



中國科培教育集團有限公司

China Kepei Education Group Limited

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立的有限公司)

Stock Code 股份代號 : 1890



INTERIM REPORT
中期報告 **2023**



Contents

2	Company Profile
3	Corporate Information
5	Interim Results
6	Management Discussion and Analysis
20	Corporate Governance and Other Information
30	Unaudited Interim Condensed Consolidated Statement of Profit or Loss
31	Unaudited Interim Condensed Consolidated Statement of Comprehensive Income
32	Unaudited Interim Condensed Consolidated Statement of Financial Position
34	Unaudited Interim Condensed Consolidated Statement of Changes in Equity
36	Unaudited Interim Condensed Consolidated Statement of Cash Flows
38	Notes to Unaudited Interim Condensed Consolidated Financial Statements
58	Definition

Company Profile

The Group is a leading provider of private vocational education services in China focusing on profession-oriented and vocational education.

We are committed to providing students with high-quality profession-oriented and vocational education and helping them to meet the growing and changing market demands. We are primarily focused on engineering majors to better capture local employment demands, balanced with economics, management, education and art majors to offer well-rounded education services. We endeavor to provide students with various profession-oriented and application-oriented training and internship opportunities in collaboration with research institutions and enterprises, through which we foster practical skills and market competitiveness of our students.

Through over 23 years of operating private vocational education in China, we believe that we have established a strong reputation, which helps us attract high-quality students and teachers and pave the way for our success. We intend to maintain and strengthen our market position in the private vocational education industry in China.



Corporate Information



BOARD OF DIRECTORS

Executive Directors

Mr. Ye Nianqiao (*Chairman and Chief Executive Officer*)

Dr. Zhang Xiangwei

Mr. Zha Donghui

Ms. Li Yan

Mr. Ye Xun

Ms. Sun Lixia (*appointed on 1 September 2022*)

Non-executive Director

Mr. Wang Chuanwu (*resigned on 1 September 2022*)

Independent Non-executive Directors

Dr. Xu Ming

Dr. Deng Feiqi

Mr. Lu Chao

AUDIT COMMITTEE

Dr. Xu Ming (*Chairman*)

Mr. Wang Chuanwu (*resigned on 1 September 2022*)

Dr. Deng Feiqi

Mr. Lu Chao (*appointed on 1 September 2022*)

REMUNERATION COMMITTEE

Dr. Deng Feiqi (*Chairman*)

Mr. Zha Donghui

Mr. Lu Chao

NOMINATION COMMITTEE

Mr. Ye Nianqiao (*Chairman*)

Dr. Deng Feiqi

Mr. Lu Chao

JOINT COMPANY SECRETARIES

Ms. Li Yan (*resigned on 1 September 2022*)

Mr. Zheng Chaoran (*appointed on 1 September 2022*)

Ms. Ng Ka Man

AUTHORIZED REPRESENTATIVES

Mr. Ye Nianqiao

Ms. Ng Ka Man

REGISTERED OFFICE

Maples Corporate Services Limited

P.O. Box 309, Ugland House

Grand Cayman, KY1-1104

Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

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Gaoyao District

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Guangdong Province

the PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Hong Kong

CAYMAN ISLANDS SHARE REGISTRAR AND TRANSFER OFFICE

Maples Fund Services (Cayman) Limited

P.O. Box 1093, Boundary Hall

Cricket Square

Grand Cayman, KY1-1102

Cayman Islands

Corporate Information

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183 Queen's Road East
Wanchai
Hong Kong

LEGAL ADVISORS

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Fangda Partners
26/F, One Exchange Square
8 Connaught Place
Central
Hong Kong

As to PRC law:

Commerce & Finance Law Offices
12-14th Floor, China World Office 2
No. 1 Jianguomenwai Avenue
Chaoyang District, Beijing
the PRC

As to Cayman Islands law:

Maples and Calder (Hong Kong) LLP
53rd Floor, The Center
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Central
Hong Kong

AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor
27/F, One Taikoo Place
979 King's Road
Quarry Bay
Hong Kong

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited

INVESTOR RELATIONS

Mr. Zheng Chaoran
Investor Relations Director
Email: ir@kepeieducation.com

STOCK CODE

1890

COMPANY'S WEBSITE

www.chinakepeiedu.com



Interim Results

	For the six months ended			Percentage Change (%)
	28 February			
	2023	2022	Change	
	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000	
Revenue	789,750	703,327	86,423	+12.3
Cost of Sales	300,962	246,540	54,422	+22.1
Gross profit	488,788	456,787	32,001	+7.0
Profit before tax	433,425	397,400	36,025	+9.1
Profit for the period	424,216	380,913	43,303	+11.4
Adjusted EBITDA*	582,271	514,203	68,068	+13.2
Core net profit**	438,351	387,639	50,712	+13.1

* Adjusted EBITDA is defined as to earnings before interest, income tax expenses, depreciation and amortization after adjusting for the items which are not indicative of the Group's operating performance. Please refer to the section of "Financial Review" in this report for details of the reconciliation of the profit for the period to the adjusted EBITDA of the Group.

** Core net profit was derived from the profit for the period after adjusting for the items which are not indicative of the Group's operational performance. Please refer to the section of "Financial Review" in this report for details of the reconciliation of the profit for the period to the core net profit of the Group.

	As of 28 February		Change	Percentage Change (%)
	2023	2022		
Number of students enrolled (approximately)	126,500	119,900	6,600	+5.5

Management Discussion and Analysis

BUSINESS OVERVIEW

The Group is the largest vocational education group in the Pearl River Delta and Yangtze River Delta, the two most important economic regions in China. Our education businesses services cover the entire modern vocational education system, including the secondary-level vocational program, higher-level vocational program, and undergraduate-level vocational program (including application-oriented undergraduate program and college level program). Since the establishment of our first school in 2000, the Group has been adhering to the mission of building a skills-based society, cultivating more high-quality technological talents, and providing powerful talents with skills in contributing to the comprehensive construction of a modern socialist country.

On 20 April 2022, the newly amended Vocational Education Law of the People's Republic of China (《中華人民共和國職業教育法》) was approved at the 34th meeting of the 13th NPC Standing Committee. The newly amended Vocational Education Law emphasized that vocational education is one of the education types that has the same important position as other general education and students of vocational education shall have the equal opportunities compare with the students in ordinary schools at the same level in aspects of further education, employment, and career development. In the meanwhile, industry enterprises are encouraged to hold high-quality vocational education, which are deeply involved in the integration of industry and education. The Group will continue to benefit from the favorable policies on vocational education. In response to the national call to promote high-quality development of modern vocational education, the Group has determined to spare no effort to accomplish investment in six key sectors, includes upgrading professional training laboratories, building a smart-digital campus, further optimizing the structure of major layout, continuously increasing investment to cultivate teaching talents, deepening the connection with industry-leading enterprises to jointly build up modern industry colleges and fulfilling the Group's ESG responsibilities.

Focusing on High-Quality Development as the Core of Operating Schools, Strengthening Connotation Construction and Increasing Investments in Operating Schools

(1) *Building a High-Quality Teaching Team to Promote the Development of Research and Teaching*

The teaching team is the key to improving the quality of personnel training, the basis for forming the characteristics and advantages of the school, and the guarantee for the sustainable development of the school. The Group has been committed to building a high-level teaching team with optimized structure, high quality, vitality, innovation and adaptability to the development of the school, and to create “dual-qualification” (雙師雙能型) talents with solid theoretical knowledge, rich practical experience and ability, and innovative ability. In 2022, the Group has introduced more than 600 high-quality teachers, and the number of teachers with intermediate titles and above has increased significantly. To link the increase of the teachers' salaries with the teaching quality, result of student competitions and the employment outcomes, the Group has implemented a new KPI examination system and set out a set of policies, such as Measures for Graduates Employment Evaluation (《畢業生就業工作評估辦法》), Measures for the Assessment of Professional and Technical Titles (《專業技術職稱評審辦法》), Measures for the Administration of Student Subject Competition Awards (《學生學科競賽獎勵管理辦法》), Measures for the Administration of Dispatched Teachers Guiding Interns in Enterprises (《派駐企業指導實習教師管理辦法》), Measures for the Administration of Comprehensive Internships for Fresh Graduates (《應屆畢業生綜合實習管理辦法》) and others.

Management Discussion and Analysis



Our teacher qualification training has achieved remarkable results. In 2022, we received 12 national awards and 102 provincial awards. A teacher from the faculty of Information Engineering of Heilongjiang School was awarded the First Prize of Heilongjiang Province Teaching Achievement Award. Adhering to the scientific research goal of “Promoting Teaching through Research and Promoting Learning through Teaching”, the school actively carries out scientific research and ignites the enthusiasm of teachers to engage in scientific research. In 2022, the Group’s schools undertook 94 provincial-level scientific research projects, and our teachers published 522 academic papers, including 53 core journal papers. The school has received 32 invention patents, 15 utility model patents and 6 design patents.

In order to properly address the housing needs of key teachers and newly recruited teachers, the Group has formulated the “Special Fund Subsidy Program for Faculty and Staff Housing”, which provides preferential loans to key teachers who need to buy houses. Almost 100 key teachers have enjoyed the preferential housing purchase policies. In addition, the Group has newly invested in 3 high-end apartment buildings for teachers, which can accommodate up to 1,000 beds as transitional housing for new employees.

(2) Construction of High-Standard Modern Campus and Experimental Training Rooms

The new campus of Huaibei School, which is located in the Yangtze River Delta Region with high construction standards, modernization and high-quality teaching requirements for vocational education and can accommodate up to ten thousand students, has been put into use and has been highly recognized by the education authorities, local governments, students and parents. The Group newly invested in the construction of 52 experimental training rooms, including electrical CAD laboratory, intelligent communication laboratory, ERP laboratory, engineering mechanics laboratory and sensor system laboratory, to meet the needs of modern vocational education. In terms of digitalization, the digital orientation system, all-in-one card system and dormitory management system deeply integrated with Tencent Micro-Schools have improved students’ campus life experience. Cooperating with online teaching platforms such as Chaoxing (超星), University Open Online Courses (優課聯盟), Treenity (智慧樹) and Chinese University MOOC (中國大學MOOC), we have been providing online teaching for teachers and students on campus, effectively improving the level of information application. We have expanded the school’s total export bandwidth to more than 4.5G and deployed a WEBVPN system to facilitate teachers and students to access school digital resources such as HowNet, Wanfang, and school professional online teaching platforms outside the school, optimizing the teaching environment for teachers and students and enhancing teaching efficiency.

Management Discussion and Analysis

(3) Attaching Importance to the All-round Development of Students and Enhancing their Employment Competitiveness

We attach great importance to the employment of students, conscientiously implement the decision-making arrangements of the Party Central Committee and the State Council on “stabilizing and promoting employment” and the requirements of the Ministry of Education on launching the “Special Action for the Secretary and Principal to Visit Enterprises to Expand Jobs and Promote Employment”, and we also pay great attention to the comprehensive internship work of students. We actively visit enterprises to expand job opportunities for our students, to pave ways for our students to obtain both internship and job offer, and go all out to do a good job in the employment of graduates with “six stability and six guarantees”. We strictly implement the “top leader” responsibility system for the employment of graduates of schools and secondary departments, mobilize resources from all parties, and do everything possible to promote the employment of graduates.

We meet the employment needs of enterprises through multiple channels and provide students with sufficient employment and internship opportunities. In 2022, the Group’s recruitment activities adopted the model of large-scale campus double-selection meetings, offline special lectures, and online job fairs. Over 5,000 companies have been invited to provide more than 200,000 job requirements, and the graduates with an average of about 15 job opportunities. In 2022, the average employment rate of the Group’s schools was higher than 93%, among which the employment rate of Guangdong School achieved higher than 95%, and each school of the Group ranked among the top in the respective provinces it located in terms of employment rate. Students were employed by well-known companies such as CATL, XPeng Motors, BYD, Midea, and TCL. The overall number of graduates who independently start their own businesses, take postgraduate entrance exams, study abroad, and obtain admission to national civil servants has steadily increased. The number of graduates who participate in grassroots services and national strategic projects such as the “Three Supports and One Assistance”, the “Western Plan”, the “Mountain Plan”, and the “Joining the Army” was constantly increasing. We attach great importance to the all-round development of students, encourage and support students to participate in various competitions during school semesters, and have won 579 national awards and 1,650 provincial honors. These include: “Challenge Cup” College Students Entrepreneurship Plan Competition, “China Robotics and Artificial Intelligence Competition” Award, “National University Business Elite Challenge”, National College Students Smart Car Competition, China International “Internet+” College Students Innovation and Entrepreneurship Competition, Chinese College Students National First Prize in Calculator Design Contest and other awards. The schools of the Group provide material assistance and educational resource assistance to students from families with financial difficulties to ensure that they can successfully complete their studies. In 2022, over 80,000 students have received such assistance.



Management Discussion and Analysis



Deepening the Integration of Industry and Education, Arranging for the emerging industry and Optimizing the professional Structure

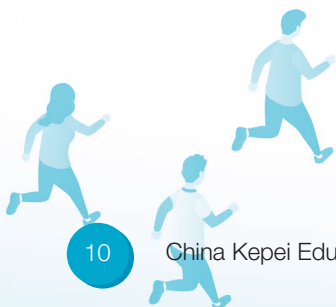
Based on the current situation of local economic and social development, we have added new majors to the major strategic emerging industries and other traditional competitive industries in the region, and continuously optimized the distribution of professional structures. Keeping pace with the industrial development of the Guangdong-Hong Kong-Macao Greater Bay Area, the Group has newly established the School of Intelligent Manufacturing at the Guangdong School to cultivate practical talents for local advanced manufacturing enterprises. In order to fulfill the strategic emerging industries of the state and closely connect to the rising industries with high talent demand, the Group's schools have added majors such as Artificial Intelligence, New Energy Vehicle Application and Maintenance, Robotics Engineering, Digital Media Art and Cross-border E-commerce this year. In addition, majors such as Mechanical and Electronic Engineering, Computer Science and Technology, Communication Engineering and Civil Engineering have been newly approved as provincial-level first-class undergraduate majors.

Integration of industry and education is the direction that the country strongly encourages the development of vocational education. We closely focus on the development strategy of national key industries, and carry out in-depth school-enterprise cooperation with leading enterprises in industries such as artificial intelligence, new energy vehicles, digital China, and intelligent manufacturing. We have successfully established IFLYTEK Artificial Intelligence Industry College, BYD New Energy Automobile Industry College, 360 Network Security College, and Tencent Cloud Big Data Industry College with well-known domestic companies. We will continue to actively cooperate with leading companies in the industry in the future. We have cooperated with CATL, Xiaopeng Motors, Midea Group, McQuay, Yum!, Yuanqi Forest, Budweiser Asia Pacific, Alibaba, Pinduoduo, Vip.com and other industry leading enterprises to build training bases to promote School-enterprise collaborative education. In 2022, the Group added 349 off-campus practice teaching bases, achieving an increase of 80% compared to the same period of last year. We closely follow the trend of industrial upgrading and technological change and cultivated professional technical talents in line with the development of the local real economy and industrial upgrading. 42 industry-university cooperation projects in each college of the Group have been selected into the list of industry-university cooperation collaborative education projects issued by the Higher Education Department of the Ministry of Education.

Management Discussion and Analysis

Caring for the Society and Bringing the Core Values of Socialism into Practice

Our schools have been actively carrying out social welfare activities and strengthening the implementation of college youth volunteer activities. Students from Guangdong School worked on voluntary activities for up to 130,000 hours, donated more than 370,000 millilitres of blood without compensation. The school was awarded the only “National Red Cross Model Unit” by the Red Cross Society of China in the province’s private colleges and universities. The school has extensively carried out the main practice series of “I do practical things for my classmates”, serving more than 3,000 person-times in total. Guangdong School actively responded to the country’s call for conscription. In 2022, 238 people joined the army, and won the title of the Advanced Unit in the Conscription Work of Guangdong Province for four consecutive years. The Group further promoted the implementation of the Western Plan, encouraging and organizing college students to carry out voluntary services such as supporting education and agriculture in the western region and the border villages. 30 students have participated in the Western Plan and Village Plan as volunteers. Guangdong School won the title of excellent team of the provincial “Three Countryside Activities”.



Management Discussion and Analysis



Revenue

The Group typically charges students fees comprising tuition fees, boarding fees and other education service fees. Tuition fees remained as the major revenue, accounting for approximately 92.7% of the total revenue of the Group for the six months ended 28 February 2023. The following table set forth the details of the Group's revenue for both financial periods:

	Six months ended		Change	Percentage
	28 February	2022		
	2023	2022	Change	Change
	RMB'000	RMB'000	RMB'000	(%)
	(Unaudited)	(Unaudited)		
Tuition fees				
Higher education program	682,513	597,493	85,020	+14.2
Secondary vocational education	49,862	51,833	(1,971)	(3.8)
Total tuition fees	732,375	649,326	83,049	+12.8
Boarding fees	53,604	48,563	5,041	+10.4
Other education service fees	3,771	5,438	(1,667)	(30.7)
Total	789,750	703,327	86,423	+12.3

The Group's revenue increased by RMB86.4 million, or 12.3%, from RMB703.3 million for the six months ended 28 February 2022 to RMB789.7 million for the six months ended 28 February 2023. The increased revenue was mainly attributed to the steady growth in the number of student enrollments and average tuition fees and boarding fees of the schools operated by the Group.

Management Discussion and Analysis

Student Enrollment

The following table sets out information relating to the student enrollment for the schools of the Group as at the date indicated:

	Numbers of Students Enrolled (approximately)			Percentage Change (%)
	As of 28 February		Change	
	2023	2022		
Undergraduate program ¹	59,600	55,300	4,300	+7.7
Junior college program	3,200	4,700	(1,500)	-31.9
Continuing education program	52,800	48,400	4,400	+9.1
Secondary vocational program	10,900	11,500	(600)	-5.2
Total	126,500	119,900	6,600	+5.5

1. As of 28 February 2023, the approximate number of 11,200 undergraduate program students, which belongs to a school operated under the entrusted management agreement with the Group, were included in the Group's undergraduate program.

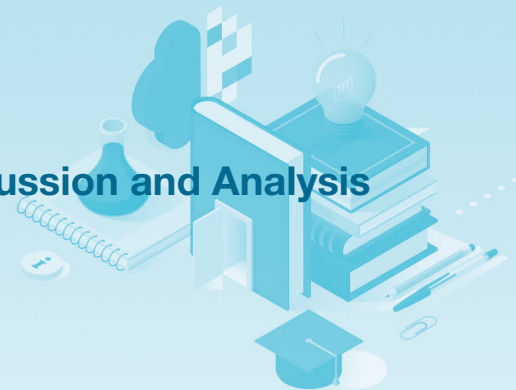
The student enrollment information was based on the records as of 28 February 2023. As of 28 February 2023, the total number of enrolled students of the Group was 126,500, representing an increase of 5.5% from the enrolled students as of 28 February 2022.

School Utilisation Rate

School utilisation rate is calculated by boarding student enrollment for a particular school year divided by school capacity for such school year. The school capacity is calculated by the number of beds available in student dormitories.

	School Capacity		School Utilisation Rate	
	As at 28 February		As at 28 February	
	2023	2022	2023	2022
Total	77,302	77,302	79.9%	76.5%





Future Plans

1. *Adhering to the High-quality Development Strategy*

President Xi Jinping emphasized in the report of the 20th National Congress of the Communist Party of China that “we must adhere to the priority development of education, self-reliance and self-improvement of science and technology, and the leadership of talents, accelerate the construction of a strong country in education, science and technology, and talents, and insist on educating people for the party and the country, improve the quality of independent training of talents, focus on cultivating top-notch innovative talents, and gather talents from all over the world to use them.” With the upgrading of the country’s industries, the demand for vocational education talents in advanced manufacturing and modern service industries is becoming increasingly strong. We will implement high-quality development strategies from the following aspects to cultivate high-level applied and professional talents for the country and serve local economic development:

- (1) The Group has abundant school-enterprise cooperation resources in the Pearl River Delta and Yangtze River Delta regions, and will actively promote school-enterprise cooperation, focusing on national key industries and emerging industries such as new energy vehicles, information technology, artificial intelligence and other industries, and deepening the integration of industry and education and building industry colleges together, to realize close connection between professional settings and industry needs and improve high-quality employment for students;
- (2) We will be committed to building a high-quality and professional teaching team to achieve a positive interaction between discipline construction and teaching team construction and continue to deepen the construction of a double-qualified teacher team, promote the connection between the education chain, the talent chain and the industry chain, jointly formulate and improve the talent training plan, and create an innovative talent training system that deeply integrates production and education, and school-enterprise collaborative education.

2. *Coordinated Development of Vocational Education in the Country and Abroad*

The “Opinions on Promoting the High-Quality Development of Modern Vocational Education” jointly issued by the General Office of the Central Committee of the Communist Party of China and the General Office of the State Council clearly stated: “Promote vocational schools to expand the connotation of running schools, actively build a group of high-level international vocational schools, and launch a group of vocational schools with internationally influential professional standards, curriculum standards, and teaching resources”. We will actively promote foreign exchanges and cooperation in vocational education, strengthen vocational education cooperation and mutual recognition of academic qualifications with countries along the Belt and Road, actively promote the sharing of high-quality teaching resources, teachers, and enrollment resources between domestic schools and overseas colleges for the construction of an effective communication platform for the students of the Group to accept internationalized education and broadening their horizons.

Management Discussion and Analysis

FINANCIAL REVIEW

Revenue

Revenue represents the value of services rendered during the Reporting Period. The Group mainly derives revenue from tuition fees and boarding fees of its schools collected from students.

The Group's revenue increased by RMB86.4 million, or 12.3%, from RMB703.3 million for the six months ended 28 February 2022 to RMB789.7 million for the six months ended 28 February 2023. This increase was primarily the result of: (i) revenue from tuition fees increased by RMB83.0 million, or 12.8%, from RMB649.3 million for the six months ended 28 February 2022 to RMB732.3 million for the six months ended 28 February 2023; and (ii) revenue from boarding fees increased by RMB5.0 million, or 10.4%, from RMB48.6 million for the six months ended 28 February 2022 to RMB53.6 million for the six months ended 28 February 2023.

The tuition fees and boarding fees increased were mainly attributed to the steady growth in the number of student enrollments and average tuition fees and boarding fees of the schools operated by the Group.

Cost of Sales

Cost of sales consists primarily of staff costs, depreciation and amortisation, utilities, teaching supplies, cost of cooperative education, student study and practice fees, office expenses, training expenses, student subsidies, travel and transportation expenses, cost of repairs, property management fees and other costs.

Cost of sales increased by RMB54.4 million, or 22.1%, from RMB246.5 million for the six months ended 28 February 2022 to RMB300.9 million for the six months ended 28 February 2023. This increase was primarily the result of: (i) the Group's great input to develop a high quality teaching crew in cultivating high-end talents as well as improvement of benefits for faculties; (ii) the continuously investment in various professional teaching training venues and equipment in order to improve teaching quality and students' learning experiences; and (iii) the increase in practice fees and training expense in relation to improve student employment.

Gross Profit and Gross Profit Margin

Gross profit increased by RMB32.0 million, or 7.0%, from RMB456.8 million for the six months ended 28 February 2022 to RMB488.8 million for the six months ended 28 February 2023. The gross profit margin for the period ended 28 February 2023 was 61.9%, representing a slightly decrease of 3 percentage points as compared to the gross profit margin of 64.9% for the same period of last year. The decrease was mainly due to the Group's continuously investment in teaching expenses and students expenses to achieve high teaching qualities and student employment.





Other Income and Gains

Other income and gains primarily consist of government grants, interest income from bank deposits, rental income from lease of campus properties and venues to independent third parties, management service income, gain on disposal of items of property, plant and equipment and exchange gain.

Other income and gains increased by RMB22.6 million, or 40.1%, from RMB56.3 million for the six months ended 28 February 2022 to RMB78.9 million for the six months ended 28 February 2023. This increase was primarily due to: (i) the increase of RMB20.2 million in the management service income compared to the same period of last year; (ii) the increase of RMB2.2 million in rental income from lease of campus properties and venues to independent third parties in relation to the increase of rentable area under the schools operated by the Group; and (iii) the increase of RMB1.3 million in interest income from bank deposits.

Selling and Distribution Expenses

Selling and distribution expenses primarily consist of advertising expenses, student admission expenses and business entertainment expenses. Selling and distribution expenses increased by RMB0.1 million, or 6.6%, from RMB2.8 million for the six months ended 28 February 2022 to RMB2.9 million for the six months ended 28 February 2023, which was mainly because of the continuing investment of the Group's brand building and students' enrollment promotion.

Administrative Expenses

Administrative expenses primarily consist of the administrative staff salaries, share-based payment expenses under the Restricted Share Award Scheme, office-related expenses, depreciation and amortisation of office buildings, equipment and right of use assets, audit fee, travel expenses and others. Administrative expenses increased by RMB8.1 million, or 11.0%, from RMB74.1 million for the six months ended 28 February 2022 to RMB82.2 million for the six months ended 28 February 2023. This increase was primarily due to the increase numbers of management professionals to achieve the Group's high-quality development.

Other Expenses

Other expenses primarily consist of expenses relating to loss relating to change in fair value of financial assets, donation expenses and other cost. Other expenses decreased by RMB0.6 million, or 12.2%, from RMB4.6 million for the six months ended 28 February 2022 to RMB4.0 million for the six months ended 28 February 2023. This decrease was primarily due to: (i) the decrease of fair value loss of RMB3.9 million from the financial assets measured at fair value; and (ii) the increase of donation expenses of RMB2.7 million for charity purpose.

Finance Costs

Finance costs primarily consist of the interest expenses for the interest-bearing bank and other borrowings and lease liabilities. Finance costs increased by RMB10.8 million, or 31.5%, from RMB34.2 million for the six months ended 28 February 2022 to RMB45.0 million for the six months ended 28 February 2023, which was mainly due to the increased average interest-bearing bank and other borrowings in response to the expansion of the new campus of Huaibei School and the consideration paid or payable in relation to the acquisition of Heilongjiang School and Anhui School.

Management Discussion and Analysis

Non-HKFRS Measurement

To supplement the Group's combined financial statements which are presented in accordance with HKFRS, the Company also uses adjusted EBITDA and core net profit as additional financial measures, which are not required by, or presented in accordance with HKFRS. The Group presents these items because the Group considers it an important supplemental measure of the Group's operational performance used by the Group's management as well as analysts or investors.

Calculation of adjusted EBITDA

Adjusted EBITDA is defined as to earnings before interest, income tax expenses, depreciation and amortisation after adjusting for the items which are not indicative of the Group's operating performance. The exchange gain and equity-settled restricted share award expense are the non-HKFRS measure adjusting items as the Company consider that those items were not reflective of the Group's core operating results and should be reconciled in the adjusted EBITDA. The following table reconciles from profit for the period to adjusted EBITDA for both financial periods:

Items	Six months ended		Change RMB'000	Percentage Change (%)
	28 February 2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)		
Profit for the period	424,216	380,913	43,303	+11.4
Add:				
Depreciation and amortisation of property, plant and equipment, right-of-use assets and other intangible assets	102,757	81,064	21,693	+26.8
Income tax expense	9,209	16,487	(7,278)	(44.1)
Finance costs	45,011	34,231	10,780	+31.5
Equity-settled restricted share award expense	3,850	4,037	(187)	(4.6)
Less:				
Exchange gain, net	2,772	2,529	243	+9.6
Adjusted EBITDA	582,271	514,203	68,068	+13.2

Adjusted EBITDA increased by RMB68.1 million, or 13.2%, from RMB514.2 million for the six months ended 28 February 2022 to RMB582.3 million for the six months ended 28 February 2023.



Management Discussion and Analysis



Calculation of Core Net Profit

Core net profit was derived from the profit for the period after adjusting the expenses related to the share based payments under the Restricted Share Award Scheme, additional depreciation and amortisation due to the fair value adjustments to the acquired identifiable assets and foreign exchange gain, which are not indicative of the Group's operational performance. The following table reconciles from profit for the period to core net profit for both financial periods:

Items	Six months ended 28 February		Change RMB'000	Percentage Change (%)
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)		
Profit for the period	424,216	380,913	43,303	+11.4
Add:				
Additional depreciation and amortisation due to the fair value adjustments to the acquired identifiable assets	13,057	5,218	7,839	+150.2
Share-based payments under the Restricted Share Award Scheme	3,850	4,037	(187)	(4.6)
Less:				
Exchange gain, net	2,772	2,529	243	+9.6
Core net profit	438,351	387,639	50,712	+13.1

Core net profit increased by RMB50.7 million, or 13.1%, from RMB387.6 million for the six months ended 28 February 2022 to RMB438.3 million for the six months ended 28 February 2023.

Capital Expenditures

Capital expenditures during the six months ended 28 February 2023 primarily related to the maintaining and upgrading existing school premises and purchasing additional educational facilities and equipment. For the six months ended 28 February 2023, the Group's capital expenditures were RMB147.8 million.

Management Discussion and Analysis

Liquidity and Financial Resources

The Group's primary uses cash to fund its working capital requirements, purchase of property, plant and equipment and loan repayment and related interest expenses. As at the date of this report, the Group has funded its operations principally with the cash generated from its operations and bank and other borrowings. In the future, the Group believes that its liquidity requirements will be satisfied with a combination of cash flows generated from its operating activities, bank loans, other borrowings and other funds raised from the capital markets from time to time. As of 28 February 2023, the Group had cash and cash equivalents of RMB1,120.5 million.

The balance of interest-bearing bank and other borrowings as at 28 February 2023 was RMB2,097.5 million. The interest-bearing bank and other borrowings of RMB987.7 million are repayable within a year. The Group had adequate liquidity to meet its daily management and capital expenditure requirements and control internal operating cash flows.

Capital Structure

The Group's financial department is responsible for its financial risk management which operates according to policies implemented and approved by the senior management. As at 28 February 2023, all the interest-bearing bank and other borrowings were denominated in RMB and HKD, while cash and cash equivalents were primarily held in RMB, HKD and USD. The Group plans to maintain an appropriate mix of financial equity and debt to ensure an efficient capital structure. The outstanding balances of interest-bearing bank and other borrowings as at 28 February 2023 were at fixed interest rates for loans denominated in RMB and HKD.

Significant Investments, Acquisitions and Disposals

Save as disclosed in this report, there were no significant investments held by the Company as at 28 February 2023, nor other material acquisitions and disposals of subsidiaries, associated companies or joint ventures by the Company.

Future Plan for Material Investments and Capital Assets

Save as disclosed in this report, the Group did not have other plans for material investments and capital assets as at 28 February 2023.

Gearing Ratio

The gearing ratio of the Group, which was calculated as total interest-bearing bank and other borrowings divided by total equity as at the end of the relevant financial period, decreased from approximately 56.4% as at 31 August 2022 to 51.5% as at 28 February 2023, primarily due to the decrease in the Group's total interest-bearing bank and other borrowings as at 28 February 2023.



Foreign Exchange Risk Management

The functional currency of the Company is RMB. The majority of the Group's revenue and expenditures are denominated in RMB. As at 28 February 2023, certain bank balances were denominated in HKD and USD. During the six months ended 28 February 2023, the Group did not experience any significant difficulties in or impacts on its operations or liquidity due to fluctuations in currency exchange rates. The Directors believe that the Group has sufficient foreign exchange to meet its own foreign exchange requirements and will adopt practical and effective measures to prevent exposure to exchange rate risk. The Group did not enter into any financial instrument for hedging purpose.

Contingent Liabilities

As at 28 February 2023, the Group did not have any significant contingent liabilities, guarantees or any litigations or claims of material importance, pending or threatened (as at 31 August 2022: nil).

Pledge of Assets

As at 28 February 2023, certain of the Group's furniture and fixtures, and electronic devices with a net carrying value of RMB66.5 million (as at 31 August 2022: RMB87.2 million) and time deposits amounting to RMB233.3 million (as at 31 August 2022: RMB146.0 million) were pledged to secure certain of the Group's bank and other borrowings.

Employees and Remuneration Policy

As at 28 February 2023, the Group had 4,007 employees (as at 28 February 2022: 3,268 employees).

The remuneration policy and package of the Group's employees are periodically reviewed in accordance with industry practice and results performance of the Group. The Group provides external and internal training programs to its employees. The Group participates in various employee social security plans for its employees that are administered by local governments, including housing, pension, medical insurance, occupational injury insurance, maternity insurance and unemployment insurance.

The total remuneration cost incurred by the Group for the six months ended 28 February 2023 was RMB190.9 million (for the six months ended 28 February 2022: RMB151.4 million).

Events After the Reporting Period

The Group had no significant event after the Reporting Period required to be disclosed.

Corporate Governance and Other Information

CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the shareholders of the Company and to enhance corporate value and accountability. The Company has adopted the CG Code contained in Appendix 14 to the Listing Rules as its own code of corporate governance.

The Company has complied with all applicable code provisions under the CG Code during the six months ended 28 February 2023, save and except for the deviation from code provision C.2.1 of the CG Code as follows:

Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Ye is the Chairman and the CEO of the Company. Mr. Ye is the founder of the Group and has been responsible for managing the operation and overall strategic planning of the Group since its establishment. The Directors believe that vesting the roles of both the Chairman and the CEO in Mr. Ye is beneficial to the business outlook and management of the Group and can ensure consistent leadership within the Group for a more effective and efficient overall strategic planning for the Group. After considering all the corporate governance measures that have been taken, the Board considers that the balance of power and authority will not be impaired by the present arrangement and the current structure will enable the Company to make and implement decisions more promptly and effectively. Thus, the Company does not separate the roles of Chairman and CEO. The Board will continue to review and consider separating the roles of Chairman and CEO of the Company when appropriate after taking into account of the then overall circumstances of the Group. The Company will also continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.





MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions of the Directors. Having made specific enquiry of all the Directors, each of the Directors has confirmed that he/she has complied with the required standard as set out in the Model Code during the six months ended 28 February 2023.

INTERIM DIVIDEND

The Board does not recommend any interim dividend for the six months ended 28 February 2023 (six months ended 28 February 2023: HKD0.06 per ordinary share).

AUDIT COMMITTEE

The Board has established the Audit Committee, which comprises three independent non-executive Directors namely Dr. Xu Ming (chairman), Dr. Deng Feiqi and Mr. Lu Chao. The primary duties of the Audit Committee are to review and supervise the Company's financial reporting system, internal control system and risk management system.

The Audit Committee, together with the Board, has reviewed the unaudited interim condensed consolidated results of the Group for the six months ended 28 February 2023 and was of the opinion that the interim results and interim report had been prepared in accordance with the relevant accounting standards and that adequate disclosures had been made in accordance with the requirements of the Listing Rules.

Corporate Governance and Other Information

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended 28 February 2023, the Company repurchased a total of 1,000,000 Shares on the Stock Exchange for an aggregate consideration of HKD1,854,000 (equivalent to RMB1,652,000) before expenses. These Shares have not been canceled as at 28 February 2023.

Details of Shares repurchased are as follows:

Month of repurchase during the six months ended 28 February 2023	Number of Shares repurchased	Highest purchase price per Share HKD	Lowest purchase price per Share HKD	Total consideration HKD
September 2022	1,000,000	2.01	1.69	1,854,000

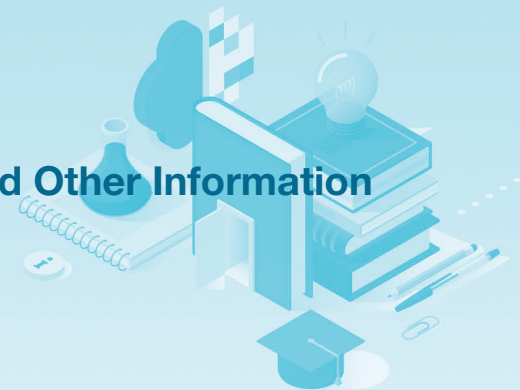
Save as disclosed above, neither the Company nor its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 28 February 2023.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 28 February 2023, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or which were recorded in the register required to be kept pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Model Code were as follows:



Corporate Governance and Other Information



Name of Director or chief executive	Capacity/Nature of Interest	Number of Shares ⁽²⁾	Number of Underlying Shares ⁽³⁾	Approximate Percentage of Shareholding in the Company ⁽¹⁾
Ye Nianqiao	Founder of a discretionary trust ⁽⁴⁾	675,280,000 (L)	–	33.51%
	Interest of spouse ⁽⁵⁾	375,000,000 (L)	–	18.61%
Ye Xun	Founder of a discretionary trust ⁽⁶⁾	300,000,000 (L)	–	14.89%
	Beneficial owner	490,000 (L)	210,000 (L)	0.03%
Ye Nianjiu	Founder of a discretionary trust ⁽⁷⁾	150,000,000 (L)	–	7.44%
	Beneficial owner	560,000 (L)	240,000 (L)	0.04%
Zhang Xiangwei	Beneficial owner	1,400,000 (L)	600,000 (L)	0.10%
Zha Donghui	Beneficial owner	840,000 (L)	360,000 (L)	0.06%
Li Yan	Beneficial owner	700,000 (L)	300,000 (L)	0.05%
Xu Ming	Beneficial owner	280,000 (L)	120,000 (L)	0.02%
Sun Lixia	Beneficial owner	20,000 (L)	–	0.00%

Notes:

- As at 28 February 2023, the total number of issued shares is 2,015,248,667 shares.
- The letter “L” denoted the person’s long position in the shares.
- Interests in restricted shares granted pursuant to the Restricted Share Award Scheme.
- Qiaoge Company Limited is wholly-owned by Ye Liya Limited, which is in turn wholly-owned by a trust, the trustee of which is Cantrust (Far East) Limited. The trust is a discretionary trust set up by Mr. Ye Nianqiao as founder who can influence how the trustee exercises his discretion. Qiaoge Company Limited is accustomed to act in accordance with the directions of Mr. Ye Nianqiao. By virtue of Part XV of the SFO, Mr. Ye Nianqiao is deemed to be interested in the shares held by Qiaoge Company Limited.

Corporate Governance and Other Information

5. Mr. Ye Nianqiao is the husband of Ms. Shu Liping. By virtue of Part XV of the SFO, Mr. Ye Nianqiao is deemed to be interested in the shares indirectly held by Ms. Shu Liping through Shuye Company Limited. Shuye Company Limited is beneficially and wholly-owned by Ms. Shu Liping through Shu Feiya Limited, which is in turn wholly owned by a discretionary trust set up by Ms. Shu Liping as founder who can influence how the trustee exercises her discretion. Shuye Company Limited is accustomed to act in accordance with the directions of Ms. Shu Liping.
6. Chenye Company Limited is wholly-owned by Ye Kasi Limited, which is in turn wholly-owned by a discretionary trust set up by Mr. Ye Xun as founder who can influence how the trustee exercises his discretion. Chenye Company Limited is accustomed to act in accordance with the directions of Mr. Ye Xun. By virtue of Part XV of the SFO, Mr. Ye Xun is deemed to be interested in the shares held by Chenye Company Limited.
7. Weixin Company Limited is wholly-owned by Huanleye Limited, which is in turn wholly-owned by a discretionary trust set up by Mr. Ye Nianjiu as founder who can influence how the trustee exercises his discretion. Weixin Company Limited is accustomed to act in accordance with the directions of Mr. Ye Nianjiu. By virtue of Part XV of the SFO, Mr. Ye Nianjiu is deemed to be interested in the shares held by Weixin Company Limited.

Save as disclosed above, as at 28 February 2023, none of the Directors or the chief executive of the Company had or was deemed to have any interest or short position in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or required to be recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

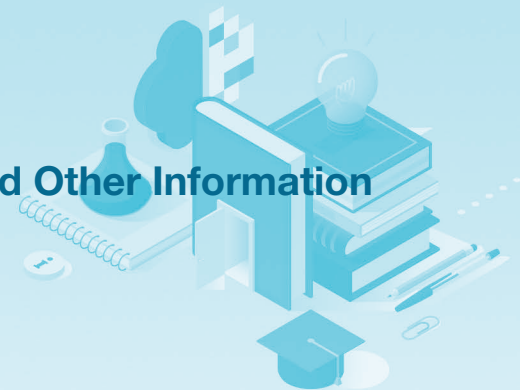
Save as disclosed in this report, at no time during the six months ended 28 February 2023 was the Company or any of its subsidiaries, a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 28 February 2023, to the best knowledge of the Directors, the following persons (other than the Directors or chief executive of the Company) had an interest or a short position in the shares or underlying shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:



Corporate Governance and Other Information



Name of Shareholder	Nature of Interest	Number of Shares ⁽²⁾	Approximate Percentage of Shareholding in the Company ⁽¹⁾
Cantrust (Far East) Limited	Trustee ⁽³⁾	675,280,000 (L)	33.51%
Ye Liya Limited	Interest in a controlled corporation ⁽³⁾	675,280,000 (L)	33.51%
Qiaoge Company Limited	Beneficial owner ⁽³⁾	675,280,000 (L)	33.51%
Shu Liping	Founder of a discretionary trust ⁽⁴⁾	375,000,000 (L)	18.61%
	Interest of spouse ⁽⁴⁾	675,280,000 (L)	33.51%
Cantrust (Far East) Limited	Trustee ⁽⁴⁾	375,000,000 (L)	18.61%
Shu Feiya Limited	Interest in a controlled corporation ⁽⁴⁾	375,000,000 (L)	18.61%
Shuye Company Limited	Beneficial owner ⁽⁴⁾	375,000,000 (L)	18.61%
Cantrust (Far East) Limited	Trustee ⁽⁵⁾	300,000,000 (L)	14.89%
Ye Kasi Limited	Interest in a controlled corporation ⁽⁵⁾	300,000,000 (L)	14.89%
Chenye Company Limited	Beneficial owner ⁽⁵⁾	300,000,000 (L)	14.89%
Cantrust (Far East) Limited	Trustee ⁽⁶⁾	150,000,000 (L)	7.44%
Huanleye Limited	Interest in a controlled corporation ⁽⁶⁾	150,000,000 (L)	7.44%
Weixin Company Limited	Beneficial owner ⁽⁶⁾	150,000,000 (L)	7.44%
SKYLINE MIRACLE LIMITED	Beneficial owner ⁽⁷⁾	146,666,667 (L)	7.28%
Gabriel Li	Interest in a controlled corporation ⁽⁷⁾	146,666,667 (L)	7.28%
Lam Lai Ming	Interest in a controlled corporation ⁽⁷⁾	146,666,667 (L)	7.28%
AREO HOLDINGS LIMITED	Interest in a controlled corporation ⁽⁷⁾	146,666,667 (L)	7.28%
ORCHID ASIA V GROUP, LIMITED	Interest in a controlled corporation ⁽⁷⁾	136,400,000 (L)	6.77%
ORCHID ASIA V GROUP MANAGEMENT, LIMITED	Interest in a controlled corporation ⁽⁷⁾	136,400,000 (L)	6.77%
ORCHID ASIA VII GP, LIMITED	Interest in a controlled corporation ⁽⁷⁾	136,400,000 (L)	6.77%
OAVII HOLDINGS, L.P.	Interest in a controlled corporation ⁽⁷⁾	136,400,000 (L)	6.77%
ORCHID ASIA VII, L.P.	Interest in a controlled corporation ⁽⁷⁾	136,400,000 (L)	6.77%

Notes:

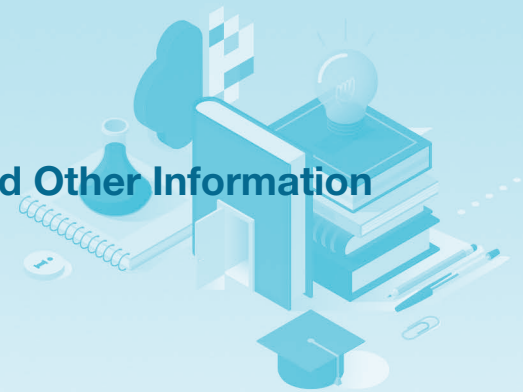
- As at 28 February 2023, the total number of issued shares is 2,015,248,667 shares.
- The letter "L" denoted the person's long position in the shares.

Corporate Governance and Other Information

3. Qiaoge Company Limited is wholly-owned by Ye Liya Limited, which is in turn wholly-owned by a trust, the trustee of which is Cantrust (Far East) Limited. The trust is a discretionary trust set up by Mr. Ye Nianqiao as founder who can influence how the trustee exercises his discretion. Qiaoge Company Limited is accustomed to act in accordance with the directions of Mr. Ye Nianqiao. By virtue of Part XV of the SFO, Mr. Ye Nianqiao is deemed to be interested in the shares held by Qiaoge Company Limited.
4. Shuye Company Limited is wholly-owned by Shu Feiya Limited, which is in turn wholly owned by a discretionary trust set up by Ms. Shu Liping as founder who can influence how the trustee exercises her discretion. Shuye Company Limited is accustomed to act in accordance with the directions of Ms. Shu Liping. By virtue of Part XV of the SFO, Ms. Shu Liping is deemed to be interested in the shares held by Shuye Company Limited. Mr. Ye Nianqiao is the husband of Ms. Shu Liping. By virtue of Part XV of the SFO, Ms. Shu Liping is deemed to be interested in the shares indirectly held by Mr. Ye Nianqiao through Qiaoge Company Limited.
5. Chenye Company Limited is wholly-owned by Ye Kasi Limited, which is in turn wholly-owned by a discretionary trust set up by Mr. Ye Xun as founder who can influence how the trustee exercises his discretion. Chenye Company Limited is accustomed to act in accordance with the directions of Mr. Ye Xun. By virtue of Part XV of the SFO, Mr. Ye Xun is deemed to be interested in the shares held by Chenye Company Limited.
6. Weixin Company Limited is wholly-owned by Huanleye Limited, which is in turn wholly-owned by a discretionary trust set up by Mr. Ye Nianjiu as founder who can influence how the trustee exercises his discretion. Weixin Company Limited is accustomed to act in accordance with the directions of Mr. Ye Nianjiu. By virtue of Part XV of the SFO, Mr. Ye Nianjiu is deemed to be interested in the shares held by Weixin Company Limited.
7. Skyline Miracle Limited, was beneficially owned by Orchid Asia VII, L.P. as to 93% and Orchid Asia VII Co-Investment, Limited as to 7%. Orchid Asia VII, L.P. was wholly controlled by OAVII Holdings, L.P. (in its capacity as general partner of Orchid Asia VII, L.P.), which was in turn wholly controlled by Orchid Asia VII GP, Limited (in its capacity as general partner of OAVII Holdings, L.P.), which was in turn wholly owned by Orchid Asia V Group Management, Limited, which was in turn wholly owned by Orchid Asia V Group, Limited, which was in turn wholly owned by Areo Holdings Limited. Areo Holdings Limited was wholly owned by Ms. Lam Lai Ming. Areo Holdings Limited was also controlled by Mr. Gabriel Li by virtue of his directorship therein. Accordingly, Ms. Lam Lai Ming and Mr. Gabriel Li were taken to be interested in the Conversion Shares in which Areo Holdings Limited was interested by virtue of Part XV of the SFO.

Save as disclosed above, as at 28 February 2023, the Directors are not aware of any other person (other than the Directors or chief executive of the Company) who had an interest or short position in the shares or underlying shares which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required pursuant to section 336 of the SFO, to be entered in the register referred to therein.





SHARE OPTION SCHEME

The Company has adopted the Share Option Scheme, under which the Company may issue options to purchase up to a total of 200,000,066 Shares to the Directors, senior management and employees. The Share Option Scheme is valid and effective for a period of ten years commencing on 10 January 2019.

From 10 January 2019 (date of the adoption of the Share Option Scheme) to 28 February 2023, no option under the Share Option Scheme has been granted, exercised, cancelled and lapsed. The number of Shares that may be issued in respect of options and awards granted under all share schemes of the Company during the reporting period ended 28 February 2023 divided by the weighted average number of issued Shares for the reporting period ended 28 February 2023 is 0.

RESTRICTED SHARE AWARD SCHEME

The Company has adopted the Restricted Share Award Scheme on 22 June 2020 to (i) recognize and reward the selected participants for their past contributions to the Company and provide them with the opportunities to acquire the interests in the Company; (ii) provide incentives for the selected participants to continuously make substantial contributions for the long-term growth of the Company in the future; (iii) attract and retain talented participants who may be beneficial to the growth and development of the Company; (iv) further align the interests of the selected participants with the shareholders through ownership of shares by the selected participants, so as to bring more efficient and long lasting returns to the Company, the shareholders and the selected participants and to promote the realization of the strategic objectives of the Company; and (v) establish an operating performance-oriented long-term incentive mechanism for the Company. The Restricted Share Award Scheme became effective on 22 June 2020 (the “**Adoption Date**”). The Restricted Share Award Scheme is defined as a share scheme under Chapter 17 of the Listing Rules. Subject to earlier termination by the Board, the Restricted Share Award Scheme shall be valid and effective for a period of five years from the Adoption Date. The maximum number of shares which can be awarded under the Restricted Share Award Scheme and to a selected participant are limited to 2% of the issued share capital of the Company as at the Adoption Date.

The Company shall comply with the relevant Listing Rules when granting the restricted shares. If awards are made to the Directors or substantial shareholders of the Group, such awards shall constitute connected transaction under Chapter 14A of the Listing Rules and the Company shall comply with the relevant requirements under the Listing Rules.

Corporate Governance and Other Information

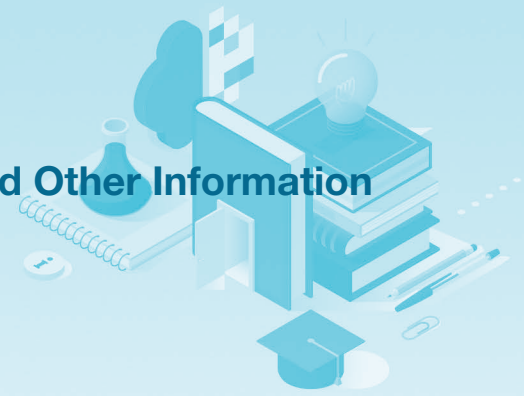
The table below shows details of the restricted shares granted under the Restricted Share Award Scheme during the Reporting Period:

	Date of Grant	Number of Restricted Shares					Outstanding as at 28 February 2023	Vesting Period
		Outstanding as at 1 September 2022	Granted during the Reporting Period	Exercised during the Reporting Period	Forfeited during the Reporting Period	Outstanding as at 1 September 2022		
Directors								
Dr. Zhang Xiangwei	14 August 2020	600,000	-	-	-	600,000	0.5 years	
Mr. Zha Donghui	14 August 2020	360,000	-	-	-	360,000	0.5 years	
Ms. Li Yan	14 August 2020	300,000	-	-	-	300,000	0.5 years	
Mr. Ye Xun	14 August 2020	210,000	-	-	-	210,000	0.5 years	
Dr. Xu Ming	14 August 2020	120,000	-	-	-	120,000	0.5 years	
Mr. Wang Chuanwu (Former Director) ^(Note)	14 August 2020	240,000	-	-	-	240,000	0.5 years	
Directors of the Subsidiary								
Mr. Ye Nianjiu	14 August 2020	240,000	-	-	-	240,000	0.5 years	
Ms. Wang Yi Ning	14 August 2020	240,000	-	-	-	240,000	0.5 years	
Mr. Zhang Dongsheng	14 August 2020	210,000	-	-	-	210,000	0.5 years	
Ms. Chai Weisi (Former director)	14 August 2020	195,000	-	-	-	195,000	0.5 years	
Ms. Liu Xiangping	14 August 2020	195,000	-	-	-	195,000	0.5 years	
Mr. Zhang Zongshan (Former director)	14 August 2020	195,000	-	-	-	195,000	0.5 years	
Mr. Li Huiyou (Former director)	14 August 2020	120,000	-	-	-	120,000	0.5 years	
Mr. Tan Jinxing (Former director)	14 August 2020	120,000	-	-	-	120,000	0.5 years	
Sub-total		3,345,000	-	-	-	3,345,000		
Employees in aggregate								
7 employees	22 June 2020	990,000	-	-	-	990,000	0.5 years	
Sub-total		990,000	-	-	-	990,000		
Total		4,335,000	-	-	-	4,335,000		

Note:

The restricted shares granted to Mr. Wang Chuanwu still be in effect after his retirement as a Director.

Corporate Governance and Other Information



During the six months ended 28 February 2023, no restricted shares has been granted under the Restricted Share Award Scheme. As at 1 September 2022 and 28 February 2023, 25,565,973 restricted shares remaining in the pool, representing approximately 1.27% of the total issued Share capital as at the date of this interim report. The maximum number of Restricted Shares which may be awarded to any Grantee shall not exceed 1 per cent (1%) of the number of issued Shares as at the Adoption Date. The remaining life of the Restricted Share Award Scheme was around two years and two months as at the date of this interim report. No Restricted Shares has been cancelled or lapsed during the Reporting Period.

Details of the purpose and movement of the restricted shares granted during the Reporting Period are set out under note 12 to the unaudited interim condensed consolidated financial statements in this interim report. For more details of the Restricted Share Award Scheme, please refer to the Company's announcement dated 22 June 2020.

Unaudited Interim Condensed Consolidated Statement of Profit or Loss

For the six months ended 28 February 2023

	Notes	For the six months ended	
		28 February 2023 RMB'000 (Unaudited)	28 February 2022 RMB'000 (Unaudited)
REVENUE	4	789,750	703,327
Cost of sales		(300,962)	(246,540)
Gross profit		488,788	456,787
Other income and gains	4	78,861	56,307
Selling and distribution expenses		(2,933)	(2,751)
Administrative expenses		(82,253)	(74,126)
Other expenses		(4,027)	(4,586)
Finance costs		(45,011)	(34,231)
PROFIT BEFORE TAX	5	433,425	397,400
Income tax expense	6	(9,209)	(16,487)
PROFIT FOR THE PERIOD		424,216	380,913
Attributable to:			
Owners of the parent		424,216	380,913
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	8		
Basic			
– For profit for the period		RMB0.2111	RMB0.1898
Diluted			
– For profit for the period		RMB0.2107	RMB0.1894

Unaudited Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended 28 February 2023

	For the six months ended	
	28 February 2023	28 February 2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
PROFIT FOR THE PERIOD	424,216	380,913
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
Equity investment designated at fair value through other comprehensive income:		
Changes in fair value	8,025	(3,657)
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods	8,025	(3,657)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	8,025	(3,657)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	432,241	377,256
Attributable to:		
Owners of the parent	432,241	377,256



Unaudited Interim Condensed Consolidated Statement of Financial Position

28 February 2023

	Notes	28 February 2023 RMB'000 (Unaudited)	31 August 2022 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	9	3,360,778	3,218,643
Right-of-use assets		756,375	766,204
Goodwill		692,268	692,121
Other intangible assets		383,409	389,153
An equity investment designated at fair value through other comprehensive income		14,165	6,140
Prepayments, other receivables and other assets		727,288	753,685
Pledged deposits		233,266	145,968
Total non-current assets		6,167,549	5,971,914
CURRENT ASSETS			
Trade receivables	10	67,938	46,855
Prepayments, other receivables and other assets		122,947	141,731
Financial assets at fair value through profit or loss		167,557	12,963
Cash and cash equivalents		1,120,458	1,200,423
Total current assets		1,478,900	1,401,972
CURRENT LIABILITIES			
Contract liabilities	4	683,872	737,437
Other payables and accruals		589,606	597,543
Dividend payable	7	107,135	85,033
Interest-bearing bank and other borrowings		987,693	779,797
Lease liabilities		240	–
Tax payable		13,629	6,741
Deferred income		1,607	1,846
Total current liabilities		2,383,782	2,208,397
NET CURRENT LIABILITIES		(904,882)	(806,425)
TOTAL ASSETS LESS CURRENT LIABILITIES		5,262,667	5,165,489

Unaudited Interim Condensed Consolidated Statement of Financial Position (continued)

28 February 2023

	Note	28 February 2023 RMB'000 (Unaudited)	31 August 2022 RMB'000 (Audited)
TOTAL ASSETS LESS CURRENT LIABILITIES		5,262,667	5,165,489
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		1,109,840	1,336,367
Lease liabilities		8,238	7,825
Deferred tax liabilities		58,637	59,215
Deferred income		11,029	10,515
Total non-current liabilities		1,187,744	1,413,922
Net assets		4,074,923	3,751,567
EQUITY			
Equity attributable to owners of the parent			
Share capital	11	137	137
Reserves		4,074,786	3,751,430
Total equity		4,074,923	3,751,567



Unaudited Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 28 February 2023

	Attributable to owners of the parent									
	Share capital	Treasury shares	Shares held for the restricted share award scheme	Capital reserve – share premium	Capital reserve – others	Statutory and other reserves	Restricted share reserve	Fair value reserve	Retained profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	Note 11	Note 11	Note 12				Note 12			
At 1 September 2022 (audited)	137	-	(35,067)	370,953	11,541	757,475	15,867	(32,315)	2,662,976	3,751,567
Profit for the period	-	-	-	-	-	-	-	-	424,216	424,216
Other comprehensive income for the period:										
Change in fair value of an equity investment at fair value through other comprehensive income	-	-	-	-	-	-	-	8,025	-	8,025
Total comprehensive income for the period	-	-	-	-	-	-	-	8,025	424,216	432,241
Final 2022 dividend declared	-	-	-	(111,083)	-	-	-	-	-	(111,083)
Equity-settled restricted share award scheme	-	-	-	-	-	-	3,850	-	-	3,850
Shares repurchased	-	(1,652)	-	-	-	-	-	-	-	(1,652)
Transfer from retained profits	-	-	-	-	-	41,819	-	-	(41,819)	-
At 28 February 2023 (unaudited)	137	(1,652)*	(35,067)*	259,870*	11,541*	799,294*	19,717*	(24,290)*	3,045,373*	4,074,923

* These reserve accounts comprise the consolidated reserves of RMB4,074,786,000 in the unaudited interim condensed consolidated statement of financial position as at 28 February 2023.

Unaudited Interim Condensed Consolidated Statement of Changes in Equity (continued)

For the six months ended 28 February 2023

	Attributable to owners of the parent								
	Share capital	Shares held for the restricted share award scheme	Capital reserve – share premium	Capital reserve – others	Statutory and other reserves surplus	Restricted share award reserve	Fair value reserve	Retained profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	Note 11	Note 12				Note 12			
At 1 September 2021 (audited)	137	(49,396)	571,438	12,356	677,773	20,261	(30,608)	2,038,448	3,240,409
Profit for the period	-	-	-	-	-	-	-	380,913	380,913
Other comprehensive loss for the period:									
Change in fair value of an equity investment at fair value through other comprehensive income	-	-	-	-	-	-	(3,657)	-	(3,657)
Total comprehensive income for the period	-	-	-	-	-	-	(3,657)	380,913	377,256
Final 2021 dividend declared	-	-	(99,427)	-	-	-	-	-	(99,427)
Equity-settled restricted share award scheme	-	-	-	-	-	4,037	-	-	4,037
Transfer from retained profits	-	-	-	-	40,862	-	-	(40,862)	-
At 28 February 2022 (unaudited)	137	(49,396)	472,011	12,356	718,635	24,298	(34,265)	2,378,499	3,522,275



Unaudited Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 28 February 2023

	Notes	For the six months ended	
		28 February 2023 RMB'000 (Unaudited)	28 February 2022 RMB'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		433,425	397,400
Adjustments for:			
Finance costs		45,011	34,231
Exchange gain, net	4	(2,772)	(2,529)
Bank interest income	4	(5,456)	(4,137)
Fair value loss, net:			
Financial assets at fair value through profit or loss	5	538	4,430
Government grants related to asset released	4	(425)	(769)
Gain on disposal of items of property, plant and equipment	4	(59)	(27)
Depreciation of property, plant and equipment	5	82,404	67,696
Depreciation of right-of-use assets	5	9,483	8,213
Amortisation of other intangible assets	5	10,870	5,155
Provision for expected credit losses of trade receivables	5	1,548	3,348
Equity-settled restricted share award expenses		3,850	4,037
		578,417	517,048
Increase in trade receivables		(22,631)	(13,301)
Decrease/(increase) in prepayments, other receivables and other assets		34,906	(33,830)
Decrease in other payables and accruals		(5,163)	(108,260)
(Decrease)/increase in contract liabilities		(53,565)	329,091
Cash generated from operations		531,964	690,748
Bank interest received		6,662	5,607
Mainland China corporate income tax paid		(2,899)	–
Net cash flows from operating activities		535,727	696,355

Unaudited Interim Condensed Consolidated Statement of Cash Flows (continued)

For the six months ended 28 February 2023

	For the six months ended	
	28 February	28 February
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Net cash flows from operating activities	535,727	696,355
CASH FLOWS FROM INVESTING ACTIVITIES		
Advance for acquisition of a subsidiary	–	(40,000)
Acquisition of subsidiaries	(50,517)	(307,640)
Loans to an entrusted school	(23,750)	(175,513)
Loans to the employees	(6,494)	–
Purchases of items of property, plant and equipment	(147,824)	(383,749)
Proceeds from disposal of items of property, plant and equipment	7,007	1,866
Receipt of government grants	700	–
Purchases of financial assets at fair value through profit or loss	(155,132)	–
Increase in pledged deposits	(87,298)	–
Increase in time deposits	–	(35,010)
Net cash flows used in investing activities	(463,308)	(940,046)
CASH FLOWS FROM FINANCING ACTIVITIES		
New bank and other borrowings	395,761	541,873
Repayments of bank and other borrowings	(414,392)	(36,250)
Interest paid	(46,089)	(33,799)
Payments for repurchase of shares	(1,652)	–
Principal portion of lease payments	197	(820)
Dividends paid	(88,981)	–
Net cash flows (used in)/from financing activities	(155,156)	471,004
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(82,737)	227,313
Cash and cash equivalents at beginning of period	1,200,423	1,228,699
Effect of foreign exchange rate changes, net	2,772	(804)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	1,120,458	1,455,208
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents as stated in the statement of financial position and in the statement of cash flows	1,120,458	1,455,208

Notes to Unaudited Interim Condensed Consolidated Financial Statements

28 February 2023

1. CORPORATE AND GROUP INFORMATION

The Company was incorporated in the Cayman Islands on 24 August 2017 as an exempted company with limited liability under the Companies ACT of the Cayman Islands. The address of the registered office of the Company is P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The Company was listed on the Main Board of the Stock Exchange of Hong Kong Limited on 25 January 2019.

The principal activity of the Company is investment holding. During the period, the Group was principally engaged in providing private higher education services in the PRC.

2.1 BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements for the six months ended 28 February 2023 have been prepared in accordance with HKAS 34 *Interim Financial Reporting*. The unaudited interim condensed consolidated financial statements do 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 as at 31 August 2022.

The Group has prepared the unaudited interim condensed consolidated financial statements on the basis of going concern. The Group recorded net current liabilities of RMB904,882,000 as at 28 February 2023. Included therein were the contract liabilities of RMB683,872,000 as at 28 February 2023, which will be settled by education services to be provided by the Group. In view of the net current liabilities position, the Directors have given careful consideration to the future liquidity and performance of the Group and its available sources of finance when assessing whether the Group will have sufficient financial resources to continue as a going concern and meet its liabilities as and when they fall due in the foreseeable future.

The Directors have prepared a cashflow forecast for the Group which covers a period of twelve months from the end of the reporting period. Taking into account the positive cashflows from operation, adequate loan facilities from reputable financial institutions as at 28 February 2023 and the ability of management in adjusting the pace of its operation expansion, the Directors consider that the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due. Therefore, there are no material uncertainties that may cast significant doubt over going concern assumption and the Directors have formed a judgement that there is a reasonable expectation that the Group has adequate resources to operate for the foreseeable future.

The unaudited interim condensed consolidated financial statements are presented in RMB and all values are rounded to the nearest thousand except when otherwise indicated.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 August 2022. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

3. OPERATING SEGMENT INFORMATION

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

HKFRS 8 *Operating Segments* requires operating segments to be identified on the basis of internal reporting about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to segments and to assess their performance. The information reported to the Directors, who are the chief operating decision makers, for the purpose of resource allocation and assessment of performance does not contain discrete operating segment financial information and the Directors review 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 segment because all of its revenue was generated in the PRC and the majority of its long-term assets/capital expenditures were located/incurred in the PRC. Accordingly, no further geographical segment information is presented.

Information about major customers

No revenue from services provided to a single customer accounted for 10% or more of the total revenue of the Group during the period.



Notes to Unaudited Interim Condensed Consolidated Financial Statements

28 February 2023

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue, other income and gains is as follows:

	Notes	For the six months ended	
		28 February 2023 RMB'000 (Unaudited)	28 February 2022 RMB'000 (Unaudited)
Revenue			
<i>Revenue from contracts with customers</i>			
Tuition fees	(a)	732,375	649,326
Boarding fees	(a)	53,604	48,563
Other education service fees	(b)	3,771	5,438
		789,750	703,327
Other income and gains			
Management service income of an entrusted school	(c)	47,442	34,435
Other management service income		7,172	–
Bank interest income		5,456	4,137
Rental income		15,291	13,046
Government grants			
Related to assets		425	769
Related to income		244	1,364
Exchange gain, net		2,772	2,529
Gain on disposal of items of property, plant and equipment		59	27
		78,861	56,307

4. REVENUE, OTHER INCOME AND GAINS (continued)

Notes:

- (a) Tuition fees and boarding fees mainly represented income received from the provision of education and boarding services to the students, which was recognised over time, i.e. the academic year, of the services rendered.
- (b) Other education service fees mainly represented income received from the provision of other education services including training service to the students, which was amortised over time, i.e. the training periods of the services rendered.
- (c) Pursuant to the share management agreement in relation to the acquisition of Anhui School, the entire management of Anhui School was entrusted to a subsidiary of the Company with effect from the effective date of the entrustment until the completion of acquisition. In consideration for the management services provided by the subsidiaries of the Company, the Group shall be entitled to management service income during the term of the share management agreement.

Contract liabilities

The Group receives tuition and boarding fees from students in advance prior to the beginning of each academic year. The performance obligation is satisfied proportionately over the relevant period of the applicable program. The students are entitled to refund of the payment in relation to the proportionate service not yet provided.

Significant changes in the contract liability balances during the period/year are as follows:

	Six months ended 28 February 2023 RMB'000 (Unaudited)	Year ended 31 August 2022 RMB'000 (Audited)
At the beginning of the period/year	737,437	330,147
Revenue recognised that was included in the balance of contract liabilities at the beginning of the period/year	(374,925)	(330,117)
Increases due to cash received, excluding amounts recognised as revenue during the period/year	321,360	737,437
Transfer to refund liabilities	-	(30)
At the end of the period/year	683,872	737,437

Notes to Unaudited Interim Condensed Consolidated Financial Statements

28 February 2023

4. REVENUE, OTHER INCOME AND GAINS (continued)

Contract liabilities (Continued)

Revenue recognised in relation to contract liabilities

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

	For the six months ended	
	28 February 2023	28 February 2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue recognised that was included in the balance of contract liabilities at the beginning of the period		
Tuition fees	346,550	152,018
Boarding fees	28,375	12,908
	374,925	164,926

Unsatisfied performance obligations

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 28 February 2023 are as follows:

	28 February 2023	31 August 2022
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Expected to be recognised within one year		
Tuition fees	641,572	682,618
Boarding fees	42,300	54,819
	683,872	737,437

The amounts of transaction prices associated with unsatisfied or partially unsatisfied performance obligations do not include variable consideration which is constrained.

There were no contract assets at the end of the reporting period recognised in the unaudited interim condensed consolidated statement of financial position.

Notes to Unaudited Interim Condensed Consolidated Financial Statements

28 February 2023

5. PROFIT BEFORE TAX

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

	Note	For the six months ended	
		28 February 2023 RMB'000 (Unaudited)	28 February 2022 RMB'000 (Unaudited)
Employee benefit expense (excluding directors' and chief executive's remuneration):			
Wages and salaries		151,620	123,888
Pension scheme contributions****		17,364	16,807
Equity-settled restricted share award expenses		2,438	5,562
		171,422	146,257
Depreciation of property, plant and equipment		82,404	67,696
Depreciation of right-of-use assets		9,483	8,213
Amortisation of other intangible assets		10,870	5,155
Provision for impairment of trade receivables*		1,548	3,348
Gain on disposal of items of property, plant and equipment	4	(59)	(27)
Auditor's remuneration		2,000	2,000
Exchange gain, net**	4	(2,772)	(2,529)
Fair value loss, net:			
Financial assets at fair value through profit or loss***		538	4,430
Bank interest income	4	(5,456)	(4,137)

* The provision for expected credit losses on trade receivables is included in administrative expenses in the unaudited interim condensed consolidated statement of profit or loss.

** The exchange gain is included in other income and gains in the unaudited interim condensed consolidated statement of profit or loss.

*** The fair value loss is included in other expenses in the unaudited interim condensed consolidated statement of profit or loss.

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



Notes to Unaudited Interim Condensed Consolidated Financial Statements

28 February 2023

6. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

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

Huanan Education Group Limited, the Company's directly held subsidiary, was incorporated in the BVI as an exempted company with limited liability under the BVI Companies ACT and accordingly is not subject to income tax from business carried out in the BVI.

China Kepei Education (Hong Kong) Limited, a subsidiary incorporated in Hong Kong, is subject to income tax at the rate of 16.5% on the estimated assessable profits arising in Hong Kong. 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.

Pursuant to the 2016 Decision, which was promulgated on 7 November 2016 and came into force on 1 September 2017, private schools are no longer being classified as either schools for which the school sponsor(s) require reasonable returns or schools for which the school sponsor(s) do not require reasonable returns. Instead, the school sponsor(s) of a private school may choose for the school to be a for-profit private school or a non-profit private school, with the exception that schools providing nine-year compulsory education must be non-profit.

On 14 May 2021, the State Council released the 2021 Implementation Rules with the effective date of 1 September 2021. The 2021 Implementation Rules are the detailed implementation rules of the Private Schools Promotion Law of the PRC. Pursuant to the 2016 Decision and the 2021 Implementation Rules, a private school may enjoy the preferential tax policies, which are not defined under neither the 2016 Decision nor the 2021 Implementation Rules, as stipulated by the related government authorities and a non-profit school may enjoy the same tax policies as enjoyed by a public school.

The local governments of Guangdong, Heilongjiang and Anhui province, where the PRC Schools registered, have promulgated the Local Implementation Opinions.

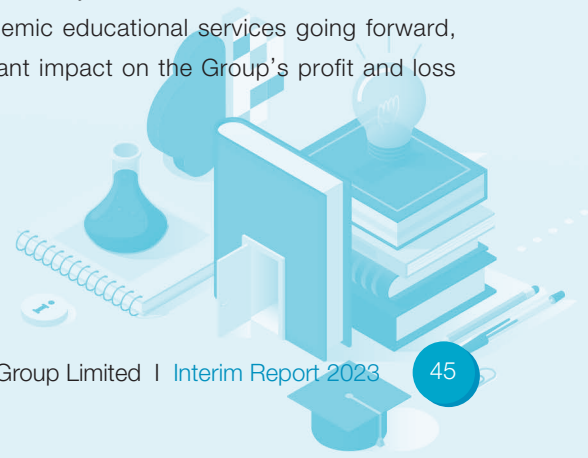
6. INCOME TAX (continued)

According to the Implementing Opinions of the Guangdong Provincial Government on Encouraging Private Entities and Individuals to Operate Schools and Promote the Healthy Development of Private Education (《廣東省人民政府關於鼓勵社會力量興辦教育促進民辦教育健康發展的實施意見》), which was promulgated by the People's Government of Guangdong Province on 4 May 2018 and the 2016 Decision, school sponsors of private schools which were established and registered in Guangdong prior to 7 November 2016 may choose for the schools to be for-profit private schools or non-profit private schools at their own discretion, except for the schools providing compulsory education, which must be non-profit. However, the Implementing Measures of Classification Registration for Private Schools (《關於民辦學校分類登記的實施辦法》), which was promulgated by five departments of the Guangdong province government and came into effect on 30 December 2018, do not specify a deadline for the existing private schools to elect to be registered as non-profit or for-profit private schools.

According to the Local Implementation Opinions of Heilongjiang and Anhui provinces, the Group's PRC Schools are required to commence classification registration of the school as a for-profit private school or a non-profit private school by 1 September 2022 and 1 September 2023, respectively.

As at the date of these unaudited interim condensed consolidated financial statements, the PRC Schools of the Group have not yet registered or completed the classification registration as for-profit private schools or non-profit private schools and remain as private non-enterprise units. The PRC Schools have applied the corporate income tax exemption treatment since their establishment in accordance with the historical tax returns filed with the relevant tax authorities. As a result, no income tax expense was recognised for the PRC Schools during the period.

Considering that the relevant tax policies regarding schools for which the school sponsor(s) require reasonable returns or schools for which the school sponsor(s) do not require reasonable returns remain unchanged and no further new and specific tax implementation regulations are announced, if the school nature has not yet been changed, in accordance with the tax compliance confirmations obtained from the local tax authorities and the Group's external legal advisor's comments on the preferential tax treatments for the current period, the PRC Schools did not pay corporate income tax for the income from academic educational services and have enjoyed the preferential tax treatments during the period. Following the completion of the registration of the PRC Schools as for-profit private schools, the PRC Schools may be subject to the CIT at a rate of 25% in respect of service fees which they receive from the provision of academic educational services going forward, if they do not enjoy any preferential tax treatment. As such, a significant impact on the Group's profit and loss may arise.



Notes to Unaudited Interim Condensed Consolidated Financial Statements

28 February 2023

6. INCOME TAX (continued)

The Group has been conducting the Conversion to comply with the 2016 Decision and related implementing rules. The Conversion is still in progress in a smooth and orderly manner in accordance with the regulations of the relevant government authorities. As at the date of these unaudited interim condensed consolidated financial statements, in light of the applicable rules and regulations regarding the Conversion have not yet been published by the relevant local authorities, the applicable potential tax liability could not be reasonably estimated. However, based on the currently available information and the Directors' best knowledge, the Directors believe that the amount or range of reasonably potential tax liabilities, which the Group may be exposed to, will not have a material adverse effect on the Group's business, financial position, result of operations or cash flows. The Directors will make continuous review and assessment based on the progress and development of the Conversion, and will disclose the potential tax implications associated with the Conversion in the 2023 annual financial statements.

Pursuant to the PRC CIT Law, Circular on Issues Concerning Tax Policies for In-depth implementation of Western Development Strategies and the respective regulations, Tibet Kepei Information Technology Company Limited is entitled to a preferential CIT rate of 15% during the period.

Pursuant to the PRC CIT Law, Notice Regarding the Implementation on Tax Reduction/Exemption Policies for Small and Micro-sized Enterprises (SEMs) and the respective regulations, certain subsidiaries established or acquired by the Group during the current period is entitled to a preferential tax rate of 20% on 25% of their respective taxable income.

The Group's other non-school subsidiaries which operate in Mainland China are subject to CIT at a rate of 25% on their respective taxable income.

Notes to Unaudited Interim Condensed Consolidated Financial Statements

28 February 2023

6. INCOME TAX (continued)

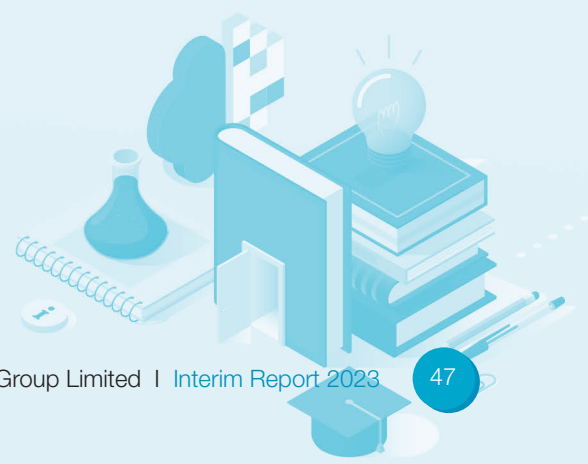
Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries or jurisdictions in which the Group operates.

	For the six months ended	
	28 February 2023	28 February 2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current – Mainland China		
Charge for the period	9,787	1,588
Deferred	(578)	14,899
Total tax charge for the period	9,209	16,487

7. DIVIDENDS

	For the six months ended	
	28 February 2023	28 February 2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Final dividend declared – HKD0.06 per ordinary share (six months ended 28 February 2022: HKD0.06)	111,083	99,427

A final dividend of HKD0.06 per share in respect of the year ended 31 August 2022 has been proposed by the board of directors and was approved by the shareholders at the annual general meeting of the Company on 24 February 2023.



Notes to Unaudited Interim Condensed Consolidated Financial Statements

28 February 2023

7. DIVIDENDS (continued)

	For the six months ended	
	28 February 2023	28 February 2022
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Interim dividend proposed – nil (six months ended 28 February 2022: HKD0.06 per ordinary share)	–	101,058

The Directors do not recommend or propose the payment of any interim dividend in respect of the six months ended 28 February 2023 (six months ended 28 February 2022: HKD0.06 per ordinary share, amounting to RMB101,058,000 to the shareholders of the Company).

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

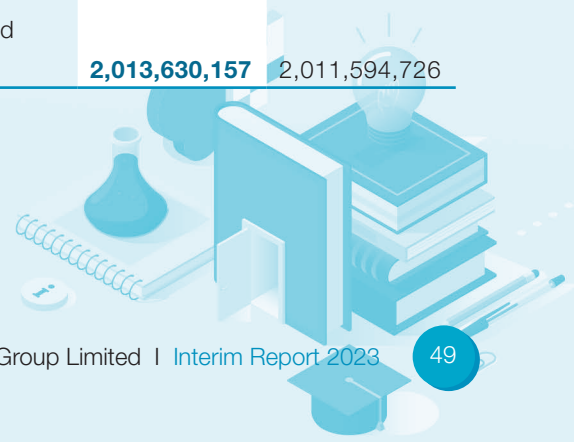
The calculation of the basic earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent, and the adjusted weighted average number of ordinary shares of 2,009,997,645 (six months ended 28 February 2022: 2,006,578,667) in issue during the period, which reflects the Restricted Shares held for the Restricted Share Award Scheme during the period.

The calculation of the diluted earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed conversion of all dilutive potential ordinary shares into ordinary shares.

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (continued)

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

	For the six months ended	
	28 February 2023	28 February 2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation	424,216	380,913
	Number of shares	
	For the six months ended	
	28 February 2023	28 February 2022
Shares		
Number of ordinary shares in issue at the beginning of the period	2,015,248,667	2,015,248,667
Weighted average number of ordinary shares held for the Restricted Share Award Scheme	(4,335,000)	(8,670,000)
Weighted average number of repurchased shares	(916,022)	–
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	2,009,997,645	2,006,578,667
Effect of dilution – weighted average number of ordinary shares: Restricted Shares under the Restricted Share Award Scheme (note 12)	3,632,512	5,016,059
Weighted average number of ordinary shares in issue during the period used in the diluted earnings per share calculations	2,013,630,157	2,011,594,726



Notes to Unaudited Interim Condensed Consolidated Financial Statements

28 February 2023

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 28 February 2023, the Group acquired assets at a cost of RMB229,701,000 (six months ended 28 February 2022: RMB251,479,000), excluding property, plant and equipment of RMB1,786,000 acquired through business combinations during the period.

Assets with a net book value of RMB6,948,000 were disposed of by the Group during the six months ended 28 February 2023 (six months ended 28 February 2022: RMB1,839,000), resulting in a net disposal gain of RMB59,000 (six months ended 28 February 2022: RMB27,000).

10. TRADE RECEIVABLES

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

	28 February 2023 RMB'000 (Unaudited)	31 August 2022 RMB'000 (Audited)
Within 1 year	54,479	33,438
1 to 2 years	7,820	8,447
2 to 3 years	3,164	2,426
Over 3 years	2,475	2,544
	67,938	46,855

11. SHARE CAPITAL

	28 February 2023 RMB'000 (Unaudited)	31 August 2022 RMB'000 (Audited)
Issued and fully paid:		
2,015,248,667 (31 August 2022: 2,015,248,667) ordinary shares	137	137

The Company purchased 1,000,000 of its shares on the Hong Kong Stock Exchange at a total consideration of HKD1,854,000 (equivalent to RMB1,652,000) in September 2022. The purchased shares are not yet cancelled and recorded as treasury shares as at 28 February 2023.

12. RESTRICTED SHARE AWARD SCHEME

The Company operates the Restricted Share Award Scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Restricted Share Award Scheme include the Company's directors, including independent non-executive directors, and other employees of the Group. The Restricted Share Award Scheme was adopted by the Board upon recommendation from the remuneration committee of the Board on the Adoption Date and shall be valid and effective for a period of 5 years commencing on the Adoption Date.

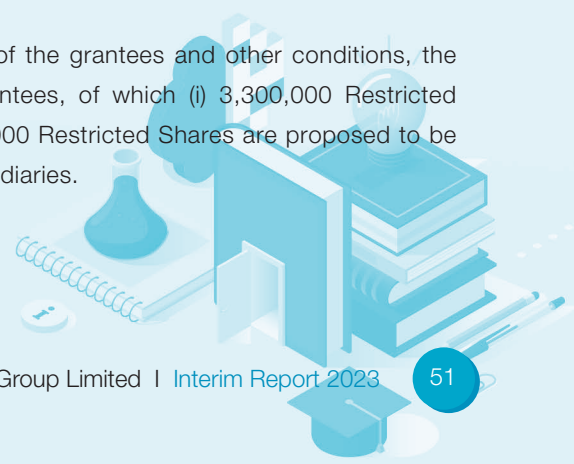
Pursuant to the Restricted Share Award Scheme, the Restricted Shares will be satisfied by (i) existing shares to be acquired by the Trustee on or off the market; and/or (ii) new shares to be allotted and issued by the Company to the Trustee. The total number of the Restricted Shares underlying all grants to be made pursuant to the Restricted Share Award Scheme shall not exceed 2% of the number of issued shares as at the Adoption Date; and the maximum number of the Restricted Shares which may be awarded to any one selected participant shall not exceed 1% of the number of issued shares as at the Adoption Date.

Upon the adoption of the Restricted Share Award Scheme, the Company appointed an independent third party trustee for the administration of the Restricted Share Award Scheme pursuant to the Scheme Rules.

The Board may, at its sole discretion, determine which eligible participant(s) shall be entitled to receive grants of the Restricted Shares under the Restricted Share Award Scheme, together with the number of shares to which each selected eligible participant shall be entitled, and make the relevant grant of the Restricted Shares to the selected eligible participants under the Restricted Share Award Scheme, subject to such conditions as the Board may deem appropriate at its discretion.

The Company shall (i) issue and allot shares to the Trustee under the general or specific mandates granted or to be granted by the shareholders at the general meetings from time to time; and/or (ii) transfer to the Trustee the necessary funds and instruct the Trustee to acquire shares through on-market or off-market transactions at the prevailing market price or at price within a specified price range, so as to satisfy the award. The Restricted Shares will be held in trust for the selected eligible participants until the end of each vesting period. When the selected eligible participant has satisfied all vesting conditions specified by the Board at the time of making the award and become entitled to the Restricted Shares, the Trustee shall transfer the relevant Restricted Shares to that selected eligible participant.

On 22 June 2020, the Board has approved, subject to acceptance of the grantees and other conditions, the grant of an aggregate of 14,450,000 Restricted Shares to the grantees, of which (i) 3,300,000 Restricted Shares are granted to 7 employees of the Company; and (ii) 11,150,000 Restricted Shares are proposed to be granted to 6 Directors and 8 current and former directors of the subsidiaries.



Notes to Unaudited Interim Condensed Consolidated Financial Statements

28 February 2023

12. RESTRICTED SHARE AWARD SCHEME (continued)

On 14 August 2020, the proposal of granting the Restricted Shares to 6 Directors and 8 current and former directors of the subsidiaries has been approved in the extraordinary general meeting of the Company.

On 26 August 2020, 14,450,000 shares were issued by the Company to the Trustee, representing approximately 0.72% of the number of issued shares as at that date and approximately 0.72% of the enlarged issued shares after the said issue.

Neither the selected eligible participants nor the Trustee may exercise any of the voting rights in respect of any Restricted Shares that have not yet been vested.

The fair value of the Restricted Shares granted was RMB77,639,850 (RMB5.37 each). The fair value of the awards was determined by closing price of the Shares on the grant date. During the six months ended 28 February 2023, a share award expense of RMB3,850,000 (six months ended 28 February 2022: RMB4,037,000) was recognised in the unaudited interim condensed consolidated statement of profit or loss.

At the date of the unaudited interim condensed financial statements, 8,295,000 Restricted Shares held by the Trustee have been awarded to the eligible participants, 1,820,000 Restricted Shares were forfeited, and the Company had 4,335,000 Restricted Shares outstanding under the Restricted Share Award Scheme, which represented approximately 0.22% of the Company's shares in issue as at that date.

13. CONTINGENT LIABILITIES

As at 28 February 2023, the Group did not have any significant contingent liabilities, guarantees or any litigations or claims of material importance, pending or threatened (31 August 2022: nil).

Notes to Unaudited Interim Condensed Consolidated Financial Statements

28 February 2023

14.COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

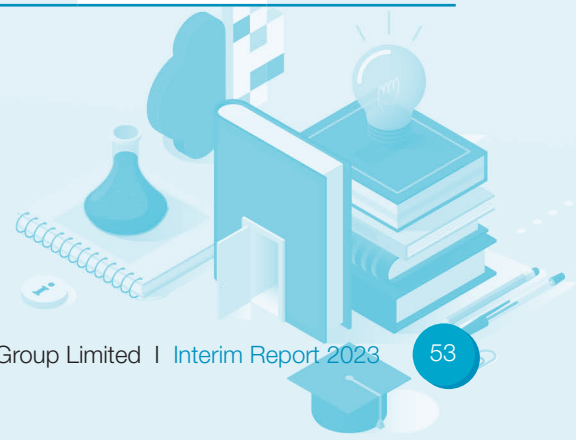
	28 February 2023 RMB'000 (Unaudited)	31 August 2022 RMB'000 (Audited)
Contracted, but not provided for:		
Buildings	90,033	57,237
Acquisition of a subsidiary	230,000	230,000
	320,033	287,237

At the end of the reporting period, the Group did not have significant capital commitments that are authorised but not contracted for.

15.RELATED PARTY TRANSACTIONS

Compensation of key management personnel of the Group:

	For the six months ended	
	28 February 2023 RMB'000 (Unaudited)	28 February 2022 RMB'000 (Unaudited)
Salaries, allowances and benefits in kind	5,675	2,510
Pension scheme contributions	242	82
Equity-settled restricted share award expense	2,478	4,596
	8,395	7,188



Notes to Unaudited Interim Condensed Consolidated Financial Statements

28 February 2023

16. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

As at 28 February 2023, the fair values of the Group's financial assets and liabilities approximated to their respective carrying amounts.

Management has assessed that the fair values of trade receivables, cash and cash equivalents, financial assets included in prepayments, other receivables and other assets, financial liabilities included in other payables and accruals and the current portion of interest-bearing bank and other borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At each reporting period, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values of those financial assets measured at fair value:

The fair values of a listed equity investment and a fund are based on quoted market prices.

The fair values of the non-current portion of interest-bearing bank and other borrowings, pledged deposits and unlisted financial products have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for the non-current portion of interest-bearing bank and other borrowings, pledged deposits and unlisted financial products as at 28 February 2023 was assessed to be insignificant. The fair values of the non-current portion of interest-bearing bank and other borrowings, pledged deposits and unlisted financial products approximate to their carrying amounts as at 28 February 2023.

16. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 28 February 2023

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1) RMB'000 (Unaudited)	Significant observable inputs (Level 2) RMB'000 (Unaudited)	Significant unobservable inputs (Level 3) RMB'000 (Unaudited)	
An equity investment designated at fair value through other comprehensive income	14,165	-	-	14,165
Financial assets at fair value through profit or loss	12,425	155,132	-	167,557
	26,590	155,132	-	181,722

As at 31 August 2022

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1) RMB'000 (Audited)	Significant observable inputs (Level 2) RMB'000 (Audited)	Significant unobservable inputs (Level 3) RMB'000 (Audited)	
An equity investment designated at fair value through other comprehensive income	6,140	-	-	6,140
Financial assets at fair value through profit or loss	12,963	-	-	12,963
	19,103	-	-	19,103

Notes to Unaudited Interim Condensed Consolidated Financial Statements

28 February 2023

16. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)

Assets for which fair values are disclosed:

As at 28 February 2023

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1) RMB'000 (Unaudited)	Significant observable inputs (Level 2) RMB'000 (Unaudited)	Significant unobservable inputs (Level 3) RMB'000 (Unaudited)	
Non-current pledged deposits	-	233,266	-	233,266

As at 31 August 2022

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1) RMB'000 (Audited)	Significant observable inputs (Level 2) RMB'000 (Audited)	Significant unobservable inputs (Level 3) RMB'000 (Audited)	
Non-current pledged deposits	-	145,968	-	145,968

16. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)

Liabilities for which fair values are disclosed:

As at 28 February 2023

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1) RMB'000 (Unaudited)	Significant observable inputs (Level 2) RMB'000 (Unaudited)	Significant unobservable inputs (Level 3) RMB'000 (Unaudited)	
Non-current interest-bearing bank and other borrowings	-	1,109,840	-	1,109,840

As at 31 August 2022

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1) RMB'000 (Audited)	Significant observable inputs (Level 2) RMB'000 (Audited)	Significant unobservable inputs (Level 3) RMB'000 (Audited)	
Non-current interest-bearing bank and other borrowings	-	1,336,367	-	1,336,367

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (six months ended 28 February 2022: nil).



Definition

2016 Decision	the decision of the Standing Committee of the National People's Congress on Amending the Private Schools Promotion Law of the PRC (全國人民代表大會常務委員會關於修改《中華人民共和國民辦教育促進法》的決定), effective on 1 September 2017
2021 Implementation Rules	the Implementation Rules for the Private Schools Promotion Law of the PRC 《中華人民共和國民辦教育促進法實施條例》, effective on 1 September 2021
Anhui School	Maanshan College (馬鞍山學院), a degree-granting undergraduate-level education institution established in Maanshan, Anhui Province in 2003, which is operating under the entrustment agreement with the Group and was not a consolidated subsidiary of the Group as of 28 February 2023
Audit Committee	the audit committee of the Board
Board	the board of directors of the Company
BVI	the British Virgin Islands
CEO	the chief executive officer of the Company
CG Code	the Corporate Governance Code contained in Appendix 14 to the Listing Rules
Chairman	the chairman of the Board of the Company
CIT	the corporate income tax
Company	China Kepei Education Group Limited (中國科培教育集團有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 24 August 2017
Conversion	an internal restructuring to convert an existing school of the Group into a for-profit school
Directors	the directors of the Company
Grantees	the selected eligible participants of the Restricted Share Award Scheme





Group, our Group, we, or us	our Company, our subsidiaries and our consolidated affiliated entities from time to time, or, where the context so requires in respect of the period before our Company became the holding company of our present subsidiaries, the entities which carried on the business of the present Group at the relevant time
Guangdong School	Guangdong Polytechnic College (廣東理工學院), a degree-granting undergraduate-level education institution established in Zhaoqing, Guangdong Province on 8 December 2005 and is a consolidated affiliated entity of the Group
Heilongjiang School	Harbin Institute of Petroleum (哈爾濱石油學院), a degree-granting undergraduate-level education institution established in Harbin, Heilongjiang Province in September 2003 and is a consolidated affiliated entity of the Group
HKD	Hong Kong dollar, the lawful currency for the time being of Hong Kong
Hong Kong	the Hong Kong Special Administrative Region of the PRC
Huaibei School	Huaibei Polytechnic College (淮北理工學院), a degree-granting undergraduate-level education institution established in Huaibei, Anhui Province in 2003 and is a consolidated affiliated entity of the Group
Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
Local Implementation Opinions	the Implementation Opinions on Encouraging Private Entities and Individuals to Operate Schools and Promote Healthy Development of Private Education
Model Code	the Model Code for Securities Transactions by Directors of Listed Issuer as set out in Appendix 10 to the Listing Rules
Mr. Ye	Mr. Ye Nianqiao (葉念喬), our founder, one of our controlling shareholders of the Company, chairman of the Board and an executive Director
PRC	People's Republic of China

Definition

PRC Schools	collectively, Guangdong Polytechnic College (廣東理工學院), Zhaoqing Science and Technology Secondary Vocational School (肇慶市科技中等職業學校), Harbin Institute of Petroleum (哈爾濱石油學院) and Huaibei Polytechnic College (淮北理工學院)
Reporting Period	the six months ended 28 February 2023
Restricted Shares	any Share(s) that may be offered by the Company to any selected participant to the Restricted Award Scheme
Restricted Share Award Scheme	the restricted share award scheme adopted by the Company on 22 June 2020
RMB	Renminbi, the lawful currency for the time being of the PRC
SFO	the Securities and Futures Ordinance (Cap 571), as amended and supplemented from time to time
Share(s)	Ordinary share(s) of USD0.00001 each in the share capital
Shareholder(s)	holder(s) of the Share(s)
Share Option Scheme	the share option scheme adopted by the Company on 10 January 2019
Stock Exchange	the Stock Exchange of Hong Kong Limited
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	United States dollars, the lawful currency for the time being of the United States
Zhaoqing School	Zhaoqing Science and Technology Secondary Vocational School (肇慶市科技中等職業學校), a private secondary vocational education institution established in Zhaoqing, Guangdong Province on 19 May 2000 and is a consolidated affiliated entity of the Group





中國科培教育集團有限公司
China Kepei Education Group Limited