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China Kepei Education Group Limited

中國科培教育集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1890)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 AUGUST 2024

ANNUAL RESULTS HIGHLIGHTS

	Year ended 31 August			Percentage
	2024	2023	Change	Change
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>(%)</i>
Revenue	1,692,842	1,517,489	+175,353	+11.6
Profit for the year	827,791	743,295	+84,496	+11.4
Core net profit**	830,014	790,059	+39,955	+5.1
Adjusted EBITDA*	1,129,710	1,065,430	+64,280	+6.0

* Adjusted EBITDA is defined as to earnings before interest, income tax expenses, depreciation and amortisation after adjusting for the items which are not indicative of the Group's operating performance.

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

FINAL DIVIDEND

The Board recommended the payment of final dividend of HKD0.06 per Share, representing approximately 30% of the profit attributable to owners of the Company. The dividend will be paid to all Shareholders in cash.

The Board of China Kepei Education Group Limited is pleased to announce the consolidated annual results of the Group for the Reporting Period together with the comparative figures for the year ended 31 August 2023 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 August 2024

	<i>Notes</i>	2024 RMB'000	2023 RMB'000
REVENUE	3	1,692,842	1,517,489
Cost of sales		<u>(744,277)</u>	<u>(642,762)</u>
Gross profit		948,565	874,727
Other income and gains	3	173,115	136,983
Selling and distribution expenses		(9,252)	(6,956)
Administrative expenses		(152,262)	(138,878)
Other expenses		(30,303)	(28,252)
Finance costs	4	<u>(53,538)</u>	<u>(85,888)</u>
PROFIT BEFORE TAX	8	876,325	751,736
Income tax expense	5	<u>(48,534)</u>	<u>(8,441)</u>
PROFIT FOR THE YEAR		<u>827,791</u>	<u>743,295</u>
Attributable to:			
Owners of the parent		827,845	743,295
Non-controlling interests		<u>(54)</u>	<u>–</u>
		<u>827,791</u>	<u>743,295</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	7		
Basic			
– For profit for the year		<u>RMB0.4114</u>	<u>RMB0.3701</u>
Diluted			
– For profit for the year		<u>RMB0.4114</u>	<u>RMB0.3694</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 August 2024

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
PROFIT FOR THE YEAR	<u>827,791</u>	<u>743,295</u>
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
An equity investment designated at fair value through other comprehensive income:		
Changes in fair value	<u>28,878</u>	<u>6,665</u>
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	<u>28,878</u>	<u>6,665</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR	<u>28,878</u>	<u>6,665</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>856,669</u>	<u>749,960</u>
Attributable to:		
Owners of the parent	856,723	749,960
Non-controlling interests	<u>(54)</u>	<u>—</u>
	<u>856,669</u>	<u>749,960</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 August 2024

	<i>Notes</i>	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		3,548,309	3,374,002
Right-of-use assets		724,888	746,014
Goodwill		692,268	692,268
Other intangible assets		366,622	372,727
An equity investment designated at fair value through other comprehensive income		36,293	12,805
Prepayments, other receivables and other assets		736,899	709,383
Contract costs		17,453	10,070
Pledged deposits		–	234,567
		<hr/>	<hr/>
Total non-current assets		6,122,732	6,151,836
CURRENT ASSETS			
Trade receivables	9	42,073	46,512
Prepayments, other receivables and other assets		204,028	144,085
Financial assets at fair value through profit or loss		11,312	170,393
Contract costs		10,383	4,372
Pledged deposits		110,029	–
Cash and cash equivalents		1,110,375	899,380
Inventories		2,597	–
		<hr/>	<hr/>
Total current assets		1,490,797	1,264,742
CURRENT LIABILITIES			
Contract liabilities	3	771,727	654,946
Other payables and accruals	10	586,948	533,927
Dividend payable		128,621	–
Interest-bearing bank and other borrowings		468,179	756,925
Lease liabilities		97	218
Tax payable		25,973	19,586
Deferred income		1,326	1,136
		<hr/>	<hr/>
Total current liabilities		1,982,871	1,966,738
		<hr/>	<hr/>
NET CURRENT LIABILITIES		(492,074)	(701,996)
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		5,630,658	5,449,840

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>5,630,658</u>	<u>5,449,840</u>
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	437,678	993,473
Lease liabilities	8,634	8,339
Deferred tax liabilities	51,644	44,313
Deferred income	<u>9,937</u>	<u>11,633</u>
Total non-current liabilities	<u>507,893</u>	<u>1,057,758</u>
Net assets	<u><u>5,122,765</u></u>	<u><u>4,392,082</u></u>
EQUITY		
Equity attributable to owners of the parent		
Share capital	137	137
Treasury shares	–	(1,595)
Reserves	<u>5,120,682</u>	<u>4,393,540</u>
	5,120,819	4,392,082
Non-controlling interests	<u>1,946</u>	<u>–</u>
Total equity	<u><u>5,122,765</u></u>	<u><u>4,392,082</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

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

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

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

The Group has prepared the financial statements on the basis of going concern. The Group recorded net current liabilities of RMB492,074,000 as at 31 August 2024. Included therein were the contract liabilities of RMB771,727,000 as at 31 August 2024, which will be settled by education services to be provided by the Group. In view of the net current liabilities position, the Directors have given careful consideration to the future liquidity and performance of the Group and its available sources of finance when assessing whether the Group will have sufficient financial resources to continue as a going concern and meet its liabilities as and when they fall due in the foreseeable future.

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

HKFRS 17	<i>Insurance Contracts</i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to HKAS 12	<i>International Tax Reform – Pillar Two Model Rules</i>

The nature and the impact of the new and revised HKFRSs that are applicable to the Group are described below:

- (a) Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has disclosed the material accounting policy information in note 2 to the financial statements. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.
- (b) Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.
- (c) Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The amendments had no significant impact on the Group's financial statements.
- (d) Amendments to HKAS 12 *International Tax Reform – Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

3. REVENUE, OTHER INCOME AND GAINS

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

	<i>Notes</i>	2024 RMB'000	2023 <i>RMB'000</i>
<u>Revenue</u>			
<i>Revenue from contracts with customers</i>			
Tuition fees	<i>(a)</i>	1,587,495	1,412,658
Boarding fees	<i>(a)</i>	97,314	92,615
Other education service fees	<i>(b)</i>	8,033	12,216
		<hr/>	<hr/>
Total revenue		<u>1,692,842</u>	<u>1,517,489</u>
<u>Other income and gains</u>			
Management service income	<i>(c)</i>	98,347	69,048
Rental income		27,047	27,348
Bank interest income		17,798	14,810
Government grants			
Related to assets		3,588	2,342
Related to income		3,392	1,454
Consulting service income		7,512	14,925
Others		15,431	7,056
		<hr/>	<hr/>
Total other income and gains		<u>173,115</u>	<u>136,983</u>

Notes:

- (a) Tuition fees and boarding fees mainly represented the income received from the provision of education and boarding services to students, which was recognised over time, i.e. the academic year, of the services rendered.
- (b) Other education service fees mainly represented income received from the provision of other education services including training services to students, which was recognised over time, i.e. the training periods, of the services rendered.
- (c) Pursuant to the share management agreement dated 15 July 2021 in relation to the acquisition of Anhui School, the entire management of Anhui School was entrusted to a subsidiary of the Company with effect from the effective date of the entrustment until the completion of acquisition. In consideration for the management services provided by the subsidiaries of the Company, the Group shall be entitled to management service income during the term of the share management agreement.

Contract liabilities

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

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

	2024 RMB'000	2023 <i>RMB'000</i>
At the beginning of the year	654,946	737,437
Revenue recognised that was included in the balance of contract liabilities at the beginning of the year	(652,232)	(737,284)
Other income recognised that was included in the balance of contract liabilities at the beginning of the period	(1,590)	–
Increases due to cash received, excluding amounts recognised as revenue during the year	771,268	655,040
Transfer to refund liabilities during the year	(665)	(247)
At the end of the year	<u>771,727</u>	<u>654,946</u>

Revenue recognised in relation to contract liabilities

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

	2024 RMB'000	2023 <i>RMB'000</i>
Revenue recognised that was included in the balance of contract liabilities at the beginning of the year		
Tuition fees	597,728	682,551
Boarding fees	54,504	54,733
Total	<u>652,232</u>	<u>737,284</u>

Unsatisfied performance obligations

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 August 2024 are as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Expected to be recognised within one year:		
As revenue – Tuition fees	710,953	598,594
As revenue – Boarding fees	58,106	54,762
As other income – Driving school training income	2,668	1,590
	<hr/>	<hr/>
Total	771,727	654,946
	<hr/> <hr/>	<hr/> <hr/>

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

There were no contract assets at the end of the Reporting Period recognised in the consolidated statement of financial position.

4. FINANCE COSTS

An analysis of finance costs is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Interest on lease liabilities	425	408
Interest on bank and other borrowings	53,444	95,077
	<hr/>	<hr/>
Total interest expense on financial liabilities not at fair value through profit or loss	53,869	95,485
Less: Interest capitalised	(331)	(9,597)
	<hr/>	<hr/>
Total	53,538	85,888
	<hr/> <hr/>	<hr/> <hr/>

5. INCOME TAX

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Current – Mainland China		
Charge for the year	41,203	23,343
Deferred	7,331	(14,902)
	<hr/>	<hr/>
Total tax charge for the year	48,534	8,441
	<hr/> <hr/>	<hr/> <hr/>

6. DIVIDENDS

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Interim – HK\$0.07 (2023: nil) per ordinary share	127,986	–
Proposed final – HK\$0.06 (2023: nil) per ordinary share	<u>111,616</u>	<u>–</u>

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

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

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the adjusted weighted average number of ordinary shares of 2,012,031,181 (2023: 2,008,291,147) outstanding during the year, which reflects the ordinary shares held for the Restricted Share Award Scheme of the Company and the treasury shares held by the Group during the year.

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

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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculations	<u>827,845</u>	<u>743,295</u>
	Number of shares	
	2024	2023
Shares		
Number of ordinary shares in issue at the beginning of the year	2,015,248,667	2,015,248,667
Weighted average number of ordinary shares held for the Restricted Share Award Scheme	(2,600,000)	(5,999,164)
Weighted average number of repurchased shares	<u>(617,486)</u>	<u>(958,356)</u>
Weighted average number of ordinary shares outstanding during the year used in the basic earnings per share calculation	<u>2,012,031,181</u>	<u>2,008,291,147</u>
Effect of dilution – weighted average number of ordinary shares: Restricted Shares under the Restricted Share Award Scheme	<u>–</u>	<u>4,144,973</u>
Weighted average number of ordinary shares outstanding during the year used in the diluted earnings per share calculation	<u>2,012,031,181</u>	<u>2,012,436,120</u>

8. PROFIT BEFORE TAX

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

	<i>Notes</i>	2024 RMB'000	2023 <i>RMB'000</i>
Employee benefit expense (excluding directors' and chief executive's remuneration):			
Wages and salaries		426,033	337,961
Pension scheme contributions****		29,405	36,767
Equity-settled restricted share award expense		<u>–</u>	<u>511</u>
Total		455,438	375,239
Depreciation of property, plant and equipment		170,261	169,066
Depreciation of right-of-use assets		19,521	19,041
Amortisation of other intangible assets		7,858	22,588
Impairment of trade receivables*	9	9,433	5,012
Exchange loss, net**		2,207	13,878
Fair value loss/(gain), net:			
Financial assets at fair value through profit or loss***		945	(2,298)
Auditor's remuneration		3,800	3,850
Bank interest income	3	(17,798)	(14,810)
Gain on bargain purchase on acquisition of subsidiaries		–	(21)
Loss on disposal of items of property, plant and equipment		6,351	354
Dividend income from an equity investment designated at fair value through other comprehensive income		(465)	–
Cost of inventories sold**		<u>3,116</u>	<u>–</u>

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

** The cost of inventories sold and the exchange loss are included in other expenses in the consolidated statement of profit or loss.

*** The fair value gain is included in other income and gains and fair value loss is included in other expenses in the consolidated statement of profit or loss.

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

9. TRADE RECEIVABLES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Tuition fees and boarding fees receivables	53,834	57,415
Impairment	<u>(11,761)</u>	<u>(10,903)</u>
Net carrying amount	<u><u>42,073</u></u>	<u><u>46,512</u></u>

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

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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Within 1 year	21,861	22,630
1 to 2 years	7,992	15,181
2 to 3 years	6,841	6,792
Over 3 years	<u>5,379</u>	<u>1,909</u>
Total	<u><u>42,073</u></u>	<u><u>46,512</u></u>

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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
At beginning of year	10,903	10,778
Impairment losses (<i>note 8</i>)	9,433	5,012
Amount written off as uncollectible	<u>(8,575)</u>	<u>(4,887)</u>
At end of year	<u><u>11,761</u></u>	<u><u>10,903</u></u>

10. OTHER PAYABLES AND ACCRUALS

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Payables for salaries, bonus and welfare funds	30,421	10,668
Payables for social insurance and housing fund	44,694	44,694
Payables for scholarships and needy student fund	72,130	77,935
Payables for cooperative education fees	10,511	1,042
Payables for purchase of property, plant and equipment	170,583	174,809
Miscellaneous expenses received from students*	43,419	42,856
Other tax payable	35,390	30,141
Accrued interest	4,036	5,852
Consideration payable for acquisition of a subsidiary	100,000	100,000
Payables for admission fees	20,458	–
Others	55,306	45,930
	<hr/>	<hr/>
Total	586,948	533,927
	<hr/> <hr/>	<hr/> <hr/>

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

Business Overview

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

The National Education Work Conference held in January 2024 clearly stated that the goal of construction of a powerful country in terms of education by 2035 remained unchanged, and put forward the requirements of deepening the integration between industry and education, and promoting the integration of “four chains” (education chain, innovation chain, industry chain and talent chain). In the 2023/24 school year, we have established the following strategies to provide high-quality education service to our students.

Focusing on High-Quality Development as the Core of Operating Schools and Continuously Increasing Investments in Operating Schools

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

The Group has been committed to building a high-level teaching team with optimized structure, high quality, vitality, innovation and adaptability to the development of the school, and to create “dual-qualification” (雙師雙能型) talents with solid theoretical knowledge, rich practical experience and ability, and innovative ability. In 2023/24 school year, the Group introduced more than 300 high-quality teachers, and the number of teachers with intermediate titles and above has increased significantly. The Group has established a new educational supervision office to carry out meticulous inspection of syllabuses, lesson planning by teachers, teaching quality in lessons and implementation of practice teaching by teachers, thereby providing strong protection for improving teaching quality. In 2023/24 school year, the Group arranged key teachers to participate in academic exchanges and training at renowned universities in countries such as Singapore, Japan, South Korea, and Russia, in order to increase their international exposure and enhance their academic level. The Group holds teaching contests for young teachers regularly to strengthen their professional ethics and train their basic skills to perform their teaching duties. The four programmes of our schools, namely “Consumer Psychology”, “Intermediate Financial Accounting”, “Computer Programing (python)” and “Virtual Simulation Experiment of Rotary Steerable System (RSS) Drilling Technology”, are considered as provincial-level first-class undergraduate programmes, while “Consumer Psychology”, a programme offered by us for the first time, participated in the selection of the third batch of first-class programmes in China.

Our teacher qualification training has achieved remarkable results. In 2023/24 school year, we received approximately 140 national awards and 260 provincial awards. The vice principal of the Guangdong School was awarded “the Outstanding Principal for Private Education in Guangdong” (廣東民辦教育「優秀校長」) in 2023. A teacher from the faculty of Information Engineering of Heilongjiang School was awarded the First Prize of Heilongjiang Province Teaching Achievement Award; a counsellor from the Faculty of Economics and Management of the same school was awarded “the Best High School Counselor of the Year in Heilongjiang” (黑龍江省高校輔導員年度人物), and the Second Prize of Heilongjiang University Teachers’ Teaching Innovation Competition. Adhering to the scientific research goal of “Promoting Teaching through Research and Promoting Learning through Teaching”, our schools actively carry out scientific research and ignites the enthusiasm of teachers to engage in scientific research. In 2023/24 school year, the Group’s schools undertook 120 provincial-level scientific research projects, and our teachers published 834 academic papers, including about 50 core journal papers. The teachers’ honors and number of scientific research awards increased significantly as compared to last year. The Heilongjiang School ranked 28th among the list of private universities in China by Chinese Alumni Association in 2024, jumped from 38th for the last year; it also ranked second among private colleges in Heilongjiang. We formulated the Implementation Measures for Encouraging Teachers to Obtain Doctoral Degrees On-the-job (《鼓勵教師在職攻讀博士學位實施辦法》) to improve the qualifications and teaching abilities of our teaching team. We established a joint base for offering doctoral training programmes with University of Melaka in Malaysia, which provides our first teaching team with approximately 100 members with services of offering doctoral training programmes. We also provide tuition assistance to teachers participating in these doctoral training programmes.

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

In 2023/24 school year, the second phase of Huaibei School has been put into use, providing modern and high-standard teaching and living facilities to our students, as well as stronger growth opportunities for students enrolled in the future. The Group has made investments in the construction of approximately 100 new experimental training rooms, including big data and AI laboratories, live stream laboratories for e-commerce and new media, integrated laboratories for industrial robots, experimental training rooms for 3D digital creative design, training rooms for cross-border logistics and supply chain management and Huawei cloud computing laboratories, to meet the needs of modern vocational education. The Group is committed to developing an intelligent campus. During the year, 200 new virtual cloud-based desktop multi-media classroom and standardized examination rooms were established. We cooperated with online teaching platforms such as Chaoxing (超星), University Open Online Courses (優課聯盟) and Treenity (智慧樹), to provide online teaching to teachers and students on campus, effectively increasing the application of information technology.

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

We attach great importance to the employment of students, conscientiously implement the decision-making arrangements of the Party Central Committee and the State Council on “stabilizing and promoting employment” and the requirements of the Ministry of Education on launching the “Special Action for the Secretary and Principal to Visit Enterprises to Expand Jobs and Promote Employment”. We also pay great attention to the comprehensive internship work of students. We actively visit enterprises through multiple channels to meet the employment needs of enterprises and provide students with sufficient employment and internship opportunities. In the 2023/24 school year, the Group’s recruitment activities adopted the model of large-scale campus double-selection meetings, job fairs held by well-known enterprises and online job fairs. Over 4,000 companies have been invited to provide more than 150,000 job opportunities, and the graduates with an average of about 10 job opportunities. Facing a challenging employment environment in 2023, the Group has managed to achieve an outstanding graduate employment of nearly 90%. Students were employed by well-known companies such as CATL, XPeng Motors, BYD, Midea, and TCL. The overall number of graduates who independently start their own businesses, take postgraduate entrance exams, study abroad, and obtain admission to national civil servants has steadily increased. The Group has established the new Innovation and Entrepreneurial College to provide the base of innovation and entrepreneurial. It is equipped with nearly 100 teachers to support and nurture innovation and entrepreneurial programmes presented by university students. Currently, there are over 50 participating youth start-ups. The Heilongjiang School was granted the title of “Provincial Demonstration Unit in Employment and Entrepreneurship of University Graduates”.

We attach great importance to the all-round development of students, encourage and support students to participate in various competitions during school semesters, and have won approximately 1,100 national awards and approximately 3,600 provincial honors. These include: the First Prize of “Challenge Cup” College Students Entrepreneurship Plan Competition, “China Robotics Development Competition” Award, “National University Business Elite Challenge”, National College Students Smart Car Competition, China International “Internet+” College Students Innovation and Entrepreneurship Competition, Chinese College Students Calculator Design Contest, China College Student Industrial Design Competition, National College Student English Competition, National College Student Chemical Design Competition and other awards. Teachers and students from the Heilongjiang School has won the Second Prize in “the 5th Ice Sculpture Creative Design Contest in Heilongjiang” (黑龍江省第五屆高校冰雪雕創意設計大賽) with their ice sculptures. A workpiece by a student from the Heilongjiang School has won the most popular award and the best photography award in “the 2023 High School Ice City Creative Mini Video Contest”, which was reported by Chinese Communist Youth League of Harbin and the Harbin Daily (哈爾濱日報) on several occasions. To celebrate the 20th anniversary of the Heilongjiang School, the students staged a large-scale original melodrama “Ode to An Iron Man”, which was widely appreciated, and was widely announced and reported by key media such as Xinhua News Agency and China Education News Web.

Promoting High-Quality Education Through Industry-Education Integration and Selective Majors Offering

Based on the current situation of local economic and social development, the Group offered a number of new majors, including “AI”, “Intelligent Manufacturing Engineering”, “Robotics Engineering”, “Digital Media Arts”, “Cross-border E-commerce” and “New Energy Science and Engineering”, in order to meet the needs of the strategic emerging industries of the state and closely connect to the rising industries with high talent demand. In addition, majors such as Mechanical and Electronic Engineering, Computer Science and Technology, Communication Engineering and Civil Engineering have been newly approved as provincial-level first-class undergraduate majors.

To conscientiously implement the “Decisions of the State on Deepening the Integration of Industry and Education”, the Group has conducted “3+1” application-oriented talents model, a trial reform of the way of nurturing talents by Establishing the Office of School-Enterprise Cooperation and the Office of Comprehensive Internship work for School-Enterprise Cooperation. Both offices are equipped with professional management personnel who jointly establish off-campus practice teaching bases, in order to achieve school-enterprise collaborative education. The Group has reached cooperation agreement with nearly 3,000 enterprises, of which nearly 1,000 enterprises, including CATL, Xiaopeng Motors, Midea Group, Yum!, CR Vanguard, Budweiser Asia Pacific, Alibaba, Pinduoduo, Vip.com, RoyalFlush and other industry leading enterprises were selected to be parties to the agreements of off-campus practice teaching bases. Pursuant to the agreements, these enterprises will provide approximately 10,000 posts for off-campus practice teaching. We have been actively introducing leading enterprises to our schools. By doing so, we are able to deliver more solid outcome in the integration of industry and education through industry colleges. In order to focus on the development strategy of national key industries, we worked with leading enterprises such as Huawei, Tencent, BYD, IFLYTEK, Yonyou, UBTECH and SF Express to establish 11 industry colleges, including Huawei ICT Industry College, IFLYTEK Artificial Intelligence Industry College, Tencent Cloud Big Data Industry College, BYD New Energy Automobile Industry College and UBS Intelligent Robot Institute (優必選智能機器人學院), which cover the areas of AI, new energy industries, digital China, intelligent manufacturing and intelligent logistics.

With school-enterprise cooperation and advantages of our majors, we closely connected to employers with high talent demand, achieved multi-dimensional in-depth cooperation between our schools and enterprises, and cultivated professional technical talents in line with the development of the local real economy and industrial upgrading, thereby ensuring full and high-quality employment for students.

Enhancing satisfaction and experience of teacher and students at our schools

The Group attaches great importance to the experience of students at our schools, and continuously improves students' experience at academic zone and other areas, thereby significantly enhancing students' satisfaction. The Group continuously introduced leading catering chains, including coffee shops and tea drink vendors such as Luckin, ChaPanda, and Mixue Ice Cream & Tea, to provide diversified catering services to our teachers and students. We offered new facilities such as shared printer, shared laundry room and shared electric vehicle to provide convenient campus services for our students. We also continued to enrich campus activities for our students by launching activities such as campus vlog video displaying and broadcasting contests, mini-drama and mini-video makers contest, campus singing contest and creative market for college students. We invited former NBA all-star and popular street basketball celebrities in China as players in our basketball contests. In addition, our schools organise quality development programmes for new staff and birthday parties for academic staff members regularly to strengthen cohesion within the teaching team.

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

Our schools have been actively carrying out social welfare activities, including popularization lectures of laws in community, strengthened collaboration and paired assistance, caring elderly and veterans, and City Marathon volunteers, to serve local communities and demonstrate our sense of social responsibility. Students from our schools worked on voluntary activities for up to 130,000 hours. Students from the Guangdong School ranked first among private schools in Guangdong for their donation of nearly 200,000 millilitres of blood without compensation. The Anhui school was awarded the honorary title of "Anhui Province Water-saving College". The Guangdong School was awarded the only "National Red Cross Model Unit" by the Red Cross Society of China in the province's private colleges and universities.

We care for mental and physical well-being of students by holding thematic campaigns such as World AIDS Day, Anti-Drug and Legal Awareness Promotion Month and AED first-aid training session. The Heilongjiang School was one of the first batch of schools with the honorary title of "High Schools Complying with the Mental Health Education Standards" in Heilongjiang Province. The Guangdong School actively responded to the country's call for conscription, and won the title of the Advanced Unit in the Conscription Work of Guangdong Province for four consecutive years. The Group further promoted the implementation of the Western Plan, encouraging and organizing college students to carry out voluntary services such as supporting education and agriculture in the western region and the border villages. Over 150 students have participated in the Western Plan and Village Plan as volunteers. Guangdong School and Heilongjiang School won the title of excellent team of the provincial "Three Countryside Activities". The schools of the Group provide material assistance and educational resource assistance to students from families with financial difficulties to ensure that they can successfully complete their studies. Over 40,000 students have received such assistance.

Market Position

With over 20 years' experience in operating vocational education institutions in China, the Group is a leading provider of private vocational education services in China.

The Group is committed to providing students with high-quality profession-oriented and vocational education and helping them to meet the growing and changing market demands. The Group is primarily focused on engineering majors to better capture local employment demands balanced with economics, management, education and art majors to offer well-rounded education services. It endeavors to provide students with various profession-oriented training and internship opportunities in collaboration with research institutions and enterprises, which fosters practical skills and market competitiveness of the students.

Revenue

The revenue increased by 11.6% from RMB1,517.5 million for the year ended 31 August 2023 to RMB1,692.8 million for the year ended 31 August 2024. The Group typically charges students fees which is comprised of tuition fees, boarding fees and other education service fees. Tuition fees remained as the major revenue, accounted for approximately 93.8% of the total revenue of the Group for the year ended 31 August 2024.

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

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Tuition fees		
Higher education program*	1,500,840	1,319,009
Secondary vocational education	86,655	93,649
Total tuition fees	<u>1,587,495</u>	<u>1,412,658</u>
Boarding fees	97,314	92,615
Other education service fees	8,033	12,216
Total	<u><u>1,692,842</u></u>	<u><u>1,517,489</u></u>

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

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

Student enrollment

In the 2023/24 school year, the Group had approximately 76,000 full-time students, including approximately 65,000 undergraduate students (up by 10.0% year-on-year). Benefiting from the favorable policies of vocational education and strong demand from students, the total enrolment of undergraduate program in 2024/25 school year reached 69,000, up by 5.4% year-on-year. The structure of students has further been optimized, with the proportion of undergraduate students among the total number of full-time students reached nearly 90.0%. The admission cut-off scores and enrolment rate continue to increase, the brand competitiveness has been further enhanced, and the high-quality development strategy is steadily advancing.

Risk Management

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

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

Interest Rate Risk

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

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

Liquidity Risk

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

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

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

Environment, Health and Safety

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

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

Future Plans

1. With the upgrade of the State's industries, the demand for vocational education talents in advanced manufacturing and modern service industries is becoming increasingly strong. We will implement high-quality development strategies from the following aspects to cultivate high-level applied and professional talents for the country and serve local economic development:
 - (i) The Group has abundant school-enterprise cooperation resources in the Pearl River Delta and Yangtze River Delta regions, and will actively promote school-enterprise cooperation with leading entities in various industries, focusing on national key industries and emerging industries, such as new energy vehicles, digital economy, information technology, artificial intelligence and other industries, and deepening the integration of industry and education and building industry colleges together, to realize close connection between professional settings and industry needs and improve high-quality employment for students; and

- (ii) We will be committed to building a high-quality and professional teaching team to achieve a positive interaction between discipline construction and teaching team construction and continue to deepen the construction of a double-qualified teacher team, promote the connection between the education chain, the talent chain and the industry chain, jointly formulate and improve the talent training plan, and create an innovative talent training system that deeply integrates production and education, and school-enterprise collaborative education.

2. Actively explore our international education services.

In the future, we will actively explore our international education services, including overseas education services for undergraduate, master and doctoral degree, as well as international exchanges programs between domestic and overseas colleges. We will establish stable and long-term cooperation with well-known overseas colleges in Europe, the United States, Australia and Southeast Asia to develop diversified and comprehensive services for overseas education, including language training, overseas education application, overseas study tours, lifestyle services for overseas students and employment visa application. Moreover, we will actively promote foreign exchanges and cooperation in vocational education, strengthen vocational education cooperation and mutual recognition of academic qualifications with countries along the “Belt and Road Initiative”, actively promote the sharing of high-quality teaching resources, teachers and enrollment resources between domestic schools and overseas colleges for the construction of an effective communication platform, so that our students are able to accept internationalized education and broaden their horizons.

Financial Review

Revenue

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

Revenue increased by RMB175.3 million, or 11.6%, from RMB1,517.5 million for the year ended 31 August 2023 to RMB1,692.8 million for the year ended 31 August 2024. This increase was primarily the result of revenue from tuition fees increased by RMB174.8 million, or 12.4%, from RMB1,412.7 million for the year ended 31 August 2023 to RMB1,587.5 million for the year ended 31 August 2024.

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

Cost of Sales

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

Cost of sales increased by RMB101.5 million or 15.8% from RMB642.8 million for the year ended 31 August 2023 to RMB744.3 million for the year ended 31 August 2024. This increase was primarily the result of: (i) the Group's great input to develop a high quality teaching crew in cultivating high-end talents as well as improvement of benefits for faculties; (ii) the continuously investment in various professional teaching training venues and equipment in order to improve teaching quality and students' learning experiences; and (iii) the increase in practice fees and training expense in relation to improve student employment.

Gross Profit

The gross profit increased by 8.4% from RMB874.7 million for the year ended 31 August 2023 to RMB948.6 million for the year ended 31 August 2024. The gross profit margin for the year ended 31 August 2024 was 56.0%, representing a decrease of 1.6 percentage points as compared to the gross profit margin of 57.6% of last year. The decrease of gross profit margin was mainly due to the Group's continuously investment in teaching expenses and students expenses to achieve high teaching qualities and student employment.

Other Income and Gains

Other income and gains primarily consist of government grants, interest income from bank deposits, rental income from lease of campus properties and venues to independent third parties, management service income and consulting service income.

Other income and gains increased by RMB36.1 million, or 26.4%, from RMB137.0 million for the year ended 31 August 2023 to RMB173.1 million for the year ended 31 August 2024. This increase was primarily due to: (i) the increase of RMB29.3 million in the management service income compared to last year; and (ii) the increase of RMB3.0 million in interest income from bank deposits.

Selling and Distribution Expenses

Selling and distribution expenses primarily consist of advertising expenses, student admission expenses and business entertainment expenses.

The selling and distribution expenses increased by 32.9% from RMB7.0 million for the year ended 31 August 2023 to RMB9.3 million for the year ended 31 August 2024, which was mainly because of the continuing investment of the Group's brand building and students' enrollment promotion.

Administrative Expenses

Administrative expenses primarily consist of administrative staff salaries, office-related expenses, depreciation and amortisation of office buildings, equipment and right of use assets, audit fee, travel expenses and others.

The administrative expenses increased by 9.6% from RMB138.9 million for the year ended 31 August 2023 to RMB152.3 million for the year ended 31 August 2024. This increase was primarily due to the increase numbers of management professionals to achieve the Group's high-quality development.

Other Expenses

Other expenses primarily consist of expenses relating to staff costs, loss on disposal of items of property, plant and equipment, exchange loss, donation cost, cost of inventories sold and other costs.

Other expenses increased by 7.1% from RMB28.3 million for the year ended 31 August 2023 to RMB30.3 million for the year ended 31 August 2024. This increase was primarily due to (i) the increase of RMB1.0 million in the fair value loss on financial assets at fair value through profit or loss compared to last year; (ii) the increase of the loss of RMB6.0 million on the disposal of items of property, plant and equipment compared to last year; (iii) the decrease of the exchange loss of RMB11.7 million compared to last year; (iv) the increase of expenses related to new initiative business operated by the Group; (v) the increase of RMB1.7 million in the staff costs compared to last year; and (vi) the increase of RMB4.9 million in cost of inventories sold and others costs.

Finance Costs

Finance costs primarily consist of interest expenses for the interest-bearing bank loans and lease liabilities.

The finance costs decreased by 37.7% from RMB85.9 million for the year ended 31 August 2023 to RMB53.5 million for the year ended 31 August 2024, which was mainly due to the decrease in the balance of interest-bearing bank loans and average bank interest rates.

Core Net Profit

Core net profit was derived from the profit for the year after adjusting the expenses related to the share-based payments under the Restricted Share Award Scheme, additional depreciation and amortisation due to the fair value adjustments to the acquired identifiable assets and foreign exchange loss, which are not indicative of the Group's operational performance. This is not a HKFRS measure. The Group presents this item because the Group considers it an important supplemental measure of the Group's operational performance used by the Group's management as well as analysts or investors. The following table reconciles from profit for the year to core net profit for both financial years:

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Profit for the year	827,791	743,295
Add:		
Additional depreciation and amortisation due to the fair value adjustments to the acquired identifiable assets	(2,528)	26,807
Share-based payments under the Restricted Share Award Scheme	–	3,233
Exchange loss	2,207	13,878
Donation expenses	2,544	2,846
	<hr/>	<hr/>
Core net profit	<u>830,014</u>	<u>790,059</u>

The core net profit increased by 5.1% from RMB790.1 million for the year ended 31 August 2023 to RMB830.0 million for the year ended 31 August 2024.

Calculation of adjusted EBITDA

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

	2024	2023
	RMB'000	RMB'000
Profit for the year	827,791	743,295
Add:		
Depreciation and amortisation of property, plant and equipment, right-of-use assets and other intangible assets	197,640	210,695
Income tax expense	48,534	8,441
Finance costs	53,538	85,888
Exchange loss	2,207	13,878
Equity-settled restricted share award expense	<u>–</u>	<u>3,233</u>
Adjusted EBITDA	<u>1,129,710</u>	<u>1,065,430</u>

Adjusted EBITDA increased by RMB64.3 million, or 6.0%, from RMB1,065.4 million for the year ended 31 August 2023 to RMB1,129.7 million for the year ended 31 August 2024.

Capital Expenditure

Capital expenditures during the Reporting Period primarily related to the establishment of new school premises, maintaining and upgrading existing school premises and purchasing additional educational facilities and equipment for the PRC Schools. For the year ended 31 August 2024, the Group's capital expenditures were RMB366.1 million (for the year ended 31 August 2023: RMB309.4 million).

Gearing Ratio

The gearing ratio of the Group, which was calculated as total interest-bearing bank and other borrowings divided by total equity as at the end of the relevant financial year, decreased from approximately 39.9% as at 31 August 2023 to approximately 17.7% as at 31 August 2024, primarily due to the decrease in the Group's total interest-bearing bank and other borrowings.

Foreign Exchange Risk Management

The functional currency of the Company is RMB. The majority of the Group's revenue and expenditures are denominated in RMB. As at 31 August 2024, certain bank balances were denominated in HKD and USD. During the year ended 31 August 2024, the Group did not experience any significant difficulties in or impacts on its operations or liquidity due to fluctuations in currency exchange rates. The Directors believe that the Group has sufficient foreign exchange to meet its own foreign exchange requirements and will adopt practical and effective measures to prevent exposure to exchange rate risk. As a result, the Group did not enter into any financial instrument for hedging purposes.

Contingent Liabilities

As at 31 August 2024, the Group did not have any significant contingent liabilities, guarantees or any litigations or claims of material importance pending or threatened (as at 31 August 2023: nil).

Pledge of Asset

As at 31 August 2024, the Group's time deposits amounting to RMB110.0 million (as at 31 August 2023: RMB234.6 million) were pledged to secure certain of the Group's bank loans.

Human Resources

As at 31 August 2024, the Group had 4,555 employees (as at 31 August 2023: 3,871 employees).

The remuneration policy and package of the Group's employees are periodically reviewed in accordance with industry practice and result performance of the Group. The Group provides external and internal training programs to its employees. The Group participates in various employee social security plans for its employees that are administered by local governments, including housing, pension, medical insurance, occupational injury insurance, maternity insurance and unemployment insurance. The Company has also adopted the Share Option Scheme and the Restricted Share Award Scheme to provide incentives to its employees.

The total remuneration cost incurred by the Group for the year ended 31 August 2024 was RMB493.9 million (for the year ended 31 August 2023: RMB399.8 million).

EVENTS AFTER THE REPORTING PERIOD

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

FINAL DIVIDEND

The Board recommended the payment of a final dividend of HK\$0.06 (for the year ended 31 August 2023: nil) per share for the year ended 31 August 2024. The final dividend is subject to the approval of the Shareholders at the forthcoming annual general meeting of the Company to be held on Friday, 21 February 2025 (the “AGM”) and the proposed final dividend will be payable on or around 22 August 2025 to the Shareholders whose names appear on the register of members of the Company on 8 August 2025.

	Year ended 31 August 2024
Interim dividend (HK\$)	0.07
Proposed final dividend (HK\$)	0.06

CLOSURE OF THE REGISTER OF MEMBERS

(a) For determining the entitlement to attend and vote at the AGM

The forthcoming AGM of the Company will be held on Friday, 21 February 2025. The register of members of the Company will be closed from Tuesday, 18 February 2025 to Friday, 21 February 2025, both days inclusive, in order to determine the identity of the Shareholders who are entitled to attend the AGM, during which period no share transfers will be registered. To be eligible to attend the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company’s Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Monday, 17 February 2025.

(b) For determining the entitlement of the proposed dividend

The register of members of the Company will also be closed from Tuesday, 5 August 2025 to Friday, 8 August 2025, both days inclusive, in order to determine the entitlement of the Shareholders to receive the final dividend, during which period no share transfers will be registered. To qualify for the final 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, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Monday, 4 August 2025.

CORPORATE GOVERNANCE

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the CG Code as set out in Appendix C1 of the Listing Rules as its own code of corporate governance. The Company has complied with all applicable code provisions of the CG Code during the year ended 31 August 2024, except for a deviation from code provision C.2.1 of the CG Code.

Under code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. During the Reporting Period, Mr. Ye concurrently served as the Chairman, executive Director, chief executive officer and general manager of the Company until 2 July 2024. Throughout the Group's business history, Mr. Ye has been the key leadership figure of the Group who has been primarily involved in the strategic development, overall operational management and major decision-making of the Group. Taking into account the continuation of the implementation of the Group's business plans, the Directors considered Mr. Ye was the best candidate for both positions and the arrangements was beneficial and in the interests of the Company and the Shareholders as a whole.

Since 2 July 2024, Ms. Li Yan has been appointed as the chief executive officer. Mr. Ye remains to serve as the Chairman and other positions. The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix C3 of the Listing Rules as its own code of conduct regarding directors' securities transactions. Having made specific enquiries of all Directors, each of the Directors has confirmed that he/she has complied with the required standards as set out in the Model Code during the year ended 31 August 2024.

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 August 2024, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed matters in relation to auditing, internal control and financial reporting. The Audit Committee, together with the Board has reviewed the Group's consolidated financial statements for the year ended 31 August 2024.

The financial information of the Group disclosed in this announcement is based on the Group's consolidated financial statements for the year ended 31 August 2024, which has been agreed with the auditor of the Company.

CHANGES TO DIRECTORS' INFORMATION

With effect from 2 July 2024, executive Director Mr. Ye Nianqiao ceased to be the chief executive officer, and executive Director Ms. Li Yan has been appointed as the chief executive officer.

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

SCOPE OF WORK OF ERNST & YOUNG

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 August 2024 as set out in this preliminary announcement have been agreed by the Company's auditor, Ernst & Young, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by Ernst & Young in this respect does not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no opinion or assurance conclusion has been expressed by Ernst & Young on this preliminary announcement.

PUBLICATION OF THE ANNUAL RESULTS AND 2024 ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.chinakepeiedu.com), and the 2024 annual report of the Group for the year ended 31 August 2024 containing all the information required by the Listing Rules will be published on the respective websites of the Stock Exchange and the Company in due course.

DEFINITION

AGM	Annual General Meeting
Anhui School	Maanshan College (馬鞍山學院), a degree-granting undergraduate-level education institution established in Maanshan, Anhui Province in 2003, which is operating under the entrustment agreement with the Group and was not a consolidated subsidiary of the Group as of 31 August 2024
Audit Committee	the audit committee of the Board
Board	the board of Directors

CG Code	the Corporate Governance Code contained in Appendix C1 to the Listing Rules
Chairman	the chairman of the Board of the Company
Company	China Kepei Education Group Limited (中國科培教育集團有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 24 August 2017
Controlling Shareholder(s)	has the meaning ascribed to it under the Listing Rules
Directors	the directors of the Company
Group, we or us	our Company, our subsidiaries and our consolidated affiliated entities from time to time, or, where the context so requires in respect of the period before our Company became the holding company of our present subsidiaries, the entities which carried on the business of the present Group at the relevant time
Guangdong School	Guangdong Polytechnic College (廣東理工學院), a degree-granting undergraduate-level education institution established in Zhaoqing, Guangdong Province on 8 December 2005 and is a consolidated affiliated entity of the Group
Heilongjiang School	Harbin Institute of Petroleum (哈爾濱石油學院), a degree-granting undergraduate-level education institution established in Harbin, Heilongjiang Province in September 2003 and is a consolidated affiliated entity of the Group
HKD	Hong Kong dollar, the lawful currency for the time being of Hong Kong
HKFRS	Hong Kong Financial Reporting Standards
Hong Kong	the Hong Kong Special Administrative Region of the PRC
Huaibei School	Huaibei Polytechnic College (淮北理工學院), a degree-granting undergraduate-level education institution established in Huaibei, Anhui Province in 2003 and is a consolidated affiliated entity of the Group
Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time

Model Code	the Model Code for Securities Transactions by Directors of Listed Issuer as set out in Appendix C3 to the Listing Rules
Mr. Ye	Mr. Ye Nianqiao (葉念喬), our founder, one of the controlling shareholders of the Company, Chairman and executive Director
NPC	the National People's Congress of the PRC
PRC	the People's Republic of China
PRC Schools	collectively, Guangdong School, Zhaoqing School, Heilongjinag School and Huaibei School
Reporting Period	the year ended 31 August 2024
Restricted Shares	any Share(s) that may be offered by the Company to any selected participant to the Restricted Award Scheme
Restricted Share Award Scheme	the restricted share award scheme adopted by the Company on 22 June 2020
RMB	Renminbi, the lawful currency for the time being of the PRC
Share(s)	ordinary share(s) of USD0.00001 each in the share capital of the Company
Shareholder(s)	holder(s) of the Share(s)
Share Option Scheme	the share option scheme adopted by the Company on 10 January 2019
Stock Exchange	the Stock Exchange of Hong Kong Limited
Subsidiary(ies)	has the meaning ascribed to it under the Listing Rules
USD	United States dollars, the lawful currency for the time being of the United States

Zhaoqing School

Zhaoqing Science and Technology Secondary Vocational School (肇慶市科技中等職業學校), a private secondary vocational education institution established in Zhaoqing, Guangdong Province on 19 May 2000 and is a consolidated affiliated entity of the Group

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

Hong Kong, 29 November 2024

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