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CHINA CHUNLAI EDUCATION GROUP CO., LTD.

中國春來教育集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1969)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 29 FEBRUARY 2024

HIGHLIGHTS

The board (the “**Board**”) of directors (the “**Directors**”) of China Chunlai Education Group Co., Ltd. (the “**Company**”, together with its subsidiaries and its consolidated affiliated entities, the “**Group**”) is pleased to announce the unaudited consolidated interim results of the Group for the six months ended 29 February 2024 (the “**Reporting Period**”). These interim results have been reviewed by the Company’s auditors and audit committee (the “**Audit Committee**”) together with the management of the Company.

	Six months ended		Change (%)
	29 February 2024	28 February 2023	
Revenue	813,910	748,710	8.7%
Gross Profit	493,706	471,026	4.8%
Profit before taxation	388,111	335,510	15.7%
Profit for the period	384,271	331,172	16.0%
Non-IFRS Measure: Adjusted Net Profit ¹	386,047	331,819	16.3%

Note:

(1) Adjusted net profit is calculated as profit for the period excluding (i) share-based compensation, and (ii) foreign exchange loss/(gain). For details of the reconciliation of the profit for the period to the adjusted net profit of the Group, please refer to the section headed “Financial Review” in this announcement.

The Board has recommended the payment of an interim dividend of RMB0.0907 (equivalent to approximately HK\$0.1) per share for the six months ended 29 February 2024 (for the six months ended 28 February 2023 : Nil).

Non-IFRS Measure

To supplement the Group's unaudited consolidated financial statements which are presented in accordance with the International Financial Reporting Standards ("IFRS"), the Company also uses adjusted net profit as an additional financial measure. The Company presents this financial measure because it is used by the management of the Company to evaluate the Group's financial performance by eliminating the impact of items that the Company does not consider indicative of the performance of the Group's business. The Company also believes that this non-IFRS measure provides additional information to investors and others in understanding and evaluating the Group's unaudited consolidated results of operations in the same manner as they help the management of the Group in comparing financial results across accounting periods and to those of peer companies. However, the Company's presentation of such adjusted figure may not be comparable to a similarly titled measure presented by other companies. The use of this non-IFRS measure has limitations as an analytical tool, and you should not consider it in isolation from, or as substitute for analysis of, the Group's results of operations or financial condition as reported under IFRS.

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

FOR THE SIX MONTHS ENDED 29 FEBRUARY 2024

		Six months ended	
		29 February 2024	28 February 2023
	<i>Notes</i>	RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Revenue	4	813,910	748,710
Cost of revenue		<u>(320,204)</u>	<u>(277,684)</u>
Gross profit		493,706	471,026
Other income		62,120	40,507
Other gains and losses, net		(577)	2,281
Selling expenses		(2,254)	(3,465)
Administrative expenses		<u>(117,590)</u>	<u>(113,455)</u>
Profit from operations		435,405	396,894
Finance costs	5	<u>(47,294)</u>	<u>(61,384)</u>
Profit before tax		388,111	335,510
Income tax expenses	6	<u>(3,840)</u>	<u>(4,338)</u>
Total comprehensive income for the period	7	<u>384,271</u>	<u>331,172</u>
Earnings per share	8		
Basic (RMB cents per share)		<u>32</u>	<u>28</u>
Diluted (RMB cents per share)		<u>31</u>	<u>27</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 29 FEBRUARY 2024

	<i>Notes</i>	As at 29 February 2024 <i>RMB'000</i> (Unaudited)	As at 31 August 2023 <i>RMB'000</i> (Audited)
Non-current assets			
Property, plant and equipment	<i>10</i>	3,112,520	2,987,663
Intangible asset		188,000	188,000
Right-of-use assets		681,371	636,517
Prepayment for cooperation agreements		800,111	800,111
Other non-current assets	<i>11</i>	436,546	384,797
		5,218,548	4,997,088
Current assets			
Trade and other receivables	<i>12</i>	1,018,629	670,988
Amount due from a shareholder		7	7
Cash and cash equivalents		382,919	789,720
		1,401,555	1,460,715
Current liabilities			
Accruals and other payables	<i>13</i>	354,014	305,747
Deferred revenue		2,103	1,999
Contract liabilities		760,976	678,914
Borrowings		1,333,523	1,439,460
Current tax liabilities		25,870	22,030
		2,476,486	2,448,150
Net current liabilities		(1,074,931)	(987,435)
Total assets less current liabilities		4,143,617	4,009,653
Non-current liabilities			
Deferred revenue		729	1,832
Borrowings		545,657	732,162
		546,386	733,994
NET ASSETS		3,597,231	3,275,659
Capital and reserves			
Share capital	<i>14</i>	10	10
Reserves		3,597,221	3,275,649
TOTAL EQUITY		3,597,231	3,275,659

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 29 FEBRUARY 2024

1. GENERAL INFORMATION

The Company was incorporated as an exempted company with limited liability under the Companies Act of the Cayman Islands (2023 Revision, as consolidated and revised) on 15 November 2017. The address of registered office of the Company is 190 Elgin Avenue, George Town, Grand Cayman KY1-9008, Cayman Islands. The address of principal place of business of the Company is 40th Floor, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong. Its ultimate holding company is Chunlai Investment Co., Limited, which was incorporated in the British Virgin Islands, and its ultimate controlling shareholder is Mr. Hou Junyu ("Mr. Hou"). The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 13 September 2018 (the "Listing").

The Company is an investment holding company. The principal activities of its subsidiaries are mainly engaged in the operation of private higher education institutions in the People's Republic of China ("PRC"). The Company and its subsidiaries and its consolidated affiliated entities are collectively referred to as the "Group".

The condensed consolidated financial statements are presented in Renminbi ("RMB"), which is the same as the functional currency of the Company and its subsidiaries.

2. BASIS OF PREPARATION

These condensed consolidated financial statements for the six months ended 29 February 2024 have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" issued by the International Accounting Standards Board ("IASB") and the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange.

These condensed consolidated financial statements should be read in conjunction with the 2023 annual financial statements. The accounting policies and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 31 August 2023.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current period, the Group has adopted all the new and revised International Financial Reporting Standards ("IFRSs") issued by the IASB that are relevant to its operations and effective for its accounting period beginning on 1 September 2023. IFRSs comprise International Financial Reporting Standards, International Accounting Standards ("IAS") and Interpretations. The adoption of these new and revised IFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's condensed consolidated financial statements and amounts reported for the current period and prior periods.

The Group has not applied the new and revised IFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised IFRSs but is not yet in a position to state whether these new and revised IFRSs would have a material impact on its results of operations and financial position.

4. REVENUE AND SEGMENT INFORMATION

The Group is mainly engaged in the operation of private higher education institutions in the PRC. Revenue represents tuition and boarding fees from education institutions less sales related tax.

Information reported to the Group's chief operating decision maker, Mr. Hou, for the purpose of resource allocation and assessment of segment performance is on a school by school basis. Each individual school constitutes an operating segment. The services provided and type of customers are similar in each operating segment, and each operating segment are subject to similar regulatory environment. Accordingly, their segment information is aggregated as a single reportable segment which is the same as the consolidated statement of profit or loss and other comprehensive income.

	Six months ended	
	29 February 2024 <i>RMB'000</i> (Unaudited)	28 February 2023 <i>RMB'000</i> (Unaudited)
Tuition fees	741,344	679,405
Boarding fees	72,566	69,305
Total revenue	<u>813,910</u>	<u>748,710</u>

All revenue is recognised over time. The Group primarily operates in the PRC. All of the Group's revenue was generated in the PRC and all of the Group's non-current assets are located in the PRC.

No single customer contributes 10% or more of total revenue of the Group during the six months ended 29 February 2024 (six months ended 28 February 2023: Nil).

Revenue is recognised over the relevant period of schooling semesters, i.e. over the period of time when the students simultaneously receive and consume the benefits provided by the Group.

Tuition and boarding fees are generally received in advance prior to the beginning of each school year, and are initially recorded as contract liabilities. The fees are recognised proportionately over the relevant period of the applicable programme. The portion of the fees received from students but not earned is recorded as contract liabilities under current liabilities as such amounts represent revenue that the Group expects to earn within one year.

5. FINANCE COSTS

	Six months ended	
	29 February 2024 <i>RMB'000</i> (Unaudited)	28 February 2023 <i>RMB'000</i> (Unaudited)
Interest expense in relation to:		
– Bank borrowings	24,092	38,622
– Borrowings from non-banking institutes	24,613	25,265
	<u>48,705</u>	<u>63,887</u>
Less: capitalised in construction in progress	<u>(1,411)</u>	<u>(2,503)</u>
	<u>47,294</u>	<u>61,384</u>

6. INCOME TAX EXPENSES

	Six months ended	
	29 February 2024	28 February 2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax – PRC Enterprise Income Tax (“EIT”)	3,840	4,338

The Company was incorporated in the Cayman Islands while China Chunlai Education (BVI) Limited was incorporated in the British Virgin Islands, both jurisdictions are tax exempted.

No provision for Hong Kong profits tax was provided as the Group did not have assessable profits arising in Hong Kong during the six months ended 29 February 2024 and 28 February 2023.

EIT is provided on taxable profits of entities established in the PRC. Pursuant to the Enterprise Income Tax Law of the PRC (the “EIT Law”), the EIT rate of the PRC subsidiaries was 25% during the six months ended 29 February 2024 and 28 February 2023.

Shangqiu University, Anyang University, Shangqiu University Kaifeng Campus, Anyang University Yuanyang Campus, Hubei Jiankang Vocational College and Jingzhou College enjoyed tax exemption for tuition related income during the six months ended 29 February 2024 and 28 February 2023.

7. TOTAL COMPREHENSIVE INCOME FOR THE PERIOD

This is stated at after charging/(crediting) the following:

	Six months ended	
	29 February 2024	28 February 2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	115,407	107,052
Depreciation of right-of-use assets	8,386	6,921
Foreign exchange loss/(gain)	577	(2,130)
Staff costs (including directors’ remuneration):		
– Salaries, bonuses and allowances	146,756	137,012
– Retirement benefit scheme contributions	23,499	18,876
– Equity-settled share-based payments	1,199	2,777
	171,454	158,665

8. EARNINGS PER SHARE

	Six months ended	
	29 February 2024 (Unaudited)	28 February 2023 (Unaudited)
Earnings:		
Earnings for the purpose of calculating basic and diluted earnings per share (Profit attributable to owners of the Company) (in RMB'000)	<u>384,271</u>	<u>331,172</u>
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	<u>1,200,000,000</u>	<u>1,200,000,000</u>
Effect of dilutive potential ordinary shares:		
Pre-IPO share options	<u>30,809,727</u>	<u>29,178,020</u>
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	<u>1,230,809,727</u>	<u>1,229,178,020</u>

9. DIVIDENDS

	Six months ended	
	29 February 2024 RMB'000 (Unaudited)	28 February 2023 RMB'000 (Unaudited)
Proposed interim dividend of RMB0.0907 (approximate to HK\$0.1) per ordinary share	<u>108,840</u>	<u>–</u>
Final dividend for the year ended 31 August 2023 approved and paid/payable – RMB0.053 (approximate to HK\$0.058) (2022: RMB0.1) per ordinary share	<u>63,898</u>	<u>29,024</u>

The final dividend in respect of the year ended 31 August 2023 of RMB0.053 (equivalent to approximately HK\$0.058) per share totaling approximately RMB63,898,000 was approved at the annual general meeting on 19 January 2024.

The final dividend in respect of the year ended 31 August 2022 of RMB0.1 (equivalent to approximately HK\$0.1095) per share totaling approximately RMB29,024,000 was approved at the annual general meeting on 6 February 2023. On 20 December 2022, Chunlai Investment Co., Limited, a company wholly-owned by Mr. Hou, a director and controlling shareholder of the Company, consented to and irrevocably waived all rights to receive such dividend in respect of the shares it holds.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 29 February 2024, the Group acquired property, plant and equipment of approximately RMB241,193,000 (six months ended 28 February 2023: RMB168,964,000) for the purpose of construction and improvement of campus infrastructure. As at 29 February 2024, the formal title certificates for certain buildings of the Group with carrying value of approximately RMB1,248,262,000 (31 August 2023: RMB1,033,758,000) had not been obtained.

11. OTHER NON-CURRENT ASSETS

	As at 29 February 2024 RMB'000 (Unaudited)	As at 31 August 2023 RMB'000 (Audited)
Prepayments/deposits paid for acquisition of property, plant and equipment	37,358	31,705
Pledged deposit (<i>note i</i>)	303,430	303,092
Deposit paid (<i>note ii</i>)	50,000	50,000
Deposits paid for acquisition of land use rights (<i>note iii</i>)	40,758	–
Advance to a third party (<i>note iv</i>)	5,000	–
	<u>436,546</u>	<u>384,797</u>

Notes:

- (i) As at 29 February 2024, pledged deposits of RMB12,940,000 (31 August 2023: RMB12,940,000) are secured for borrowings of RMB207,326,000 (31 August 2023: RMB384,367,000).

Offshore foreign deposit of USD40,000,000 (equivalent to RMB290,490,000 (31 August 2023: RMB290,152,000)) is treated as a security to borrow an equivalent onshore loan denominated in RMB in the PRC from a third party.

During the year ended 31 August 2023, the repayment date of the onshore loan was extended from July 2023 to July 2026.

- (ii) Deposit paid of RMB50,000,000 represents the refundable security deposit paid to Suzhou University of Science and Technology.

To guarantee that the Group will safeguard the school facilities and reputation of Suzhou University of Science and Technology and that the Group will operate the Tianping College properly, the Group paid RMB50,000,000 as security deposit to Suzhou University of Science and Technology.

- (iii) The amount represent the deposit paid to the PRC government for the acquisition of land for the business expansion of Anyang University.

- (iv) As at 29 February 2024, the advance to Tianping College with principal amount of RMB5,000,000 is unsecured, interest bearing at 4.75% per annum and repayable in September 2025.

12. TRADE AND OTHER RECEIVABLES

	As at 29 February 2024 RMB'000 (Unaudited)	As at 31 August 2023 RMB'000 (Audited)
Tuition and boarding fee receivables (<i>note i</i>)	80,225	80,275
Service income receivables	83,896	69,109
Consultancy income receivables from Tianping College	32,500	25,000
Interest receivables from Tianping College	41,452	30,545
Advance to third parties (<i>note ii</i>)	92,860	62,860
Advance to Tianping College (<i>note iii</i>)	637,080	375,800
Other receivables	30,356	17,930
Interest receivables	8,782	5,927
Prepaid expenses	11,478	3,542
	1,018,629	670,988

Notes:

- (i) The students are required to pay tuition and boarding fees in advance for the upcoming school years, which normally commences in August or September. The outstanding receivables mainly represent amounts related to the registered students who have applied for the delayed payment of tuition fees and boarding fees. These delay payments were primarily due to the application of students' loan, which generally take a few months to be settled from governmental institutions. There is no fixed credit term for payments. The Group's tuition receivables were due to a large number of individual students, there is no significant concentration of credit risk and no impairment is considered necessary based on the historical settlement pattern from students. The Group does not hold any collateral or other credit enhancement over its tuition receivables balance.

An ageing analysis of tuition and boarding fee receivables as at the end of the reporting period, based on the transaction date, is as follows:

	As at 29 February 2024 RMB'000 (Unaudited)	As at 31 August 2023 RMB'000 (Audited)
From 0-180 days	61,103	58,907
From 181-365 days	8	13,443
Over 1 year	19,114	7,925
	80,225	80,275

- (ii) As at 29 February 2024, the advance with principal amount of RMB29,860,000 (31 August 2023: RMB29,860,000) is unsecured, interest bearing at 6% per annum (31 August 2023: 6% per annum) and repayable in March 2024 (31 August 2023: March 2024). After the reporting period, the repayment date was extended from March 2024 to August 2024, pursuant to the supplemental agreement.

As at 29 February 2024, the advance with principal amount of RMB63,000,000 (31 August 2023: RMB33,000,000) is unsecured, interest bearing at 6% per annum (31 August 2023: 6% per annum) and repayable in August 2024 (31 August 2023: September 2023).

- (iii) As at 29 February 2024, the advance to Tianping College with principal amount of RMB637,080,000 (31 August 2023: RMB375,800,000) was unsecured, interest bearing at 4.75% per annum (31 August 2023: 4.75% per annum) and repayable in August 2024 (31 August 2023: August 2024).

13. ACCRUALS AND OTHER PAYABLES

	As at 29 February 2024 <i>RMB'000</i> (Unaudited)	As at 31 August 2023 <i>RMB'000</i> (Audited)
Interest payables	1,994	2,751
Accrued staff benefits and payroll	35,019	35,208
Payables for purchase of property, plant and equipment and construction	146,240	128,539
Receipt on behalf of ancillary services providers	60,836	59,959
Other payables, accruals and deposits received	43,369	63,580
Other taxes payables	17,863	15,710
Dividend payable	48,693	–
	<u>354,014</u>	<u>305,747</u>

14. SHARE CAPITAL

	Number of shares	Amount <i>HK\$</i>	Amount <i>RMB</i>	Amount <i>RMB'000</i>
Ordinary shares of HK\$0.00001 each				
Authorised:				
As at 1 September 2022, 31 August 2023, 1 September 2023 (Audited) and 29 February 2024 (Unaudited)	<u>50,000,000,000</u>	<u>500,000</u>	<u>424,570</u>	<u>425</u>
Issued and fully paid:				
As at 1 September 2022, 31 August 2023, 1 September 2023 (Audited) and 29 February 2024 (Unaudited)	<u>1,200,000,000</u>	<u>12,000</u>	<u>9,867</u>	<u>10</u>

15. CAPITAL COMMITMENTS

The Group's capital commitments at the end of the reporting period are as follows:

	As at 29 February 2024 <i>RMB'000</i> (Unaudited)	As at 31 August 2023 <i>RMB'000</i> (Audited)
Capital expenditure in respect of acquisition of property, plant and equipment contracted but not provided for	88,818	90,713
Capital expenditure in respect of land use rights	7,022	11,460
Capital expenditure in respect of capital contribution to Tianping College	30,000	30,000
	<u>125,840</u>	<u>132,173</u>

16. RELATED PARTY TRANSACTIONS

- (a) In addition to those related party transactions and balances disclosed elsewhere in the condensed consolidated financial statements, the Group had the following material transactions with its related parties during the period:

	Six months ended	
	29 February 2024 RMB'000 (Unaudited)	28 February 2023 RMB'000 (Unaudited)
Consultancy income from Tianping College (<i>note i</i>)	<u>7,075</u>	<u>7,075</u>
Interest income from Tianping College (<i>note i</i>)	<u>10,907</u>	<u>8,888</u>

The balances with related parties at the end of the reporting period are as follows:

	As at 29 February 2024 RMB'000 (Unaudited)	As at 31 August 2023 RMB'000 (Audited)
	Consultancy income receivables from Tianping College (<i>note i</i>)	<u>32,500</u>
Interest receivables from Tianping College (<i>note i</i>)	<u>41,452</u>	<u>30,545</u>
Advance to Tianping College (<i>note i</i>)	<u>637,080</u>	<u>375,800</u>

Note:

- (i) Mr. Hou is the director and ultimate controlling shareholder of the Company and a director of Tianping College.
- (b) Compensation of key management personnel

The remuneration of directors and other members of key management during the period as follows:

	Six months ended	
	29 February 2024 RMB'000 (Unaudited)	28 February 2023 RMB'000 (Unaudited)
Short-term benefits	<u>3,546</u>	<u>2,811</u>
Equity-settled share-based payments	<u>1,138</u>	<u>1,808</u>
	<u>4,684</u>	<u>4,619</u>

17. EVENTS AFTER THE REPORTING PERIOD

The Company was included in the list of eligible stock under each of the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect programs with effect from 4 March 2024.

On 2 April 2024, Henan Shangqiu Chunlai Education Corporation* (河南商丘春來教育集團) (the “**School Sponsor**”), a consolidated affiliated entity of the Company and the sole school sponsor of each of Shangqiu University (including Shangqiu University Kaifeng Campus) and Anyang University, entered into a strategic cooperation agreement with Industrial and Commercial Bank of China Limited Shangqiu Branch* (中國工商銀行股份有限公司商丘分行) (“**ICBC**”), pursuant to which it is intended that ICBC shall be one of the main cooperative banks for the Group’s financial and business needs and ICBC shall provide various financial services to the School Sponsor, the Group’s schools and Tianping College of Suzhou University of Science and Technology.

Further details of the above are set out in the announcements of the Company dated 6 March 2024 and 2 April 2024, respectively.

Save as disclosed in this announcement, there were no other significant events that might affect the Group since the end of the Reporting Period and up to the date of this announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

Market Overview

The formal education system in the People's Republic of China (“PRC” or “China”) comprises fundamental education, which includes education from preschool to high school, secondary vocational education and higher education. Formal higher education can be further categorised into junior colleges and universities. Junior colleges only offer junior college programmes while universities can offer both junior college programmes and bachelor's degree programmes.

The Private Higher Education Industry in China

The private higher education industry in China has experienced rapid growth since the beginning of the 1990s as the relevant government authorities have made great endeavour in developing the regulatory framework for private higher education. The number of student enrolments in private higher education in China has continued to increase in recent years, with more and more students having chosen to go to private universities or colleges instead of public schools. According to Frost & Sullivan, the total number of private higher education institutions in China has been growing continuously, and the development of private higher education is primarily driven by a number of factors, including (i) support by PRC government policies and initiatives; (ii) increasing resident income and demand for higher education; (iii) growing market demand for technical talents; and (iv) increasing diversification and strengthened education quality. With the help of these factors, the rapid growth in higher education in China is expected to continue, and the private higher education landscape remains competitive.

Business Review

The Company is one of the leading providers of private higher education in China. Since our inception in 2004, we have grown to operate four colleges in Henan Province, namely Shangqiu University, Shangqiu University Kaifeng Campus, Anyang University and Anyang University Yuanyang Campus, and two colleges in Hubei Province, namely Hubei Jiankang Vocational College (湖北健康職業學院) (“**Jiankang College**”) and Jingzhou College (荊州學院) (“**Jingzhou College**”) (formerly known as Hubei College). We also participate in the operation of Tianping College of Suzhou University of Science and Technology (蘇州科技大學天平學院) (“**Tianping College**”). We completed the acquisition of sponsor interest of Jingzhou College in May 2021 and are in the process of acquiring the sponsor interest of Tianping College. We believe that we have strong potential to further grow our business, and the private higher education market in China presents many market opportunities.

The schools operated under the Group closely focus on the goal of application-oriented talent training, attach importance to, and actively carry out, the integration of industry and education, strengthen school-enterprise cooperation, explore “diversified talent training, innovative practical education system”, and form their own characteristics and highlights. As at 29 February 2024, the Group had entered into approximately 900 school-enterprise cooperations. Our collaboration models include practice and training, joint transformation of research and development results, joint training of order classes, and joint construction of majors and laboratories, and have achieved good results.

Our employment-oriented curricula are focused on equipping our students with practicable skills that meet the demand of economic development in China. The effectiveness of our practical curricula and training programmes is reflected in our high graduate employment rates. As at 31 December 2023, the average employment rate of the graduates of our higher education programmes was approximately 93.52%.

Our Colleges

Shangqiu University

Shangqiu University is located in Shangqiu, Henan Province. The predecessor of Shangqiu University was Huayu College of Henan Agricultural University* (河南農業大學華豫學院), which we co-founded with Henan Agricultural University in 2004. Shangqiu University currently offers 49 bachelor's degree programmes, 23 junior college to bachelor's degree transfer programmes, 39 junior college diploma programmes, 13 combined vocational education and junior college diploma programmes and 25 vocational education programmes. Shangqiu University has also been approved to offer double-degree bachelor's degree programmes in marketing, Chinese language and literature, economics, human resources management, and international economy and trade. As at 29 February 2024, Shangqiu University had a total enrolment of 25,638 students for the 2023/2024 school year.

In April 2017, Shangqiu University established Chunlai Institute, a two-year honours degree programme that aims to promote comprehensive and individualised education of its selected students. Chunlai Institute offers courses in, among others, management, world history, introduction to traditional Chinese culture, conversational English and art. To increase the competitiveness of its enrolees, Chunlai Institute also offers courses that prepare students for graduate school entrance exams and civil service examinations.

Shangqiu University Kaifeng Campus

Shangqiu University Kaifeng Campus is located in Kaifeng, Henan Province. It was established in 2013 as a branch college (下屬學院) of Shangqiu University. Shangqiu University Kaifeng Campus currently offers 28 bachelor's degree programmes, 21 junior college to bachelor's degree transfer programmes, 22 junior college diploma programmes, 6 combined vocational education and junior college diploma programmes and 12 vocational education programmes. As at 29 February 2024, Shangqiu University Kaifeng Campus had a total enrolment of 15,187 students for the 2023/2024 school year.

Anyang University

Anyang University is located in Anyang, Henan Province. The predecessor of Anyang University was College of Humanities and Management of Anyang Normal University (安陽師範學院人文管理學院), which was co-founded by Anyang Normal University and Anyang Iron and Steel Group in 2003. Anyang University currently offers 44 bachelor's degree programmes, 17 junior college to bachelor's degree transfer programmes, 37 junior college diploma programmes, 23 combined vocational education and junior college diploma programmes and 14 vocational education programmes. As at 29 February 2024, Anyang University had a total enrolment of 28,897 students for the 2023/2024 school year.

Anyang University Yuanyang Campus

In April 2021, we established the Anyang University Yuanyang Campus. Anyang University Yuanyang Campus currently offers 19 bachelor's degree programmes, 19 junior college to bachelor's degree transfer programmes, 15 junior college diploma programmes and 20 combined vocational education and junior college diploma programmes. As at 29 February 2024, Anyang University Yuanyang Campus had a total enrolment of 10,748 students for the 2023/2024 school year.

Jiankang College

Jiankang College is located in Xianning, Hubei Province. By closely following the state's "Healthy China 2030" and "Aging Service and Industry" strategic development needs, Jiankang College has set up three departments and two divisions, including the Department of Nursing, the Department of Health Intelligent Engineering, the Department of Public Health, the Division of Basic Medicine, and the Division of Public Instruction, and offers 19 majors, namely nursing, midwifery, rehabilitation technology, dental medicine technology, health management, early childhood development and health management, and rehabilitation engineering technology. As at 29 February 2024, Jiankang College had a total enrolment of 6,831 students for the 2023/2024 school year.

Jingzhou College

Jingzhou College is located in Jingzhou, Hubei Province. Jingzhou College currently offers 35 bachelor's degree programmes, 14 junior college to bachelor's degree transfer programmes and 19 junior college diploma programmes. As at 29 February 2024, Jingzhou College had a total enrolment of 16,752 students for the 2023/2024 school year.

Student Enrolment

The table below sets forth the enrolment statistics of our colleges as at 29 February 2024 and as at 28 February 2023:

	Student Enrolment⁽¹⁾			Percentage change (approximately)
	As at 29 February 2024	As at 28 February 2023	Change in number	
Shangqiu University				
Bachelor's degree programmes	9,444	9,696	-252	-2.6%
Junior college to bachelor's degree transfer programmes	4,817	3,023	1,794	59.3%
Junior college diploma programmes ⁽²⁾	5,523	10,694	-5,171	-48.4%
Vocational education programmes ⁽³⁾	5,854	6,366	-512	-8.0%
School subtotal	25,638	29,779	-4,141	-13.9%
Shangqiu University Kaifeng Campus				
Bachelor's degree programmes	8,543	8,160	383	4.7%
Junior college to bachelor's degree transfer programmes	4,749	4,168	581	13.9%
Junior college diploma programmes	1,079	4,940	-3,861	-78.2%
Vocational education programmes	816	786	30	3.8%
School subtotal	15,187	18,054	-2,867	-15.9%
Anyang University				
Bachelor's degree programmes	9,920	8,465	1,455	17.2%
Junior college to bachelor's degree transfer programmes	5,762	5,855	-93	-1.6%
Junior college diploma programmes ⁽²⁾	8,274	10,541	-2,267	-21.5%
Vocational education programmes ⁽³⁾	4,941	5,664	-723	-12.8%
School subtotal	28,897	30,525	-1,628	-5.3%
Anyang University Yuanyang Campus				
Bachelor's degree programmes	7,347	7,351	-4	-0.1%
Junior college to bachelor's degree transfer programmers	2,636	–	2,636	100.0%
Junior college diploma programmes	259	249	10	4.0%
Vocational education programmes	506	549	-43	-7.8%
School subtotal	10,748	8,149	2,599	31.9%

	Student Enrolment ⁽¹⁾		Change in number	Percentage change (approximately)
	As at 29 February 2024	As at 28 February 2023		
Jiankang College				
Junior college diploma programmes	<u>6,831</u>	<u>3,714</u>	<u>3,117</u>	<u>83.9%</u>
School subtotal	<u>6,831</u>	<u>3,714</u>	<u>3,117</u>	<u>83.9%</u>
Jingzhou College				
Bachelor's degree programmes	7,414	7,005	409	5.8%
Junior college to bachelor's degree transfer programmes	2,075	1,673	402	24.0%
Junior college diploma programmes	<u>7,263</u>	<u>5,032</u>	<u>2,231</u>	<u>44.3%</u>
School subtotal	<u>16,752</u>	<u>13,710</u>	<u>3,042</u>	<u>22.2%</u>
Total number of students	<u><u>104,053</u></u>	<u><u>103,931</u></u>	<u><u>122</u></u>	<u><u>0.1%</u></u>

Notes:

- (1) As our school year typically ends in late June or early July, we present student numbers as at 28 February and 29 February for interim presentation of 2022/2023 and 2023/2024 school years' student enrolment statistics, respectively.
- (2) Including (i) students enrolled in junior college diploma programmes and (ii) students enrolled in the last three years of combined vocational education and junior college diploma programmes.
- (3) Including (i) students enrolled in vocational education programmes and (ii) students enrolled in the first two years of the combined vocational education and junior college diploma programmes.

The number of students enrolled for the 2023/2024 school year slightly increased by 0.1% from 103,931 as at 28 February 2023 to 104,053 as at 29 February 2024. The increase was primarily due to the combined effect of an increase in enrolment of Anyang University Yuanyang Campus, Jingzhou College and Jiankang College as a result of the increase in student recruitment and a decrease in enrollment in Shangqiu University, Anyang University and Shangqiu University Kaifeng Campus. We also achieved expected results through increasing our efforts and expanding our footprint, thereby driving solid momentum for future sustainable development.

The Group believes the educational philosophies of its schools and its well-developed curricula as well as its high graduate employment rates enable the Group to attract high-quality students who are seeking a pathway to satisfactory employment. In addition, the quality faculty team is also a major factor that has played in the past, and will continue to play in the future, an important role in the success of the schools.

Student Recruitment

Our new student enrolment has historically been driven primarily by word-of-mouth referrals. We believe we generally have a good reputation in providing high quality education services among students and parents. In addition, after over 19 years of operations, we have built a highly engaged and vibrant community of alumnus, who we believe would assist us to continuously attract outstanding students.

Our recruitment efforts, coupled with the quality and reputation of our education programmes, have helped us achieve high admission yields in our colleges that offer bachelor's degree programmes. For example, as at 29 February 2024, the overall yield of our five colleges that offer bachelor's degree programmes (being Shangqiu University, Anyang University, Shangqiu University Kaifeng Campus and Jingzhou College and Anyang University Yuanyang Campus), as defined by the number of students who enrolled in a bachelor's degree programme divided by the number of students who were admitted in that programme, was 96.8%.

Our Teachers

We believe that our team of experienced and dedicated teachers are crucial to our success. As an operator of private schools, we can provide better incentives to qualified teachers who fit our hiring criteria. Teachers are the key to maintaining high-quality educational programmes and services as well as maintaining our brand and reputation. Our aim is to continue hiring teachers with a strong command of their respective subject areas who are open to innovative teaching methods and a caring heart towards students' well-being.

Future Development

In order to continuously increase our total student enrolment, we plan to acquire additional land use rights and construct new education and living facilities. We consider that the increase in capacity under the expansion plan is essential to accommodate our growth strategy of increasing student enrolment going forward. As each of our colleges generally requires its students to live in dormitories on campus, a college's student enrolment is largely limited by the capacity of its student dormitories. Taking into account the gender specificity of our student dormitories and the gender mix of our students, there is currently limited capacity for a significant growth in student enrolment. We expect to increase the capacity of our colleges progressively to strike a reasonable balance between student enrolment and utilisation of the school campuses. We believe the estimated increase in capacity is appropriate and will enable our colleges to grow sustainably.

We consider that, given our track record of delivering quality private higher education and industry reputation, the education authorities in the PRC will be receptive to our application for increasing admission quota provided that we are able to demonstrate that we have sufficient school capacity, appropriate facilities available and quality education programmes to offer, which are among the key objectives of our expansion plans.

FINANCIAL REVIEW

Overview

For the six months ended 29 February 2024, we recorded a revenue of RMB813.9 million, a gross profit of RMB493.7 million and an adjusted net profit of RMB386.0 million. The gross profit margin was 60.7% for the six months ended 29 February 2024 as compared with 62.9% for the six months ended 28 February 2023.

The net profit of the Group amounted to RMB384.3 million and RMB331.2 million for the six months ended 29 February 2024 and 28 February 2023, respectively. The net profit margin of the Group amounted to 47.2% and 44.2% for the six months ended 29 February 2024 and 28 February 2023, respectively.

The adjusted net profit of the Group for the six months ended 29 February 2024 was RMB386.0 million, representing an increase of RMB54.2 million or 16.3% from the corresponding period in 2023. The adjusted net profit margin of the Group was 47.4% and 44.3% for the six months ended 29 February 2024 and 28 February 2023, respectively. The increase in the adjusted net profit was mainly due to the increase in average tuition fee.

Revenue

Our revenue increased by 8.7% from RMB748.7 million for the six months ended 28 February 2023 to RMB813.9 million for the six months ended 29 February 2024, primarily due to the increase in average tuition fee.

Revenue from Shangqiu University decreased by 4.2% from RMB200.4 million for the six months ended 28 February 2023 to RMB192.0 million for the six months ended 29 February 2024. The decrease was primarily due to the decrease in student enrolment.

Revenue from Anyang University increased by 5.9% from RMB202.4 million for the six months ended 28 February 2023 to RMB214.3 million for the six months ended 29 February 2024. The increase was primarily due to the increase in average tuition fee.

Revenue from Shangqiu University Kaifeng Campus decreased by 8.4% from RMB136.4 million for the six months ended 28 February 2023 to RMB124.9 million for the six months ended 29 February 2024. The decrease was primarily due to the decrease in student enrolment.

Revenue from Anyang University Yuanyang Campus increased by 34.1% from RMB66.0 million for the six months ended 28 February 2023 to RMB88.5 million for the six months ended 29 February 2024. The increase was primarily due to the expansion of student size and increase in average tuition fee.

Revenue from Jingzhou College increased by 24.4% from RMB117.4 million for the six months ended 28 February 2023 to RMB146.0 million for the six months ended 29 February 2024. The increase was primarily due to the increase in student enrolment.

Revenue from Jiankang College increased by 84.0% from RMB26.2 million for the six months ended 28 February 2023 to RMB48.2 million for the six months ended 29 February 2024. The increase was primarily due to the expansion of student size.

Overall, revenue from tuition fees and boarding fees increased by 9.1% and 4.8%, respectively, from the six months ended 28 February 2023 to the six months ended 29 February 2024.

Cost of Revenue

Our cost of revenue increased by 15.3% from RMB277.7 million for the six months ended 28 February 2023 to RMB320.2 million for the six months ended 29 February 2024. The increase was primarily due to the increase in depreciation.

Gross Profit and Gross Margin

As a result of the foregoing, our gross profit increased by 4.8% from RMB471.0 million for the six months ended 28 February 2023 to RMB493.7 million for the six months ended 29 February 2024, and our gross profit margin decreased slightly from 62.9% for the six months ended 28 February 2023 to 60.7% for the six months ended 29 February 2024.

Other Income

Our other income increased by 53.3% from RMB40.5 million for the six months ended 28 February 2023 to RMB62.1 million for the six months ended 29 February 2024, primarily due to the increase in service income.

Other Gains and Losses

We recorded other gains of RMB2.3 million for the six months ended 28 February 2023, while we recorded other losses of RMB0.6 million for the six months ended 29 February 2024. The other losses for the six months ended 29 February 2024 were primarily attributable to exchange loss.

Selling Expenses

Our selling expenses decreased by 34.3% from RMB3.5 million for the six months ended 28 February 2023 to RMB2.3 million for the six months ended 29 February 2024, primarily due to the decrease of advertising expenses in student recruitment promotion.

Administrative Expenses

Our administrative expenses increased slightly by 3.6% from RMB113.5 million for the six months ended 28 February 2023 to RMB117.6 million for the six months ended 29 February 2024, primarily due to the increase in employees' remuneration.

Finance Costs

Our finance costs decreased by 23.0% from RMB61.4 million for the six months ended 28 February 2023 to RMB47.3 million for the six months ended 29 February 2024, primarily due to the decrease of bank borrowings.

Taxation

We recorded income tax of RMB3.8 million for the six months ended 29 February 2024 as compared to income tax of RMB4.3 million for the six months ended 28 February 2023 due to the decrease of taxable income.

Profit for the Period

Our profit increased by 16.0% from RMB331.2 million for the six months ended 28 February 2023 to RMB384.3 million for the six months ended 29 February 2024, primarily due to the increase in average tuition fee.

Non-IFRS Measure – Adjusted Net Profit

Our adjusted net profit increased by 16.3% from RMB331.8 million for the six months ended 28 February 2023 to RMB386.0 million for the six months ended 29 February 2024. Adjusted net profit (as a non-IFRS measure) was calculated as profit for the period excluding (i) share-based compensation, and (ii) foreign exchange (gain). The following table reconciles profit for the period to adjusted net profit for both periods:

	For the six months ended	
	29 February	28 February
	2024	2023
	<i>(RMB in thousands)</i>	
Profit for the period	384,271	331,172
Add:		
Share-based compensation	1,199	2,777
Foreign exchange loss/(gain)	577	(2,130)
Adjusted net profit	<u>386,047</u>	<u>331,819</u>

Liquidity and Source of Funding and Borrowing

As of 29 February 2024, the Company had funded the Group's cash requirements principally from cash generated from our operations and external borrowings. The Company had cash and cash equivalents of RMB789.7 million and RMB382.9 million as of 31 August 2023 and 29 February 2024, respectively. The Company generally deposits the Group's excess cash in interest-bearing bank accounts and current accounts.

As of 29 February 2024, the Group's principal uses of cash had been for the funding of required working capital, capital expenditures and other recurring expenses to support the expansion of the Group's operations. Going forward, the Company believes the Group's liquidity requirements will be satisfied by using funds from a combination of internally generated cash, external borrowings, proceeds from the Global Offering (as defined below) and other funds raised from the capital markets from time to time. Any significant decrease in student enrolment, or our tuition fees and boarding fees, or a significant decrease in the availability of bank loans or other financing may adversely impact the Group's liquidity.

Gearing Ratio

As at 29 February 2024, the gearing ratio of the Group, calculated as total borrowings divided by total equity as of the end of the period, was approximately 52.2%, representing a decrease of 14.0 percentage points as compared with 66.2% as at 31 August 2023. The decrease was due to the decrease of interest-bearing liabilities.

Significant Investments

The Group did not hold any significant investments (including any investment in an investee company with a value of 5% or more of the Company's total assets as at 29 February 2024) during the six months ended 29 February 2024.

Material Acquisitions and Disposals

Save as disclosed in this announcement, the Group did not have any material acquisitions or disposals of subsidiaries, consolidated affiliated entities or associated companies during the six months ended 29 February 2024.

Pledge of Assets

On 19 January 2024, Anyang University* (安陽學院), as credit recipient, entered into a line of credit agreement (the “**Anyang University Line of Credit Agreement**”) with Zhongyuan Bank Co. Ltd., Anyang Branch (中原銀行股份有限公司安陽分行) (“**Zhongyuan Anyang**”) in relation to Zhongyuan Anyang agreeing to make available a credit limit facility with a principal amount of up to RMB330,000,000 (the “**Anyang University Line of Credit**”) for a term of two years. On 19 January 2024, each of the Company, Henan Chunlai Education Technology Co., Ltd.* (河南春來教育科技有限公司) (the “**PRC Holdco**”), and Henan Shangqiu Chunlai Education Corporation* (河南商丘春來教育集團) (the “**School Sponsor**”), Mr. Hou Junyu (“**Mr. Hou**”) and Ms. Song Mengmeng (“**Ms. Song**”) entered into a guarantee agreement with Zhongyuan Anyang (collectively, the “**Anyang University Line of Credit Guarantee Agreements**”). Pursuant to the Anyang University Line of Credit Guarantee Agreements, each of the Company, the PRC Holdco, the School Sponsor, Mr. Hou and Ms. Song shall provide a guarantee in favour of Zhongyuan Anyang for Anyang University's liabilities under the Anyang University Line of Credit Agreement (including but not limited to the principal amount of the Anyang University Line of Credit, interest, damages, compensation, and fees incurred by Zhongyuan Anyang in connection with any enforcement actions). On 19 January 2024, in respect of the Anyang University Line of Credit Agreement, Anyang University entered into a rights pledge agreement with Zhongyuan Anyang, pursuant to which Anyang University agreed to pledge its rights in favour of Zhongyuan Anyang for its liabilities under the Anyang University Line of Credit Agreement (including but not limited to the principals, interest, damages, compensation, and fees incurred by Zhongyuan Anyang in connection with any enforcement actions).

On 19 January 2024, Shangqiu University* (商丘學院), as credit recipient, entered into a line of credit agreement (the “**Shangqiu University Line of Credit Agreement**”) with Zhongyuan Bank Co. Ltd., Shangqiu Branch (中原銀行股份有限公司商丘分行) (“**Zhongyuan Shangqiu**”) in relation to Zhongyuan Shangqiu agreeing to make available a credit limit facility with a principal amount of up to RMB240,000,000 (the “**Shangqiu University Line of Credit**”) for a term of two years. On 19 January 2024, each of the Company, the PRC Holdco, and the School Sponsor, Mr. Hou and Ms. Song entered into a guarantee agreement with Zhongyuan Shangqiu (collectively, the “**Shangqiu University Line of Credit Guarantee Agreements**”). Pursuant to the Shangqiu University Line of Credit Guarantee Agreements, each of the Company, the PRC Holdco, the School Sponsor, Mr. Hou and Ms. Song shall provide a guarantee in favour of Zhongyuan Shangqiu for Shangqiu University’s liabilities under the Shangqiu University Line of Credit Agreement (including but not limited to the principal amount of the Shangqiu University Line of Credit, interest, damages, compensation, and fees incurred by Zhongyuan Shangqiu in connection with any enforcement actions). On 19 January 2024, in respect of the Shangqiu University Line of Credit Agreement, Shangqiu University entered into an accounts receivable pledge agreement with Zhongyuan Shangqiu, pursuant to which Shangqiu University agreed to pledge its accounts receivables in favour of Zhongyuan Shangqiu for its liabilities under the Shangqiu University Line of Credit Agreement (including but not limited to the principals, interest, damages, compensation, and fees incurred by Zhongyuan Shangqiu in connection with any enforcement actions).

Further details of the Anyang University Line of Credit, the Shangqiu University Line of Credit and the respective related security agreements are set out in the announcements of the Company dated 19 January 2024, respectively.

Contingent Liabilities

Except as disclosed in this announcement, the Group had no material contingent liabilities as at 29 February 2024.

Foreign Exchange Exposure

During the six months ended 29 February 2024, the Group mainly operated in the PRC and the majority of the transactions were settled in Renminbi (“**RMB**”), the functional currency of the Group’s PRC subsidiaries and consolidated affiliated entities. The Group has certain exposure to foreign currency risk as part of its business transactions, assets and liabilities are denominated in United States dollars and Hong Kong dollars. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

Future Plans for Material Investments or Capital Assets

Except as disclosed in this announcement, the Company has no future plans for material investments and capital assets.

Employee and Remuneration Policy

As at 28 February 2023 and 29 February 2024, we had 4,750 and 4,840 employees, respectively.

The number of employees employed by the Group varies from time to time depending on business need. Employees' remuneration is determined in accordance with prevailing industry practice and employees' educational backgrounds, experiences and performance. The remuneration policy and package of the Group's employees are reviewed periodically. As required by PRC laws and regulations, the Company participates in various employee social security insurance plans for its employees that are administered by local governments, including, among others, housing provident funds, pensions, medical insurance, social insurance and unemployment insurance. According to the relevant laws and regulations in the PRC, the amount we are required to contribute for each of our employees under such plans should be calculated based on the employee's actual salary level of the previous year, and be subject to a minimum and maximum level as from time to time prescribed by local authorities.

Compensation of key executives of the Group is reviewed by the Company's remuneration committee based on the Group's performance and the executives' respective contributions to the Group.

The Company has also adopted a pre-IPO share option scheme and a share award scheme.

The total remuneration cost incurred by the Group for the Reporting Period was RMB171.9 million (for the six months ended 28 February 2023: RMB158.7 million).

EVENTS AFTER THE REPORTING PERIOD

The Company was included in the list of eligible stock under each of the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect programs with effect from 4 March 2024.

In addition, on 2 April 2024, the School Sponsor, a consolidated affiliated entity of the Company and the sole school sponsor of each of Shangqiu University (including Shangqiu University Kaifeng Campus) and Anyang University, entered into a strategic cooperation agreement with Industrial and Commercial Bank of China Limited Shangqiu Branch* (中國工商銀行股份有限公司商丘分行) ("ICBC"), pursuant to which it is intended that ICBC shall be one of the main cooperative banks for the Group's financial and business needs and ICBC shall provide various financial services to the School Sponsor, the Group's schools and Tianping College of Suzhou University of Science and Technology.

Further details of the above are set out in the announcements of the Company dated 6 March 2024 and 2 April 2024, respectively.

Save as disclosed in this announcement, there were no other significant events that might affect the Group since the end of the Reporting Period and up to the date of this announcement.

DIVIDEND

The Board has recommended the payment of an interim dividend of RMB0.0907 (equivalent to approximately HK\$0.1) per share (the “**Proposed Interim Dividend**”) for the six months ended 29 February 2024 (six months ended 28 February 2023: Nil). The interim dividend will be declared in Renminbi and paid in Hong Kong dollars. The exchange rate adopted for conversion was the average middle exchange rate published by the People’s Bank of China for the five business days prior to the declaration of the interim dividend (i.e. 22 April 2024 to 26 April 2024 (RMB1 to HK\$1.1025)). Such Proposed Interim Dividend will be payable on or around Thursday, 27 June 2024 to the Shareholders whose names appear on the register of members of the Company on Monday, 17 June 2024.

The final dividend in respect of the year ended 31 August 2023 of RMB0.053 (equivalent to approximately HK\$0.058) per share totaling approximately RMB63,898,000 was approved at the annual general meeting of the Company on 19 January 2024.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the Proposed Interim Dividend, the register of members of the Company will be closed from Wednesday, 12 June 2024 to Monday, 17 June 2024, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be entitled to the Proposed Interim Dividend, 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, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Tuesday, 11 June 2024.

CORPORATE GOVERNANCE AND OTHER INFORMATION

The Board is committed to achieving high corporate governance standards. The Board believes that high corporate governance standards are essential in providing a framework for the Group to safeguard the interests of shareholders and to enhance corporate value and accountability.

Compliance with the Corporate Governance Code

The Company has adopted the principles and code provisions of the Corporate Governance Code (the “**CG Code**”) contained in Appendix C1 to the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) as the basis of the Company’s corporate governance practices. During the Reporting Period, the Company has complied with all the code provisions set out in the CG Code.

The Company will continue to regularly review and monitor its corporate governance practices to ensure compliance with the CG Code, and maintain a high standard of corporate governance practices of the Company.

Compliance with the Model Code

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as the code of conduct regarding the Directors’ dealings in the securities of the Company.

Having made specific enquiry of all the Directors, all the Directors confirmed that they have strictly complied with the required standards set out in the Model Code during the Reporting Period.

AUDIT COMMITTEE

The Company has established the Audit Committee with written terms of reference in accordance with the Listing Rules. The Audit Committee comprises three independent non-executive Directors, namely, Mr. Lau, Tsz Man, Dr. Jin Xiaobin and Ms. Fok, Pui Ming Joanna. Mr. Lau, Tsz Man is the chairman of the audit committee and is appropriately qualified as required under Rule 3.10(2) and Rule 3.21 of the Listing Rules.

The Audit Committee has reviewed the unaudited consolidated financial statements of the Group for the Reporting Period. The Audit Committee has also reviewed and discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with the management of the Company.

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

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

Our shares were listed on the Stock Exchange on 13 September 2018 (the “**Global Offering**”). The net proceeds from the Global Offering amounted to approximately RMB489.8 million (equivalent to approximately HK\$552.6 million). The utilisation breakdown of the net proceeds from the Global Offering as at 29 February 2024 is set out below.

	Net proceeds from the Global Offering <i>RMB million</i>	Unutilised amount as at 31 August 2023 <i>RMB million</i>	Utilisation during the six months ended 29 February 2024 <i>RMB million</i>	Unutilised amount as at 29 February 2024 <i>RMB million</i>
Acquisition of land use rights and building education and living facilities for our current colleges	244.9	18.0	18.0	0.0
Acquisition of or cooperation with other universities in China	146.9	0.0	0.0	0.0
Repayment of loans	49.0	0.0	0.0	0.0
Working capital and general corporate purpose	49.0	0.0	0.0	0.0
Total	489.8	18.0	18.0	0.0

All the net proceeds from the Global Offering have been fully utilised as at 29 February 2024.

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the website of the Stock Exchange at (<https://www.hkexnews.hk>) and the website of the Company at (<https://www.chunlaiedu.com>). The interim report of the Group for the six months ended 29 February 2024 will be published on the aforesaid websites of the Stock Exchange and the Company and will be dispatched to the Company's shareholders who request the printed copy in due course.

By Order of the Board
China Chunlai Education Group Co., Ltd.
Hou Junyu
Executive Director

Hong Kong, 29 April 2024

As at the date of this announcement, the Board comprises Mr. Hou Junyu and Ms. Jiang Shuqin as executive Directors, Ms. Zhang Jie as executive Director and chief executive officer, Mr. Hou Chunlai as non-executive Director and chairman, and Dr. Jin Xiaobin, Ms. Fok, Pui Ming Joanna and Mr. Lau, Tsz Man as independent non-executive Directors.

* *The English translation of entity or enterprise names in Chinese is for identification purposes only. If there is any inconsistency between the Chinese names of entities or enterprises established in China and their English translations, the Chinese names shall prevail.*