

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

CHINA EAST EDUCATION HOLDINGS LIMITED

中國東方教育控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 667)

ANNOUNCEMENT OF 2023 ANNUAL RESULTS AND PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION AND PROPOSED ADOPTION OF THE NEW ARTICLES OF ASSOCIATION

HIGHLIGHTS	Year ended 31 December		Change Increase/ (Decrease)
	2023	2022	
Number of new students enrollments and new customers registered	152,881	134,347	13.8%
Average number of students enrolled and customers registered	146,839	142,765	2.9%
Revenue (RMB million)	3,979	3,819	4.2%
Gross profit (RMB million)	1,908	1,891	0.9%
Net profit (RMB million)	273	368 ⁽³⁾	(25.8%)
Adjusted net profit (RMB million) ⁽¹⁾	281	267 ⁽³⁾	5.4%
Adjusted EBITDA (RMB million) ⁽²⁾	1,136	1,189	(4.4%)
	As at	As at	Change
	31 December 2023	31 December 2022	Increase/ (Decrease)
Number of schools and centers	245	244	1
Net assets (RMB million)	5,608	5,692 ⁽³⁾	(1.5%)
Total assets (RMB million)	9,291	9,489 ⁽³⁾	(2.1%)

- (1) Adjusted net profit was derived from the net profit for the year excluding the effect of (i) non-cash share-based payment expenses; and (ii) the net foreign exchange gains. This is not Hong Kong Financial Reporting Standards measure. For details, please refer to the section headed “Management Discussion and Analysis – Financial Review – Adjusted Net Profit and Adjusted EBITDA” in this announcement.
- (2) Adjusted EBITDA was derived from the adjusted net profit for the year excluding finance costs, income tax expenses and depreciation expenses. This is not Hong Kong Financial Reporting Standards measure. For details, please refer to the section headed “Management Discussion and Analysis – Financial Review – Adjusted Net Profit and Adjusted EBITDA” in this announcement.
- (3) Certain figures in the audited consolidated financial statements for the year ended 31 December 2022 had been restated as a result of the application of amendments to Hong Kong Accounting Standard 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction. For details, please refer to the section headed “Notes to the Consolidated Financial Statements – Note 3. Application of New and Amendments to HKFRSs” in this announcement.

The board (the “**Board**”) of directors (the “**Director(s)**”) of China East Education Holdings Limited (the “**Company**”) is pleased to (i) announce the audited consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2023 together with the comparative figures; and (ii) propose to amend the existing articles of association of the Company adopted on 25 May 2023 (the “**Articles of Association**”) and to adopt a new set of amended and restated articles of association (the “**New Articles of Association**”), in order to, among others, (a) bring the Articles of Association in line with the amendments made to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the applicable laws of the Cayman Islands; and (b) make certain minor housekeeping amendments to the Articles of Association for the purpose of clarifying the existing practice and making consequential amendments to be in line with the amendments to the Articles of Association.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

		Year ended 31 December	
		2023	2022
	Notes	RMB'000	RMB'000 (restated)
Revenue	4	3,978,654	3,819,022
Cost of revenue		(2,070,437)	(1,927,958)
Gross profit		1,908,217	1,891,064
Other income and expenses	5	139,257	107,405
Other gains and losses	6	43,355	135,751
Selling expenses		(1,036,973)	(946,341)
Administrative expenses		(529,180)	(512,159)
Research and development expenses		(17,366)	(21,527)
Finance costs	7	(139,301)	(156,171)
Profit before taxation		368,009	498,022
Income tax expense	8	(95,387)	(130,495)
Profit and total comprehensive income for the year	9	272,622	367,527
Earnings per share	11		
– Basic (RMB cents)		12.51	16.89
– Diluted (RMB cents)		12.37	16.73

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

		As at 31 December		As at
		2023	2022	1 January
	Notes	RMB'000	RMB'000	RMB'000
			(restated)	(restated)
Non-current Assets				
Property and equipment		3,080,278	2,615,242	1,934,515
Right-of-use assets		2,225,672	2,424,806	2,322,911
Deferred tax assets		20,246	21,336	18,114
Deposits paid for acquisition of leasehold lands		34,206	86,159	27,000
Deposits for rental		19,425	22,233	23,506
Deposits for utilities and others		3,392	3,426	7,963
		5,383,219	5,173,202	4,334,009
Current Assets				
Inventories		67,893	71,625	65,134
Trade and other receivables	12	323,558	331,095	275,300
Other financial assets	13			
– measured at fair value through profit or loss (“FVTPL”)		364,196	638,644	612,268
– measured at amortised cost		80,000	80,000	–
Tax recoverable		5,513	3,136	5,834
Time deposits		1,551,441	1,755,477	2,143,226
Cash and cash equivalents		1,515,313	1,435,498	2,212,294
		3,907,914	4,315,475	5,314,056
Current Liabilities				
Trade and other payables	14	681,433	683,580	676,006
Tax liabilities		62,634	80,266	90,994
Lease liabilities		265,397	381,873	387,774
Contract liabilities		1,323,910	1,186,574	1,390,853
		2,333,374	2,332,293	2,545,627
Net Current Assets		1,574,540	1,983,182	2,768,429
Total Assets less Current Liabilities		6,957,759	7,156,384	7,102,438

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

		As at 31 December		As at
		2023	2022	1 January
<i>Notes</i>	RMB'000	RMB'000	(restated)	RMB'000
				(restated)
Non-current Liabilities				
Lease liabilities		1,307,764	1,414,040	1,305,514
Contract liabilities		17,981	21,420	40,751
Deferred tax liabilities		20,527	22,860	20,317
Government grants		3,924	6,006	5,101
		1,350,196	1,464,326	1,371,683
Net Assets		5,607,563	5,692,058	5,730,755
Capital and Reserves				
Share capital	<i>15</i>	192	192	192
Reserves		5,607,371	5,691,866	5,730,563
Total Equity		5,607,563	5,692,058	5,730,755

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands and registered as an exempted company with limited liability under the Companies Act (Chapter 22) of the Cayman Islands on 4 October 2018. Its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 12 June 2019. The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and the principal place of business in the People’s Republic of China (the “**PRC**”) is No. 1009 Xuelin Road, Vocational Education Town, Yaohai District, Hefei City, Anhui Province, the PRC.

The Company is an investment holding company. The principal activities of its subsidiaries are mainly engaged in the operation of vocational education institutions. The Company and its subsidiaries are collectively referred as the “**Group**”.

The consolidated financial statements are presented in Renminbi (“**RMB**”), which is the functional currency of the Company and its subsidiaries. These consolidated financial statements have been approved for issue by the Board on 27 March 2024.

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRS(s)**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). In addition, the consolidated financial statements include applicable disclosures required by the Listing Rules and by the Hong Kong Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period.

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

New and amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform-Pillar Two Model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

3.1 Impacts on application of Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The Group has applied the amendments for the first time in the current year. The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of HKAS 12 Income Taxes so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

In accordance with the transition provision:

- (i) the Group has applied the new accounting policy retrospectively to leasing transactions that occurred on or after 1 January 2022;
- (ii) the Group also, as at 1 January 2022, recognised a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary difference associated with right-of-use-assets and lease liabilities.

The details of the impacts on each financial statement line item and earning per share arising from the application of the amendments are set out under "Impacts of application of amendments to HKFRSs on the consolidated financial statements" in this note. Comparative figures have been restated.

3.2 Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

The Group has applied the amendments for the first time in the current year. HKAS 1 Presentation of Financial Statements is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". 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.

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs (CONTINUED)

3.2 Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies (Continued)

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 Making Materiality Judgements (the “**Practice Statement**”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group’s financial positions and performance but has affected the disclosure of the Group’s accounting policies set out in the consolidated financial statements.

Impacts of application of amendments to HKFRSs on the consolidated financial statements

The effects of the changes in accounting policies as a result of application of amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction on the consolidated statement of profit or loss and other comprehensive income and earnings per share, are as follows:

For the year ended 31 December 2023

	Amendments to HKAS 12 RMB’000
Impact on profit and total comprehensive income for the year	
Decrease in income tax expense	(2,869)
Net increase in profit and total comprehensive income for the year	<u>2,869</u>

For the year ended 31 December 2022

	Amendments to HKAS 12 RMB’000
Impact on profit and total comprehensive income for the year	
Decrease in income tax expense	(955)
Net increase in profit and total comprehensive income for the year	<u>955</u>

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs (CONTINUED)

	Year ended 31 December	
	2023	2022
	<i>RMB cents</i>	<i>RMB cents</i>
Impact on basic earnings per share		
Basic earnings per share before adjustments	12.38	16.85
Net adjustments arising from change in accounting policy in relation to:		
– Deferred tax impact on leasing transactions	<u>0.13</u>	<u>0.04</u>
Reported basic earnings per share	<u>12.51</u>	<u>16.89</u>
Impact on diluted earnings per share		
Diluted earnings per share before adjustments	12.24	16.69
Net adjustments arising from change in accounting policy in relation to:		
– Deferred tax impact on leasing transactions	<u>0.13</u>	<u>0.04</u>
Reported diluted earnings per share	<u>12.37</u>	<u>16.73</u>

The effects of the changes in accounting policies as a result of application of Amendments to HKAS 12 on the consolidated statement of financial position at the end of the immediately preceding financial year, 31 December 2022 and the beginning of the comparative period, 1 January 2022, are as follows:

	As at 31 December		As at 31 December
	2022	Adjustments	2022
	(Originally stated)	<i>RMB'000</i>	(Restated)
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Deferred tax assets	5,496	15,840	21,336
Deferred tax liabilities	<u>–</u>	<u>22,860</u>	<u>22,860</u>
Total effects on net assets	<u>5,699,078</u>	<u>(7,020)</u>	<u>5,692,058</u>
Reserves	<u>5,698,886</u>	<u>(7,020)</u>	<u>5,691,866</u>
Total effects on equity	<u>5,699,078</u>	<u>(7,020)</u>	<u>5,692,058</u>

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs (CONTINUED)

	As at 1 January 2022 (Originally stated) RMB'000	Adjustments RMB'000	As at 1 January 2022 (Restated) RMB'000
Deferred tax assets	5,772	12,342	18,114
Deferred tax liabilities	–	20,317	20,317
Total effects on net assets	<u>5,738,730</u>	<u>(7,975)</u>	<u>5,730,755</u>
Reserves	<u>5,738,538</u>	<u>(7,975)</u>	<u>5,730,563</u>
Total effects on equity	<u><u>5,738,730</u></u>	<u><u>(7,975)</u></u>	<u><u>5,730,755</u></u>

The effects of the changes in accounting policies on the consolidated statement of cash flows, are as follows:

Impact on the consolidated statement of cash flows

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Operating Activities		
Increase in profit for the year	2,869	955
Impact of amendments to HKAS 12		
– Decrease in income tax	<u>(2,869)</u>	<u>(955)</u>
Net impact in operating cash flow before movements in working capital and net cash from operating activities	<u>–</u>	<u>–</u>

Amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ²
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ²
Amendments to HKAS 1	Non-current Liabilities with Covenants ²
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements ²
Amendments to HKAS 21	Lack of Exchangeability ³

1 Effective for annual periods beginning on or after a date to be determined.

2 Effective for annual periods beginning on or after 1 January 2024.

3 Effective for annual periods beginning on or after 1 January 2025.

The Directors of the Company anticipate that the application of all amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

4. REVENUE AND SEGMENT INFORMATION

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

Revenue represents service income from tuition fees and service fees less sales related tax, and is recognised over time.

Transaction price allocated to the remaining performance obligation for contracts with customers

The majority of the contracts for provision of vocational education services are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

The Group's operating segments are based on information prepared and reported to the chief operating decision makers, the Board, for the purposes of resource allocation and performance assessment. The Group is organised into the following segments:

- (a) New East Culinary Education: providing comprehensive culinary training programs to students who pursue a career in becoming professional chefs;
- (b) Xinhua Internet Technology Education: providing a wide range of information technology-related training to students;
- (c) Wontone Automotive Education: providing hands-on auto repair skill training as well as practical knowledge of automobile commerce;
- (d) Omick Education of Western Cuisine and Pastry: offering a variety of courses, including baking, desserts, western cuisines, bartending and barista training;
- (e) Wisezone Data Technology Education: providing short-term programs to junior college and university students who have already had the basic theoretical knowledge and seek to further develop relevant practical skills;
- (f) Cuisine Academy: providing people with culinary skill training on small-class settings and/or individual classes that are delivered on an one-on-one basis; and
- (g) Other miscellaneous businesses.

These segments are the basis on which the Group reports its segment information.

The management of the Group assesses the performance of the operating and reportable segment based on the revenue and gross profit for the year of the Group as presented in the consolidated statement of profit or loss and other comprehensive income. Segment results represent the profits earned by each segment and excluding certain other income, other gains and losses, corporate administrative expenses and income tax expense. No analysis of the Group's assets and liabilities is regularly provided to the management of the Group for review. Inter-segment sales are charged at cost plus approach.

4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

The following is an analysis of the Group's revenue and results by operating and reportable segments for the years ended 31 December 2023 and 2022:

For the year ended 31 December 2023

	New East	Xinhua	Wontone	Omick Education of Western	Wiszone Data	Cuisine	Other miscellaneous businesses	Elimination	Total
	Culinary Education	Internet Technology Education	Automotive Education	Cuisine and Pastry	Technology Education	Academy			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue									
External sales	1,865,023	744,003	846,530	330,809	33,067	49,296	109,926	-	3,978,654
Inter-segment sales	-	-	823	-	4,808	-	142,163	(147,794)	-
Segment revenue	<u>1,865,023</u>	<u>744,003</u>	<u>847,353</u>	<u>330,809</u>	<u>37,875</u>	<u>49,296</u>	<u>252,089</u>	<u>(147,794)</u>	<u>3,978,654</u>
Results									
Segment results	<u>285,641</u>	<u>54,829</u>	<u>72,087</u>	<u>(28,319)</u>	<u>(2,381)</u>	<u>14,864</u>	<u>(60,672)</u>	<u>-</u>	<u>336,049</u>
Unallocated									
Other income and expenses									104,994
Other gains and losses									43,355
Corporate administrative expenses									(116,389)
Profit before tax									368,009
Income tax expense									(95,387)
Profit for the year									<u>272,622</u>
Other segment information									
Depreciation of property and equipment	131,694	70,803	70,936	23,163	971	2,566	16,363	-	316,496
Depreciation of right-of-use assets	118,855	60,179	78,050	29,725	1,637	4,097	11,325	-	303,868
Additions of property and equipment	368,254	34,174	110,211	3,137	580	189	278,005	-	794,550
Additions of right-of-use assets	<u>93,997</u>	<u>6,085</u>	<u>105,878</u>	<u>2,242</u>	<u>-</u>	<u>520</u>	<u>81,880</u>	<u>-</u>	<u>290,602</u>

4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Year ended 31 December 2022

	New East	Xinhua Internet	Wontone Automotive	Omick Education of Western Cuisine and Pastry	Wisezone Data Technology	Cuisine Academy	Other miscellaneous businesses	Elimination	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue									
External sales	1,891,673	741,599	718,355	294,326	39,654	56,548	76,867	–	3,819,022
Inter-segment sales	–	–	–	–	3,892	–	106,024	(109,916)	–
Segment revenue	<u>1,891,673</u>	<u>741,599</u>	<u>718,355</u>	<u>294,326</u>	<u>43,546</u>	<u>56,548</u>	<u>182,891</u>	<u>(109,916)</u>	<u>3,819,022</u>
Results									
Segment results	<u>435,827</u>	<u>84,394</u>	<u>24,628</u>	<u>(86,051)</u>	<u>4,044</u>	<u>9,857</u>	<u>(57,428)</u>	<u>–</u>	<u>415,271</u>
Unallocated									
Other income and expenses									63,902
Other gains and losses									135,751
Corporate administrative expenses									<u>(116,902)</u>
Profit before tax									498,022
Income tax expense (restated)									<u>(130,495)</u>
Profit for the year (restated)									<u><u>367,527</u></u>
Other segment information									
Depreciation of property and equipment	128,611	75,825	65,717	34,062	1,900	4,939	8,432	–	319,486
Depreciation of right-of-use assets	126,297	59,347	76,322	32,905	4,089	9,431	6,968	–	315,359
Additions of property and equipment	224,581	127,645	109,450	3,414	1,307	1,005	546,150	–	1,013,552
Additions of right-of-use assets	<u>53,662</u>	<u>157,167</u>	<u>152,223</u>	<u>8,705</u>	<u>–</u>	<u>1,980</u>	<u>87,564</u>	<u>–</u>	<u>461,301</u>

Geographical information

The Group primarily operates in the PRC. Substantially all of the non-current assets of the Group are located in the PRC.

Information about major customers

No single customer contributes over 10% or more of total revenue of the Group during the years ended 31 December 2023 and 2022.

5. OTHER INCOME AND EXPENSES

	Year ended 31 December	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Asset-related government grants	2,941	1,816
Unconditional government grants	31,322	41,687
Interest income from		
– time deposits and bank balances	95,725	61,266
– entrusted loans	5,342	2,341
Others	3,927	295
	<u>139,257</u>	<u>107,405</u>

6. OTHER GAINS AND LOSSES

	Year ended 31 December	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Gains (losses) from changes in fair value of other financial assets measured at FVTPL	20,412	(2,109)
Losses on disposals of property and equipment	(5,040)	(9,263)
Gains from termination of lease agreements	3,704	3,691
Net foreign exchange gains	24,279	143,432
	<u>43,355</u>	<u>135,751</u>

7. FINANCE COSTS

	Year ended 31 December	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Interest expenses on lease liabilities	139,301	156,171

8. INCOME TAX EXPENSE

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000 (restated)
PRC Enterprise Income Tax		
– Current tax	97,816	130,230
– (Over) under provisions in prior years	(1,186)	944
Deferred tax credit	(1,243)	(679)
	<u>95,387</u>	<u>130,495</u>

9. PROFIT FOR THE YEAR

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Profit for the year has been arrived at after charging:		
Directors' remuneration	3,317	3,483
Other staff costs		
– salaries and other allowances	1,308,716	1,189,066
– retirement benefit scheme contributions	99,061	92,341
– equity-settled share-based payments expense	32,727	42,560
Total staff costs	<u>1,443,821</u>	<u>1,327,450</u>
Depreciation of property and equipment	316,496	319,486
Depreciation of right-of-use assets	311,450	324,851
Total depreciation	627,946	644,337
Capitalised in construction in progress	(7,582)	(9,492)
	<u>620,364</u>	<u>634,845</u>
Auditor's remuneration	<u>4,190</u>	<u>4,148</u>

During the year ended 31 December 2023, equity-settled share-based payments expense of approximately RMB32,993,000 (2022: RMB42,906,000) was recognised in profit or loss in respect of share options of the Company.

10. DIVIDENDS

A final dividend of HK\$0.20 per ordinary share in respect of the year ended 31 December 2022, in an aggregate amount of approximately HK\$436 million, was approved by the shareholders of the Company (the “Shareholders”) at the annual general meeting held on 25 May 2023 and was paid during the year ended 31 December 2023.

Subsequent to the end of the reporting period, a final dividend of HK\$0.20 per ordinary share in respect of the year ended 31 December 2023, in an aggregate amount of approximately HK\$436 million, has been proposed by the Directors at the Board meeting held on 27 March 2024 and is subject to approval by the Shareholders in the forthcoming annual general meeting of the Company to be held on Friday, 7 June 2024 (“Annual General Meeting”).

11. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
		(restated)
Earnings:		
Profit for the purposes of calculating basic and diluted earnings per share		
– attributable to owners of the Company	<u>272,622</u>	<u>367,527</u>
Number of shares:		
Weighted average number of ordinary shares for the purpose		
of calculating basic earnings per share	2,178,776,814	2,175,346,583
Effect of dilutive potential ordinary shares:		
– share options	<u>25,460,179</u>	<u>20,500,060</u>
Weighted average number of ordinary shares for the purpose		
of calculating diluted earnings per share	<u>2,204,236,993</u>	<u>2,195,846,643</u>

12. TRADE AND OTHER RECEIVABLES

	As at	As at
	31 December	31 December
	2023	2022
	RMB'000	RMB'000
Trade receivables		
– from government (<i>note i</i>)	18,759	19,875
– from others (<i>note ii</i>)	<u>29,592</u>	<u>26,750</u>
	<u>48,351</u>	<u>46,625</u>
Other receivables		
Prepayments for consumables	29,481	23,701
Prepayments for rental	5,596	6,827
Prepayments for services	22,961	17,329
Prepayments for advertisement	45,098	51,569
Value added tax recoverable	74,019	83,994
Advance to staff	5,944	8,548
Interest receivables from time deposits and bank balances	35,218	36,619
Deposits for development (<i>note iii</i>)	14,280	19,992
Refundable deposit	11,520	11,520
Other receivables	<u>31,090</u>	<u>24,371</u>
	<u>275,207</u>	<u>284,470</u>
	<u>323,558</u>	<u>331,095</u>

12. TRADE AND OTHER RECEIVABLES (CONTINUED)

Notes:

- i. The amounts represent receivables from the PRC local governments, which purchased vocational education services for students.
- ii. The amounts mainly represent receivables from customers, which purchased ancillary services other than vocational education services.
- iii. The amounts represent the deposits paid to the PRC local government authority for the development of Chengdu Xinhua Future Vocational Skills Training School Co., Ltd. (成都新華未來職業技能培訓學校有限公司). The deposits will be repaid based on the progress of the project development.

As at 1 January 2022, trade receivables from contracts with customers amounted to RMB49,916,000.

The following is an aged analysis of trade receivables net of allowance for credit losses presented based on the invoice dates:

	As at 31 December 2023 RMB'000	As at 31 December 2022 RMB'000
Within 3 months	31,428	29,094
Over 3 months but within 12 months	15,956	16,471
Over 1 year	967	1,060
	48,351	46,625

In the opinion of the management of the Group, all of the trade receivable balances at the end of each year which have been past due over 90 days are not considered as in default as these are contributed by PRC local governments with extremely low credit risks. The management of the Group considered that the impairment loss was insignificant as there has not been a significant change in credit quality and amounts are considered recoverable at the end of each year and no impairment loss on expected credit losses is recognised during both years.

13. OTHER FINANCIAL ASSETS

	As at 31 December 2023 RMB'000	As at 31 December 2022 RMB'000
Other financial assets measured at FVTPL		
– structured deposits (<i>note i</i>)	11,750	293,929
– unquoted fund investment	352,446	344,715
	<u>364,196</u>	<u>638,644</u>
Other financial assets measured at amortised cost		
– entrusted loans to related parties (<i>note ii</i>)	80,000	80,000
	<u>80,000</u>	<u>80,000</u>

Notes:

- i. The structured deposits are short-term investments issued by banks and financial institutions with no predetermined or guaranteed return and are not principal protected. These financial assets are with expected rates of return (not guaranteed), depending on the market price of underlying financial instruments, including listed shares, bonds, debentures and other financial assets.
- ii. The amounts as at 31 December 2023 represented an entrusted loan amounted to RMB80,000,000 provided to Anhui Xinhua Holdings Group Investment Co., Ltd. (安徽新華控股集團投資有限公司) (“**Xinhua Holdings Group**”), a company controlled by Mr. XIAO Guoqing at a fixed interest rate of 7% per annum and with maturity on 31 March 2024.

14. TRADE AND OTHER PAYABLES

	As at 31 December 2023 RMB'000	As at 31 December 2022 RMB'000
Trade payables	123,804	116,354
Payable for property and equipment	202,182	206,251
Value added tax and other taxes payable	6,810	5,934
Payroll payable	202,549	196,727
Discretionary subsidies received on behalf of students	33,047	30,715
Miscellaneous deposits received from students – within 12 months	62,753	79,904
Other payables	50,288	47,695
	<u>681,433</u>	<u>683,580</u>

The credit period of trade creditors is normally 90 days. The following is an aged analysis of trade payables presented based on the invoice dates:

	As at 31 December 2023 RMB'000	As at 31 December 2022 RMB'000
Within 90 days	<u>123,804</u>	<u>116,354</u>

15. SHARE CAPITAL

	<i>Notes</i>	Number of shares	Share capital <i>HK\$</i>	Shown in the consolidated financial statements <i>RMB'000</i>
<i>Ordinary shares of HK\$0.0001 each</i>				
Authorised:				
At 1 January 2022, 31 December 2022 and 31 December 2023	<i>i</i>	3,800,000,000	380,000	
Issued:				
At 1 January 2022		2,174,681,802	217,468	192
Issue of new shares upon the exercise of share options	<i>ii</i>	1,784,000	178	–
At 31 December 2022		2,176,465,802	217,646	192
Issue of new shares upon the exercise of share options	<i>iii</i>	2,385,500	239	–
At 31 December 2023		2,178,851,302	217,885	192

Notes:

- i. The Company was incorporated in the Cayman Islands on 4 October 2018 with an authorised share capital of HK\$380,000 divided into 3,800,000,000 shares with a par value of HK\$0.0001 each.
- ii. During the year ended 31 December 2022, 1,784,000 share options were exercised at a subscription price of HK\$2.25 per share (approximately equivalent to RMB2.01 per share), resulting in the issue of 1,784,000 ordinary shares of par value of HK\$0.0001 each in the Company. These shares rank pari passu with other shares in issue in all respect.
- iii. During the year ended 31 December 2023, 2,385,500 share options were exercised at a subscription price of HK\$2.25 per share (approximately equivalent to RMB2.00 per share), resulting in the issue of 2,385,500 ordinary shares of par value of HK\$0.0001 each in the Company. These shares rank pari passu with other shares in issue in all respect.

16. CAPITAL COMMITMENTS

	As at 31 December 2023 <i>RMB'000</i>	As at 31 December 2022 <i>RMB'000</i>
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of acquisition of property and equipment	485,613	478,873

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and related notes thereto for the year ended 31 December 2023 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the audited consolidated financial statements of the Group for the year as approved by the Board of Directors on 27 March 2024. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

We have a leading position in vocational training education segment in China. Moreover, we also have a leading position in China in providing vocational training education in three segments, namely, culinary arts, information technology and internet technology, as well as auto services. Headquartered in Hefei, Anhui province, we have established a nationwide school network consisting of 245 schools and centers in operation as of 31 December 2023, covering almost all of the provinces in mainland China and Hong Kong. We operate our business and establish our schools and centers under seven renowned school brands, namely, New East Culinary Education, Omick Education of Western Cuisine and Pastry, Cuisine Academy, Xinhua Internet Technology Education, Wisezone Data Technology Education, Wontone Automotive Education and On-mind Fashion & Beauty Education.

We are a pioneer in providing vocational training education in China in culinary arts, information technology and internet technology, as well as auto services. These industry sectors are areas in China where there is significant unmet demand for vocational training education to bridge the supply and demand gap between employers and students. Our primary goal is to provide students with solid knowledge and practical skills in their chosen profession that are tailored to the needs of employers with a view to increasing graduates' employability and their average compensation levels.

OUR BUSINESS SEGMENTS

As at 31 December 2023, we operated 245 vocational education institutions under the following brand names:

Segments and Brands	No. of schools/ centers	Description
CULINARY ARTS		
New East Culinary Education (“ New East ”)	76	New East Culinary Education has been providing comprehensive culinary training programs to students who pursue a career in becoming professional chefs. We teach our students the cooking traditions and practices of diversified Chinese cuisines, including the well-known and widely recognized eight regional cuisines in China, supported by an integration of classic Chinese and Western culinary skills. Each of our schools under New East Culinary Education offers various culinary training programs with different program lengths to meet students’ differentiated learning focuses and demands.
Omick Education of Western Cuisine and Pastry (“ Omick ”)	46	Omick Education of Western Cuisine and Pastry offers high-quality western style catering education, which is committed to providing specialized culinary training to students with a focus on western pastry and western food. We offer a variety of courses, including baking, desserts, western cuisines, bartending and barista training.
Cuisine Academy	18	Cuisine Academy has been providing customized catering experience services to customers who are interested in cooking or who plan to establish their own businesses in the catering industry. Cuisine Academy primarily provides customers with customized catering experience programs.

Segments and Brands	No. of schools/ centers	Description
INFORMATION TECHNOLOGY AND INTERNET TECHNOLOGY		
Xinhua Internet Technology Education (“ Xinhua Internet ”)	39	Xinhua Internet Technology Education provides information technology and internet technology-related training programs. We provide a wide range of information technology and internet technology-related training to students with different course lengths.
Wisezone Data Technology Education (“ Wisezone ”)	20	Wisezone Data Technology Education primarily provides short-term information technology and internet technology programs to junior college and university students who have possessed the basic knowledge and seek to further develop relevant practical skills. By cooperating with a number of technology enterprises and higher education institutions, we train professional data technology engineers.
AUTO SERVICES		
Wontone Automotive Education (“ Wontone ”)	41	Wontone Automotive Education focuses on providing hands-on auto repair skill training as well as practical training of other auto services, such as automobile commerce.
FASHION AND BEAUTY		
On-mind Fashion & Beauty Education (“ On-mind ”)	5	On-mind Fashion & Beauty Education focuses on cultivating high skills fashion and beauty professionals.

SUMMARY OF OUR OPERATING DATA

The following table sets forth the number of new students enrollments/new customers registered under each segment and brand for the years ended 31 December 2023 and 2022:

Segments and Brands	New Students Enrollment ⁽¹⁾ / New Customers Registered ⁽²⁾	Year ended 31 December		Change Increase/ (Decrease)
		2023	2022	
CULINARY ARTS				
New East	Long-term	28,600	27,090	5.6%
	– One to less than two years	2,234	1,952	14.4%
	– Two to less than three years	7,041	8,951	(21.3%)
	– Three years	19,325	16,187	19.4%
	Short-term	29,787	24,151	23.3%
	Subtotal	58,387	51,241	13.9%
Omick	Long-term			
	– One to less than two years	1,314	1,128	16.5%
	Short-term	13,127	10,592	23.9%
	Subtotal	14,441	11,720	23.2%
Cuisine Academy	Short-term	10,086	9,189	9.8%
CULINARY ARTS	Subtotal	82,914	72,150	14.9%

Segments and Brands	New Students Enrollment ⁽¹⁾ / New Customers Registered ⁽²⁾	Year ended 31 December		Change Increase/ (Decrease)
		2023	2022	
INFORMATION TECHNOLOGY AND INTERNET TECHNOLOGY				
Xinhua Internet	Long-term	22,060	23,437	(5.9%)
	– One to less than two years	1,949	1,986	(1.9%)
	– Two to less than three years	2,550	2,991	(14.7%)
	– Three years	17,561	18,460	(4.9%)
	Short-term	4,919	3,141	56.6%
	Subtotal	26,979	26,578	1.5%
Wiszone	Short-term	2,763	3,027	(8.7%)
INFORMATION TECHNOLOGY AND INTERNET TECHNOLOGY				
	Subtotal	29,742	29,605	0.5%
AUTO SERVICES				
Wontone	Long-term	18,896	17,490	8.0%
	– One to less than two years	2,251	1,361	65.4%
	– Two to less than three years	1,399	1,516	(7.7%)
	– Three years	15,246	14,613	4.3%
	Short-term	17,923	13,593	31.9%
AUTO SERVICES	Subtotal	36,819	31,083	18.5%

Segments and Brands	New Students Enrollment ⁽¹⁾ / New Customers Registered ⁽²⁾	Year ended 31 December		Change
		2023	2022	Increase/ (Decrease)
FASHION AND BEAUTY				
On-mind	Long-term	1,728	351	392.3%
	– One to less than two years	630	39	1,515.4%
	– Two to less than three years	33	17	94.1%
	– Three years	1,065	295	261.0%
	Short-term	1,678	1,158	44.9%
FASHION AND BEAUTY	Subtotal	3,406	1,509	125.7%
THE GROUP	Long-term	72,598	69,496	4.5%
	– One to less than two years	8,378	6,466	29.6%
	– Two to less than three years	11,023	13,475	(18.2%)
	– Three years	53,197	49,555	7.3%
	Short-term	80,283	64,851	23.8%
THE GROUP	Total	152,881	134,347	13.8%

Notes:

- (1) New students enrollment represents the total number of students newly enrolled at our operating schools in a certain period. We use new students enrollment to reflect our ability of student recruitment and the popularity of our programs.
- (2) Number of new customers registered represents the total number of new customers attending our customized catering experience programs of Cuisine Academy.

The following table sets forth the average number of students enrolled and customers registered under each segment and brand for the years ended 31 December 2023 and 2022:

Segments and Brands	Average Number of Students Enrolled ⁽¹⁾ / Customers Registered ⁽²⁾	Year ended 31 December		Change Increase/ (Decrease)
		2023	2022	
CULINARY ARTS				
New East	Long-term	52,031	55,608	(6.4%)
	– One to less than two years	2,098	2,396	(12.4%)
	– Two to less than three years	16,212	25,406	(36.2%)
	– Three years	33,721	27,806	21.3%
	Short-term	6,498	4,601	41.2%
	Subtotal	58,529	60,209	(2.8%)
Omick	Long-term			
	– One to less than two years	1,443	1,434	0.6%
	Short-term	3,321	3,019	10.0%
	Subtotal	4,764	4,453	7.0%
Cuisine Academy	Short-term	859	972	(11.6%)
CULINARY ARTS	Subtotal	64,152	65,634	(2.3%)

Segments and Brands	Average Number of Students Enrolled ⁽¹⁾ / Customers Registered ⁽²⁾	Year ended 31 December		Change Increase/ (Decrease)
		2023	2022	
INFORMATION TECHNOLOGY AND INTERNET TECHNOLOGY				
Xinhua Internet	Long-term	39,540	41,096	(3.8%)
	– One to less than two years	1,511	1,609	(6.1%)
	– Two to less than three years	4,600	8,370	(45.0%)
	– Three years	33,429	31,117	7.4%
	Short-term	1,521	851	78.7%
	Subtotal	41,061	41,947	(2.1%)
Wisezone	Short-term	496	431	15.1%
INFORMATION TECHNOLOGY AND INTERNET TECHNOLOGY				
	Subtotal	41,557	42,378	(1.9%)
AUTO SERVICES				
Wontone	Long-term	36,559	31,855	14.8%
	– One to less than two years	2,197	1,519	44.6%
	– Two to less than three years	2,727	3,573	(23.7%)
	– Three years	31,635	26,763	18.2%
	Short-term	2,616	2,043	28.0%
AUTO SERVICES	Subtotal	39,175	33,898	15.6%

Segments and Brands	Average Number of Students Enrolled ⁽¹⁾ / Customers Registered ⁽²⁾	Year ended 31 December		Change Increase/ (Decrease)
		2023	2022	
FASHION AND BEAUTY				
On-mind	Long-term	1,380	498	177.1%
	– One to less than two years	347	19	1,726.3%
	– Two to less than three years	33	8	312.5%
	– Three years	1,000	471	112.3%
	Short-term	575	357	61.1%
FASHION AND BEAUTY	Subtotal	1,955	855	128.7%
THE GROUP	Long-term	130,953	130,491	0.4%
	– One to less than two years	7,596	6,977	8.9%
	– Two to less than three years	23,572	37,357	(36.9%)
	– Three years	99,785	86,157	15.8%
	Short-term	15,886	12,274	29.4%
THE GROUP	TOTAL	146,839	142,765	2.9%

Notes:

- (1) As our schools provide various vocational training education programs during a year and the course length and the program commencement date varies for our different long-term and short-term programs, we believe that the average number of students enrolled is a measure that is comparable to that of our competitors and therefore can fairly present our ranking and market position in the industry. Our average number of students enrolled for a year is only an approximation of the average number of students enrolled during a certain year, representing the sum of the number of students enrolled at our operating schools at the end of each month divided by the number of months during such year, without taking into account any transfer or withdrawal.
- (2) Our average number of customers registered for a year represents the sum of the number of customers registered at Cuisine Academy at the end of each month divided by the number of months during such year, without taking into account any withdrawal. The courses for one month or shorter are regarded as one-month programs for the purpose of calculation.

Tuition Fees/Service Fees

The following table sets forth ranges of our tuition fee and service fee rate under each segment and brand for the years ended 31 December 2023 and 2022:

Segments and Brands	Program ⁽¹⁾	Tuition/Service fee	
		Year ended 31 December	
		2023	2022
		<i>(RMB/per year for long-term programs, RMB/per program for short-term programs)</i>	
CULINARY ARTS			
New East	Long-term	8,800-116,000	8,200-101,000
	Short-term ⁽²⁾	400-86,000	400-68,000
Omick	Long-term	46,000-72,000	46,000-72,000
	Short-term ⁽²⁾	800-39,000	800-39,000
Cuisine Academy ⁽³⁾	Customized catering experience program	300-58,200	300-58,200
INFORMATION TECHNOLOGY AND INTERNET TECHNOLOGY			
Xinhua Internet	Long-term	7,000-58,000	7,000-39,800
	Short-term ⁽²⁾	600-53,800	499-36,000
Wisezone	Short-term ⁽²⁾	999-29,800	999-29,800
AUTO SERVICES			
Wontone	Long-term	6,800-63,400	6,800-38,800
	Short-term ⁽²⁾	800-37,400	800-37,500
FASHION AND BEAUTY			
On-mind	Long-term	13,900-27,800	13,900-27,800
	Short-term ⁽²⁾	5,800-29,800	5,800-21,800

Notes:

- (1) We charge tuition fee to students enrolled at our schools. Tuition fee of our long-term programs are typically charged based on the yearly tuition standards of different programs that students enrolled in such period.
- (2) Tuition fee of our short-term programs are typically charged by each program that students enrolled in.
- (3) We typically charge customers service fees by each program that customers registered in Cuisine Academy.

Recommended Employment and Entrepreneurship Rate

We are committed to assisting our students in developing their careers. Our average recommended employment and entrepreneurship rate of our long-term program graduates from Wontone and On-mind reached over 95%, while New East, Omick and Xinhua Internet reached over 90% for the year ended 31 December 2023. The following table sets forth the recommended employment and entrepreneurship rate of our long-term program graduates by brands for the year ended 31 December 2023:

Brands⁽¹⁾	Recommended employment and entrepreneurship rate⁽²⁾
New East	94.5%
Omick	94.7%
Xinhua Internet	94.8%
Wontone	96.4%
On-mind	95.7%

Notes:

- (1) As the schools of other brands had not provided long-term programs of one year or more, the recommended employment and entrepreneurship rate of these brands were not included. We also provide graduate placement service or entrepreneurial service to students of our short-term programs. However, students enrolled in our short-term programs generally have different study goals and expectations, such as to enhance a specific skill or to study for interests, as compared to students of our long-term programs who are generally more focused on seeking long-term employment or to setting up their own businesses.
- (2) We provide graduate placement service and entrepreneurial service to all students of our long-term programs. The recommended employment and entrepreneurship rate represents the total number of students of long-term programs who are hired through our graduate placement service program or who set up their own business through our entrepreneurial service in a certain period, excluding students who are employed through other channels divided by the total number of graduates of long-term programs during such year.

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2023, there was an increase in the number of new students enrollments and new customers registered of approximately 13.8% as compared with that for the year ended 31 December 2022. Accordingly, the Group recorded an increase in revenue from RMB3,819 million for the year ended 31 December 2022, to RMB3,979 million for the year ended 31 December 2023, representing an increase of 4.2%.

The following table sets forth a breakdown of our revenue and average tuition/service fee per student/customer by segments and brands for the years indicated:

	Year ended 31 December				Change	
	2023		2022			
	Revenue	Average tuition/service fee per student/customer ⁽¹⁾	Revenue	Average tuition/service fee per student/customer ⁽¹⁾	Revenue Increase/(Decrease)	Average tuition/service fee per student/customer ⁽¹⁾
	RMB'000	RMB'000	RMB'000	RMB'000		
CULINARY ARTS						
New East	1,865,023	31.9	1,891,673	31.4	(1.4%)	1.4%
Omick	330,809	69.4	294,326	66.1	12.4%	5.1%
Cuisine Academy ⁽²⁾	49,296	57.4	56,548	58.2	(12.8%)	(1.4%)
	<u>2,245,128</u>	<u>35.0</u>	<u>2,242,547</u>	<u>34.2</u>	<u>0.1%</u>	<u>2.4%</u>
INFORMATION TECHNOLOGY AND INTERNET TECHNOLOGY						
Xinhua Internet	744,003	18.1	741,599	17.7	0.3%	2.5%
Wisezone	33,067	66.7	39,654	92.0	(16.6%)	(27.5%)
	<u>777,070</u>	<u>18.7</u>	<u>781,253</u>	<u>18.4</u>	<u>(0.5%)</u>	<u>1.4%</u>
AUTO SERVICES						
Wontone	846,530	21.6	718,355	21.2	17.8%	2.0%
Other Miscellaneous Businesses ⁽³⁾	109,926	N/A	76,867	N/A	43.0%	N/A
Total⁽⁴⁾	<u>3,978,654</u>	<u>26.7</u>	<u>3,819,022</u>	<u>26.4</u>	<u>4.2%</u>	<u>1.3%</u>

Notes:

- (1) For illustration purposes only, the average tuition/service fee per student/customer for the years ended 31 December 2023 and 2022 are calculated on a basis as revenue generated from tuition or service fees for the year divided by the average number of students enrolled and customers registered in the year.
- (2) During the years ended 31 December 2023 and 2022, revenue generated from Cuisine Academy mainly represents service fees collected from customers who attended our customized catering experience programs.
- (3) Other miscellaneous businesses primarily include fashion and beauty business and the internet technology solution and staff outsourcing services provided to independent third parties.
- (4) The total revenue and percentages do not include inter-segment sales which are eliminated upon consolidation.

The Cost of Revenue

Our cost of revenue consists of teaching staff salaries and benefits, teaching related consumables and other costs, leasing expenses/depreciation of right-of-use assets, campus maintenance and depreciation, utilities and office expenses. The cost of revenue increased from approximately RMB1,928 million for the year ended 31 December 2022 to approximately RMB2,070 million for the year ended 31 December 2023, representing an increase of 7.4%.

The following table sets forth a breakdown of our cost of revenue for the years indicated:

	Year ended 31 December			
	2023		2022	
	Cost	% of Total	Cost	% of Total
	<i>RMB'000</i>		<i>RMB'000</i>	
Teaching staff salaries and benefits	786,617	38.0%	688,953	35.7%
Teaching related consumables and other costs	451,360	21.8%	399,618	20.7%
Leasing expenses/Depreciation of right-of-use assets	309,266	14.9%	320,812	16.6%
Campus maintenance and depreciation	349,026	16.9%	348,321	18.1%
Utilities	100,761	4.9%	93,945	4.9%
Office expenses	73,407	3.5%	76,309	4.0%
Total	<u>2,070,437</u>	<u>100%</u>	<u>1,927,958</u>	<u>100%</u>

Gross Profit and Gross Profit Margin

The Group's gross profit was RMB1,908 million for the year ended 31 December 2023 as compared to RMB1,891 million in 2022. The gross profit margin was 48.0% for the year ended 31 December 2023 as compared to 49.5% in 2022. The decrease in gross profit margin was mainly due to the significant increase in the teaching staff salaries and benefits under the cost of revenue for the year ended 31 December 2023.

	Year ended 31 December			
	2023		2022	
	Gross profit/ (loss) <i>RMB'000</i>	Gross profit/ (loss) margin ⁽¹⁾ <i>percentage</i>	Gross profit/ (loss) <i>RMB'000</i>	Gross profit/ (loss) margin ⁽¹⁾ <i>percentage</i>
CULINARY ARTS				
New East	931,325	49.9%	1,016,802	53.8%
Omick	158,726	48.0%	103,023	35.0%
Cuisine Academy	22,893	46.4%	21,511	38.0%
	<u>1,112,944</u>	<u>49.6%</u>	<u>1,141,336</u>	<u>50.9%</u>
INFORMATION TECHNOLOGY AND INTERNET TECHNOLOGY				
Xinhua Internet	366,591	49.3%	388,353	52.4%
Wisezone	15,881	48.0%	22,104	55.7%
	<u>382,472</u>	<u>49.2%</u>	<u>410,457</u>	<u>52.5%</u>
AUTO SERVICES				
Wontone	421,989	49.8%	349,759	48.7%
Other Miscellaneous Businesses ⁽²⁾	(9,188)	(8.4%)	(10,488)	(13.6%)
Total	<u><u>1,908,217</u></u>	<u><u>48.0%</u></u>	<u><u>1,891,064</u></u>	<u><u>49.5%</u></u>

Notes:

- (1) The establishment of new schools and centers under a segment/brand has a negative impact on our gross profit margin for the relevant segment/brand. During the initial ramp-up period after a new school or center commences operations, we incur substantial fixed costs for teaching staff salaries and benefits, leasing expenses, and other fixed costs while initial revenue from the new schools and centers are limited due to the relatively small number of student enrollment or customer registration in the ramp-up period of the schools and centers.
- (2) Other miscellaneous businesses primarily include fashion and beauty business and the internet technology solution and staff outsourcing services provided to independent third parties.

Other Income and Expenses

For the year ended 31 December 2023, other income and expenses amounted to approximately RMB139 million (2022: RMB107 million) which primarily included government grants, interest income from time deposits and bank balances and entrusted loans. The increase in other income was mainly due to the increase in interest income from time deposits and bank balances of approximately RMB34 million during the year ended 31 December 2023.

Other Gains and Losses

The other gains and losses were recorded as net gains of approximately RMB43 million for the year ended 31 December 2023 (2022: RMB136 million) which was mainly attributable to the gains from changes in fair value of other financial assets measured at FVTPL of RMB20 million (2022: losses from changes in fair value of other financial assets measured at FVTPL RMB2 million) and the net foreign exchange gains of approximately RMB24 million as a result of the appreciation of Hong Kong dollars and United States dollars possessed by the Group against Renminbi during the year ended 31 December 2023 (2022: RMB143 million).

Selling Expenses

The Group's selling expenses increased from RMB946 million for the year ended 31 December 2022 to RMB1,037 million for the year ended 31 December 2023. In order to promote and strengthen the Group's well-known brands, the Group has engaged a professional consultant to design a new image for New East, "Head Chef Panda (熊貓廚師長)", to present a more energetic and youthful image to the public. The Group has also invested in more advertising resources so as to recruit more new students during the year.

Administrative Expenses

The Group's administrative expenses increased from RMB512 million for the year ended 31 December 2022 to RMB529 million for the year ended 31 December 2023 which represented about 13.3% of the revenue for the year ended 31 December 2023 and remained stable as compared to 13.4% of the revenue for the year ended 31 December 2022. The increase in administrative expenses was mainly due to the increase in business activities such as business travels and meetings during the year.

Finance Costs

The finance costs of approximately RMB139 million for the year ended 31 December 2023 represented the interest expenses on lease liabilities recognised following the adoption of HKFRS 16 – Leases (2022: RMB156 million).

Adjusted Net Profit and Adjusted EBITDA

To supplement this announcement which is presented in accordance with HKFRSs, we also presented the following unaudited non-HKFRSs adjusted net profit and adjusted EBITDA as additional financial measures which we believes that it can also provide useful information to help investors and others understand and evaluate the Company's financial performance:

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(unaudited and restated)
Net profit	272,622	367,527
Adjustments for: Non-cash share-based payments	32,993	42,906
Net foreign exchange gains	(24,279)	(143,432)
Adjusted net profit	281,336	267,001
Adjustments for: Depreciation	620,364	634,845
Finance costs	139,301	156,171
Income tax expenses	95,387	130,495
Adjusted EBITDA	<u>1,136,388</u>	<u>1,188,512</u>

Notes:

- (1) Adjusted net profit was derived from the net profit for the year excluding the effect of (i) non-cash share-based payment expenses; and (ii) the net foreign exchange gains (as presented in the table above), which our management does not consider to be indicative of our operating performance.
- (2) Adjusted EBITDA was derived from the adjusted net profit for the year excluding finance costs, income tax expenses and depreciation expenses.
- (3) Non-HKFRSs financial measure does not have a standardised meaning prescribed by HKFRSs and therefore may not be comparable to similar measures presented by other companies.
- (4) Certain figures in the audited consolidated financial statements for the year ended 31 December 2022 had been restated as a result of the application of amendments to Hong Kong Accounting Standard 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction. For details, please refer to the section headed "Notes to the Consolidated Financial Statements – Note 3. Application of New and Amendments to HKFRSs" in this announcement.

Property and Equipment

Property and equipment as at 31 December 2023 increased by 17.8% to approximately RMB3,080 million from approximately RMB2,615 million as at 31 December 2022. Increase in property and equipment was mainly due to the inclusion of the property and equipment of the vocational education industrial parks (“**Vocational Education Industrial Parks**”) located in Sichuan, Shandong, Guizhou and Henan and newly established schools during the year.

Right-of-use Assets

Right-of-use assets as at 31 December 2023 decreased by 8.2% to approximately RMB2,226 million from approximately RMB2,425 million as at 31 December 2022. Decrease in right-of-use assets was mainly because the Group closed down certain loss-making schools and terminated the relevant lease agreements during the year.

Capital Structure, Liquidity, Financial Resources and Gearing Ratio

As at 31 December 2023, the Company’s issued share capital was approximately RMB192,000 divided into 2,178,851,302 shares of HK\$0.0001 each, and the total equity of the Group was approximately RMB5,608 million (31 December 2022: RMB5,692 million⁽¹⁾).

As at 31 December 2023, the current ratio of the Group, representing current assets divided by current liabilities, was 1.7 times (31 December 2022: 1.9 times) while the gearing ratio of the Group, representing total liabilities divided by total assets, was 39.6% (31 December 2022: 40.0%⁽¹⁾).

As at 31 December 2023, the total of time deposits and bank balances and cash of the Group amounted to approximately RMB3,067 million (31 December 2022: RMB3,191 million), representing 33.0% (31 December 2022: 33.6%⁽¹⁾) of the total assets of the Group of approximately RMB9,291 million (31 December 2022: RMB9,489 million⁽¹⁾).

For the year ended 31 December 2023, our capital expenditures were approximately RMB1,085 million (2022: RMB1,475 million) and were primarily related to acquisition of property and equipment and right-of-use assets for upgrading the existing school premises and construction of new campuses and Vocational Education Industrial Parks.

It is believed that the Group has sufficient capital to meet its commitment and working capital requirements for future operations and for general business expansion and development.

⁽¹⁾ Certain figures in the audited consolidated financial statements for the year ended 31 December 2022 had been restated as a result of the application of amendments to Hong Kong Accounting Standard 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction. For details, please refer to the section headed “Notes to the Consolidated Financial Statements – Note 3. Application of New and Amendments to HKFRSs” in this announcement.

Other Financial Assets

As at 31 December 2023, the Group held other financial assets of approximately RMB444 million, particulars of which are set out below:

Financial assets measured at FVTPL	Fair value as at 31 December 2023 (RMB'000)	Realised gains/(losses) for the year ended 31 December 2023 (RMB'000)	Unrealised gains/(losses) for the year ended 31 December 2023 (RMB'000)	% of total assets of the Group as at 31 December 2023
Structured Deposit				
Industrial and Commercial Bank of China Limited				
Quan Xin Quan Yi	11,750	–	–	0.1%
	<u>11,750</u>	<u>–</u>	<u>–</u>	<u>0.1%</u>
Unquoted Fund Investment				
E Fund Management (HK) Co., Ltd.				
E Fund (HK) Select Asia High Yield Bond Fund	155,484	–	(894)	1.7%
China International Capital Corporation Hong Kong Asset Management Limited				
CICC Multi-strategy Fixed Income Fund	196,962	–	8,625	2.1%
	<u>352,446</u>	<u>–</u>	<u>7,731</u>	<u>3.8%</u>
Financial assets measured at amortised cost				
Entrusted loans to related parties				
-Xinhua Holdings Group	80,000	–	–	0.9%
	<u>80,000</u>	<u>–</u>	<u>–</u>	<u>0.9%</u>

Investment Strategy and Future Prospects

The Group's investments in other financial assets have been conducted on the premise that such investments would not affect our business operation or capital expenditures so as to generate a relatively higher return from such investments than fixed-term bank deposits.

The Group has implemented a set of internal control and risk management measures to manage our risks related to investments in other financial assets.

Regarding the investment in financial assets measured at FVTPL, the measures include, among other things, the followings:

- the Group analyzes such financial assets regularly and keep track of their performance and redemption status;
- such financial assets should be issued by a reputable bank or financial institution; and
- the investment portfolio of such financial assets should generally bear relatively low-risk.

Regarding the entrusted loans to related parties under the investment in financial assets measured at amortised cost, the measures include among other things, the followings:

- the borrowing company is required to enter into entrusted loan agreement(s) with reputable PRC bank(s) and the entrusted bank(s) will assess the financial position of the borrowing company(s) regularly to ensure the repayment ability;
- to secure the loan(s), each of the controlling shareholders of the borrowing company shall enter into a personal guarantee. Each of the controlling shareholders of the borrowing company irrevocably and unconditionally, among others, guarantees to the Group the punctual performance by his respective borrowing company for borrowing the loan(s) and undertakes that whenever the respective borrowing company does not pay any amount of the loan when due, he shall immediately on demand pay that amount as if he were the principal of the loan(s). In addition, each of the controlling shareholders of the borrowing company made a guarantee that the Company has the right to postpone the payment of the Company's dividends payable to each of the controlling shareholders of the borrowing company to the amount of the loans and interests owed by the respective borrowing company until the loans and interests are fully paid;
- upon the Group's request at any time, the borrowing company shall provide forthwith to the Group any documents and information relating to the business operations and financial position of the borrowing company, including but not limited to financial reports and financial statements;

- if the borrowing company or its controlling shareholder has any potential risks of financial instability, it shall inform the Group or the entrusted bank(s) immediately; and
- if the borrowing company or its controlling shareholder has shown any signs of financial instability, the Group or the entrusted bank(s) can demand the borrowing company or its controlling shareholder to repay prior to the repayment date all or part of outstanding principal and interest accrued by giving not less than 10 business days prior written notice to such borrowing company.

In view of the above, we believe that our internal policies regarding investment in other financial assets and the related risk management mechanism are adequate. It is expected that the Group would continue to improve our capital usage efficiency by investing in such low-risk or principal protected other financial assets using our temporarily idle funds.

Material Acquisitions and Disposals

The Group did not have any material acquisitions or disposals of subsidiaries, consolidated affiliated entities or associated companies during the year ended 31 December 2023.

Foreign Exchange Risk Management

The majority of the Group's revenue and expenditures are denominated in RMB, the functional currency of the Company, except that certain expenditures are denominated in Hong Kong dollars. The Group also has certain time deposits and bank balances, other financial assets and other payables denominated in Hong Kong dollars and United States dollars, which would expose the Group to foreign exchange risk. The Group did not use any financial instruments for hedging purposes during the year ended 31 December 2023. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure when the need arises.

Charges on the Group's Assets

As at 31 December 2023 and 2022, the Group pledged its rental deposits to secure outstanding unpaid contractual lease payments.

Contingent Liabilities

As at 31 December 2023 and 2022, the Group did not have any material contingent liabilities, guarantees or any litigations or claims of material importance, pending or threatened against any member of the Group.

Subsequent Events

The Group had no significant event subsequent to the reporting period and up to the date of this announcement.

OUTLOOK

Our mission is to provide the best vocational training education in China. We intend to continue to expand our business, school and center network and enhance our market position. To achieve these goals, we plan to pursue the following business strategies:

Establishment of Vocational Education Industrial Parks

With the increasing proportion of our students who studied in three-year long-term courses in the past few years, our strategies are to acquire land and construction facilities to establish Vocational Education Industrial Parks in cities located at our major students recruitment provinces. The Vocational Education Industrial Parks are expected to be equipped with advanced teaching and practical training facilities for all of our seven school/center brands, namely, New East, Omick, Cuisine Academy, Xinhua Internet, Wisezone, Wontone as well as On-mind which help to consolidate the Group's market leadership and brand position. Currently, the first phase of Vocational Education Industrial Parks located at Sichuan and Shandong had been put in operations consecutively and the first phase projects of Vocational Education Industrial Parks will also soon be completed for operations. On the other hand, the first phase projects of at Guizhou and Henan Vocational Education Industrial Parks at Jiangsu and Jiangxi are being planned and promoted. Upon the completion of all these Vocational Education Industrial Parks, it is expected that the Vocational Education Industrial Parks of the Group should be sufficient to meet the demands from students come from different provinces. Moreover, the Vocational Education Industrial Parks will also house our research and development centers, human resources and marketing centers and serve as the continuing education and training centers for our teaching staff, in each case in their respective designated regions. In addition, the Vocational Education Industrial Parks can avoid the increasing pressure in the rental expenses of our school premises and also can improve the environment of our school premises so as to increase the stabilities of our long-term course students. Therefore, the Group believes that the Vocational Education Industrial Parks will be a key driver in increasing student demand for the Group's education services and cost synergies can be achieved in future.

Expansion of School Network

Our extensive school network covers most of the provincial capital cities in China. We intend to further expand our school network to cover all of the provincial capital cities in China. We plan to establish our presence in cities which we believe have great potential with significant unmet demand for skilled workers in culinary arts, information technology and internet technology, auto services as well as fashion and beauty.

Expansion and Diversification of Course Structures

In the four industry sectors we currently operate in, namely, culinary arts, information technology and internet technology, auto services as well as fashion and beauty business, we plan to continue to expand and diversify our course offerings in response to industry trends and market demand. We are also conducting research on potential new industry sectors that we may establish new schools in, with reference to the developments in market demand and anticipated future trends. We will continue to explore other markets for vocational training education in the service industry and new economy. Based on our research, we expect market demand for talent in certain industry sectors to grow in the foreseeable future, we will establish corresponding programs to capture opportunities presented by the market developments.

Actively Applying as the Third-Party Rating Organisation for the Recognition of Vocational Skills

In 2020, the Group has become one of the first batch of third-party rating organisations for the recognition of vocational skills in China, whereby the Group is allowed to perform the recognition of certain vocational skills for the public. Vocational skill recognition represents the recognition of the skill level of labors by the rating organisation filed by the Ministry of Human Resources and Social Security of the People’s Republic of China (“**Ministry of Human Resources and Social Security**”), which is a way for rating of the skills of talents implemented together with the occupational qualification rating. The third-party organisations for the recognition of vocational skills in China are the unit organisations recognised by the Ministry of Human Resources and Social Security, which are unit organisations with leading positions in the industry with credibility. After procedures such as self-reporting, selection by experts, credit checks, assessment by the local human resources and social security departments at the place where the Group was registered and seeking of views from the society, the Group became one of the first batch of third-party rating organisations for the recognition of vocational skills in China, whereby it is allowed to perform the recognition of certain vocational skills. This means that the Group is allowed to perform vocational skill recognition for the public in accordance with the standards and regulatory requirements, and issue certificates recognised by the state, which will significantly raise the Group’s reputation and enhance its brand influence, and further strengthen the Group’s leading position in the vocational skill training business in China. By providing corresponding examinations and training for the public targeting vocational skill certificates, the Group can enrich its curriculum in the culinary segment to attract customers who want to obtain such certificates and increase the potential customers of the Group’s overall culinary segment. By issuing vocational skill certificates, the Group can further integrate employment resources to provide better job opportunities to the students. The Group will have a comprehensive understanding of the state’s policy and industry standards, which will facilitate our vocational skill education in accordance with the state’s policy and standards, and effectively enhance our education quality to provide high quality vocational education services.

We believe that with our over 30-year experience in vocational training industry, we are well-positioned to tailor our service offerings to capture growth opportunities in industrial upgrades and to react promptly to the changes in the market. Also, our highly scalable business model and centralized and standardized management approach will accelerate the process to establish new programs and ensure the quality of the future program offerings. It is believed that the Group will further strengthen its market leadership and reputation by having the above strategies.

EMPLOYEES AND REMUNERATION POLICIES

Employees

As at 31 December 2023, we had a total of 10,881 employees. The following table sets forth the numbers of our employees, categorized by function, as at 31 December 2023:

Function	Number of Full-Time Employees	% of Total
Executive Directors and core management	334	3.1%
Full-time teachers and instructors	5,221	48.0%
Student accommodation staff	70	0.6%
Logistic personnel	417	3.8%
Administrative staff	2,447	22.5%
Accounting and finance staff	379	3.5%
Others	2,013	18.5%
Total ^(Note)	<u>10,881</u>	<u>100%</u>

Note: Among 10,881 employees, we had 14 employees in Hong Kong and 10,867 employees in mainland China.

Remuneration Policies

The remuneration packages of the employees of the Group are determined with reference to individual qualification, experience, performance, contribution to the Group and prevailing market rate.

We remunerate our employees with basic salaries as well as performance-based bonuses. We determine employee compensation based on each employee's performance and qualifications. We plan to hire additional teachers, instructors and other employees as we expand. Our employee recruiting channels include word-of-mouth referrals, on-campus recruiting and online recruiting.

Our full-time employees in mainland China participate in a variety of social security plans that are administered by PRC local governments, including but not limited to, pension benefits, medical care, unemployment insurance, maternity insurance, work injury insurance and housing provident funds. Chinese labor regulations require that our PRC subsidiaries make contributions to the government for these benefits based on a fixed percentage of the employees' average salaries of last year.

Our full-time employees in Hong Kong participate in a Mandatory Provident Fund Scheme (the “**MPF Scheme**”) which the assets of the MPF Scheme are held separately from those of the Group in funds under the control of independent trustees. Under the MPF Scheme, contributions are made based on a percentage of the participating employees’ relevant income from the Group and the only obligation of the Group with respect to the MPF Scheme is to make the required contributions under the MPF Scheme.

DIVIDENDS

At the Board meeting held on 27 March 2024, the Board proposed the payment of a final dividend of HK\$0.20 (approximately RMB0.18) per ordinary share of the Company in respect of the year ended 31 December 2023. The aforesaid proposed payment of final dividend is subject to approval of the Shareholders at the Annual General Meeting to be held on Friday, 7 June 2024. Subject to the approval of Shareholders at the Annual General Meeting, the aforesaid proposed final dividend is expected to be paid on or around Thursday, 27 June 2024.

CORPORATE GOVERNANCE PRACTICES

The Company has applied the principles of the code provisions set out in the Corporate Governance Code as set out in Appendix C1 to the Listing Rules (the “**CG Code**”). During the year ended 31 December 2023, the Company has complied with all the code provisions set out in the CG Code.

The Board believes that good corporate governance is essential to the development of the Group and to safeguard the interests of the Shareholders, potential investors and business partners and is consistent with the Board’s pursuit of value creation for the Shareholders. The Company is committed to enhancing its corporate governance practices appropriate to the conduct and the development of the Group and will review such practices from time to time to ensure that the Company complies with statutory and professional standards and aligns with the latest development.

MODEL CODE FOR SECURITIES TRANSACTIONS

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 Group’s code of conduct to regulate the securities transactions of the Directors and the relevant employees. Having made specific enquiries, all Directors confirmed that they have complied with the required standards set out in the Model Code throughout the year ended 31 December 2023.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the year ended 31 December 2023.

AUDIT COMMITTEE AND REVIEW OF CONSOLIDATED FINANCIAL STATEMENTS

The audit committee of the Company (the “**Audit Committee**”) consists of three independent non-executive Directors, namely Mr. HUNG Ka Hai, Clement, Dr. ZHU Guobin and Dr. ZANG Yunzhi. The main duties of the Audit Committee are to assist the Board in providing an independent review of the completeness, accuracy and fairness of the consolidated financial statements for the year ended 31 December 2023 of the Group, as well as the efficiency and effectiveness of the Group’s operations and internal controls. The Audit Committee has reviewed the consolidated financial statements of the Group for the year ended 31 December 2023, including the accounting principles and practices adopted by the Group. The Audit Committee is in the opinion that the consolidated financial statements have been prepared in accordance with the applicable accounting standards, the Listing Rules and the statutory requirements and that adequate disclosures have been made in the annual results announcement.

ANNUAL GENERAL MEETING

The forthcoming Annual General Meeting will be held on Friday, 7 June 2024. Notice of the Annual General Meeting which will be published and dispatched to the Shareholders in accordance with the Articles of Association and the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

(a) For determining the entitlement to attend and vote at the forthcoming Annual General Meeting

The register of members of the Company will be closed from Tuesday, 4 June 2024 to Friday, 7 June 2024 (both days inclusive), during which period no transfer of shares of the Company may be registered, for the purposes of ascertaining Shareholders’ entitlement to attend and vote at the forthcoming Annual General Meeting. In order to be eligible to attend and vote at the forthcoming Annual General Meeting, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Service Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, 3 June 2024.

(b) For determining the entitlement to the proposed final dividend

The register of members of the Company will be closed from Friday, 14 June 2024 to Tuesday, 18 June 2024 (both days inclusive), during which period no transfer of shares of the Company may be registered, for the purposes of ascertaining Shareholders’ entitlement for the proposed final dividend. The record date for the proposed final dividend shall be Tuesday, 18 June 2024. In order to qualify for the proposed final dividend, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Thursday, 13 June 2024.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.chinaeastedu.com). The annual report of the Company for the year ended 31 December 2023 will be despatched to the Shareholders and made available on the aforesaid websites in due course.

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION AND PROPOSED ADOPTION OF THE NEW ARTICLES OF ASSOCIATION

The Board announces that it proposed to amend the Articles of Association and to adopt the New Articles of Association, incorporating the amendments (the “**Proposed Amendments**”) for the purpose of, among others, (i) bringing the Articles of Association in line with the amendments made to the Listing Rules and the applicable laws of the Cayman Islands; and (ii) making certain minor housekeeping amendments to the Articles of Association for the purpose of clarifying the existing practice and making consequential amendments to be in line with the amendments to the Articles of Association.

The Proposed Amendments and the adoption of the New Articles of Association are subject to the approval of the Shareholders by way of a special resolution at the forthcoming Annual General Meeting of the Company to be held on Friday, 7 June 2024. A circular containing, among other things, particulars relating to the Proposed Amendments to the Articles of Association brought about by the adoption of the New Articles of Association together with a notice convening the Annual General Meeting will be despatched to the Shareholders in due course.

By order of the Board
China East Education Holdings Limited
WU Wei
Chairman

Hong Kong, 27 March 2024

As at the date of this announcement, the Board comprises Mr. WU Wei and Mr. XIAO Guoqing as executive Directors; Mr. WU Junbao and Mr. LU Zhen as non-executive Directors; and Mr. HUNG Ka Hai, Clement, Dr. ZHU Guobin and Dr. ZANG Yunzhi as independent non-executive Directors.