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Leader Education Limited
立德教育股份有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 1449)

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

INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Leader Education Limited (the “**Company**”) is pleased to announce the unaudited interim consolidated financial results of the Company, its subsidiaries and affiliates (collectively the “**Group**”, “**our Group**”, “**we**” or “**us**”) for the six months ended 28 February 2023 (the “**Period**”), together with the comparative figures for the corresponding period of 2022.

HIGHLIGHTS

	Six months ended 28 February 2023 RMB'000	Six months ended 28 February 2022 RMB'000	Percentage change
Revenue	152,125	131,756	16%
Gross profit	73,508	51,905	42%
Profit before tax from continuing operations	41,067	36,354	13%
Profit for the period	41,067	36,354	13%

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 28 February 2023

	<i>Notes</i>	Six months ended 28 February 2023 RMB'000 (Unaudited)	Six months ended 28 February 2022 RMB'000 (Unaudited)
REVENUE	4	152,125	131,756
Cost of sales		<u>(78,617)</u>	<u>(79,851)</u>
Gross profit		73,508	51,905
Other income and gains	4	1,993	6,027
Selling expenses		(1,085)	(1,008)
Administrative expenses		(24,239)	(14,585)
Other expenses, net		(2,438)	(1,700)
Finance costs		<u>(6,672)</u>	<u>(4,285)</u>
PROFIT BEFORE TAX	5	41,067	36,354
Income tax expense	6	<u>—</u>	<u>—</u>
PROFIT FOR THE PERIOD		<u>41,067</u>	<u>36,354</u>

	Six months ended 28 February 2023 RMB'000 (Unaudited)	Six months ended 28 February 2022 RMB'000 (Unaudited)
OTHER COMPREHENSIVE INCOME		
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on transaction of financial statements	<u>(1,566)</u>	<u>3,893</u>
Net other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods	<u>(1,566)</u>	<u>3,893</u>
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on transaction of financial statements	<u>4,908</u>	<u>(3,298)</u>
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods	<u>4,908</u>	<u>(3,298)</u>
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	<u>3,342</u>	<u>595</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>44,409</u>	<u>36,949</u>
Profit attributable to:		
Owners of the parent	<u>41,067</u>	<u>36,354</u>
Total comprehensive income attributable to:		
Owners of the parent	<u>44,409</u>	<u>36,949</u>
Earnings per share attributable to ordinary equity holders of the parent:		
Basic and diluted	7	
— For profit for the period	<u>RMB0.0616</u>	<u>RMB0.0545</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

28 February 2023

	<i>Notes</i>	28 February 2023 RMB'000 (Unaudited)	31 August 2022 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		1,741,739	1,677,368
Right-of-use assets		66,403	66,590
Other intangible assets		3,142	3,037
Prepayments for purchase of property, plant and equipment and right-of-use assets		29,506	27,331
Other non-current assets		20,325	7,625
		<hr/>	<hr/>
Total non-current assets		1,861,115	1,781,951
CURRENT ASSETS			
Prepayments, other receivables and other assets		20,340	30,314
Cash and cash equivalents		200,801	253,087
		<hr/>	<hr/>
Total current assets		221,141	283,401
CURRENT LIABILITIES			
Contract liabilities	8	122,557	213,019
Other payables and accruals	9	59,675	74,871
Interest-bearing bank and other borrowings and interest accruals		249,231	227,004
Deferred income		11,218	7,335
		<hr/>	<hr/>
Total current liabilities		442,681	522,229
		<hr/>	<hr/>
NET CURRENT LIABILITIES		(221,540)	(238,828)
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,639,575	1,543,123
		<hr/>	<hr/>

	<i>Notes</i>	28 February 2023 RMB'000 (Unaudited)	31 August 2022 RMB'000 (Audited)
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings and interest accruals		679,443	628,566
Deferred income		2,971	1,805
		<hr/>	<hr/>
Total non-current liabilities		682,414	630,371
		<hr/>	<hr/>
Net assets		957,161	912,752
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Equity attributable to owners of the parent			
Share capital		46,292	46,292
Reserves		910,869	866,460
		<hr/>	<hr/>
Total equity		957,161	912,752
		<hr/> <hr/>	<hr/> <hr/>

1. CORPORATE AND GROUP INFORMATION

Leader Education Limited (the “**Company**”) was incorporated in the Cayman Islands on 17 June 2019 as an exempted company with limited liability under the laws of the Cayman Islands. The address of the registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company. During the six months ended 28 February 2023 (the “**Period**”), the Company and its subsidiaries (collectively referred to as the “**Group**”) were principally engaged in providing private higher education services in the People’s Republic of China (the “**PRC**”).

2.1 BASIS OF PREPARATION

The unaudited interim condensed consolidated financial information of the Group for the Period has been prepared in accordance with International Accounting Standard (“**IAS**”) 34 Interim Financial Reporting issued by the International Accounting Standards Board. The unaudited interim condensed consolidated financial information does not include all the information and disclosures required in the Group’s annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 August 2022. The unaudited interim condensed consolidated financial information is presented in Renminbi (“**RMB**”), and all values are rounded to the nearest thousand except otherwise indicated.

Going concern

The Group recorded net current liabilities of RMB221,540,000 as at 28 February 2023. Included therein were the contract liabilities of RMB122,557,000, which will be settled by education services provided by the Group rather than settled by cash.

In view of the net current liabilities position, the directors of the Group have given careful consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern. Taking into account the financial resources available to the Group, including the internally generated funds from operation and existence of sufficient facility of RMB93,000,000, and the ability of management in adjusting the pace of its operation expansion, the directors of the Group are of the opinion that the Group is able to meet in full its financial obligations as and when they fall due for the foreseeable future and it is appropriate to prepare the unaudited interim condensed consolidated financial information on a going concern basis.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 August 2022, except for the adoption of the following revised IFRSs for the first time for the Period's financial information:

Amendments to IFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to IAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to IAS 37	<i>Onerous Contracts — Cost of Fulfilling a Contract</i>
<i>Annual Improvements to IFRS Standards 2018–2020</i>	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41

3. OPERATING SEGMENT INFORMATION

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

IFRS 8 *Operating Segments* requires operating segments to be identified on the basis of internal reporting about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to segments and to assess their performance.

The information reported to the directors, who are the chief operating decision makers, for the purpose of resource allocation and assessment of performance does not contain discrete operating segment financial information and the directors reviewed the financial results of the Group as a whole. Therefore, no further information about operating segments is presented.

Geographical information

During the Period, all of the Group's revenue was generated in the PRC and over 90% of its long-term assets/capital expenditure were located/incurred in the PRC. Accordingly, no geographical information is presented.

Information about major customers

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

4. REVENUE, OTHER INCOME AND GAINS

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

	Six months ended 28 February 2023 RMB'000 (Unaudited)	Six months ended 28 February 2022 RMB'000 (Unaudited)
Revenue from contracts with customers		
Tuition fees	139,664	121,463
Boarding fees	12,461	10,293
	<hr/>	<hr/>
Total revenue from contracts with customers	152,125	131,756
	<hr/> <hr/>	<hr/> <hr/>
Other income and gains		
Rental income	425	323
Bank interest income	129	24
Government grants		
— Related to income	448	5,125
— Related to assets	255	124
Fair value gains on financial assets at fair value through profit or loss	—	170
Others	736	261
	<hr/>	<hr/>
	1,993	6,027
	<hr/> <hr/>	<hr/> <hr/>

5. PROFIT BEFORE TAX

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

	Six months ended 28 February 2023 RMB'000 (Unaudited)	Six months ended 28 February 2022 RMB'000 (Unaudited)
Employee benefit expense (excluding directors' remuneration):		
Wages and salaries	32,518	28,410
Pension scheme contributions	5,841	5,310
	<u>38,359</u>	<u>33,720</u>
Depreciation of property, plant and equipment	21,795	17,284
Depreciation of right-of-use assets	1,650	1,274
Amortisation of other intangible assets	603	577
Central heating cost	4,964	4,878
Bank interest income	(129)	(24)
Fair value gains on financial assets at fair value through profit or loss	—	(170)
Government grants		
— related to income	(448)	(5,125)
— related to assets	(255)	(124)
	<u>(255)</u>	<u>(124)</u>

6. INCOME TAX

	Six months ended 28 February 2023 RMB'000 (Unaudited)	Six months ended 28 February 2022 RMB'000 (Unaudited)
Current income tax — Mainland China	<u>—</u>	<u>—</u>

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

Leader Education (HK) Limited, which was incorporated in Hong Kong, was subject to profits tax at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the period.

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the period.

According to the decision (the “**2016 Decision**”) of the Standing Committee of the National People’s Congress on Amending the Private Schools Promotion Law (《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》), 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 Implementation Rules for the Law for Promoting Private Education of the PRC (《中華人民共和國民辦教育促進法實施條例》) with an effective date of 1 September 2021 (the “**2021 Implementation Rules**”). The 2021 Implementation Rules are the detailed implementation rules of the Law for Promoting Private Education of the PRC. Pursuant to the 2016 Decision and the 2021 Implementation Rules, a private school may enjoy the preferential tax policies, which are not defined under 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.

During the Period, Heilongjiang College of Business and Technology (“**Heilongjiang College**”) is in the process of classification registration and remain as a private non-enterprise unit.

Considering that the relevant taxation policy regarding schools for which the school sponsor(s) require reasonable returns or schools for which the school sponsor(s) do not require reasonable returns remains unchanged and no further new and specific tax implementation regulations are announced, if the school nature has not yet been changed, Heilongjiang College did not pay corporate income tax for the income from formal educational services and has enjoyed the preferential tax treatments during the Period. Following the completion of the registration of Heilongjiang College as a for-profit private school, Heilongjiang College may be subject to corporate income tax at a rate of 25% in respect of service fees it receives from the provision of formal educational services, if it does not enjoy any preferential tax treatment. As such, significant impact on the Group's profit and loss may arise.

Pursuant to the PRC Corporate Income Tax Law and the respective regulations, except for Heilongjiang Liankang Business Information Consulting Co., Ltd., Nantong Xumei Intelligent Information Technology Co., Ltd. and Hai'an Junhua Vocational Skills Training School Co., Ltd. that are subject to the preferential rate of 20% under the Notice Regarding the Implementation on Tax Reduction/Exemption Policies for Small and Micro-sized Enterprises (SEMs), other companies of the Group which operate in Mainland China are subject to Corporate Income Tax ("CIT") at a rate of 25% on their respective taxable income.

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

The calculation of the basic earnings per share is based on the profit for the period attributable to owners of the parent, and the weighted average number of ordinary shares of 666,667,000 (28 February 2022: 666,667,000) in issue during the Period.

The Group had no potentially dilutive ordinary shares in issue during the periods ended 28 February 2023 and 28 February 2022.

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

	Six months ended 28 February 2023 RMB'000 (Unaudited)	Six months ended 28 February 2022 RMB'000 (Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation	<u>41,067</u>	<u>36,354</u>
	Number of shares 2023	2022
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	<u>666,667,000</u>	<u>666,667,000</u>

8. CONTRACT LIABILITIES

Details of contract liabilities are as follows:

	28 February 2023 RMB'000 (Unaudited)	31 August 2022 RMB'000 (Audited)
Tuition fees	112,588	196,293
Boarding fees	9,969	16,726
	<u>122,557</u>	<u>213,019</u>

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

9. OTHER PAYABLES AND ACCRUALS

	28 February 2023 RMB'000 (Unaudited)	31 August 2022 RMB'000 (Audited)
Payables for purchase of property, plant and equipment	15,134	34,438
Payables for co-operation costs	1,481	1,481
Miscellaneous expenses received from students	14,052	16,215
Payables for salaries and welfares	8,568	6,690
Payables for labour union expenditure	3,069	2,826
Payables for central heating cost	—	710
Other tax payable	—	29
Other payables	17,371	12,482
	<u>59,675</u>	<u>74,871</u>

10. INTERIM DIVIDEND AND EVENT AFTER THE PERIOD

	Six months ended 28 February 2023 RMB'000	Six months ended 28 February 2022 RMB'000
Proposed interim — RMB9.21 cents (2022: nil) per ordinary share six months ended 28 February	<u>61,400</u>	<u>—</u>

The proposed interim dividend for the Period is subject to the approval of the Company's shareholders at the forthcoming extraordinary general meeting.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

The Group derives its revenue from the tuition fees and boarding fees that the Group collects from its students.

Revenue increased by RMB20.3 million or 15.4% from RMB131.8 million for the six months ended 28 February 2022 to RMB152.1 million for the six months ended 28 February 2023. The increase was mainly due to the following reasons: (i) revenue from tuition fees has increased by RMB18.2 million or 15.0% from RMB121.5 million for the six months ended 28 February 2022 to RMB139.7 million for the six months ended 28 February 2023; and (ii) revenue from boarding fees has increased by RMB2.1 million or 20.4% from RMB10.3 million for the six months ended 28 February 2022 to RMB12.4 million for the six months ended 28 February 2023. For the 2022/23 school year, the tuition fee standards are RMB25,800 per year for engineering major, RMB24,800 per year for liberal arts majors and RMB27,800 per year for art majors respectively (2021/22 school year: RMB29,800 per year for general majors and RMB29,800 per year for art majors). The new tuition fee standards are applicable for new students admitted for 2022/23 school year, the tuition fee standard for students of grade 2022 had been adjusted to be consistent with that for new students admitted for 2022/23 school year, the paid tuition fees collected in 2022 will not be adjusted and students of grades 2021, 2020 and 2019 are subject to the tuition fee standards then applicable at their year of admission. The boarding fee rate for the 2022/23 school year is in the range of RMB2,200 to RMB2,400 per year (2021/22 school years: RMB2,200 to RMB2,400 per year). The total number of students enrolled has increased from 9,879 for the 2021/22 school year to 11,010 for the 2022/23 school year.

Cost of Sales

Cost of sales primarily consists of remunerations and benefits of our employees, depreciation and amortisation, heating costs, training expenses, maintenance costs, teaching expenses and utilities, as well as property management cost, cleaning and greenery fees, travel expenses, office expenses, student activity costs and others.

Cost of sales decreased by RMB1.2 million or 1.5% from RMB79.8 million for the six months ended 28 February 2022 to RMB78.6 million for the six months ended 28 February 2023. The decrease was mainly due to the combined effects of: (i) staff costs increased by RMB2.8 million or 9.1% from RMB30.7 million for the six months ended 28 February 2022 to RMB33.5 million for the six months ended 28 February 2023, mainly due to the increase in remuneration and benefits payable to the teachers of the Group as well as the increase in the number of teachers; (ii) increase in depreciation and amortisation of RMB4.1 million, mainly due to the increase in campus buildings and teaching facilities; (iii) decrease in maintenance costs of RMB1.6 million, mainly due to less maintenance on campus buildings occurred in current period; (iv) decrease in teaching expenses of RMB3.7 million as less

courses production costs occurred; (v) student activity costs decreased by RMB2.6 million, mainly due to the student activity costs of RMB2.6 million related to the Winter Olympic Games occurred in previous period, and no such costs occurred in current period; and (vi) Other costs of sales decreased due to the impact of the COVID-19 on reducing teacher training.

Gross Profits and Gross Profits Margin

Gross profits margin represents the percentage of gross profits to the revenue of the Group.

Gross profits increased by RMB21.6 million or 41.6% from RMB51.9 million for the six months ended 28 February 2022 to RMB73.5 million for the six months ended 28 February 2023, mainly due to fact that the growth of revenue was higher than that of corresponding cost. Gross profits margin has increased from 39.4% for the six months ended 28 February 2022 to 48.3% for the six months ended 28 February 2023. The 11.4% increase in student numbers resulted in a 15.4% increase in income. Furthermore, due to meet the qualification evaluation of undergraduate teaching work in previous period, our Group incurred expenses for constructing and maintaining campus buildings and teaching facilities, less maintenance on campus buildings occurred in current period, the impact of the COVID-19, student activity costs and teacher training expenses have decreased in current period. etc. The combined effects of the abovementioned factors led to the increase in gross profits margin.

Other Income and Gains

Other income and gains consist primarily of bank interest income, rental income, and government grants.

With respect to other income and gains, the amount for the six months ended 28 February 2023 decreased by RMB4.0 million as compared to the amount for six months ended 28 February 2022 which was mainly due to government grant of RMB5.0 million received from Harbin Finance Bureau during prior year while there is no relevant event incurred during current ended 28 February 2023.

Selling Expenses

Selling expenses primarily consist of promotion expenses and admission expenses of different disciplines and the remunerations of personnel of our admission office.

The selling expenses remained relatively stable as compared to the six months ended 28 February 2022.

Administrative Expenses

Administrative expenses consist of administrative staff's salaries costs, depreciation and amortization, consultation fee, travel expenses incurred by our administrative staff for business trips and for running errands, heating costs, entertainment costs and others.

Administrative expenses has increased by RMB9.6 million or 65.8% from RMB14.6 million for the six months ended 28 February 2022 to RMB24.2 million for the six months ended 28 February 2023, mainly due to (i) the increase in staff costs of RMB2.2 million as a result of the combined effects of the increase in the number of administrative staff of the Group and the increase in remunerations and benefits payable to them, (ii) the increase in consultation fee by RMB5.8 million, which mainly represented attorney's fee, financial advisory and corporate consulting fees; and (iii) the increase in other professional services costs, office expenses and miscellaneous expenses to support the business growth of the Group.

Finance Costs

Finance costs primarily consist of (i) interest on bank loans and other borrowings; and (ii) interest on sale and leaseback liabilities. Finance costs increased from RMB4.3 million for the six months ended 28 February 2022 to RMB6.7 million for the six months ended 28 February 2023. Our interest expenses increased by approximately RMB1.4 million from approximately RMB25.4 million for the six months ended 28 February 2022 to approximately RMB26.8 million for the six months ended 28 February 2023. During the six months ended 28 February 2023, among all interest expenses, a total amount of RMB6.7 million (six months ended 28 February 2022: RMB4.3 million) was not capitalised, which were related to (among others): (a) borrowing from Huatai Principal Investment Group Limited primarily for repaying other loans from certain other financial institutions, and (b) borrowings from certain banks in China which were mainly used for daily working capital or purposes not related to construction of property, plant and equipment, while interest expenses on other borrowings and sale and leaseback liabilities of approximately RMB20.2 million (six months ended 28 February 2022: RMB21.1 million) was fully capitalised.

Income Tax Expenses

During the six months ended 28 February 2023, the Group did not record any taxation, which remained the same as the corresponding period in 2022. For details of the income tax applicable to our Group, please refer to note 6 of the notes to financial statements in this announcement.

Profit for the Period

Due to the combined effects of aforementioned factors, the Group recorded a profit of RMB41.1 million for the six months ended 28 February 2023, representing an increase of approximately 13.0% as compared to RMB36.4 million for the six months ended 28 February 2022.

Property, Plant and Equipment

As at 28 February 2023, the Group's property, plant and equipment amounted to approximately RMB1,741.7 million, representing an increase of RMB64.4 million from approximately RMB1,677.4 million as at 31 August 2022. The increase was primarily due to the increase of construction in progress of Hanan Campus and the increase of electronic equipment for daily operation in connection with the use of Hanan Campus.

Working Capital Sufficiency

Despite the fact that we have recorded net current liabilities positions as at 28 February 2023, our Directors are of the view that we have sufficient working capital to meet our present and future cash requirements for at least the next 12 months from the date of this announcement, based on the following considerations:

- we have been accumulating net profits;
- we expect to generate cash flow from our operations with payment of tuition fees by our students in the upcoming 2023/2024 school year; and
- as at the date of this announcement, we had unutilised facilities of RMB93.0 million and historically we have been able to obtain external financings and do not foresee any impediment to do so in the future if such need arises.

Our future working capital requirements will depend on a number of factors, including, but not limited to, our operating income, the size of our school operation, constructing new school campus, maintaining and upgrading existing school facilities, purchasing additional educational equipment for our school and hiring additional teachers and other staff. Going forward, we believe that our working capital requirements will be satisfied by cash generated from our operations, bank loans and other borrowings, and other funds raised from the capital markets as and when appropriate from time to time.

Liquidity and Capital Resources

As at 28 February 2023, the Group's cash and cash equivalents were approximately RMB200.8 million, as compared with approximately RMB253.1 million as at 31 August 2022. The decrease was mainly attributable to the expansion of Hanan Campus in connection with its third phase construction and payment related to the development of the Yangtze River Delta Industry-Education Integrated Base* (長三角產教融合基地).

As at 28 February 2023, the Group's bank and other borrowings and interest accruals amounted to approximately RMB928.7 million (as at 31 August 2022: RMB855.6 million), of which approximately RMB4.3 million (equivalent to US\$0.5 million) were dominated in U.S. dollar, and the others were denominated in Renminbi. As at 28 February 2023, our bank and other borrowings borne effective interest rates ranging from 4.00% to 14.09% per annum (as at 31 August 2022: 4.00%–14.09%).

Gearing Ratio

As at 28 February 2023, our gearing ratio, which is calculated as total debt (including all interest-bearing bank loans and other borrowing) divided by total equity, was approximately 1.0, which was the same as at 31 August 2022.

Capital Expenditures

Capital expenditures during the Period were primarily related to the construction of the school premises of Hanan Campus, maintaining and upgrading existing school premises and acquisition of new school and land for education purpose. For the six months ended 28 February 2023, the Group's capital expenditures were RMB88.3 million (six months ended 28 February 2022: RMB153.4 million).

Capital Commitments

As at 28 February 2023, the Group had contracted but not provided for capital commitments of approximately RMB29.8 million (as at 31 August 2022: RMB29.5 million), which were primarily related to the to the acquisition of property, plant and equipment.

Contingent Liabilities

As at 28 February 2023, the Group had no significant contingent liabilities.

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. 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.

Significant Investments, Acquisitions and Disposals

During the Period, there were no significant investments held nor other material acquisitions and disposals of subsidiaries and associated companies.

Pledge of Assets

As at 28 February 2023, the Group's sale and leaseback liabilities of approximately RMB322.4 million (as at 31 August 2022: RMB306.7 million) were guaranteed by the Group's total fixed assets of approximately RMB182.1 million (as at 31 August 2022: RMB176.6 million).

BUSINESS REVIEW

Overview

During the six months ended 28 February 2023, our Group operated one school, namely, Heilongjiang College of Business and Technology, in Harbin City, Heilongjiang Province. Heilongjiang College of Business and Technology consists of two campuses, namely Songbei Campus and Hanan Campus.

In addition, the Group acquired the land-use rights of a lot in Hai'an City, Jiangsu Province in January 2021 to build the Yangtze River Delta Industry-Education Integration Base. The construction has commenced. The phase 1 project with a floor area of 36,296 sq.m. is expected to be put into operation at the end of 2024.

As at 28 February 2023, the school covered a total area of approximately 542,009 sq.m. with a gross floor area (GFA) of 310,480 sq.m. The property, plant and equipment were valued at RMB1,741.7 million.

As at 28 February 2023, the school had 686 teachers and 11,010 full-time students enrolled in undergraduate programmes. The table below sets out the data of student enrollments in the past three academic years (excluding students who withdrew during the respective academic years):

Academic Year	Number of enrolled students
2020/2021	9,554
2021/2022	9,879
2022/2023	11,010

As at 28 February 2023, the utilisation rate of our school was 86.83% (as at 28 February 2022: 77.9%), which is calculated by dividing the number of undergraduate students enrolled by the maximum student capacity for the current academic year.

Our school offered 26 undergraduate majors in the 2022/23 academic year, including 11 in engineering, 5 in management, 3 in economics, 2 in literature, and 5 in art. The majors offered in the 2020/2021 academic year were transportation and vehicle engineering. And the major added in the 2021/2022 academic year was digital media art.

For the six months ended 28 February 2023, the average tuition fees of our school amounted to RMB26,413 (six months ended 28 February 2022: RMB22,316), while our average boarding fees amounted to RMB2,533 (six months ended 28 February 2022: RMB2,018).

During the Reporting Period, the school took “cultivating people with virtue, fostering high-quality application-oriented talents, serving the society, and running a school satisfactory to the people” as its educational purpose; it also adhered to the operating philosophy of “education-oriented, quality-based, school-enterprise integration, and development with innovation” to exert increasing efforts on the construction of various majors and courses, promote teachers to participate in content and method innovation, take regional economic and social development needs as the guide and the construction requirements for new engineering and business disciplines as the standards, and optimise the construction and layout adjustment of disciplines and majors, as well as the training program and curriculum system in line with the actual development of the school in order to enrich curriculum resources, improve teaching and curriculum assessment methods and strengthen practical teaching and comprehensively improve the quality of application-oriented talents cultivated.

Remarkable outcomes were achieved from the teaching reform of undergraduate education. The marketing major was approved as the first-class undergraduate major in Heilongjiang Province; the courses of Business Negotiation (商務談判) and Advanced Mathematics (高等數學) were selected into the second batch of provincial ideological and political education demonstration classes and teaching teams; and the courses of College English (大學英語) and TV News Interview (電視新聞採訪) were selected into the third batch of provincial ideological and political education demonstration projects; The project Research and Practice of “*Three Horizontal, Three Vertical and Three Integration*” *Practical Teaching Model in Applied Undergraduate Colleges and Universities* (應用型本科院校實踐教學“三橫三縱三融合”模式研究與實踐) was awarded the second prize in the 2022 Higher Education Teaching Achievement Awards in Heilongjiang Province.

Fruitful performance of students regarding innovation projects and academic competitions were achieved. The university granted special funds to support entrepreneurship and innovation projects for undergraduate students, and won 6 national projects and 56 provincial projects throughout the year, gradually forming a more comprehensive entrepreneurship and innovation project system at the national, provincial and college level. The faculty and students participated in more than 60 external academic competitions and won a total of 343 awards. At the 8th China International College Students’ ‘Internet+’ Innovation and Entrepreneurship Competition, our school won 1 gold, 2 silver and 16 bronze medals. The Xiangbobo team of the school once again won a special prize and a first prize in the national final of the 2022 Xuechuang Cup College Students’ Entrepreneurship Simulation Competition.

Our school effectively implemented essential-qualities-oriented education. With the educational concept of “student development first”, the school organised and delivered the “Winter Vacation Essential-qualities-oriented Mini-Semester”, including 16 courses in 7 modules, namely Career Planning, Employment Tutoring, Innovation and Entrepreneurship, Arts and Culture Appreciation, Literary Education, Hygiene and Health, and Cutting-edge Information Technology. A total of more than 17,000 students took the courses, and their scope of courses and horizon were enriched significantly. The “Five Colour” research and practice activity was organised. The first school trip engaged 5,000 students, who conducted field trip visits to more than 30 representative venues in the province, forming an immersive essential-qualities-oriented education model featuring “‘Five Colour’ Virtuous and Cultural Education, Practice and Experience”.

New breakthroughs were made in integration of industry and education. Our school takes advantage of modern industry academies as the carrier to promote the integration of industry, education and research, realize the integration of “industry, specialty and entrepreneurship”, innovate the talent training model, and realize the synchronous operation of industry college teaching and conventional teaching.

In 2022, Heilongjiang College of Business and Technology built modern industry academies, including the Phoenix Digital Media Creative Academy, Q Tech Electronic Information Industry Academy and Huayu Xingye Software Technology and Application Industry Academy as well as Longtie Industry Academy; the school also comprehensively promoted the building up of relevant majors in modern industry academies, such as curriculum establishment, cultivation of teachers, internship and training, employment and entrepreneurship, and provided a platform to enable our development as an “education-oriented, quality-based” school and our students’ development under the mode of “school-enterprise integration and development with innovation”.

Our professional training base is scaling up. There are 4 live broadcast studios. We’ve established cooperation with more than 10 suppliers. In this way, campus professional practice, internship, operation and live broadcast are all connected. And the contribution to the local economy and society started paying off.

Our school has been approved as Heilongjiang Province College Student Employment Demonstration School and National Professional Capability Training Base, and received a special fund of RMB2.37 million for being outstanding with great performance in higher education at provincial level in 2022. Further support will be granted in 2023.

Impact of COVID-19 Pandemic

It has been three years since the outbreak of the COVID-19 pandemic across the world (including China) at the end of 2019, which has caused a material impact to various aspects in countries around the world. As of the end of February 2023, the outbreak in China is basically over. The COVID-19 pandemic did not have a material impact on our revenue and financial condition as of 28 February 2023. In order to cope with the impact of the COVID-19 pandemic, the Company established presence in online education services and began to apply various intelligent teaching tools in advance, and cooperated with MOOC-CN Education, an online education strategic platform under Tsinghua University, to continuously carry out online education work. After more than two years of practice and exploration, our online education model has become very mature, and our teachers and students have been well adapted. Upon the outbreak of the pandemic, we can transit immediately from offline teaching to online teaching with no impact on our education and teaching. We also engaged in strategic cooperation with MOOC-CN Education in terms of academic resource sharing, teacher development, and application research, and deeply integrated online and offline learning scenarios by focusing on the improvement of teaching effects to achieve the diversified and broad expansion of educational services. Therefore, even if the outbreak of the pandemic occurs, we are always capable of providing online education services without the need of refunding tuition fees.

Update on acquisition of Qiqihar College

On 6 January 2021, Heilongjiang Liankang Business Information Consulting CO., Ltd.* (黑龍江聯康商務信息諮詢有限公司) (“**Heilongjiang Liankang**”), an indirect wholly-owned subsidiary of the Company, and Heilongjiang Yunjian Construction and Development (Group) Company Limited* (黑龍江運建建築開發(集團)股份有限公司) (the “**Vendor**”) entered into a framework agreement for the acquisition of Qiqihar College at a total consideration of RMB35 million. The first deposit of RMB3,000,000 was paid by Heilongjiang Liankang to the Vendor pursuant to the framework agreement. Due to the Vendor’s failure to fulfill the conditions precedent under the framework agreement, in September 2022, the deposit of RMB3,000,000 has been refunded to Heilongjiang Liankang.

PROSPECTS

Market Overview

The Company is a large private formal higher education service provider in Heilongjiang Province, ranking top in the private education sector of the province. And it grew rapidly over the last few years.

As of 28 February 2023, the state issued many policy documents to support and encourage the development of education, including vocational and private education.

Policy documents that were published in recent years included the *Overall Plan for Coordinating and Promoting the Construction of World-Class Universities and First-class Disciplines*, *Proposal of the Central Committee of the Communist Party of China and the State Council on Comprehensively Deepening the Reform of Teacher Force Construction in the New Era*, *China’s Education Modernization 2035*, and *Proposal of the Central Committee of the Communist Party of China and the State Council on Comprehensively Strengthening the Labor Education in Universities, Middle Schools and Primary Schools in the New Era*, which have made top-level design and strategic deployment for the development of higher education in China.

In particular, favourable policies for private and vocational education were announced in 2021:

In June 2021, the *Vocational Education Law of the People’s Republic of China (Revised Draft)* was submitted to the National People’s Congress for deliberation. The draft stated that “vocational education and general education have the same important status” and supported social forces to run schools.

Decree No. 741 of the *Implementing Regulations of the Law of the People's Republic of China on the Promotion of Private Education*, which came into effect on 1 September 2021, expressly encourages enterprises to organise or participate in the implementation of vocational education in the forms such as sole proprietorship, joint venture and cooperation. It also grants all private schools the right to change their sponsors regardless of their attributes.

During the “14th Five-Year Plan” period, the Company will closely follow the national education development policies and market demand, continuously enrich the offering of majors, promote teaching reform, hold on to high-quality and high-standard education, and continuously improve the quality and connotation of an application-oriented college to cultivate more application-oriented and inter-disciplinary talents in great demand and shortage for the society.

Business Progress

Multi-measures were adopted to ensure student enrollment and employment

- (I) The enrollment results were remarkable. In 2022, the school was open to enrollment in 24 majors in 22 provinces (cities) across China. It planned to enroll 3,787 students, an increase of 460 students from the previous year. The total number of enrolled students increased by 976 students as compared to last year.
- (II) New achievements were made in employment.

In terms of student employment, the school always prioritised employment, and all the faculty and staff focused on employment to promote the adequate and high-quality employment of graduates. The Industry-Education Integration Base set up by the school in the Yangtze River Delta region has greatly boosted and promoted the employment of students in the past two years. The school was awarded the title of “Talent Introduction Workstation for Universities and Colleges in Kunshan”, and won employment honors in Kunshan for three consecutive years. The school was granted the “Set Sail Program” fund by the Ministry of Education, provided training for 38 private undergraduate colleges and certain higher vocational colleges in Heilongjiang Province, and successfully completed four training sessions for 377 graduates in 2022. It was also granted special fund for maintaining employment within the province.

In addition, the school hosted the 2023 private university job fair, which attracted many high-quality enterprises including those based in the Yangtze River Delta region. The job fair offered not only a wide space and platform for students' employment but also talent support for employers. The year-end graduate placement rate of the class of 2022 reached 86.67%, and the overall satisfaction rate of employers with graduates reached 94.61%. The employment rate ranked first among private colleges and universities in Heilongjiang Province.

(III) With the mission of cultivating application-oriented talents, the school upgraded the construction of the internship and training centre, and continued to improve the schooling conditions

The new “Intelligent Internship and Training Centre for New Business Discipline and New Finance” invested and built in 2022 made the school the only private undergraduate college in Heilongjiang Province approved by the Ministry of Education. It is one of the most advanced modern student training centres for business majors, and a comprehensive virtual simulation training platform for the intelligent learning of new business discipline and new finance, which integrates informatisation, intelligence and specialisation.

The school’s new metalworking lab, railway museum and other projects were generally completed, providing a new modern application platform of cultural significance for engineering students’ practice and training, further enhancing students’ practical skills, and thus improving their employment competitiveness.

(IV) New progress was attained in open schooling

The school actively promoted school-local and school-enterprise cooperation, and has joined the Kunshan Industry-Education Integration Collaboration Alliance, the Digital Economy Community of Harbin New District, and the E-Commerce Community of Harbin New District among other governmental organizations. Despite the adverse impact of the pandemic, we visited 208 enterprises through various ways online and offline, including 95 enterprises within the province and 113 enterprises outside the province, and discussed with many well-known enterprises on cooperation matters. 792 visitors from 132 enterprises visited the school for exchanges and inspection. A total of 45 school-enterprise cooperation agreements were signed. We strove to attain complementary advantages, mutual benefits and joint growth.

DEVELOPMENT STRATEGY

Development Direction and Targets

The Company has firmly established the talent cultivation positioning of “fostering interdisciplinary application-oriented talents with noble moral character, service dedication, innovation and entrepreneurship awareness, solid professional and theoretical knowledge, strong practical ability and great competence”; adhered to the service orientation of “establishing foothold in Heilongjiang, seeking further development around the Yangtze River Delta in the pursuit of nationwide presence, catering to industry needs, and actively integrating itself into the dual circulation of domestic and foreign markets”; and defined the development target of “constructing a high-level application-oriented private college that meets social needs, serves regional economic and social development and has distinctive characteristics”.

Development Plan

First, we will establish in-depth cooperation with international education groups to improve dual education and talent training model.

Second, we will invest in vocational education and establish vocational colleges, education groups and school-enterprise integration bases in the Yangtze River Delta and Beijing-Tianjin-Hebei, gradually forming a new schooling model of school-enterprise integration.

Third, we will develop big health-related majors and sub-academies.

Fourth, we will develop a digital lifelong learning system, and create a digital “future learning centre”.

Fifth, we will combine our leading majors with the Belt and Road Initiative, and actively promote education for foreign students.

In future, the Company will develop systematic, multi-tiered and multi-dimensional operation of education services, scale up schooling step by step, and create values for Shareholders.

Election to register as a for-profit or non-profit private school

In accordance with the *Implementation Rules for the Classification and Registration of Private Schools* issued by the Ministry of Education and other four agencies and relevant documents, as well as the implementation opinion on “encouraging social forces to engage in education to promote the healthy development of private schools” announced successively in various provinces, classified management is about to be officially implemented, and regulations are emphasised in addition to encouragement. The “20 Principles of Vocational Education” is expected to have a positive influence on application-oriented undergraduate colleges and universities such as diversified sources of students and income, and will also help application-oriented undergraduate colleges and universities to solve problems such as integration of industry and education, teacher introduction and employment evaluation.

The Heilongjiang College of Business and Technology has made significant progress in its application for transformation into a for-profit school, and its application has been approved by the Ministry of Education. In compliance with relevant documents and policies to be issued by the competent education authorities, the school will firmly protect the legal rights of students during the three-year transition period, complete the transfer of assets from non-profit to for-profit school, and enforce the property rights of legal entities. We will complete the procedures of credit and debt disposal, and transfer of teachers’ employment contracts and employment affiliation. We will improve the school operation and management plan during the transition period to achieve smooth non-profit to for-profit transformation.

Updates to the Plan to Comply With the Qualification Requirement

Details of the updates on the PRC laws and regulations which have a material impact on the Group have been set out in the sections headed “Latest Regulatory Development” and “PRC Laws and Regulations Relating to Foreign Ownership in the Education Industry” in the Annual Report of the Company.

As disclosed in the Prospectus and the Annual Report, we have adopted a specific plan and have taken concrete steps which we believe are meaningful endeavors to demonstrate compliance with the Qualification Requirement. On 15 October 2019, Leader Education LLC was established in Chicago, Illinois and is an indirect wholly-owned subsidiary of the Company. Leader Education LLC plans to operate and manage a higher education institution (the “US School”) in the State of Illinois, US to be established, which is planned to provide programs focusing on business studies. On 21 February 2020, we filed a notice of intent for operation to the Illinois Board of Higher Education (“IBHE”). On 22 May 2020, we entered into a service agreement with an independent third party, with an aim to design the education program to be offered by the US School and submit applications with the IBHE regarding the establishment of the US School. In the past two years, as COVID-19 has spread around the world and the international environment has changed dramatically, international business communication has been greatly affected. This has severely disrupted transportation and restricted flights between China and the United States, and seriously affected personnel exchanges between the two countries. Therefore, the application for establishment of the US School cannot proceed as scheduled. The Company would accelerate the process of application in the United States after the epidemic ends or improves.

EMPLOYEES AND REMUNERATION POLICY

As at 28 February 2023, the Group had 686 full-time employees and 206 part-time employees (as at 28 February 2022: 641 full-time employees and 301 part-time employees). The Company believes that attracting, recruiting and retaining high-quality employees are essential to the success and sustainability of the Group. The remuneration policy and package of the Group’s employees are periodically reviewed in accordance with industry practice and financial results 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, maternity insurance and unemployment insurance. The total remuneration cost (including directors’ fee) incurred by the Group for the six months ended 28 February 2023 was RMB38.8 million (six months ended 28 February 2022: RMB34.4 million).

GLOBAL OFFERING AND USE OF PROCEEDS FROM GLOBAL OFFERING

On the Listing Date, 166,667,000 new Shares with a nominal value of US\$0.01 each of the Company (aggregate nominal value: US\$1,666,670) were issued at a price of HK\$2.10 per Share in connection with the Company's initial public offering. On 26 August 2020, the Over-allotment Option (as defined in the Prospectus) was partially exercised, pursuant to which an aggregate of 9,000,000 Shares (the "**Over-allotment Shares**") held by Junhua Education Limited were sold to the Sole Global Coordinator (as defined in the Prospectus) at a price of HK\$2.10 per Share. The Company did not receive any of the net proceeds from the sale of the Over-allotment Shares by Junhua Education Limited.

Net proceeds from the initial public offering of the Company amounted to approximately HK\$333.2 million, after deducting underwriting fees and relevant expenses. As set out in the announcement of the Company dated 30 November 2022, the Board had resolved to change the allocation of the use of net proceeds.

The following table sets out the revised allocation of the unutilised net proceeds and the actual amounts of net proceeds used for the six months ended 28 February 2023:

	Original use of proceeds	Revised use of proceeds	Remaining proceeds as at 30 November 2022	Actual used proceeds from 1 December 2022 to 28 February 2023	Unutilised up to 28 February 2023
Expand Hanan Campus in connection with the construction of the second phase	133.2	133.2	—	—	—
Repay principals and interests of the relevant borrowings or loans incurred from the investments and operations of the Company (including but not limited to principals and interests from banks, financial institutions and other sources)	100.0	156.6	61.4	61.4	—
Acquire other schools to expand the Group's school network	66.6	—	—	—	—
Fund the Group's working capital and general corporate purposes	33.4	43.4	10.0	10.0	—
Total	<u>333.2</u>	<u>333.2</u>	<u>71.4</u>	<u>71.4</u>	<u>—</u>

All the remaining net proceeds have been utilised during the six months ended 28 February 2023 and applied in the manner set out in the announcement of the Company dated 30 November 2022.

For the reasons and benefits of changing allocation of the use of net proceeds, please refer to the announcement of the Company dated 30 November 2022 for details.

SUBSEQUENT EVENTS

Subsequent to the end of the Reporting Period, the board of directors recommended the payment of a final dividend of HK\$10.5 cents per share totalling HK\$70 million (approximately RMB61.4 million) for the six months ended 28 February 2023. The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming extraordinary general meeting.

CORPORATE GOVERNANCE CODE

The Company is committed to the establishment of good corporate governance practices and procedures with a view to being a transparent and responsible organization which is open and accountable to the Shareholders.

During the six months ended 28 February 2023, except for the deviations noted below, the Company had complied with the code provisions of the CG Code and, where appropriate, adopted the recommended best practices as set out in the CG Code.

CG Code C.2.1

CG Code C.2.1 provides that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Liu Laixiang is currently both the Chief Executive Officer and Chairman of the Board. As Mr. Liu has been managing the business and in charge of the overall strategic planning of Harbin Xiangge since 2007 and Heilongjiang College of Business and Technology (including its predecessor) since 2011, the Board believes that vesting the roles and functions of both Chief Executive Officer and Chairman in the same person can ensure consistent leadership and efficient discharge of executive functions within the Group which is beneficial to the overall operation and management of our Group. The balance of power and authority is ensured by the operation of the senior management and the Board, both of which comprise experienced and high-calibre individuals. The Board comprises five other experienced and high-calibre individuals including two other executive Directors (excluding Ms. Dong Ling, who is Mr. Liu's spouse) and three independent non-executive Directors, who would be able to offer advice from various perspectives. For major decisions of our Group, the Board will make consultations with appropriate Board committees and senior management. The Group considers that the balance of power and authority of the Board will not be impaired under the present arrangement. Therefore, our Directors consider that the present arrangement is beneficial to and in the interest of our Company and our Shareholders as a whole.

Our Directors will continue to review and consider splitting the roles of the Chairman of our Board and the Chief Executive Officer of our Company at an appropriate time if necessary.

CG Code D.2.5

Under CG Code provision D.2.5, the Group should have an internal audit function. The Group conducted a review on the need for setting up an internal audit department. Having considered the Group's relatively simple operating structure, the Board considered that it shall be directly responsible for risk management and internal control systems of the Group. The Board, through the Audit Committee, had conducted a review on the risk management and internal control systems of the Group. The review covered material controls, including financial, operational and compliance controls and risk management functions of the Group. Appropriate measures have been put in place to manage the risks and no major issue was identified.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as its code of conduct regarding securities transactions by the Directors. Having made specific enquiries to all Directors of the Company, all Directors confirmed that they have complied with the required standards set out in the Model Code regarding directors' and supervisors' securities transactions throughout the six months ended 28 February 2023.

Meanwhile, since the Listing Date, the Company has also adopted a code of conduct regarding employees' securities transactions on terms no less exacting than the standards 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.

AUDIT COMMITTEE

The Company has established the Audit Committee with written terms of reference. The Audit Committee currently comprises three independent non-executive Directors, Mr. Chan Ngai Fan, Mr. Zhang Su and Mr. Cao Shaoshan. Mr. Chan Ngai Fan is the chairman of the Audit Committee. The primary duties of the Audit Committee include but not limited to supervising our internal control, risk management, financial information disclosure and financial reporting matters. Its composition and written terms of reference are in line with the CG Code.

The Audit Committee of the Company has reviewed the unaudited interim results for the six months ended 28 February 2023 including the interim report and discussed with the management of the Company and is of the view that such financial information and report have been prepared in compliance with the applicable accounting standards, the Listing Rules and other applicable legal requirements, and that adequate disclosure has been made with no disagreement by the Audit Committee of the Company.

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

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

INTERIM DIVIDEND

The Board has recommended the distribution of an interim dividend of HK10.5 cents per ordinary share for the six months ended 28 February 2023 (six months ended 28 February 2022: Nil) to shareholders on the register of members of the Company on 31 May 2023, in aggregate amounting to approximately HK\$70 million out of the share premium account of the Company which will be subject to the approval of the Company's shareholders in an extraordinary general meeting to be held on Monday, 22 May 2023 (the "EGM"). Subject to the approval by the shareholders of the Company, the interim dividend will be paid to the eligible shareholders of the Company on or around 14 June 2023.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the identity of the Shareholders entitled to attend and vote at the EGM, the register of members of the Company will be closed from Wednesday, 17 May 2023 to Monday, 22 May 2023, both dates inclusive, during which period no transfer of shares will be effected. To be eligible and attend and vote at the EGM, all transfers of Shares accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Tuesday, 16 May 2023.

To determine the entitlement to the proposed interim dividend, the register of members of the Company will be closed from Monday, 29 May 2023 to Wednesday, 31 May 2023, both days inclusive, during which period no transfers of Shares shall be effected. To be eligible to receive the interim dividend, all transfers of Shares accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Thursday, 25 May 2023.

PUBLIC FLOAT

As at the date of this announcement, based on the information that is publicly available to the Group and to the best knowledge of the Directors, the Group maintained sufficient public float as the public Shareholders held not less than 25% of the issued share capital of the Group as required by the Listing Rules.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement is published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.leader-education.cn). The interim report for the six months ended 28 February 2023 containing all the information required by Appendix 16 to the Listing Rules will be dispatched to the Shareholders of the Company and available on the same websites in due course.

DEFINITIONS

In this announcement, the following expressions shall have the following meanings unless the context requires otherwise:

“Annual Report”	the 2022 annual report published by the Company on 23 December 2022
“Audit Committee”	the audit committee of the Company
“Board”	the board of directors of the Company
“CG Code”	the corporate governance code contained in Appendix 14 to the Listing Rules
“China” or “PRC”	the People’s Republic of China, excluding, for the purpose of this announcement, Hong Kong, Macau and Taiwan
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Companies Act”	the Companies Act, Cap. 22 of the Cayman Islands and any amendments thereto or re-enactments thereof for the time being in force and includes every other law incorporated therewith or substituted therefor
“Company”	Leader Education Limited (立德教育股份有限公司) (stock code: 1449), an exempted company incorporated in the Cayman Islands with limited liability on 17 June 2019
“Controlling Shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company

“Group”, “our Group”, “we” or “us”	the Company, its subsidiaries and the consolidated affiliated entities from time to time, or, where the context so requires in respect of the period before the Company became the holding company of our present subsidiaries, the entities which carried on the business of the present Group at the relevant time
“Hanan Campus”	a campus of Heilongjiang College of Business and Technology, located at North of Yucai Road, West Street of Limin Development Zone, Harbin City, Heilongjiang Province, the PRC
“Harbin Xiangge”	Harbin Xiangge Enterprise Management Ltd.* (哈爾濱祥閣企業管理有限公司), formerly known as Harbin Xiangge Zhiye Co., Ltd.* (哈爾濱祥閣置業有限公司), a limited liability company established under the laws of the PRC and is held as to 60% by Ms. Dong Ling and 40% by Mr. Liu Laixiang each being an executive Director and a Controlling Shareholder of the Company
“Heilongjiang College of Business and Technology” or “our school”	Heilongjiang College of Business and Technology (黑龍江工商學院), a private regular undergraduate institution approved and established under the laws of PRC and a consolidated affiliated entity of the Company
“HK\$” and “HK cents”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“IFRS”	the International Financial Reporting Standards (which include all International Financial Reporting Standards, International Accounting Standards and interpretations) issued by the International Accounting Standards Board
“Listing Date”	6 August 2020, since which the Shares of the Company have been listed on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange
“Model Code”	the model code for securities transactions by directors of listed issuers as set out in Appendix 10 to the Listing Rules

“Prospectus”	the prospectus of the Company dated 27 July 2020
“Qiqihar College”	Qiqihar Institute of Technology* (齊齊哈爾理工職業學院), a junior college (普通專科學校) with its existing campus in Qiqihar, Heilongjiang Province, the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	the ordinary share(s) of US\$0.01 each in the share capital of the Company
“Shareholder(s)”	the shareholder(s) of the Company
“Songbei Campus”	a campus of Heilongjiang College of Business and Technology, located at Xinxing Dongguang Village, Zhoujia Dongyue Village, Shuangcheng District, Harbin City, Heilongjiang Province, the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto under Section 15 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“%”	per cent.

By order of the Board
Leader Education Limited
Liu Laixiang
Chairman of the Board

Harbin, Heilongjiang Province, PRC, 28 April 2023

As at the date of this announcement, the executive Directors are Mr. LIU Laixiang, Ms. DONG Ling, Mr. WANG Yunfu and Mr. CHE Wenge; and the independent non-executive Directors are Mr. ZHANG Su, Mr. CAO Shaoshan and Mr. CHAN Ngai Fan.

* *for identification purpose only.*