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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 2022

The Board of Directors is pleased to announce the interim results of the Group for the six months ended 28 February 2022.

HIGHLIGHTS

- The Group focuses on building a high-quality education system, strengthens the positioning of vocational education and always adheres to “Student As The Center”, while continuously deepening the reformation of talent cultivation, optimizing the discipline and professional structure, and firmly following the path of high-quality development.
- High-quality investment: the Group continued to increase its investment in connotation development such as personnel, hardware, teaching and digitization. We increased the investment in the quality of teachers to build a high-quality teaching team. We upgraded our teaching hardware and software, improved the campus environment, and vigorously promoted the integration of industry and education and school-enterprise cooperation to fully support high-quality development of the Group.
- High-quality teaching: the Group accelerated the cultivation of talents urgently needed in key areas. Focusing on the sunrise industries, we launched eight new majors including intelligent manufacturing engineering, big data technology, network and new media. We strengthened the construction of majors related to the people’s livelihood in urgent need, launching new majors such as community-based rehabilitation, infant and child care services and management and early education, injecting new momentum for the implementation of the rural revitalisation strategy and regional collaborative development strategy in the new era.
- High-quality employment: the average employment rate has climbed to 98% by the end of 2021, much higher than the average of the nationwide level, and the employment rate of each school received top ranking from all provinces. The number of high-quality employment increased by 76% year-on-year, and the core function of employment service in the “three centers” (i.e., Beijing-Tianjin-Hebei center, the Pearl River Delta center and the Yangtze River Delta center) played their roles to achieve a nearly double in the number of employment in famous enterprises in developed regions year-on-year.

- Prominent brand effect: the Group and its school won a number of awards and honors while continued to enhance our brand effect. The Group was awarded “2021 Vocational Education Brand with Reputation and Employment Influence” by Tencent Education Ceremony of the Year 2021 and was awarded the “Listed Enterprises of the Year 2021” by the Bloomberg Businessweek / Chinese Edition. Guizhou School was honored as Top 100 Employment and Entrepreneurship Work Model. Yunnan School was ranked the first in Yunnan Province among the “Competitiveness Ranking of the Private Undergraduate Colleges and Universities in China” (中國民辦普通本科院校競爭力排行榜); Northeast School was recognized as a first-class application-oriented university in China by the Ranking of 2022 China Private Applied University Alumni Association (Category I) (2022校友會中國民辦應用型大學排名(I類)); and both Luoyang School and Zhengzhou School were selected as competitive brands of employment of private education in Central China (中原民辦教育就業競爭力品牌).
- The Group has cultivated more than 400,000 outstanding graduates, and has continuously improved our capability to serve the development of the region to send high-quality application-oriented talents with innovative spirit and practical ability, trustworthiness and social responsibility to the society, thus creating greater value for the society.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Business Overview

The Group is a leading higher vocational education group focusing on higher vocational education for 23 years which first put forward and propelled the school operation model of application-oriented universities. As at 28 February 2022, the Group’s school networks covered various regions of China, cumulatively cultivating about 400,000 high-quality 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, with an average employment rate of approximately 98%, and the employment rate of each school receiving top ranking from all provinces and regions.

Business Advantages

Continuous Strengthen of Connotation Construction with Prominent Advantages of High-Quality Development

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

The Group has continued to increase investment in four areas including talents, hardware, teaching and digitalization to fully support the high-quality development of the Group.

In terms of talents, we have increased the investment in education spending and teaching cost to introduce more than 500 high-end talents, with the number of teachers with master degrees and above increased by 21% year-on-year and teachers with intermediate and above professional titles significantly increased. At the same time, the overall salary of the core staff was increased to create a high-quality teaching staff team.

In terms of hardware, we have continued to build and upgrade experimental training rooms, smart classrooms and student's self-study spaces, such as the new Innovation Practice Base of Chinasoft International Big Data Lab in Central China School and the Geely Automobile School-Enterprise Cooperation Practice Teaching Base in Northeast School. At the same time, we have increased investment in the campus environment, upgraded the education space and significantly improved the living environment for students.

In terms of teaching, the Group have cooperated with well-known universities in China and overseas to conduct advantageous major construction. We are committed to building a leading pre-school teaching major in China by cooperating with the Snow Laboratory of Harvard Graduate School of Education to jointly carry out major construction on pre-school education in the aspect of talent cultivation programs, curriculum resources, teacher teams and etc. We have reached a strategic cooperation with Xi'an Jiaotong-Liverpool University to provide comprehensive and systematic consultation for the Group and to build an international high standard education system by drawing on the research-oriented teaching model to support the high-quality development strategy of the Group.

In terms of digitalization, the Group has further upgraded the intelligent cloud teaching platform to provide students and teachers with an integrated online and offline teaching experience through cloud computing technology. We have integrated artificial intelligence technology to significantly improve teaching efficiency and built a teaching management and quality testing system through big data technology to effectively improve the quality of talent cultivation. We have integrated virtual simulation technology to provide students with a fully immersive training and learning program so as to install a "smart engine" for the modernization of education.

(II) Deployment in the Sunrise Industries and Deepen the Collaborative Education with Enterprises

The Group has been adhering to the national strategies, optimizing the deployment of digital creative industries, high-end equipment manufacturing industries and other sunrise industries, co-operated closely with 1,754 well-known domestic and foreign enterprises such as Tencent, Tesla and China Mobile, has set up 34 industrial colleges such as the Artificial Intelligence Institute of Anhui USTC iFLYTEK (科大讯飞), the Intelligent Manufacturing Industries Institute of Siemens and Industry-Education Integration Institute of Jingdong, and has opened 163 employment classes with famous enterprises, including 360 Network Security Shield Class, Huawei Kunpeng Class and Chinasoft big data and AI class, which demonstrates that the talent cultivation model of the Group has gradually become more mature.

The Group further optimized the structure of its major layout, expanding the number of majors in key areas such as manufacturing as well as those people's livelihood areas in urgent need such as elderly care and childcare. During the Reporting Period, the Group opened eight new majors for the sunrise industries, including intelligent manufacturing engineering, big data technology and network and new media, and strengthened the construction of majors relating to people's livelihood areas in urgent need, opening new majors in community-based rehabilitation, infant and child care services and management and early education. In addition, the School of Life and Health Science (大健康學院) of Guizhou School has sent more than 7,500 graduates to serve the leading "AAA" hospitals in the province and graduates from the e-commerce major of Luoyang School have helped farmers in Xin'an County for many years, selling more than one million pieces of agricultural products, with the total amount more than RMB ten million. The above achievements demonstrate that the schools of the Group continue to improve the cultivating scale of talents in key areas and people's livelihood areas in urgent need, and increasingly enhance our ability to serve regional development.

(III) Awards and Honors Received for Remarkable Achievements in High-Quality Development

The schools of the Group have obtained remarkable achievements in majors and courses construction. Four majors, including the major of nursing and electrical automation, have been evaluated as national first-class undergraduate majors. We now offer 6 provincial first-class undergraduate majors, including financial management and accounting; 14 first-class undergraduate courses, including civil engineering surveying and structural mechanics; and more than 10 provincial characteristic advantageous discipline groups and backbone major groups, such as the specialty groups of nursing, the specialty groups of big data technology, the specialty groups of high-end equipment manufacturing, and the specialty groups of big health. In future, the Group will further increase its investment in the construction of first-class majors and courses.

The Group and its schools won a number of awards and honors. During the Reporting Period, the Group was awarded the "2021 Vocational Education Brand with Reputation and Employment Influence" by Tencent Education Ceremony of the Year 2021 and "the Listed Enterprises of the Year 2021" by the Bloomberg Businessweek / Chinese Edition. The Group also won the "2021 High-Quality Vocational Education Pioneer Award" at the 5th Blue Whale Education Conference 2021, the "Most Socially Responsible Company Award" at the 2021 Best Listed Companies in Greater China by Gelonghui, and the "Best ESG Award" from the 2021 China Finance Awards by China Financial Market. The schools actively participated in national academic competitions and won 180 national-level awards, with 17 top prizes: among 57 national university student competitions recognized by the Ministry of Education, 32 national awards were granted with 4 top prizes and in the "Internet+" competitions, 4 national awards and 42 provincial awards were granted with 6 top prizes. The above awards were recognition of the Group's quality of education, the capability to cultivate talents and the achievements in quality and internal development.

Remarkable Employment Achievements with Graduates well received by World-Class Employers

The Group has remarkable employment achievements: the average employment rate of the Group reached 98% at the end of 2021, much higher than the average of the nationwide level, and the employment rate of each school received top ranking from all provinces. The schools of the Group were approved 40 projects of “Supply and Demand Connection for Employment and Education by the Ministry of Education” (教育部供需對接就業育人項目). The employment rate of Gansu School and Guangxi Schools ranked the first among similar schools in its province; Yunnan School was identified as the employability training base for national college graduates by the Ministry of Education, and was recognized as a typical case of “2020 College Graduates for Employment and Entrepreneurship in Yunnan Province” (雲南省2020屆高校畢業生就業創業工作典型案例); Guizhou School was selected as one of 2020 Top 100 National Typical College Graduates for Employment and Entrepreneurship by the Ministry of Education, and it also received recognitions from Huai Jinpeng, Minister of the Ministry of Education.

The Group has obvious advantages in high-quality employment and the graduates are employed in well-known leading enterprises and are welcomed by first-class employers at home and abroad. At the end of 2021, the number of high-quality employment increased by 76% year-on-year, and the number of internships in famous enterprises including Huawei, Jingdong, Tesla and other famous enterprises at home and abroad exceeded 10,000. The Group cooperated deeply with Zhaopin (智聯招聘) and Shixiseng (實習僧) to create more than 100,000 job opportunities in famous companies. Also, the Beijing-Tianjin-Hebei Employment Service Center, the Pearl River Delta Employment Service Center and Yangtze River Delta Employment Service Center (“**Three Centers**”) play a full role with the result in nearly a double in the number of employment in famous companies in developed regions year-on-year. In March 2022, the Group reached a strategic cooperation with No. 301 Hospital (the Chinese PLA General Hospital) on internship and employment, laying the foundation for high-quality employment of students from nursing major.

“Student As The Center” with Remarkable Enhancement in the Satisfaction of Students and Teachers

The Group adhered to “Student As The Center”, and put enhancement of students’ and teachers’ experience as a key task, opening up a new mode of service and education. All schools of the Group actively organized rich and colorful campus activities, for example, Luoyang School held the “Campus Cultural and Arts Festival” and the women’s basketball team of Central China School won the 24th CUBA China University Basketball League (Hubei Region) with six consecutive victories. Focusing on the expectations of students and teachers, the Group continued to improve student-teacher opinion platforms, responding to nearly 4,000 requests from teachers and students with an effective response rate of 100% during the Reporting Period, which significantly enhanced the satisfaction of students and teachers. In addition, the Group’s schools held “President’s Reception Day” in various forms, which has become the most popular activity that students are actively involved in.

Prominent Brand Effectiveness of Schools and Highly Recognized by the Society

The Group and its schools consistently enhanced the brand effect with recognition by the education authorities and the society. Guizhou School was named and commended by Minister of the Ministry of Education, Mr. Huai Jinpeng, at the annual employment conference of the Ministry of Education in 2021, and was ranked No. 1 in Guizhou Province by China Evaluation Ranking as the “Competitiveness Ranking of National Private Higher Education Institutions”. Yunnan School ranked No. 1 in Yunnan Province in terms of competition awards and was selected by China Evaluation Ranking as No. 1 in Yunnan Province in the “Competitiveness Ranking of China’s Private General Undergraduate Colleges and Universities”; Northeast School was selected as one of China’s top applied universities by the 2022 Alumni Association’s China Private Applied University Ranking (Category I); Luoyang School and Zhengzhou School were both selected as competitive brands for private education employment in the Central China.

Speedy Development of Zhengzhou School Thanks to the Group’s Professional Empowerment

The Group has further leveraged its high-quality integration capabilities to help its schools to enhance their school operation capabilities in various aspects. For example, in the past six months, Zhengzhou School has undergone ten significant changes: (1) it was successfully approved early education major (a state-controlled major); (2) it built a refractory materials laboratory with the local government, making it the only higher education institution in China to offer a major in “refractory materials”; (3) it established the Blue Bridge Industrial College and built a training center for new engineering talents; (4) it won lots of awards in 57 national university student competitions recognized by the Ministry of Education, including the first prize in the 12th “Blue Bridge Cup” for National Software and Information Technology Professionals Competition; (5) it newly built and upgraded student apartments; (6) it upgraded and optimized nearly 40 multimedia classrooms; (7) it renovated many campus landscapes, including the Fountain Plaza; (8) it upgraded student shared spaces and shared study rooms, and added new leisure reading areas and cafes; (9) it successfully obtained the quota of government-subsidized training, achieving a breakthrough in government-subsidized training business; (10) it upgraded the commercial business on campus, doubling the commercial revenue year-on-year. In the future, the Group will further leverage the advantages of its school operation synergy, strengthen the synergy and empowerment between the Group and its schools, and promote the Group’s high-quality development.

FUTURE OUTLOOK

A Bright Future For Higher Vocational Education Development Due To Favorable Policies

The Group has much clearer direction and path of high-quality development. In October 2021, “Opinions on Promoting the High-Quality Development of Modern Vocational Education” was issued, clearly supporting and encouraging listed companies and industry leaders to develop vocational education, and encouraging application-oriented undergraduate schools to carry out vocational undergraduate education. In December 2021, the Office of the Academic Degrees Committee of the State Council issued the “Opinions on the Authorization and Awarding of Bachelor’s Degrees in Vocational Schools at the Undergraduate Level”, which makes it clear that the authorization, awarding and management of bachelor’s degrees in vocational education at the undergraduate level will be subject to the same rules as those for general undergraduates, while highlighting the characteristics of vocational education. The undergraduate-level vocational education degree certificate will thus be given the same status as the general undergraduate degree in terms of effectiveness and application value. In January 2022, the Central Government issued the “14th Five-Year Plan for Vocational Skills Training” for the first time, aiming to improve the ability of workers and relieve the pressure of employment, and the higher education industry will continue to benefit from the favorable policy on vocational education. In February 2022, the Ministry of Education announced the work focus of vocational education in 2022, which clearly supports vocational education and the private higher education industry. The first major amendment of the Vocational Education Law has recently been completed since its implementation in 1996, and the Standing Committee of the National People’s Congress approved the amended Vocational Education Law in 20 April 2022. The new Vocational Education Law, which will become effective on 1 May 2022, clarifies that vocational education and general education have the same important status, supports the social forces to extensively participate in vocational education, fosters, guides and backs up enterprises and other social forces to organize vocational schools and vocational training institutions in accordance with the law, and encourages enterprises to participate deeply in the integration of industry and education, as well as school-enterprise cooperation. The Group will continue to benefit from the favorable policy on vocational education.

Future Development: “Three Persistences”

(I) Continuing to follow the path of high-quality and connotative development and focus on organic development

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

(II) Strengthen the Attributes of Top-Performing Public Utilities Stocks to Continue to Generate Stable Returns

The Group has the attributes of a top-performing public utility stock in the Hong Kong stock market: stable performance growth, solid investment returns, sufficient cash flow, high safety margin and steady dividend payout. In future, the Group will continue to be a government-supported, long-term sustainable higher vocational education group with high quality development to achieve a win-win situation with investors in the long run.

(III) Continuing to Adhere to “Student As the Center”, Serving Regional Social-Economic Development And Creating Greater Value For Society

In the face of the new development stage and new development pattern of higher education, the Group will follow the situation closely, adhere to “Student As the Center” and the path of high-quality development, take building “a respected higher vocational education group” as our vision and solidly execute the idea of “Help Students Achieve Dreams”, and fight for successful career and happy life of students. We will continue to cultivate high quality technical and skilled 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 2022 and 28 February 2021 are as follows:

	Six months ended		Change (%)
	28 February 2022 <i>RMB million</i>	28 February 2021 <i>RMB million</i>	
Total revenue[^]	1,209.6	925.2	+30.7%
Revenue	1,036.1	786.5	+31.7%
Cost of sales	(619.6)	(429.7)	+44.2%
Gross profit	416.5	356.8	+16.7%
Other income and gains	173.4	138.7	+25.0%
Selling and distribution expenses	(15.6)	(8.3)	+88.0%
Administrative expenses	(58.5)	(51.7)	+13.2%
Other expenses	(35.8)	(26.5)	+35.1%
Finance costs	(65.9)	(65.3)	+0.9%
PROFIT BEFORE TAX	414.1	343.7	+20.5%
Income tax expense	(58.5)	(38.7)	+51.2%
Net profit	355.6	305.0	+16.6%
Net profit attributable to owners of the parent	345.4	294.6	+17.2%

[^] Total revenue = revenue + other income and gains

Revenue

The Group's revenue reached RMB1,036.1 million for the Reporting Period, increased by 31.7% as compared to RMB786.5 million for the same period of last year, which was mainly attributable to (1) steady growth of revenue from tuition fees and boarding fees driven by continuous high quality connotation development; and (2) the consolidation of financial statements of Gansu School and Zhengzhou School as continuing to leverage the advantages of centralized school operation.

Cost of Sales

The Group's cost of sales was RMB619.6 million for the Reporting Period, increased by 44.2% as compared to RMB429.7 million for the same period of last year, which was primarily due to (1) each school of the Group devoted great effort to the introduction of subjects and majors for cultivating high-end talents and improvement of benefits for staff; (2) the Group continued to increase its investment in connotation development such as teaching, employment, and students' experience, and such teaching cost increased by 71.5% as compared with the corresponding period of last year; and (3) the consolidation of financial statements of Gansu School and Zhengzhou School.

Gross Profit and Gross Profit Margin

The Group's gross profit was RMB416.5 million for the Reporting Period, increased by 16.7% as compared to RMB356.8 million for the same period of last year. The gross profit margin for the Reporting Period was 40.2%, representing a decrease of 5.2 percentage points as compared to the gross profit margin of 45.4% 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 in talent introduction and teaching. As such, the growth of revenue for current stage was temporarily lower than the growth of cost of sales. The 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 RMB173.4 million for the Reporting Period, increased by 25.0% as compared to RMB138.7 million for the same period of last year, which was mainly due to (1) the integration of its training resources accumulated over the years and the exploration of best practices to actively provide training services for vocational skills improvement to the society and students; (2) leveraging the advantages of centralized school operation, the logistics service model was continuously replicated and the commercial layout was improved, contributing to a solid growth in logistics revenue; and (3) the increase in revenue from the school-enterprise cooperation brought by the continuous improvement of the Group's public reputation and the deepened integration of industry and education.

Selling and Distribution Expenses

The Group's selling and distribution expenses were RMB15.6 million for the Reporting Period, increased by 88.0% as compared to RMB8.3 million for the same period of last year. This increase was primarily attributable to (1) increased investment in brand promotion with full expansion of new media matrix and the continuous strengthening of the Group and school branding; (2) the consolidation of financial statements of Gansu School and Zhengzhou School. 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 RMB58.5 million for the Reporting Period, increased by 13.2% as compared to RMB51.7 million for the same period of last year. This is primarily because the Group made a deep cooperation with many consultancy companies such as Hejun, Huaying, DDI Zhirui Consultancy to explore centralized school operation model and governance system, high-end talents introduction and increase investment in organization development, leadership enhancement and performance management which support Group's high-quality development.

Other Expenses

The Group's other expenses was RMB35.8 million for the Reporting Period, increased by 35.1% as compared to RMB26.5 million for the same period of last year, which was primarily due to (1) increased expenses resulted from the increase in other income and gains; and (2) upgrade of the campus commercial business, actively introduce high-quality merchants, and continuously invest in student experience improvement.

Finance Costs

The Group's finance costs was RMB65.9 million for the Reporting Period, increased by 0.9% as compared to RMB65.3 million for the same period of last year, which was mainly due to the Group's continuous optimization of its financing structure and expansion of high quality financing channels. and while the increase in the scale of financing for interest-bearing debts, the financing cost was basically flat as that of the same period last year and the financing interest rates continued to decrease at a record low level.

Profit before Tax

Due to the combined influence of revenue, cost and expenses, the Group recognised a profit before tax of RMB414.1 million for the Reporting Period as compared with RMB343.7 million for the same period of last year, representing an increase of 20.5%.

Net Profit

As a result of the combined effect of revenue, costs and expenses above, the net profit of the Group was RMB355.6 million for the Reporting Period, an increase of 16.6% as compared to RMB305.0 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 RMB345.4 million for the Reporting Period, increased by 17.2% as compared to RMB294.6 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 deposits, financial assets at fair value through profit or loss was RMB995.7 million as of 28 February 2022, decreased by 15.6% as compared to RMB1,180.0 million as of 31 August 2021, mainly due to the redemption of US\$100 million convertible bonds by the Group in September 2021.

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 RMB2,621.0 million as of 28 February 2022 (31 August 2021: RMB2,362.9 million, among which US\$100 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 2022. The Group's interest-bearing debt/total assets increased from 29.8% as of 31 August 2021 to 31.8% as of 28 February 2022, which was mainly due to that the Group redeemed US\$100 million convertible bonds in September 2021 and increased RMB258.1 million of interest-bearing debts. When considering interest-bearing debts which included the convertible bonds in the same period of last year, the Group's interest-bearing debts (including convertible bonds)/total assets decreased from 37.9% as of 31 August 2021 to 31.8% as of 28 February 2022.

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 2022. The Group's net interest-bearing debt to total equity increased from 37.1% as of 31 August 2021 to 50.5% as of 28 February 2022, which was primarily attributable to influence of convertible bonds and the Group's further acquisition of 26.09% equity interest of Haxuan Company, the sole sponsor of the Northeast School, and an open market share buyback. If considering interest-bearing debts which included the convertible bonds, the Group's net interest-bearing debts (including convertible bonds)/total equity decreased from 57.3% as of 31 August 2021 to 50.5% as of 28 February 2022.

Gearing ratio equals to ratio of interest-bearing debt divided by total equity as of 28 February 2022. The Group's gearing ratio increased from 74.0% as of 31 August 2021 to 81.5% as of 28 February 2022, primarily due to the aforementioned redemption of US\$100 million of convertible bonds during the Reporting Period and increase of RMB258.1 million of interest-bearing debt and further acquisition of 26.09% equity interest of Haxuan Company, the sole sponsor of the Northeast School, and the decrease in equity due to the open market share buyback.

Capital Expenditures

For the Reporting Period, the Group's capital expenditures were RMB309.3 million, which was primarily used for the construction of our school buildings, facilities, land acquisition 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 2022 <i>RMB million</i>	As of 31 August 2021 <i>RMB million</i>
Contracted but not provided for:		
Property, plant and equipment		
Within one year	237.7	312.2
Over one year	<u>234.6</u>	<u>347.3</u>
	<u>472.3</u>	<u>659.5</u>

As of 28 February 2022, the Group had no significant capital commitment authorized but not contracted for.

FUTURE PLAN FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

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

SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS

On 28 September 2021, the Group completed the acquisition of 100% interests in the Zhengzhou School. On 19 November 2021, the Group entered into an equity transfer agreement for further acquisition of 26.09% interest in Haxuan Company, the sole shareholder of the Northeast School. Upon completion of the aforesaid events, each of the Zhengzhou School and the Northeast School, together with its respective school sponsor and its respective newly appointed directors designated by its school sponsor, entered into a supplemental agreement to the Structured Contracts with Huihuang Company, Yun Ai Group, the current registered shareholders of Yun Ai Group, to reflect

the Group's change of interest in them. Accordingly, each of the Zhengzhou School and the Northeast School became a 100% consolidated affiliated entity of the Company. Please refer to the announcements dated 13 April 2021, 19 April 2021, 28 September 2021 and 19 November 2021 respectively, for details of the aforesaid events.

Save as disclosed, there were no other significant investments held by the Group, no material acquisitions or disposals of subsidiaries, associates or joint ventures during the Reporting Period, nor was there any plan authorized by the Board for other material investments or additions of capital assets during the six months ended 28 February 2022.

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 2022, 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 2022 are as follows:

- (i) no pledged Group's buildings, furniture and fixtures and electronic devices as at 28 February 2022 (net carrying amount of the above pledge as at 31 August 2021: RMB10,616,000);
- (ii) the pledge of shares of the Group's certain subsidiaries;
- (iii) personal guarantees executed by Mr. Li and Ms. Yang (spouse of Mr. Li);
- (iv) corporate guarantees executed by the Group and subsidiaries of the Group, which are controlled by Mr. Li;
- (v) deposits of the Group with an amount of RMB344,733,000 as at 28 February 2022 (31 August 2021: RMB284,115,000); and
- (vi) the charging right of tuition and boarding fees of Gansu School, the charging right of tuition of Central China School, Guangxi Schools, Luoyang School and the charging right of boarding fees of Yunnan School.

Contingent Liabilities

As of 28 February 2022, 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

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

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

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

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

The first major amendment of the Vocational Education Law has recently been completed since its implementation in 1996, and the Standing Committee of the National People's Congress approved the amended Vocational Education Law on 20 April 2022. The new Vocational Education Law, which will become effective on May 1, 2022, clarifies that vocational education and general education have the same important status, supports the social forces to extensively participate in vocational education, fosters, guides and backs up enterprises and other social forces to sponsor vocational schools and vocational training institutions in accordance with the law, and encourages enterprises to participate deeply in the integration of industry and education, as well as school-enterprise cooperation. The new law also makes it clear that when government, public institutions, state-owned enterprises are in the recruitment of technical skills positions, the level of technical skills should be an important criteria and public institutions can appropriately lower educational requirements when publicly recruit positions with vocational skills level requirements. From which we can observe that the new law continues the consistent policy direction of the state to support the development of vocational education. And through the improvement of the protection mechanism and measures of vocational education, it focuses on improving the recognition of vocational education and the quality of technical skills personnel training. The new law will definitely promote the high-quality development of vocational education, and the higher vocational education groups will also welcome a new round of development opportunities in a more sound and friendly legal environment.

RECENT DEVELOPMENTS OF REGULATORY FRAMEWORK

(I) Classified Registration

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

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

In order to further implement the above requirements, government and relevant competent departments in the region where the Group runs schools have successively issued supporting measures, including (1) 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); (6) Implementation Opinions issued by the People's Government of Hubei Province on Encouraging Social Powers to Set up Education to Promote the Healthy Development of Private Education (20 December 2017); and (7) Implementation Opinions issued by the People's Government of Henan Province on Encouraging Social Powers to Set up Education to Promote the Healthy Development of Private Education (2 February 2018).

The above local regulations provide a framework procedure for the classification and registration of existing private schools in relevant provinces as for-profit private schools or non-profit private schools, but do not further specify the process of classification and registration, for example, (1) the specific procedures for a school to be registered as a for-profit or non-profit school; and (2) the various preferential taxes and land use policies that can be enjoyed by for-profit and non-profit schools.

As of the date of this announcement, the Company has not commenced the process of classification and registration for other schools under the Group. There are certain uncertainties in the interpretation and application of the above requirements in respect of when the private schools under the Group can complete the classified registration, whether the relevant taxes and fees will need to be paid in accordance with local supporting rules in the process of classified registration in the future, and what supporting policies provided by government regarding tax and land use they will enjoy.

(II) The 2021 Implementation Rules

On 14 May 2021, the State Council promulgated the Implementation Rules for the Law for Promoting Private Education of the PRC (the “**2021 Implementation Rules**”), which has been implemented since 1 September 2021. The 2021 Implementation Rules stipulate that: (1) private schools may enjoy the preferential tax policies stipulated by the State, among which non-profit private schools may enjoy the same preferential tax policies as public schools; (2) for the construction or expansion of non-profit private schools, the local people’s governments shall grant preferential treatments in terms of land use by means of allocation in accordance with the principle of treating non-profit private schools equally as public schools. For the land use of private schools that implement preschool education and education for academic credentials, the governments may provide lands by means of agreement, bidding, auction and etc. according to the laws. Lands may also be supplied by long-term lease, lease and assignment, and combination of sale and rental. Charges for the assignment or rental of land may be paid in instalments within the specified time limit as agreed in the contract. The 2021 Implementation Rules do not involve specific provisions on preferential taxation and land use policies. Therefore, there are still uncertainties as to what kind of tax and land use policies and other aspects of government supports the private schools under the Group will enjoy in the future.

The 2021 Implementation Rules further stipulate that: (1) the State encourages enterprises to establish or participate in the establishment of private schools that implement vocational education in various forms, such as sole proprietorship, joint venture or cooperation according to law; institutions that implement nationally recognized educational examinations, vocational qualification examinations and vocational skill level examinations shall comply with the relevant provisions of the State in the establishment or participation in the establishment of private schools related to the examination implemented by them; (2) private schools that provide compulsory education are not allowed to enter into transactions with their interested parties, and other private schools shall conduct transactions with their interested parties in a manner that is open, justified and fair, shall be reasonably priced, 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 compulsory education private schools or non-profit private schools which implement preschool education through mergers or structured contracts; and (4) the start-up capital and registered capital of a private school shall be paid in full when it is formally established and shall be compatible with the type, level and scale of the school.

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.

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 contract, which may lead to penalties, resulting in a material adverse impact on the operation of the structured contract.

As of 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》) (“**Foreign Investment Law**”) approved by the National People's Congress on 15 March 2019 has been implemented since 1 January 2020, and has become the basic law for foreign investment in China. According to this law, existing foreign-invested enterprises may maintain their existing organization structure within five years from the effective date of the Foreign Investment Law.

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

The Foreign Investment Law clearly specifies three forms of foreign investment, but neither the Foreign Investment Law nor the Implementing Regulations explicitly stipulate contractual agreements as a form of foreign investment. As confirmed by our PRC legal advisors, as the Foreign Investment Law and Implementation Regulations do not define contractual agreements as a form of foreign investment, if future laws, administrative regulations, and regulations of the State Council do not include contractual agreements as a form of foreign investment, the Structured Contracts as a whole and the agreements constituting the Structured Contracts will not be affected, and will continue to be legally valid, effective and binding on the parties. However, if future laws, administrative regulations, and regulations of

the State Council stipulate contractual agreements as one of the ways of foreign investment, the Group may need to take relevant measures in accordance with the requirements of the laws, regulations and regulations of the State Council at that time. There will be uncertainty as to whether we can complete these measures in a timely manner or at all. Failure to take appropriate measures in a timely manner to address any of the compliance requirements in the above provisions may have a significant effect on our current group structure, corporate governance and business operations.

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

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

(IV) Independent Colleges Conversions

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

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

PAYMENT OF INTERIM DIVIDEND

The Board has resolved the payment of an interim dividend of RMB0.106 per Share for the Reporting Period (for the six months ended 28 February 2021: RMB0.054 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 of the five business days prior to the declaration of the interim dividend (i.e. 15 April 2022 to 21 April 2022) (RMB1.0 to HK\$1.2275). Accordingly, the amount of the interim dividend payable in Hong Kong dollars will be HK\$0.13012 per Share. The interim dividend will be paid on or about Tuesday, 21 June 2022 to the Shareholders whose names appear on the register of members of the Company on Friday, 10 June 2022.

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 Wednesday, 8 June 2022 to Friday, 10 June 2022, 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 Tuesday, 7 June 2022.

HUMAN RESOURCES AND REMUNERATION POLICY

As of 28 February 2022, the Group had a total of 9,437 employees (8,647 as of 31 August 2021). The increase was mainly due to the incorporation of teachers and staff of Zhengzhou School into the Group's total number of employees after completion of consolidation of such school in September 2021 as well as adhering to high-quality development to introduce high-quality talents. As required by the PRC laws and regulations, the Group participates in various employee social security plans for our employees that are administered by local governments, including housing, pension, medical insurance, maternity insurance, work injury insurance, and unemployment insurance. The Group maintains a good working relationship with employees, and the Group did not experience any material labor disputes during the six months ended 28 February 2022.

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.

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.

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

On 28 October 2021, the Board formally resolved to utilize the Share Repurchase Mandate to repurchase Shares in the open market from time to time at a maximum aggregate amount of HK\$300 million.

During the Reporting Period, the Company repurchased a total of 23,509,000 Shares on the Stock Exchange for an aggregate consideration of approximately HK\$66.5 million 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 paid (HK\$)
December 2021	6,851,000	3.2100	2.8000	20,805,145
January 2022	11,561,000	3.2200	2.1600	31,567,694
February 2022	5,097,000	2.8700	2.5900	14,084,602
Total	23,509,000			66,457,441

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 report.

EVENTS AFTER THE REPORTING PERIOD

With the recent outbreak of the new round of COVID-19 pandemic in various provinces and regions in China, the governments of various regions have taken a number of measures to prevent the pandemic, inter alia, including the introduction of travel restrictions. The new outbreak has no impact on the principle business of the Group's schools, mainly because students are supported by digital online systems such as "Smart Cloud Teaching Platform" and "Qiduo.net" in teaching and employment. As for students' internship, some of them were affected by travel restrictions and the cycle time was slightly lagged behind, but the impact was assessed to be insignificant at present. The Group has prioritized the work of students' internships (such as the employment class for famous enterprises), and in the meantime has been assisting students in employment through online employment platforms and accurate job postings.

The Group will closely monitor the development of the COVID-19 pandemic, assess and actively respond to the potential impact on the financial condition, operating results and other aspects of the Group.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") has reviewed and discussed with the management of the Company in relation to the accounting principles and practices adopted by the Company, the internal controls and financial report matters, and the Company's policies and practices on corporate governance. There is no disagreement by the Audit Committee of the Company with the accounting treatment adopted by the Company.

SCOPE OF WORK OF THE AUDITOR

The financial information set out in this report does not constitute the Group's unaudited accounts for the six-month period ended 28 February 2022, but represents an extract from the consolidated financial statements for the six-month period ended 28 February 2022 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 (<http://www.xingaojiao.com>). The interim report for the six months ended 28 February 2022 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 2022.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE SIX MONTHS ENDED 28 FEBRUARY 2022

		For the six months ended	
	Notes	28 February 2022 (Unaudited) RMB'000	28 February 2021 (Unaudited) RMB'000
REVENUE	4	1,036,111	786,499
Cost of sales		<u>(619,562)</u>	<u>(429,740)</u>
Gross profit		416,549	356,759
Other income and gains	4	173,448	138,727
Selling and distribution expenses		(15,632)	(8,276)
Administrative expenses		(58,545)	(51,748)
Other expenses		(35,830)	(26,476)
Finance costs	5	<u>(65,919)</u>	<u>(65,251)</u>
PROFIT BEFORE TAX	6	414,071	343,735
Income tax expense	7	<u>(58,460)</u>	<u>(38,724)</u>
PROFIT FOR THE PERIOD		<u>355,611</u>	<u>305,011</u>
Attributable to:			
Owners of the parent		345,402	294,604
Non-controlling interests		<u>10,209</u>	<u>10,407</u>
		<u>355,611</u>	<u>305,011</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic (RMB)			
For profit for the period	9	<u>0.22</u>	<u>0.19</u>
Diluted (RMB)			
For profit for the period	9	<u>0.22</u>	<u>0.17</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 28 FEBRUARY 2022

	For the six months ended	
	28 February	28 February
	2022	2021
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
PROFIT FOR THE PERIOD	<u>355,611</u>	<u>305,011</u>
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	<u>13,735</u>	<u>30,378</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>369,346</u>	<u>335,389</u>
Attributable to:		
Owners of the parent	<u>359,137</u>	<u>324,982</u>
Non-controlling interests	<u>10,209</u>	<u>10,407</u>
	<u>369,346</u>	<u>335,389</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
28 FEBRUARY 2022

	<i>Notes</i>	28 February 2022 (Unaudited) RMB'000	31 August 2021 (Audited) RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		4,668,738	4,091,258
Investment properties		417,611	349,125
Right-of-use assets		908,513	839,280
Goodwill		752,021	371,569
Other intangible assets		64,966	62,116
Deferred tax assets		11,198	9,786
Other non-current assets	<i>10</i>	224,145	867,093
Total non-current assets		7,047,192	6,590,227
CURRENT ASSETS			
Prepayments, fees and other receivables	<i>11</i>	195,055	161,904
Financial assets at fair value through profit or loss		2,000	–
Pledged deposits		344,733	284,115
Time deposits		70,883	120,090
Cash and cash equivalents		578,082	775,787
Total current assets		1,190,753	1,341,896
CURRENT LIABILITIES			
Contract liabilities	<i>12</i>	842,787	350,933
Other payables and accruals	<i>13</i>	1,064,057	955,878
Interest-bearing bank and other borrowings		628,194	568,313
Lease liabilities		1,615	6,713
Convertible bonds	<i>14</i>	–	646,459
Deferred income		12,526	13,476
Tax payable		78,453	67,311
Total current liabilities		2,627,632	2,609,083
NET CURRENT LIABILITIES		(1,436,879)	(1,267,187)
TOTAL ASSETS LESS CURRENT LIABILITIES		5,610,313	5,323,040

	<i>Notes</i>	28 February 2022 (Unaudited) RMB'000	31 August 2021 (Audited) RMB'000
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		1,990,013	1,786,319
Lease liabilities		1,200	1,588
Deferred income		197,541	201,177
Deferred tax liabilities		205,009	141,649
		<hr/>	<hr/>
Total non-current liabilities		2,393,763	2,130,733
		<hr/>	<hr/>
Net assets		3,216,550	3,192,307
		<hr/>	<hr/>
EQUITY			
Equity attributable to owners of the parent			
Issued Capital	<i>15</i>	1,074	1,086
Treasury shares	<i>15</i>	(11,512)	–
Reserves		3,226,988	3,011,244
		<hr/>	<hr/>
		3,216,550	3,012,330
		<hr/>	<hr/>
Non-controlling interests		–	179,977
		<hr/>	<hr/>
Total equity		3,216,550	3,192,307
		<hr/>	<hr/>

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION *FOR THE SIX MONTHS ENDED 28 FEBRUARY 2022*

1. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 28 February 2022 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 2021.

The Group recorded net current liabilities of RMB1,436,879,000 as at 28 February 2022 (31 August 2021: RMB1,267,187,000), which included contract liabilities of RMB842,787,000 as at 28 February 2022 (31 August 2021: RMB350,933,000).

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 2021, except for the adoption of the HKFRS 9, HKAS 39, HKFRS 7 and HKFRS 16 *Interest Rate Benchmark Reform – Phase 2* for the first time for the current period's financial information.

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 further information about the operating segment is presented.

Geographical information

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

Information about major customers

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

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	For the six months ended	
	28 February 2022 (Unaudited) RMB'000	28 February 2021 (Unaudited) RMB'000
Revenue from contracts with customers		
Tuition fees	943,561	714,720
Boarding fees	92,550	71,779
	<u>1,036,111</u>	<u>786,499</u>

Revenue from contracts with customers

(i) Disaggregated revenue information

	For the six months ended	
	28 February 2022 (Unaudited) RMB'000	28 February 2021 (Unaudited) RMB'000
Type of services		
Education services	<u>1,036,111</u>	<u>786,499</u>
Geographical market		
Mainland China	<u>1,036,111</u>	<u>786,499</u>
Timing of revenue recognition		
Services transferred over time	<u>1,036,111</u>	<u>786,499</u>
	For the six months ended	
	28 February 2022 (Unaudited) RMB'000	28 February 2021 (Unaudited) RMB'000
Other income and gains		
Gross rental income from investment property operating leases	50,415	38,995
Service income	51,160	35,827
Net proceeds from sale of textbooks	13,246	7,854
Bank interest income	12,959	10,603
Catering income	8,791	7,624
Government grants	7,945	7,811
Contribution gains	6,387	–
Other interest income from financial assets		
at fair value through profit or loss	1,665	4,189
Fair value gains from financial assets		
at fair value through profit or loss	–	2,346
Fair value gains from convertible bonds	–	13,301
Others	<u>20,880</u>	<u>10,177</u>
	<u>173,448</u>	<u>138,727</u>

5. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended	
	28 February 2022 (Unaudited) RMB'000	28 February 2021 (Unaudited) RMB'000
Interest on bank and other loans	68,886	69,232
Interest on lease liabilities	138	266
	<hr/>	<hr/>
Total interest expense on financial liabilities not at fair value through profit or loss	69,024	69,498
Less: Interest capitalised	3,105	4,247
	<hr/>	<hr/>
	65,919	65,251
	<hr/> <hr/>	<hr/> <hr/>

6. PROFIT BEFORE TAX

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

	For the six months ended	
	28 February 2022 (Unaudited) RMB'000	28 February 2021 (Unaudited) RMB'000
Employee benefit expense (excluding directors' and chief executive's remuneration):		
Wages and salaries	328,186	251,746
Equity-settled share option expense	1,428	2,144
Pension scheme contributions (defined contribution plan)	31,527	19,304
	<hr/>	<hr/>
	361,141	273,194
	<hr/>	<hr/>
Depreciation of property, plant and equipment	85,717	61,938
Depreciation of investment properties	4,888	2,413
Depreciation of right-of-use assets	16,596	10,480
Amortisation of other intangible assets	10,406	4,252
Rental income	(50,415)	(38,995)
Bank interest income	(12,959)	(10,603)
Loss on disposal of items of property, plant and equipment	1,086	132
	<hr/> <hr/>	<hr/> <hr/>

7. INCOME TAX

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and accordingly is not subject to income tax.

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

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

According to the Circular on Issues Concerning Tax Policies for In-depth Implementation of Western Development Strategies, certain qualifying entities of the Group that are located in Yunnan, Guizhou, Guangxi, Gansu, Hubei Province and Tibet Autonomous Region engaged in encouraged business are entitled to a preferential corporate income tax rate of 15%. 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 of the Group established in mainland China are subject to corporate income tax at a rate of 25% on their respective taxable income.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008. Certain subsidiaries of the Group obtained the Certificate of Resident Status of Hong Kong in 2020, the applicable rate is changed to 5% from 2020 to 2022.

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 2022 (Unaudited) RMB'000	28 February 2021 (Unaudited) RMB'000
Current		
Charge for the period	44,809	33,943
Deferred	13,651	4,781
	<hr/>	<hr/>
Total tax charge for the period	58,460	38,724
	<hr/> <hr/>	<hr/> <hr/>

8. DIVIDENDS

	For the six months ended	
	28 February 2022 (Unaudited) RMB'000	28 February 2021 (Unaudited) RMB'000
Interim dividend proposed subsequent to the reporting period		
– Nil (2021: RMB0.054) per ordinary share	165,000	85,620
	<hr/>	<hr/>
	<hr/> <hr/>	<hr/> <hr/>

Subsequent to the end of the current interim period, the directors of the Company have determined to pay an interim dividend of RMB0.106 (for the six months ended 28 February 2021: RMB0.054) per share, amounting to RMB165,000,000 (for the six months ended 28 February 2021: RMB85,620,000), 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 RMB345,402,000 (for the six months ended 28 February 2021: RMB294,604,000), and the weighted average number of ordinary shares of 1,581,672,809 (for the six months ended 28 February 2021: 1,578,164,180) in issue during the period.

The calculation of the diluted earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the parent of RMB345,402,000 (for the six months ended 28 February 2021: RMB281,303,000). The weighted average number of ordinary shares used in the calculation is the number of ordinary shares of 1,581,672,809 (for the six months ended 28 February 2021: 1,578,164,180) 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 (for the six months ended 28 February 2021: 104,304,925, assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares).

10. OTHER NON-CURRENT ASSETS

	28 February 2022 (Unaudited) RMB'000	31 August 2021 (Audited) RMB'000
Prepayment for investments	200	674,517
Prepayment for land use rights	205,367	174,091
Prepayment for intangible assets	586	586
Prepayment for property, plant and equipment	17,992	17,899
	<u>224,145</u>	<u>867,093</u>

11. PREPAYMENTS, FEES AND OTHER RECEIVABLES

	28 February 2022 (Unaudited) RMB'000	31 August 2021 (Audited) RMB'000
Tuition and boarding fee receivables (i)	74,605	54,673
Prepaid expenses	14,130	14,401
Advance and other receivables	63,406	52,867
Staff advances	4,771	2,898
Deposits and other miscellaneous receivables	38,143	37,065
	<u>195,055</u>	<u>161,904</u>

- (i) 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 2022 (Unaudited) RMB'000	31 August 2021 (Audited) RMB'000
Within 1 year	50,794	40,076
1 to 2 years	22,632	13,750
2 to 3 years	705	696
3 to 4 years	474	151
	<u>74,605</u>	<u>54,673</u>

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

12. CONTRACT LIABILITIES

Details of contract liabilities are as follows:

	28 February 2022 (Unaudited) RMB'000	31 August 2021 (Audited) RMB'000
Tuition fees	755,310	310,220
Boarding fees	87,477	40,713
	<hr/>	<hr/>
Total contract liabilities	842,787	350,933
	<hr/> <hr/>	<hr/> <hr/>

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.

13. OTHER PAYABLES AND ACCRUALS

	28 February 2022 (Unaudited) RMB'000	31 August 2021 (Audited) RMB'000
Consideration payable for acquisitions (<i>Note (i)</i>)	360,620	285,420
Payables for purchase of property, plant and equipment	158,407	157,812
Government subsidies payable to students and teachers	105,985	58,552
Miscellaneous expenses received from students (<i>Note (ii)</i>)	103,285	94,663
Accrued bonus and social insurance	65,404	78,319
Deposits	57,307	73,069
Advance from lessee	30,757	33,384
Payables to cooperative schools	7,013	8,666
Accrued expenses	4,146	4,575
Other payables	171,133	161,418
	<u>1,064,057</u>	<u>955,878</u>

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 Luoyang School amounting to RMB135,620,000, for the acquisition of Gansu School amounting to RMB60,000,000 in accordance with the acquisition agreements, and for the acquisition of non-controlling interests in Harbin Huade University (“Northeast School”) amounting to RMB165,000,000.

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

14. CONVERTIBLE BONDS

The convertible bonds issued during the period are as follows:

	28 February 2022 (Unaudited) RMB'000	31 August 2021 (Audited) RMB'000
Financial liability at fair value through profit or loss:		
Convertible bonds	<u>–</u>	<u>646,459</u>

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

The Company has redeemed the convertible bonds in full in accordance with the terms and conditions of the convertible bonds under the CB Subscription Agreement at a redemption price equal to 100% of the outstanding principal amount of US\$100,000,000 together with all accrued and unpaid interests thereon on the maturity date of 28 September 2021. The total price payable by the Company for the redemption was funded by internal cash reserve of the Group. None of the rights attached to the convertible bonds has been exercised and no conversion shares have been allotted or issued from the conversion of the convertible bonds. The Company was discharged from all of the obligations under and in respect of the Convertible Bonds. The convertible bonds were redeemed on 24 September 2021.

15. SHARE CAPITAL

	28 February 2022 (Unaudited) RMB'000	31 August 2021 (Audited) RMB'000
Issued and fully paid:		
1,567,447,630 (2021: 1,585,822,310) ordinary shares	<u>1,074</u>	<u>1,086</u>

A summary of movements in the Company’s Issued capital is as follows:

	Number of shares	Amount USD'000	Amount RMB'000 equivalent
Registered:	2,000,000,000	200	200
Issued and fully paid:			
At 1 September 2020	1,541,175,430	154	1,056
Issue of new shares	44,000,000	4	30
Share options exercised	646,880	–	–
	<u>1,585,822,310</u>	<u>158</u>	<u>1,086</u>
At 31 August 2021 and 1 September 2021	1,585,822,310	158	1,086
Repurchase and cancellation of shares (i)	(18,412,000)	(2)	(12)
Share options exercised	37,320	–	–
	<u>1,567,447,630</u>	<u>156</u>	<u>1,074</u>
At 28 February 2022	<u>1,567,447,630</u>	<u>156</u>	<u>1,074</u>

- (i) The Company purchased 23,509,000 of its own shares at a total consideration of RMB54,499,000, which was paid wholly out of retained profits. 18,412,000 purchased shares were cancelled in February 2022. 5,097,000 purchased shares were classified as treasury shares as at 28 February 2022, and were cancelled in March 2022.

16. BUSINESS COMBINATION

According to the announcement in April 2021, the Group acquired the entire interests of Zhengzhou City Vocational College (“Zhengzhou School”) on 28 September 2021 from an individual third party at a total consideration of RMB673,516,600. Zhengzhou School is a private higher education institution established in the PRC providing junior college education. The acquisition was accounted for using the acquisition method. The purchase consideration was settled in full the form of cash in April 2021.

Zhengzhou School is located in the most populous province of the PRC. The acquisition of Zhengzhou School was part of the Group’s strategy to expand school network in capital cities in the central of the PRC. For the purpose of acquisition of Zhengzhou School, the Group engaged an external independent appraiser to perform the valuation with the identification and determination of fair values to be assigned to the acquiree’s assets and liabilities as at the acquisition date.

The fair values of the identifiable assets and liabilities of Zhengzhou School as at the date of acquisition, on a provisional basis, were as follows:

	Fair value recognised on acquisition RMB’000 (Unaudited)
Property, plant and equipment	372,700
Investment properties	70,400
Right-of-use assets	85,829
Other intangible assets	48
Cash and bank balances	47,241
Prepayments, other receivables and other assets	13,301
Other payables and accruals	(249,434)
Deferred tax liabilities	(47,020)
	<hr/>
Total identifiable net assets at fair value	293,065
	<hr/>
Provisional goodwill on acquisition	380,452
	<hr/>
Satisfied by cash	<u>673,517</u>

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

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

An analysis of the cash flows in respect of the acquisition of a subsidiary for the six months ended 28 February 2022 is as follows:

	<i>RMB'000</i>
Cash consideration	(673,517)
Cash and bank balances acquired	47,241
Less: Prepayment made in prior period <i>(i)</i>	<u>(673,517)</u>
Net outflow of cash and cash equivalents included in cash flows from investing activities	<u><u>47,241</u></u>

(i) Zhengzhou School was bid by way of internet auction through Alibaba Judicial Auction. The consideration of RMB673,517,000 was paid to the bank account designated by the Intermediate People's Court of Zhengzhou, Henan Province in April 2021.

17. EVENTS AFTER THE REPORTING PERIOD

The lingering COVID-19 pandemic has brought additional uncertainties to the education business of the Group, mainly manifested in potential domestic travel restrictions and various precaution measures undertaken by the respective local authorities. The Group will closely monitor the development of the COVID-19, assess and actively respond to the impact on the financial condition, operating results and other aspects of the Group.

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
“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
“Equity Pledge Agreement (2019)”	the equity pledge agreement entered into by and among the Registered Shareholders, Yun Ai Group and Huihuang Company

“Exclusive Call Option Agreement (2019)”	the exclusive call option agreement 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 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* (蘭州理工大學技術工程院), an institution of higher education established under the laws of the PRC in 2004
“Group”, “we” or “us”	the Company, its subsidiaries, the PRC Operating Schools and the consolidated affiliated entities from time to time, or, where the context so requires in respect of the period before the Company became the holding company of the present subsidiaries, the entities which carried on the business of the present Group at the relevant time
“Guangxi Schools”	together, Guangxi Yinghua International Occupation College* (廣西英華國際職業學院), Guangxi Qinzhou Yinghua International Occupation and Technology School* (廣西欽州英華國際職業技術學校) and Guangxi Yinghua International Occupation Middle School* (廣西英華國際職業學院附屬中學). Guangxi Schools are consolidated affiliated entities of the Company
“Guizhou School”	Guizhou Technology and Business Institute* (貴州工商職業學院), a private institution of formal higher education established under the laws of the PRC on 3 July 2012, of which the school sponsor’s interest is wholly owned by Yun Ai Group and a consolidated affiliated entity of the Company
“Haxuan Company”	Harbin Xuande Technology Co., Ltd.* (哈爾濱軒德科技有限公司), a limited liability company established under the laws of the PRC on 19 April 2016. Haxuan Company is the sole sponsor of the Northeast School

“HK\$”, “Hong Kong dollar(s)”, “HKD” or “cents”	Hong Kong dollars and cents respectively, the lawful currency for the time being of Hong Kong
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Huihuang Company”	Tibet Daai Huihuang Information and Technology Co., Ltd.* (西藏大愛輝煌信息科技有限公司), a limited liability company established on 5 August 2016 under the laws of the PRC, which is a wholly owned subsidiary of the Group
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“Loan Agreement (2019)”	a loan agreement to be entered into by and among Huihuang Company, the PRC Operating Schools, and Yun Ai Group
“Luoyang School”	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
“Ministry of Education”	the Ministry of Education of the PRC
“Ms. Yang”	Ms. Yang Xuqing (楊旭青), the spouse of Mr. Li
“Northeast School”	Harbin Huade University * (哈爾濱華德學院), 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
“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 2022
“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 issued 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

“Share Repurchase Mandate”	the general mandate given to the Directors to repurchase the Shares not exceeding 10% of the total number of the issued Shares as at 22 January 2021 pursuant to the resolutions of the Shareholders passed at the annual general meeting of the Company held on 22 January 2021
“Shareholders’ Rights Entrustment Agreement (2019)”	the shareholders’ rights entrustment agreement entered into by and among the Registered Shareholders, the School Sponsors and Huihuang Company
“Stock Exchange” or “Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Spouse’s Undertakings (2019)”	the spouse undertakings executed by Ms. Yang, the spouse of Mr. Li
“Structured Contracts”	collectively, the Business Cooperation Agreement (2019), the Exclusive Technical Service and Management Consultancy Agreement (2019), the Exclusive Call Option Agreement (2019), the Equity Pledge Agreement (2019), the Shareholders’ Rights Entrustment Agreement (2019), the School Sponsor’s and Directors’ Rights Entrustment Agreement (2019), the School Sponsors’ Powers of Attorney (2019), the Directors’ Powers of Attorney (2019), the Shareholders’ Powers of Attorney (2019), the Loan Agreement (2019) and the Spouse’s Undertakings (2019), and the various supplemental agreements entered into their connection, further details of which are set out in the announcements of the Company dated 26 August 2019, 6 December 2019, 8 May 2020, 29 July 2020, 27 August 2020, 4 February 2021, 20 April 2021, 25 May 2021, 28 September 2021 and 19 November 2021
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“substantial Shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“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.
“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, of which the school sponsor’s interest is wholly owned by Yun Ai Group and a consolidated affiliated entity of the Company
“Zhengzhou School”	Zhengzhou City Vocational College* (鄭州城市職業學院), a private higher vocational college located in Zhengzhou, Henan Province, the PRC
“%”	percent

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

Hong Kong, 22 April 2022

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*