
	2023	2022
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Other income and gains		
Rental income from investment property operating leases	**58,019**	50,415
Service income	**60,453**	64,406
Bank interest income	**16,476**	12,959
Catering income	**–**	8,791
Government grants	**10,903**	7,945
Donation income *(Note (a))*	**19,956**	6,387
Other interest income from financial assets at fair value through profit or loss	**118**	1,665
Others	**3,137**	20,880
	169,062	173,448

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 28 February	
	2023	2022
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Interest on bank and other borrowings	**86,892**	68,886
Interest on lease liabilities	**321**	138
Total interest expense	**87,213**	69,024
Less: Interest capitalised	**19,020**	3,105
	68,193	65,919

6. PROFIT BEFORE TAX

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

	For the six months ended 28 February	
	2023	2022
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Employee benefit expense (including directors' and chief executive's remuneration):		
Wages and salaries	**398,699**	331,633
Equity-settled share option expense	**1,713**	1,783
Pension scheme contributions (defined contribution plan)	**33,427**	31,593
	433,839	365,009
Depreciation of property, plant and equipment	**91,020**	85,717
Depreciation of investment properties	**4,278**	4,888
Depreciation of right-of-use assets	**17,715**	16,596
Amortisation of other intangible assets	**12,357**	10,406
Rental income	**(58,019)**	(50,415)
Bank interest income	**(16,476)**	(12,959)
Loss on disposal of items of property, plant and equipment	**122**	1,086

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 not-for-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 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 Tibet Autonomous Region engaged in 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. 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.

	For the six months ended 28 February	
	2023	2022
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Current		
Charge for the period	**64,689**	44,809
Deferred	**6,909**	13,651
Total tax charge for the period	**71,598**	58,460

8. DIVIDENDS

	For the six months ended 28 February	
	2023	2022
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Interim dividend proposed subsequent to the reporting period – RMB0.119 (2022: RMB0.106) per ordinary share	**185,820**	165,000

Subsequent to the end of the current interim period, the Directors have determined to pay an interim dividend of RMB0.119 (for the six months ended 28 February 2022: RMB0.106) per share, amounting to RMB185,820,000 (for the six months ended 28 February 2022: RMB165,000,000), to the owners of the Company.

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

The calculation of the basic earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the parent of RMB390,501,000 (for the six months ended 28 February 2022: RMB345,402,000), and the weighted average number of ordinary shares of 1,559,983,963 (for the six months ended 28 February 2022: 1,581,672,809) in issue during the period.

No adjustment has been made to the basic earnings per share amounts presented for 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.

For the six months ended 28 February 2022, the calculation of the diluted earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the parent of RMB345,402,000. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares of 1,581,672,809 in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares of 44,882 assumed to have been issued at no consideration on the deemed exercise of share options.

10. OTHER NON-CURRENT ASSETS

	28 February	31 August
	2023	2022
	(Unaudited)	(Audited)
	RMB'000	*RMB'000*
Prepayment for investments	**1,000**	1,000
Prepayment for land use rights	**166,129**	136,992
Prepayment for property, plant and equipment	**16,860**	4,239
Long-term prepaid expenses	**4,902**	–
	188,891	142,231

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

	28 February 2023 (Unaudited) ***RMB'000***	31 August 2022 (Audited) *RMB'000*
Trade receivables	**41,460**	18,215
Less: Allowance for credit losses	**(8,012)**	(7,327)
	33,448*	10,888*
Prepaid expenses	**16,327**	11,127
Advance and other receivables	**55,775**	47,735
Staff advances	**16,896**	11,974
Deposits and other miscellaneous receivables	**40,418**	37,431
	162,864	119,155

* An aging 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:

	28 February 2023 (Unaudited) ***RMB'000***	31 August 2022 (Audited) *RMB'000*
Within 1 year	**28,545**	7,764
1 to 2 years	**2,220**	2,097
2 to 3 years	**1,837**	914
Over 3 years	**846**	113
	33,448	10,888

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

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	28 February 2023 (Unaudited) ***RMB'000***	31 August 2022 (Audited) *RMB'000*
Wealth management products	**47,010**	2,530

The above unlisted investments were wealth management products issued by banks in Mainland China. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest. The wealth investment products of RMB35,000,000, RMB1,000,000 and RMB730,000 were redeemed on 13 March 2023, 20 March 2023 and 4 April 2023, respectively. The remaining wealth investment products measured at fair value have no fixed maturity and are redeemable on demand at the principal and interest.

13. CONTRACT LIABILITIES

Details of contract liabilities are as follows:

	28 February 2023 (Unaudited) *RMB'000*	31 August 2022 (Audited) *RMB'000*
Tuition fees	**857,332**	855,857
Boarding fees	**111,783**	117,478
Total contract liabilities	**969,115**	973,335

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

	28 February 2023 (Unaudited) *RMB'000*	31 August 2022 (Audited) *RMB'000*
Consideration payable for acquisitions *(Note (i))*	**67,500**	205,000
Payables for purchase of property, plant and equipment	**99,318**	113,641
Government subsidies payable to students and teachers	**41,057**	113,673
Miscellaneous expenses received from students *(Note (ii))*	**90,785**	100,315
Accrued bonus and social insurance	**49,710**	85,950
Deposits	**76,641**	75,633
Advance from lessee	**47,886**	40,628
Payables to cooperative schools	**3,424**	3,974
Accrued expenses	**3,442**	13,824
Bills payables	**189,000**	30,000
Other payables	**175,876**	175,131
	844,639	957,769

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

Note (i): The amount mainly includes consideration payable for the acquisition of non-controlling interests in Northeast School amounting to RMB27,500,000 (as at 31 August 2022: RMB165,000,000) and for the acquisition of Gansu School amounting to RMB40,000,000 (as at 31 August 2022: RMB40,000,000) in accordance with the acquisition agreements.

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

15. SHARE CAPITAL

	28 February 2023 (Unaudited)	31 August 2022 (Audited)
	RMB'000	*RMB'000*
Issued and fully paid:		
1,555,250,630 (2022: 1,562,350,630) ordinary shares	**1,067**	1,071

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

	Number of shares	**Amount**	**Amount**
		USD'000	*RMB'000 equivalent*
Registered:			
Issued and fully paid:			
At 1 September 2021	1,585,822,310	158	1,086
Repurchase and cancellation of shares	(23,509,000)	(2)	(15)
Share options exercised	37,320	–	–
At 31 August 2022 and 1 September 2022	1,562,350,630	156	1,071
Repurchase and cancellation of shares *(i)*	(7,100,000)	(1)	(4)
At 28 February 2023	1,555,250,630	155	1,067

(i) During the six months ended 28 February 2023, the Company repurchased 7,100,000 of its shares at a total consideration of RMB21,400,000, which were cancelled immediately.

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 to be 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 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
"Mr. Li"	Mr. Li Xiaoxuan (李孝軒), the founder, one of the controlling shareholders, chairman of the Board and an executive Director of the Company
"MOE"	the Ministry of Education of the PRC
"Ms. Yang"	Ms. Yang Xuqing (楊旭青), the spouse of Mr. Li
"Northeast School"	Harbin Huade University* (哈爾濱華德學院), 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 six months ended 28 February 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
"SFO"	Securities and Futures Ordinance
"Share(s)"	ordinary share(s) of US$0.0001 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Shareholders' Powers of Attorney (2019)"	the shareholders' power of attorney executed by the Registered Shareholders and Yun Ai Group and other shareholders which were consolidated to the Group by virtue of the Structured Contracts in favor of Huihuang Company
"Shareholders' Rights Entrustment Agreement (2019)"	the shareholders' rights entrustment agreement entered into by and among the Registered Shareholders, the School Sponsors and Huihuang Company
"Songming Dexue"	Songming Dexue Education Development Co., Ltd.* (嵩明德學教育發展有限公司), a limited liability company established under the laws of the PRC on 17 April 2019 and wholly owned by Mr. Li. Songming Dexue is one of the Registered Shareholders and owns 70.8305% equity interest of Yun Ai Group
"Spouse's Undertakings (2019)"	the spouse undertakings executed by Ms. Yang, the spouse of Mr. Li

"Stock Exchange" or "Hong Kong 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

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

Hong Kong, 24 April 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. Hu Jianbo, Mr. Chan Tung Hoi and Dr. Pang Tsz Kit Peter.

* *for identification purpose only*