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China Kepei Education Group Limited

中國科培教育集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1890)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 AUGUST 2023

ANNUAL RESULTS HIGHLIGHTS

	Year ended 31 August			Percentage Change (%)
	2023 RMB'000	2022 RMB'000	Change RMB'000	
Revenue	1,517,489	1,439,713	77,776	+5.4
Profit for the year	743,295	704,230	39,065	+5.5
Core net profit**	790,059	750,127	39,932	+5.3
Adjusted EBITDA*	1,065,430	1,007,327	58,103	+5.8

* 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.

** Core net profit was derived from the profit for the year 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 announcement for details of the reconciliation of the profit for the year to the core net profit of the Group.

The Board of China Kepei Education Group Limited is pleased to announce the consolidated annual results of the Group for the Reporting Period together with the comparative figures for the year ended 31 August 2022 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 August 2023

	<i>Notes</i>	2023 RMB'000	2022 RMB'000
REVENUE	<i>3</i>	1,517,489	1,439,713
Cost of sales		(642,762)	(536,691)
Gross profit		874,727	903,022
Other income and gains	<i>3</i>	136,983	97,905
Selling and distribution expenses		(6,956)	(21,043)
Administrative expenses		(138,878)	(153,858)
Other expenses		(28,252)	(24,630)
Finance costs	<i>4</i>	(85,855)	(69,562)
PROFIT BEFORE TAX	<i>8</i>	751,736	731,834
Income tax expense	<i>5</i>	(8,441)	(27,604)
PROFIT FOR THE YEAR		743,295	704,230
Attributable to:			
Owners of the parent		743,295	704,230
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	<i>7</i>		
Basic			
– For profit for the year		RMB0.3701	RMB0.3511
Diluted			
– For profit for the year		RMB0.3694	RMB0.3501

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 August 2023

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
PROFIT FOR THE YEAR	<u>743,295</u>	<u>704,230</u>
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
An equity investment designated at fair value through other comprehensive income:		
Changes in fair value	<u>6,665</u>	<u>(1,707)</u>
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods	<u>6,665</u>	<u>(1,707)</u>
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	<u>6,665</u>	<u>(1,707)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>749,960</u>	<u>702,523</u>
Attributable to:		
Owners of the parent	<u>749,960</u>	<u>702,523</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION*As at 31 August 2023*

	<i>Notes</i>	2023 RMB'000	2022 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		3,374,002	3,218,643
Right-of-use assets		746,014	766,204
Goodwill		692,268	692,121
Other intangible assets		372,727	389,153
An equity investment designated at fair value through other comprehensive income		12,805	6,140
Prepayments, other receivables and other assets		709,383	753,685
Contract costs		10,070	–
Pledged deposits		234,567	145,968
		<hr/>	<hr/>
Total non-current assets		6,151,836	5,971,914
CURRENT ASSETS			
Trade receivables	<i>9</i>	46,512	46,855
Prepayments, other receivables and other assets		144,085	141,731
Financial assets at fair value through profit or loss		170,393	12,963
Contract costs		4,372	–
Cash and cash equivalents		899,380	1,200,423
		<hr/>	<hr/>
Total current assets		1,264,742	1,401,972
CURRENT LIABILITIES			
Contract liabilities	<i>3</i>	654,946	737,437
Other payables and accruals	<i>10</i>	533,927	597,543
Dividend payable		–	85,033
Interest-bearing bank and other borrowings		756,925	779,797
Lease liabilities		218	–
Tax payable		19,586	6,741
Deferred income		1,136	1,846
		<hr/>	<hr/>
Total current liabilities		1,966,738	2,208,397
NET CURRENT LIABILITIES		(701,996)	(806,425)
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		5,449,840	5,165,489
		<hr/>	<hr/>

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>5,449,840</u>	<u>5,165,489</u>
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	993,473	1,336,367
Lease liabilities	8,339	7,825
Deferred tax liabilities	44,313	59,215
Deferred income	<u>11,633</u>	<u>10,515</u>
Total non-current liabilities	<u>1,057,758</u>	<u>1,413,922</u>
Net assets	<u>4,392,082</u>	<u>3,751,567</u>
EQUITY		
Equity attributable to owners of the parent		
Share capital	137	137
Treasury shares	(1,595)	–
Reserves	<u>4,393,540</u>	<u>3,751,430</u>
Total equity	<u>4,392,082</u>	<u>3,751,567</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

China Kepei Education Group Limited was incorporated in the Cayman Islands on 24 August 2017 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of the registered office of the Company is P.O. Box 309, Uglan House, Grand Cayman, KY1-1104, Cayman Islands. The Company was listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 25 January 2019.

The principal activity of the Company is investment holding. During the year, the Company and its subsidiaries were principally engaged in providing private higher education services in the People’s Republic of China (the “**PRC**”).

2.1 BASIS OF PREPARATION

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

The Group has prepared the financial statements on the basis of going concern. The Group recorded net current liabilities of RMB701,996,000 as at 31 August 2023. Included therein were the contract liabilities of RMB654,946,000 as at 31 August 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 cash flow forecast for the Group which covers a period of twelve months from the end of the Reporting Period. Taking into account the positive cash flows from operation, adequate unused loan facilities from reputable financial institutions 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 the 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.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has early adopted the revised HKFRSs effective for annual periods beginning on or after 1 January 2022 for the year ended 31 August 2022, and has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective for the year ended 31 August 2023.

3. REVENUE, OTHER INCOME AND GAINS

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

	Notes	2023 RMB'000	2022 RMB'000
<u>Revenue</u>			
<i>Revenue from contracts with customers</i>			
Tuition fees	(a)	1,412,658	1,328,415
Boarding fees	(a)	92,615	94,783
Other education service fees	(b)	12,216	16,515
Total revenue		<u>1,517,489</u>	<u>1,439,713</u>
<u>Other income and gains</u>			
Management service income	(c)	69,048	58,600
Rental income		27,348	22,894
Bank interest income		14,810	12,676
Government grants			
Related to assets		2,342	2,085
Related to income		1,454	1,191
Consulting service income		14,925	–
Others		7,056	459
Total other income and gains		<u>136,983</u>	<u>97,905</u>

Notes:

- (a) Tuition fees and boarding fees mainly represented the income received from the provision of education and boarding services to 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 services to students, which was recognised over time, i.e. the training periods, of the services rendered.
- (c) Pursuant to the share management agreement dated 15 July 2021 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 refunds of payments in relation to the proportionate services not yet provided.

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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
At the beginning of the year	737,437	330,147
Revenue recognised that was included in the balance of contract liabilities at the beginning of the year	(737,284)	(330,117)
Increases due to cash received, excluding amounts recognised as revenue during the year	655,040	737,437
Transfer to refund liabilities during the year	(247)	(30)
At the end of the year	<u>654,946</u>	<u>737,437</u>

Revenue recognised in relation to contract liabilities

The following table shows the amounts of revenue recognised in the current year that were included in the contract liabilities at the beginning of the Reporting Period:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Revenue recognised that was included in the balance of contract liabilities at the beginning of the year		
Tuition fees	682,551	304,650
Boarding fees	54,733	25,467
	<hr/>	<hr/>
Total	737,284	330,117
	<hr/> <hr/>	<hr/> <hr/>

Unsatisfied performance obligations

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 August 2023 are as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Expected to be recognised as revenue within one year:		
Tuition fees	600,184	682,618
Boarding fees	54,762	54,819
	<hr/>	<hr/>
Total	654,946	737,437
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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 consolidated statement of financial position.

4. FINANCE COSTS

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Interest on lease liabilities	408	505
Interest on bank and other borrowings	95,077	85,275
Total interest expense on financial liabilities not at fair value through profit or loss	95,485	85,780
Less: Interest capitalised	(9,597)	(16,218)
Total	85,888	69,562

5. INCOME TAX

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Current – Chinese Mainland		
Charge for the year	23,343	3,891
Deferred	(14,902)	23,713
Total tax charge for the year	8,441	27,604

6. DIVIDENDS

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Interim – nil (2022: HK\$0.06 per ordinary share)	–	101,058
Proposed final – nil (2022: HK\$0.06 per ordinary share)	–	111,083

The directors of the Company do not recommend or declare the payment of any dividend in respect of the year ended 31 August 2023 (2022: Dividend of HK\$0.06 per ordinary share).

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

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the adjusted weighted average number of ordinary shares of 2,008,291,147 (2022: 2,005,694,503) in issue during the year, which reflects the ordinary shares held for the Restricted Shares under the Restricted Share Award Scheme and the treasury shares held by the Group during the year.

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

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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculations	<u>743,295</u>	<u>704,230</u>
	Number of shares	
	2023	2022
Shares		
Number of ordinary shares in issue at the beginning of the year	2,015,248,667	2,015,248,667
Weighted average number of ordinary shares held for the Restricted Share Award Scheme	(5,999,164)	(9,554,164)
Weighted average number of repurchase shares	<u>(958,356)</u>	<u>–</u>
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	<u>2,008,291,147</u>	<u>2,005,694,503</u>
Effect of dilution – weighted average number of ordinary shares: Restricted Shares under the Restricted Share Award Scheme	<u>4,144,973</u>	<u>5,567,672</u>
Weighted average number of ordinary shares in issue during the year used in the diluted earnings per share calculation	<u>2,012,436,120</u>	<u>2,011,262,175</u>

8. PROFIT BEFORE TAX

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

	<i>Notes</i>	2023 RMB'000	2022 <i>RMB'000</i>
Employee benefit expense (excluding directors' and chief executive's remuneration):			
Wages and salaries		337,961	280,205
Pension scheme contributions****		36,767	30,271
Equity-settled restricted share award expense		511	1,142
		<hr/>	<hr/>
Total		375,239	311,618
Depreciation of property, plant and equipment		169,066	145,608
Depreciation of right-of-use assets		19,041	18,198
Amortisation of other intangible assets		22,588	13,758
Impairment of trade receivables*	9	5,012	5,098
Exchange loss, net**		13,878	19,247
Fair value (gain)/loss, net:			
Financial assets at fair value through profit or loss***		(2,298)	4,637
Auditor's remuneration		3,850	3,600
Bank interest income	3	(14,810)	(12,676)
Gain on bargain purchase on acquisition of subsidiaries		(21)	–
Loss/(gain) on disposal of items of property, plant and equipment		354	(33)
Gain on termination of a lease		–	(426)
		<hr/> <hr/>	<hr/> <hr/>

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

** The exchange loss is included in other expenses in the consolidated statement of profit or loss.

*** The fair value gain is included in other income and gains and fair value loss is included in other expenses in the 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.

9. TRADE RECEIVABLES

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Tuition fees and boarding fees receivables	57,415	57,633
Impairment	(10,903)	(10,778)
Net carrying amount	46,512	46,855

The Group's students are required to pay tuition fees and boarding fees in advance for the upcoming school year, which normally commences around September. The outstanding receivables represent amounts due from students who have applied for deferred payments of tuition fees and boarding fees. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of individual students, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Within 1 year	22,630	33,438
1 to 2 years	15,181	8,447
2 to 3 years	6,792	2,426
Over 3 years	1,909	2,544
Total	46,512	46,855

The movements in the loss allowance for impairment of trade receivables are as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
At beginning of year	10,778	7,965
Impairment losses (<i>note 8</i>)	5,012	5,098
Amount written off as uncollectible	(4,887)	(2,285)
At end of year	10,903	10,778

10. OTHER PAYABLES AND ACCRUALS

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Payables for salaries	10,668	16,418
Payables for social insurance and housing fund	44,694	38,818
Payables for scholarships and needy student fund	77,935	62,697
Payables for cooperative education fees	1,042	1,078
Payables for purchase of property, plant and equipment	174,809	166,854
Miscellaneous expenses received from students*	42,856	45,162
Other tax payable	30,141	24,367
Accrued interest	5,852	6,368
Consideration payable for acquisition of a subsidiary	100,000	150,000
Other borrowings	–	49,454
Others	45,930	36,327
	<hr/>	<hr/>
Total	533,927	597,543

* The amount represents the miscellaneous expenses received from students which will be paid out on behalf of students.

Other payables and accruals are non-interest-bearing and expected to be settled within one year.

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. 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.

In recent years, the state has introduced a number of policies to continuously support the development of vocational education. In October 2022, the report of the 20th National Congress of the Communist Party of China emphasized the principle of “adhering to the priority development of education”, “speeding up the construction of a country strong in education”, “accelerating the construction of a high-quality education system”, and “providing education that satisfies the people.” In December 2022, the General Office of the Central Committee of the Communist Party of China and the General Office of the State Council issued the Opinions on Deepening the Reform of the Development of Modern Vocational Education System (《關於深化現代職業教育體系建設改革的意見》), which puts “the promotion of the high-quality development of modern vocational education in a more prominent position” and encourages the expansion of the enrolment of application-oriented undergraduate schools from the vocational education college entrance examination so as to direct social capital and industrial funds to flow in vocational education. In December 2022, the CPC Central Committee and the State Council issued the Outline of the Plan for the Strategy to Expand Domestic Demand (2022-2035) (《擴大內需戰略規劃綱要(2022-2035年)》), which clearly states that “encouraging social forces to provide diversified education services and supporting and regulating the development of private education” and “steadily pushing forward the reform of the classification and management of private education”. In March 2023, it was mentioned in the Government Work Report for the Two Sessions that “vocational education should be vigorously developed and the innovation of higher education should be promoted”. In June 2023, eight departments including the National Development and Reform Commission and the Ministry of Education jointly issued the Implementation Programme on Improving Vocational Education Empowered by Industry-Education Integration (2023-2025) (《職業教育產教融合賦能提升行動實施方案(2023-2025年)》), which advocates to increase encouragement and support from five aspects including finance, investment, treasury, land and credit so as to promote the integration of talent cultivation and industrial development.

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 takes high-quality development as the core of running schools, spares no effort to accomplish investment in six key sectors, including continuously increasing investment to cultivate teaching talents, upgrading professional training laboratories, building a smart-digital campus, further optimizing the structure of major layout, deepening the connection with industry-leading enterprises to jointly build up modern industry colleges, thereby cultivating high-quality skilled talents needed by various industries for China's future economic development and industrial upgrading.

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 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 2022/23 school year, the Group 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 quality, 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.

Our teacher qualification training has achieved remarkable results. In 2022/23 school year, we received 70 national awards and 106 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 2022/23 school year, the Group’s schools undertook 139 provincial-level scientific research projects, and our teachers published 745 academic papers, including 94 core journal papers. The teachers’ honors and number of scientific research awards increased by more than 50% as compared to last year.

We have established a joint doctoral training base with the University of Malacca in Malaysia to render doctoral training services for the Group’s first batch of about 100 teachers, provide tuition subsidies to teachers who participate in the doctoral program so as to improve the academic level and teaching ability of the teacher team. 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 constructed 3 high-end apartment buildings for teachers, which can provide transitional housing for approximately 1,000 young teachers.

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

The Group newly invested in the construction of 70 experimental training rooms, including electrical CAD laboratory, financial digital intelligence laboratory, mobile intelligent device application and development laboratory, engineering mechanics laboratory and sensor system laboratory, to meet the needs of modern vocational education. The Group is committed to building a smart campus, and has added approximately 200 virtual cloud desktop multimedia classrooms this year. The digital orientation system and face recognition dormitory management system deeply integrated with Tencent Micro-Schools have improved students’ campus learning and life experience. Cooperating with online teaching platforms such as Chaoxing (超星), University Open Online Courses (優課聯盟) and Treenity (智慧樹), we have been providing online teaching for teachers and students on campus, effectively improving the level of information application. This year, we ordered 50TB of digital resources, more than 5 million academic papers, 20,000 hours of audio and video, and more than 400,000 electronic journals, expanded the total export bandwidth of our school and deployed a WEB VPN system to facilitate teachers and students to access school digital resources such as HowNet, Wanfang, and school professional online teaching platforms inside or outside the school, optimizing the teaching environment for teachers and students and enhancing teaching efficiency.

(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 visit the enterprises through multiple channels, meet their employment needs and provide students with sufficient employment and internship opportunities. In 2022/23 school year, 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%. Against the backdrop of severe employment situation in 2023, the employment rate has also achieved a good result of nearly 90%, and each school of the Group ranked among the top in the respective provinces it is 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 Group has established a new School of Innovation and Entrepreneurship, providing innovative and entrepreneurial practice bases and staffed with about 100 teachers to support and incubate college students’ innovation and entrepreneurship projects. Currently, more than 50 entrepreneurial teams have settled in. 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 544 national awards and 2,336 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.

Deepening the Integration of Industry and Education, Arranging for the Emerging Industry and Optimizing the Major 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 major 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 indepth 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, Huawei Xunfang Industrial College, BYD New Energy Automobile Industry College, 360 Network Security College, and Tencent Cloud Big Data Industry College with well-known domestic companies. We have cooperated with CATL, Xiaopeng Motors, Midea Group, 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 2022/23 school year, the Group added approximately 500 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. Approximately 50 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.

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

Our schools have been actively carrying out social welfare activities. Students worked on voluntary activities for up to 130,000 hours, donated more than 370,000 millilitres of blood without compensation. Guangdong 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. During the fight against the COVID-19 pandemic, students actively responded to the call to participate in volunteer services for nucleic acid testing and vaccination. The total number of volunteers reached 2,000 and the volunteer service lasted 10,155 hours. Guangdong School actively responded to the country’s call for conscription 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 and Heilongjiang School won the title of excellent team of the provincial “Three Countryside Activities”. The schools of the Group provided material assistance and educational resource assistance to students from families with financial difficulties to ensure that they could successfully complete their studies. More than 80,000 students received relevant assistance.

Market Position

With over 23 years’ experience in operating vocational education institutions in China, the Group is a leading provider of private vocational education services in China.

The Group is committed to providing students with high-quality profession-oriented and vocational education and helping them to meet the growing and changing market demands. The Group is 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. It endeavors to provide students with various profession-oriented training and internship opportunities in collaboration with research institutions and enterprises, which fosters practical skills and market competitiveness of the students.

Revenue

The revenue increased by 5.4% from the amount of RMB1,439.7 million for the year ended 31 August 2022 to RMB1,517.5 million for the year ended 31 August 2023. The Group typically charges students fees comprising tuition fees, boarding fees and other education service fees. Tuition fees remained as the major revenue, accounted for approximately 93.1% of the total revenue of the Group for the year ended 31 August 2023.

The table below summarises the amount of revenue generated from tuition fees, boarding fees and other education service fees charged by the PRC Schools for the years indicated:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Tuition fees		
Higher education program*	1,319,009	1,245,657
Secondary vocational education	93,649	82,758
Total tuition fees	<u>1,412,658</u>	<u>1,328,415</u>
Boarding fees	92,615	94,783
Other education service fees	12,216	16,515
Total	<u>1,517,489</u>	<u>1,439,713</u>

* Higher education program includes undergraduate program, junior college program and adult college program.

The increase in revenue were mainly attributed to steady growth in the number of student enrolments and average tuition fees of the PRC Schools.

Student enrollment

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

	Numbers of Students		Change	Percentage Change (%)
	Enrolled 2022/23 school year	2021/22 school year		
Undergraduate program ¹	59,600	55,300	4,300	+7.8
Junior college program	3,200	4,700	(1,500)	-31.9
Continuing education program	47,100	48,400	(1,300)	-2.7
Secondary vocational program	10,900	11,500	(600)	-5.2
Total	<u>120,800</u>	<u>119,900</u>	<u>900</u>	<u>+0.8</u>

1. 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 31 August 2023. As of 31 August 2023, the total number of enrolled students of the Group was 120,800, representing an increase of 0.8% from the enrolled students as of 31 August 2022.

In the 2023/24 school year, the total number of students in our Group's schools is approximately 120,000. Benefiting from the favorable policies of vocational education and strong needs from students, the new enrolment and total enrolment of undergraduate program in 2023/24 school year increased by 22% and 10%, respectively. The structure of students has further optimized, with a continuous increase in the proportion of undergraduate students among the total number of students. The proportion of undergraduate students increased by 6.2 percentage points. The admission cut-off scores and enrolment rate continue to increase, the brand competitiveness has been further enhanced, and the high-quality development strategy is steadily advancing.

Risk Management

The Group is exposed to various risks in the operations of its business and the Group believes that risk management is important to its success. Key operational risks faced by the Group include, among others, changes in general market conditions and perceptions of private higher education, changes in the regulatory environment in the PRC education industry, the ability of the Group to offer quality education to students, the ability of the Group to increase student enrollment and/or raise tuition rates, the potential expansion of the Group into other regions in China, availability of financing to fund the Group's expansion and business operations and competition from other school operators that offer similar quality of education and are of similar scale.

In addition, the Group also faces numerous market risks, such as interest rate and liquidity risks that arise in the normal course of the Group's business.

Interest Rate Risk

The Group's exposure to the risk of changes in market interest rates relates primarily to its bank loans with floating interest rates.

It is the Group's policy to keep certain bank and other borrowings at fixed rates of interest so as to minimise the interest rate risk. The Group currently does not use any derivative contracts to hedge its exposure to interest rate risk. However, the Board will consider hedging significant interest rate risk should the need arise.

Liquidity Risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of internally generated cash flow from operation, bank and other borrowings. The Group regularly reviews its major funding positions to ensure that it has adequate financial resources in meeting its financial obligations.

To properly manage these risks, the Group has established the following risk management structures and measures:

- the Board is responsible and has the general power to manage the Group's operations of the schools, and is in charge of managing the overall risks of the Group. It is responsible for considering, reviewing and approving any significant business decisions involving material risk exposures, such as the Group's decisions to expand its school network into new geographic areas, to raise the tuition fees of the PRC Schools, and to enter into cooperative business relationships with independent third parties to establish new schools;
- the Group maintains insurance coverage, which it believes is in line with customary practice in the PRC education industry, including school liability insurance; and
- the Group has made arrangements with its lenders to ensure that it will be able to obtain credit to support its business operation and expansion.

Environment, Health and Safety

The Group is dedicated to protecting the health and safety of the students. The Group has on-site medical staff or healthcare personnel at each of the PRC Schools to handle routine medical situations involving students. In certain serious and emergency medical situations, the Group promptly sends the students to local hospitals for treatment. With respect to school safety, the Group engaged a qualified property management company to provide property security services at the Group's school premises.

As far as the Board and the management of the Company are aware, the Group has complied in all material respects with the relevant environmental, health and safety laws and regulations that have a significant impact on the business and operation of the Group. During the Reporting Period, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

Future Plans

1. With the upgrading of the state'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:

- (i) 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; and
- (ii) 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.

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 its schools collect from students.

Revenue increased by RMB77.8 million, or 5.4%, from RMB1,439.7 million for the year ended 31 August 2022 to RMB1,517.5 million for the year ended 31 August 2023. This increase was primarily the result of: (i) revenue from tuition fees increased by RMB84.3 million, or 6.3%, from RMB1,328.4 million for the year ended 31 August 2022 to RMB1,412.7 million for the year ended 31 August 2023; and (ii) revenue from boarding fees decreased by RMB2.2 million, or 2.3%, from RMB94.8 million for the year ended 31 August 2022 to RMB92.6 million for the year ended 31 August 2023.

The increase of tuition fees were mainly attributed to steady growth in the number of student enrolments and average tuition fees of the PRC Schools. The decrease of boarding fees were mainly attributed to the decrease of student enrolments of on-campus adult college program of Guangdong School.

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 others.

Cost of sales increased by RMB106.1 million or 19.8% from RMB536.7 million for the year ended 31 August 2022 to RMB642.8 million for the year ended 31 August 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

The gross profit decreased by 3.1% from RMB903.0 million for the year ended 31 August 2022 to RMB874.7 million for the year ended 31 August 2023. The gross profit margin for the year ended 31 August 2023 was 57.6%, representing a decrease of 5.1 percentage points as compared to the gross profit margin of 62.7% 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 and consulting service income.

Other income and gains increased by RMB39.1 million, or 39.9%, from RMB97.9 million for the year ended 31 August 2022 to RMB137.0 million for the year ended 31 August 2023. This increase was primarily due to: (i) the increase of RMB10.4 million in the management service income compared to last year; (ii) the increase of RMB4.5 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; (iii) the increase of RMB2.1 million in interest income from bank deposits; and (iv) the consulting service income from new initiative business increased by 14.9 million for the year.

Selling and Distribution Expenses

Selling and distribution expenses primarily consist of advertising expenses, student admission expenses and business entertainment expenses. The selling and distribution expenses decreased by 66.7% from RMB21.0 million for the year ended 31 August 2022 to RMB7.0 million for the year ended 31 August 2023. This decrease was primarily attributable to the Group's strict cost control measurements on advertising and business entertainment expenses.

Administrative Expenses

Administrative expenses primarily consist of the administrative staff salaries, share-based payment expenses under 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. The administrative expenses decreased by 9.7% from RMB153.9 million for the year ended 31 August 2022 to RMB138.9 million for the year ended 31 August 2023. This decrease was primarily due to the strict cost control measures in daily managing operation.

Other Expenses

Other expenses primarily consist of expenses relating to exchange loss, donation cost and other costs. Other expenses increased by 15.0% from RMB24.6 million for the year ended 31 August 2022 to RMB28.3 million for the year ended 31 August 2023. This increase was primarily due to the increase of costs incurred from the Group's new initiative business.

Finance Costs

Finance costs primarily consist of the interest expenses for the interest-bearing bank and other borrowings and lease liabilities. The finance costs increased by 23.4% from RMB69.6 million for the year ended 31 August 2022 to RMB85.9 million for the year ended 31 August 2023, which was mainly due to the increased average interest-bearing bank loans in response to the establishment of the new campus of Huaibei School and the consideration paid in relation to the acquisition of Heilongjiang School and Anhui School.

Core Net Profit

Core net profit was derived from the profit for the year 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 loss, which are not indicatives of the Group's operational performance. This is not a HKFRS measure. The Group presents this item 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. The following table reconciles from profit for the year to core net profit for both financial years:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Profit for the year	743,295	704,230
Add:		
Additional depreciation and amortisation due to the fair value adjustments to the acquired identifiable assets	26,807	17,530
Share-based payments under the Restricted Share Award Scheme	3,233	9,120
Exchange loss	13,878	19,247
Donation expenses	2,846	–
Core net profit*	<u>790,059</u>	<u>750,127</u>

The core net profit increased by 5.3% from RMB750.1 million for the year ended 31 August 2022 to RMB790.0 million for the year ended 31 August 2023.

* After taking into consideration that the Company will continue to purchase wealth management products in the future, which represents that the fair value gain/loss of financial assets at fair value through profit or loss will become a recurring item that is indicative of the Group's operational performance, such fair value change has been removed from the adjustment items. Accordingly, the comparative figure in 2022 has been restated.

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 loss and equity-settled restricted share award expense are the non-HKFRSs 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 year to adjusted EBITDA for both financial years:

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Profit for the year	743,295	704,230
Add:		
Depreciation and amortisation of property, plant and equipment, right-of-use assets and other intangible assets	210,695	177,564
Income tax expense	8,441	27,604
Finance costs	85,888	69,562
Exchange loss	13,878	19,247
Equity-settled restricted share award expense	3,233	9,120
	<hr/>	<hr/>
Adjusted EBITDA	<u>1,065,430</u>	<u>1,007,327</u>

Adjusted EBITDA increased by RMB58.1 million, or 5.8%, from RMB1,007.3 million for the year ended 31 August 2022 to RMB1,065.4 million for the year ended 31 August 2023.

Capital Expenditure

Capital expenditures during the Reporting Period primarily related to the establishment of new school premises, maintaining and upgrading existing school premises and purchasing additional educational facilities and equipment for the PRC Schools. For the year ended 31 August 2023, the Group's capital expenditures were RMB309.4 million (for the year ended 31 August 2022: RMB 571.1 million).

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 year, decreased from approximately 56.4% as at 31 August 2022 to approximately 39.9% as at 31 August 2023, primarily due to the decrease in the Group's total interest-bearing bank and other borrowings.

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 31 August 2023, certain bank balances were denominated in HKD and USD. During the year ended 31 August 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. As a result, the Group did not enter into any financial instrument for hedging purposes.

Contingent Liabilities

As at 31 August 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 Asset

As at 31 August 2023, the Group's time deposits amounting to RMB234.6 million (as at 31 August 2022: RMB146.0 million) were pledged to secure certain of the Group's certain bank loans. None of the Group's furniture and fixtures, and electronic devices (as at 31 August 2022: RMB87.2 million) was pledged to secure certain of the Group's other borrowings.

Human Resources

As at 31 August 2023, the Group had 3,871 employees (as at 31 August 2022: 3,583 employees).

The remuneration policy and package of the Group's employees are periodically reviewed in accordance with industry practice and result 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 Company has also adopted the Share Option Scheme and the Restricted Share Award Scheme to provide incentives to its employees.

The total remuneration cost incurred by the Group for the year ended 31 August 2023 was RMB399.8 million (for the year ended 31 August 2022: RMB331.7 million).

EVENTS AFTER THE REPORTING PERIOD

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

FINAL DIVIDEND

The Board does not recommend any final dividend for the year ended 31 August 2023 (year ended 31 August 2022: HK\$0.06 per ordinary share).

CLOSURE OF THE REGISTER OF MEMBERS

The forthcoming AGM of the Company will be held on Thursday, 29 February 2024. The register of members of the Company will be closed from Monday, 26 February 2024 to Thursday, 29 February 2024, both days inclusive, in order to determine the identity of the Shareholders who are entitled to attend the AGM, during which period no share transfers will be registered. To be eligible to attend the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Friday, 23 February 2024.

CORPORATE GOVERNANCE

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the CG Code as set out in Appendix 14 of the Listing Rules as its own code of corporate governance. The Company has complied with all applicable code provisions of the CG Code during the year ended 31 August 2023, except for a deviation from code provision C.2.1 of the CG Code, which requires that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

Under code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Ye currently serves as the Chairman, executive Director, chief executive officer and general manager of the Company. Throughout the Group's business history, Mr. Ye has been the key leadership figure of the Group who has been primarily involved in the strategic development, overall operational management and major decision-making of the Group. Taking into account the continuation of the implementation of the Group's business plans, the Directors consider Mr. Ye is the best candidate for both positions and the present arrangements are beneficial and in the interests of the Company and the Shareholders as a whole.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding directors' securities transactions. Having made specific enquiries of all Directors, each of the Directors has confirmed that he/she has complied with the required standards as set out in the Model Code during the year ended 31 August 2023.

The Company has also adopted its own code of conduct regarding employees' securities transactions on terms no less exacting than the standard set out in the Model Code for the compliance by its relevant employees who are likely to be in possession of unpublished inside information of the Company in respect of their dealings in the Company's securities.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 August 2023, the Group repurchased a total of 1,000,000 Shares on the Stock Exchange for an aggregate consideration of HKD1,853,760 (equivalent to RMB1,595,000) before expenses. These Shares have not been canceled as at 31 August 2023.

Details of Shares repurchased are as follows:

Month of repurchase during the year ended 31 August 2023	Number of Shares repurchased	Highest purchase price per Share <i>HKD</i>	Lowest purchase price per Share <i>HKD</i>	Total consideration <i>HKD</i>
September 2022	<u>1,000,000</u>	<u>2.01</u>	<u>1.69</u>	<u>1,853,760</u>

Save as disclosed above, neither the Company nor its Subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 August 2023.

AUDIT COMMITTEE

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed matters in relation to auditing, internal control and financial reporting. The Audit Committee, together with the Board has reviewed the Group's consolidated financial statements for the year ended 31 August 2023.

The financial information of the Group disclosed in this announcement is based on the Group's consolidated financial statements for the year ended 31 August 2023, which has been agreed with the auditor of the Company.

CHANGES TO DIRECTORS' INFORMATION

The Directors confirm that no information is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

SCOPE OF WORK OF ERNST & YOUNG

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 August 2023 as set out in this preliminary announcement have been agreed by the Company's auditor, Ernst & Young, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by Ernst & Young in this respect does not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no opinion or assurance conclusion has been expressed by Ernst & Young on this preliminary announcement.

PUBLICATION OF THE ANNUAL RESULTS AND 2023 ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.chinakepeiedu.com), and the 2023 annual report of the Group for the year ended 31 August 2023 containing all the information required by the Listing Rules will be dispatched to the Shareholders and published on the respective websites of the Stock Exchange and the Company in due course.

DEFINITION

AGM	Annual General Meeting
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 31 August 2023
Audit Committee	the audit committee of the Board
Board	the board of directors 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
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
Controlling Shareholder(s)	has the meaning ascribed to it under the Listing Rules
CPC	Communist Party of China
Directors	the directors of the Company
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
HKFRS	Hong Kong Financial Reporting Standards
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
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 the controlling shareholders of the Company, Chairman and executive Director
NPC	the National People's Congress
PRC	the People's Republic of China
PRC Schools	collectively, Guangdong School, Zhaoqing School, Heilongjinag School and Huaibei School
Reporting Period	the year ended 31 August 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
Share(s)	ordinary share(s) of USD0.00001 each in the share capital of the Company
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
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

By order of the Board
China Kepei Education Group Limited
YE Nianqiao
Chairman

Hong Kong, 30 November 2023

As at the date of this announcement, the Board comprises Mr. YE Nianqiao, Dr. ZHANG Xiangwei, Mr. ZHA Donghui, Ms. LI Yan, Mr. YE Xun and Ms. SUN Lixia as executive Directors, and Dr. XU Ming, Dr. DENG Feiqi and Mr. LU Chao as independent non-executive Directors.

Denotes English translation of the name of a Chinese company and is provided for identification purpose only.