中教控股
CHINA EDUCATION GROUP

China Education Group Holdings Limited
中國教育集團控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 839)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 AUGUST 2024

The Board is pleased to announce the annual results of the Group for the year ended 31 August 2024.

HIGHLIGHTS

	Year ended 31 August			
	2024	2023	**Change**	**Change**
	(RMB million)	*(RMB million)*	***(RMB million)***	***(Percentage)***
Revenue	**6,579**	5,616	**963**	**+17.1%**
Gross profit	**3,644**	3,164	**480**	**+15.2%**
Adjusted net profit[(i)]	**2,242**	2,077	**165**	**+7.9%**
Adjusted net profit attributable to owners of the Company[(i)]	**1,971**	1,908	**63**	**+3.3%**
Adjusted EBITDA[(i)]	**3,774**	3,361	**413**	**+12.3%**

Cash reserve was recorded RMB6,626 million as at 31 August 2024. The Board recommended the payment of final dividend of RMB10.28 cents per share.

Note:

i. *Please refer to the Financial Review section for methods preparing the adjusted net profit, adjusted net profit attributable to owners of the Company and adjusted earnings before interest, tax, depreciation and amortisation ("EBITDA").*

MANAGEMENT STATEMENT

2023/24 Review and Policy Backdrop

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). The Group adhered to high quality education and internal development, continued to increase investments in hardware and software, optimized the setting of disciplines and specialties, innovated the international education model, and strived to build regional practice centers integrating industry and education to enhance teachers' capabilities and promote high-quality employment of college graduates through multiple channels. While improving the level of education and teaching, the Group achieved steady growth in its operating results.

1. Stable Increase in Higher Education Student Enrollment

During 2023/24, the scale of higher education in China continued to grow. A total of 13.42 million students participated in the 2024 college entrance examination, a year-on-year increase of 510,000, marking the seventh consecutive year of growth. The gross enrollment rate of higher education in China reached 60.2% in 2023, representing a year-on-year increase of 0.6 percentage points, nearing the target of 65% outlined in "China's Education Modernization 2035" (《中國教育現代化2035》). To meet the growing demand for higher education in China, the Group's member schools attracted students nationwide by offering high-quality, career-oriented programs and superior campus environments, resulting in a stable increase in student enrollment. As of August 2024, the Group had approximately 270,000 full-time students, a 9% year-on-year increase, including 224,000 higher education students (up 12.5% year-on-year). The number of new full-time students in the member schools of the Group in the PRC for the 2024/25 academic year stood at approximately 97,000, among which, the number of new higher education students was approximately 84,000. As at October 2024, the number of full-time students enrolled by the Group for the 2024/25 academic year recorded a year-on-year increase of approximately 5.2%, among which, the number of higher education students recorded a year-on-year increase of approximately 9.5%.

2. High-Quality Education Lays the Foundation for New Talent Development

By focusing on the national strategic requirements, and driven by the scientific and technological revolution and industrial transformation, the Group proactively adjusted the setting of disciplines and specialties, promoted the deep integration of the education chain, innovation chain, talent chain and industry chain, and cultivated skilled talents adaptive to new industries and new businesses. During 2023/24, the member schools of the Group provided, at the higher vocational education level, an aggregate of 384 application-oriented undergraduate majors, an increase of 12 year-on-year; and 206 junior college majors, an increase of 24 year-on-year. In addition, the member schools of the Group had 3 national first-class undergraduate programmes, 102 provincial first-class undergraduate programmes and 34 provincial first-class undergraduate majors. In terms of scientific research, the member schools of the Group proactively applied for national scientific research projects, and were granted an aggregate of 5 new engineering/art-based research and practice projects, 10 projects of the national Natural Science Foundation (自然科學基金), 4 projects of the national Social Science Foundation (社會科學基金) and 17 humanities and social sciences projects of the Ministry of Education. In addition, Sichuan School was approved as the "Master's Degree Project Construction Unit in Sichuan Province" (四川省碩士學位授予立項建設單位), becoming the third colleges within the Group to obtain master's degree project construction qualification.

3. Enhancing Students' Innovation and Practical Skills

During the reporting period, the member schools of the Group achieved remarkable results in the cultivation of students' innovative and practical capabilities. The teachers and students have achieved remarkable results in various national and international competitions. For example, Jiangxi School won the first prize in the 18th "Challenge Cup" National After-school Academic Science and Technology Competition for College Students (第十八屆「挑戰杯」大學生課外學術科技作品競賽), Guangzhou School won three championships in the 16th Chinese College Students Dragon Dance and Lion Dance Championships (第16屆中國大學生舞龍舞獅錦標賽), Zhaoqing School in Guangdong

Province won three first prizes in the 2024 National Enterprise Competition Simulation Competition (2024年全國企業競爭模擬大賽), Sichuan School won the grand prize in the 18th "Challenge Cup" National After-school Academic Science and Technology Competition for College Students, and Chongqing School won the first prize in the National College Foreign Language Course and Ideological Teaching Case Competition (全國高校外語課程思政教學案例大賽).

4. **Expanding in Key Regions to Provide High-Quality Vocational Education**

The Group continued to increase its investment in key national economic areas, such as the Guangdong-Hong Kong-Macao Greater Bay Area, Chengdu-Chongqing Twin Cities Economic Circle, Bohai Rim Economic Circle and Hainan Free Trade Zone, to cultivate application-oriented talents meeting the needs of industries in the new era. During the reporting period, the Group's expansion projects in Guangdong Province and Shandong Province progressed smoothly, phase III of the new campus of Zhaoqing School was partially put into use, and phase I of the new campus of Shandong School was put into formal use in September 2024. With new construction and expansion, the Group had additional capacity of nearly 40,000 students during the reporting period, and the number of campuses increased from 22 to 23.

5. **Leveraging Artificial Intelligence and Digitalization**

The Group proactively responded to the call of the state to promote the digitalization of education, and launched a special project of "smart campus" to promote the deep integration of digital technology with teaching, scientific research and management. During the reporting period, the Group comprehensively improved the efficiency of campus management and the level of services through a series of innovative initiatives. New teaching scenarios such as smart classrooms and virtual simulation laboratories were widely applied by the member schools of the Group to further enhance teaching effects and learning experience.

6. **Promoting High-Quality Employment Through Industry-Education Integration**

For quality improvement of personnel training, our schools have proactively conducted cooperation with industry. During the reporting period, the Group newly established 13 industrial colleges, with 61 industrial colleges established on an accumulative basis, including Huawei ICT Academy, Modern Digital Intelligence Financial and Industrial College (現代數智財經產業學院) and Baidu Institute of Artificial Intelligence and Large Model Industry (百度人工智能與大模型產業學院), etc. By virtue of the cooperative ecosystem of industry-education integration, the Group has promoted high-quality employment of graduates. In 2023/24, the Group established cooperation relationship with 3,980 enterprises, with its member schools delivering about 75,000 application-oriented talents to the society.

7. **Expanding International Education to Enhance Global Competitiveness**

Relying on the global platform, the Group has allocated more resources to international education, in order to promote deep cooperation between schools at home and reputable overseas universities. As of October 2024, the member schools of the Group in the PRC have passed the assessment of The Quality Assurance Agency of the United Kingdom for Higher Education (英國高等教育質量保證署) in an accumulation of seven majors, with the number of new students from international education programmes recording a year-on-year increase of over 100%. In addition, the Group has carried out international cooperation with more than 200 colleges from more than 40 countries globally and launched a variety of joint cultivation plans, further expanding the path for international development.

8. **Advancing Internal Talent Development to Comprehensively Enhance Professional Competence**

The Group attaches great importance to talent cultivation internally. Through its training platform, the Group provided trainings for its member schools in 7 major series covering education and teaching, financial management and information technology. During the reporting period, the Group also organized exchanges for teaching skills, which have fostered the sharing of resources and innovation in teaching among its member schools. During the reporting period, the Group was awarded "China Best Managed Companies" (中國卓越管理公司) by Deloitte for six consecutive years, and is the only selected academic education enterprise.

9. Steady Improvement in Operating Results Ensuring Sustainable Development

In the financial year of 2023/24, the Group grew steadily in financial performance, with operating profit increasing by 14.2% year-on-year to RMB2,846 million, and adjusted net profit attributable to owners of the Company increasing by 3.3% year-on-year to RMB1,971 million. The adjusted EBITDA increased by 12.3% year-on-year to RMB3,774 million. The primary adjustment concerns a one-off non-cash impairment of three cash generating units. Despite positive returns generated by these three cash generating units during the reporting period, with two achieving record revenue, pricing guidance, intensified competition, and regional policy changes have led to a downward revision of their projected growth rates. At the same time, the Group continued to increase investments in education and teaching in its member schools by expanding campus and optimizing infrastructure, in order to ensure sustainable development in the future.

10. Outlook

Looking ahead, the Group will continue pursuing high-quality development, deepening industry-education integration, and innovating in international education to cultivate skilled talents. We remain committed to contributing to the national strategy of building a strong education and talent base.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

The financial results for the years ended 31 August 2024 and 2023 are as follows:

	Years ended 31 August	
	2024	2023
	RMB million	*RMB million*
Revenue	**6,579**	5,616
Cost of revenue	**(2,935)**	(2,452)
Gross profit	**3,644**	3,164
Other income	**357**	286
Selling expenses	**(190)**	(182)
Administrative expenses	**(965)**	(775)
Operating profit	**2,846**	2,493
Investment income	**101**	77
Other gains and losses	**(1,975)**	(540)
Finance costs	**(472)**	(469)
Profit before taxation	**500**	1,561
Taxation	**2**	(20)
Net profit	**502**	1,541
Net profit attributable to owners of the Company	**418**	1,380
Adjusted net profit attributable to owners of the Company	**1,971**	1,908

Non-IFRS Measures

To supplement the consolidated financial statements, which are presented in accordance with International Financial Reporting Standards ("IFRS"), the Company also uses adjusted net profit, adjusted net profit attributable to owners of the Company and adjusted EBITDA as additional financial measures.

The Company presents these financial measures because they are used by the management to evaluate the Group's financial performance by eliminating the impact of items that the management does not consider indicative of the performance of the Group's business. The Company believes that the non-IFRS measures presented provide additional information to the Company's management and investors to better understand and evaluate the Group's consolidated operational performance. These measures assist both management and investors in comparing financial results across periods and with peer companies. However, the presentation of these non-IFRS measures have limitations as analytical tools because they exclude certain items that impact the Group's financial results. Therefore, when assessing the Group's financial and operational performance, non-IFRS measures should not be considered in isolation or as substitutes for profit for the period or any other performance measure calculated in accordance with IFRS. Furthermore, because other companies may calculate non-IFRS measures differently, they may not be directly comparable to similarly titled measures used by other companies.

The calculations of adjusted net profit, adjusted net profit attributable to owners of the Company and adjusted EBITDA are as follows:

Calculation of Adjusted Net Profit

		Years ended 31 August	
		2024	2023
		RMB million	*RMB million*
Net profit		**502**	1,541
Adjustments for:	Foreign exchange gain/loss	**(26)**	66
	Share-based payments[i]	**–**	17
	Expenses related to converting independent colleges into private universities[ii]	**9**	19
	Fair value change on construction cost payables for school premises[iii]	**39**	39
	Non-cash impairment loss recognised in respect of goodwill and intangible assets, net of deferred tax[iv]	**1,718**	395
Adjusted net profit		**2,242**	2,077

Calculation of Adjusted Net Profit Attributable to Owners of the Company

		Years ended 31 August	
		2024	2023
		RMB million	*RMB million*
Net profit attributable to owners of the Company		**418**	1,380
Adjustments for:	Foreign exchange gain/loss	**(26)**	66
	Share-based payments[(i)]	**–**	17
	Expenses related to converting independent colleges into private universities[(ii)]	**9**	19
	Fair value change on construction cost payables for school premises[(iii)]	**23**	31
	Non-cash impairment loss recognised in respect of goodwill and intangible assets, net of deferred tax[(iv)]	**1,547**	395
Adjusted net profit attributable to owners of the Company		**1,971**	1,908

Calculation of Adjusted EBITDA

		Years ended 31 August	
		2024	2023
		RMB million	*RMB million*
Profit for the year		**502**	1,541
Add:	Finance costs	**472**	469
	Taxation	**(2)**	20
	Depreciation of property, plant and equipment	**793**	662
	Depreciation of right-of-use assets	**76**	65
	Amortisation of intangible assets	**–**	5
EBITDA		**1,841**	2,762
Adjustments for:	Foreign exchange gain/loss	**(26)**	66
	Share-based payments[(i)]	**–**	17
	Expenses related to converting independent colleges into private universities[(ii)]	**9**	19
	Fair value change on construction cost payables for school premises[(iii)]	**39**	39
	Non-cash impairment loss recognised in respect of goodwill and intangible assets[(iv)]	**1,911**	458
Adjusted EBITDA		**3,774**	3,361

Notes:

i. Non-cash share-based payments recognised for share options granted to directors and employees of the Group, which did not result in cash outflow.

ii. The Group's independent colleges pay partnership fees to their public school co-sponsors. All independent colleges of our Group have been converted into private universities during the year ended 31 August 2021. The partnership fees recognised during the current period will cease to exist after all students enrolled by the independent college are graduated.

iii. Non-cash fair value change on long-term construction cost payables for school premises, which are measured at fair value through profit or loss, which did not result in cash outflow.

iv. This item did not generate any cash outflows. Our management believes that the non-cash impairment item and related deferred tax do not impact our operations. Please refer to the paragraphs below headed "Other Gains and Losses" for the details of impairment loss recognised in respect of goodwill and intangible assets.

Revenue

The Group's revenue reached RMB6,579 million for the year ended 31 August 2024, increase 17.1% as compared to RMB5,616 million for the year ended 31 August 2023.

Domestic Market Segment

Revenue from domestic market segment increased from RMB5,396 million for the year ended 31 August 2023 to RMB6,335 million for the year ended 31 August 2024, representing a 17.4% increase. The significant increase in revenue was mainly driven by the growth in student enrollment and revenue per student of domestic market.

International Market Segment

Revenue from international market segment amounted to RMB244 million for the year ended 31 August 2024, up 10.9% as compared to the RMB220 million generated in the year ended 31 August 2023.

Cost of Revenue

The cost of revenue increased from RMB2,452 million for the year ended 31 August 2023 to RMB2,935 million for the year ended 31 August 2024, representing a 19.7% increase. The increase was mainly due to the growth of student number. Furthermore, with the expansion of the campus and the increase in curriculum, the investment in teachers and teaching were increased.

Gross Profit

The Group's gross profit was RMB3,644 million for the year ended 31 August 2024, increase 15.2% as compared to RMB3,164 million for the year ended 31 August 2023.

Other Income

Other income mainly included income from on-campus management and service to venders and government grants. The income from on-campus management and service to venders and government grants were RMB132 million and RMB74 million, respectively, for the year ended 31 August 2024 as compared to RMB100 million and RMB58 million, respectively, for the year ended 31 August 2023.

Selling Expenses

The Group's selling expenses were RMB190 million for the year ended 31 August 2024 as compared to RMB182 million for the year ended 31 August 2023. The selling expenses represented about 2.9% of revenue for year ended 31 August 2024 and was decreased as compared to that of 3.2% for the year ended 31 August 2023.

Administrative Expenses

The Group's administrative expenses were RMB965 million for the year ended 31 August 2024 as compared to RMB775 million for the year ended 31 August 2023. The increase was mainly attributable to the increase of student enrollment and the new campuses and buildings commencing to use and starting to recognise depreciation.

Operating Profit

The operating profit amounted to RMB2,846 million for the year ended 31 August 2024, increased by 14.2% as compared to RMB2,493 million for the year ended 31 August 2023.

Other Gains and Losses

The other gains and losses were recorded at net losses of RMB1,975 million for the year ended 31 August 2024 which was mainly attributable to the impairment loss recognised in respect of goodwill and intangible assets of RMB1,911 million. The impairment of intangible assets led to the derecognition of the relevant deferred tax liabilities, with the amount of derecognition being RMB193 million, which was credited to profit or loss and included in "taxation". The impairment loss, net of deferred tax, amounted to RMB1,718 million.

During the year ended 31 August 2024, while the revenue of the Group has grown consistently and significantly year-over-year, the Company estimated the value in use of three cash generating units ("CGU") — CGU E, CGU H and CGU J, and concluded that the carrying amounts of the relevant assets of these CGUs were impaired to their recoverable amounts as at 31 August 2024. The impairments for CGU E, CGU H and CGU J amounted to RMB1,159 million, RMB561 million and RMB191 million, respectively. The total impairments loss of RMB1,911 million and total impairment loss, net of deferred tax, of RMB1,718 million represented approximately 4.9% and 4.4%, respectively, of the Group's total assets as at 31 August 2024.

An independent valuer was engaged to perform the impairment analysis. The recoverable amounts were determined based on a value in use calculation. In measuring value in use, an entity mainly bases cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset. There was no subsequent change in valuation method adopted since these CGUs were acquired by the Group.

The value in use calculation was based on estimating future cash flows expected to arise from the CGUs and applying specific discount rates to calculate the present value. Further details on each CGU are provided below.

CGU E

As at 31 August 2024, the discount rate applied was 12.5% (2023: 12.5%). The cash flows beyond the five year forecast period are extrapolated using steady growth rates of 2% as at 31 August 2024 (2023: 2%). The compound annual growth rates of revenue in the next five years were 5.4% as at 31 August 2024 (2023: 14.0%). There were no material changes in the value of inputs or key assumptions adopted in the valuation except for the downward revision of revenue in the forecast period due to the increase in the pricing guidance in the region in which the CGU located being lower than expected. Starting in Autumn 2024, new student tuition fees in the region will be capped, likely constraining the tuition fee levels of this CGU for the foreseeable future.

CGU H

As at 31 August 2024, the discount rates applied was 16.9% (2023: 17.1%). The cash flows beyond the five year forecast period are extrapolated using steady growth rates of 2% as at 31 August 2024 (2023: 2%). The compound annual growth rates of revenue in the next five years were 4.6% as at 31 August 2024 (2023: 15.3%). There were no material changes in the value of inputs or key assumptions adopted in the valuation except for the downward revision of revenue in the forecast period due to a rise in the number of comparable schools in the location of the CGU, leading to increased market competition and shifts in customer preferences. These factors are expected to result in a decline in new customers in the coming years.

CGU J

As at 31 August 2024, the discount rates applied was 22.7% (2023: 20.5%). The cash flows beyond the five year forecast period are extrapolated using steady growth rates of 2.5% as at 31 August 2024 (2023: 3%). The compound annual growth rates of revenue in the next five years were 3.8% as at 31 August 2024 (2023: 16.4%). There were no material changes in the value of inputs or key assumptions adopted in the valuation except for the downward revision of revenue in the forecast period due to the effect of the possible implementation of measures to limit the number of international students entering the country where the CGU operates.

Taking into account the above reasons for each CGU, the Company has reduced the compound annual growth rates of revenue of these CGUs for the impairment analysis, resulting in the recognition of the impairment losses on goodwill and intangible assets.

Finance Costs

The finance costs were increased slightly from RMB469 million for the year ended 31 August 2023 to RMB472 million for the year ended 31 August 2024. For the year ended 31 August 2024, the finance costs mainly represented i) the interest expenses on bank and other borrowings and bonds of RMB553 million (2023: RMB529 million) and ii) deduction of interest expenses capitalised in the cost of property, plant and equipment of RMB90 million (2023: RMB67 million).

Net Profit and Return on Equity

The adjusted net profit was increased by 7.9% to RMB2,242 million for the year ended 31 August 2024 from RMB2,077 million for the year ended 31 August 2023, after adjusting for the foreign exchange gain/loss, share-based payments, expenses related to converting independent colleges into private universities, fair value change on construction cost payables for school premises and impairment loss recognised in respect of goodwill and intangible assets, net of deferred tax. The adjusted net profit attributable to owners of the Company was increased by 3.3% to RMB1,971 million for the year ended 31 August 2024. The Group's net profit was RMB502 million for the year ended 31 August 2024 as compared to RMB1,541 million for the year ended 31 August 2023.

The adjusted return on equity (which is calculated on the basis of adjusted net profit attributable to owners of the Company to the average of the beginning and ending balance of equity attributable to owners of the Company) of the Group was 12.5% for the year ended 31 August 2024 and remained sound and fair.

EBITDA

Adjusting for the foreign exchange gain/loss, share-based payments, expenses related to converting independent colleges into private universities, fair value change on construction cost payables for school premises and impairment loss recognised in respect of goodwill and intangible assets, the adjusted EBITDA was increased by 12.3% from RMB3,361 million for the year ended 31 August 2023 to RMB3,774 million for the year ended 31 August 2024. EBITDA was RMB1,841 million for the year ended 31 August 2024 as compared to RMB2,762 million for the year ended 31 August 2023.

Property, Plant and Equipment

Property, plant and equipment as at 31 August 2024 increased by 22.9% to RMB21,706 million from RMB17,668 million as at 31 August 2023. Increase in property, plant and equipment was mainly due to the construction of new buildings of existing campuses and the expansion capacity in Shandong Province and Guangdong Province.

Capital Expenditures

Our capital expenditures for the year ended 31 August 2024 were RMB4,857 million (2023: RMB2,637 million) and were primarily related to the construction of new buildings of existing campuses and the expansion capacity in Shandong Province and Guangdong Province.

Cash Reserve

Including cash and cash equivalents, restricted bank deposits and structured deposits and money market funds recognised in financial assets at fair value through profit or loss, the cash reserve amounted to RMB6,626 million as at 31 August 2024 (2023: RMB5,802 million).

Liquidity, Financial Resources and Gearing Ratio

As at 31 August 2024, the Group had bank and other borrowings and bonds and convertible bonds of RMB10,237 million (2023: RMB8,606 million).

As at 31 August 2024, the net gearing ratio (which is calculated on the basis of total amount of bank and other borrowings and bonds and convertible bonds, net of cash reserve, to total equity of the Group) was 19.5% (2023: 15.3%). As at 31 August 2024, the debt to asset ratio (which is calculated on the basis of total amount of bank and other borrowings and bonds and convertible bonds to total assets) of 26.4% (2023: 24.1%). Certain bank and other borrowings and proceeds from placement and bonds issue were not yet fully utilised. In order to have a better use of our financial resources, the Group placed certain structured deposits and money market funds during the year ended 31 August 2024. The structured deposits and money market funds were short-term liquidity management products with minimal risk exposure and the Group held these investments for short-term cash management purpose.

Treasury Policy

During the year ended 31 August 2024, the Group has adopted a prudent treasury policy and maintained a robust liquidity structure. In the management of the liquidity risk, the Group monitors and maintains appropriate levels of financial resources to meet its funding needs.

Foreign Exchange Risk Management

The primary functional currency of the Group is RMB. For the Group's operation in the PRC, the major revenue and expenditures are denominated in RMB. For the Group's operations outside the PRC, the major revenue and expenditures are denominated in functional currencies of the relevant territories. The Group also has certain foreign currency bank balances, structured deposits and bank and other borrowings denominated in US Dollars, Hong Kong Dollars and Australian Dollars, which would expose the Group to foreign exchange risk. After assessing the cost and benefit, the Group did not use any financial instruments for hedging purposes. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure when the need arises.

Contingent Liabilities

As at 31 August 2024, the Group had no significant contingent liability.

Charges on the Group's Assets

As at 31 August 2024, the bank and other borrowings of the Group amounting to RMB7,440 million (2023: RMB6,138 million) were secured by tolling right of tuition fee, boarding fee and ancillary income, deposits, fixed assets under sale and leaseback arrangements and equity interest of certain subsidiaries of the Group.

Saved as disclosed above, there was no other material charge on the Group's assets as at 31 August 2024.

BUSINESS OVERVIEW

The Group is a leading provider of vocational education services. The Group is committed to developing more high-quality skilled professionals and enhancing the core competencies of vocational schools by cultivating a "dual-qualified" teaching workforce, establishing open regional academia-industry practice centers, expanding student development pathways, and innovating international exchange and cooperation mechanisms. The Group's education management system has received ISO-9001 certification, and Deloitte has named the Group one of China's "Best Managed Companies" for six consecutive years. The Group operates in China, Australia, and the United Kingdom and has been listed on the main board of the Hong Kong Stock Exchange since 2017. The World Bank Group has designated the Group as an "inclusive business" due to its successful promotion of social equity.

Full Redemption of Convertible Bonds

During the year ended 31 August 2024, the Company has redeemed the outstanding Convertible Bonds in whole pursuant to the respective terms and conditions of the Convertible Bonds on the maturity date (the "Full Redemption").

The Company would like to express appreciation for the investors of the Convertible Bonds. With the support of the Convertible Bonds, the Company has achieved rapid business expansion, successfully growing its revenue by more than 300% since the issue of the Convertible Bonds in 2019.

The Company believes that there will be no material impact on the financial position of the Group as a result of the Full Redemption. Further details of the Full Redemption are set out in the announcement of the Company dated 28 March 2024.

TOP-UP PLACING AND SUBSCRIPTION

January 2021

The net proceeds amounted to approximately HK$2,012.6 million (net of related costs, professional fees and out-of-pocket expenses) from the subscription completed on 3 February 2021 have been partly utilised, and will be fully utilised in next twelve months for (1) potential acquisitions; and (2) expansion and development of the Group's new campuses in the Greater Bay Area. The Group did not have material acquisition during the financial year ended 31 August 2024, and therefore results in delay in the use of proceeds. The purposes for the use of proceeds are consistent with the intentions previously disclosed in the Company's announcements.

The following sets forth a summary of the utilisation of the net proceeds during the year ended 31 August 2024:

Purpose	**Percentage to total amount**	**Net proceeds amount** *RMB (million)*	**Unutilised amount as at 1 September 2023** *RMB (million)*	**Utilised amount during the year** *RMB (million)*	**Unutilised amount as at 31 August 2024** *RMB (million)*
Expansion and development of the Group's new campuses in the Greater Bay Area	70%	1,177.0	–	–	–
Potential acquisitions	30%	504.4	93.3	–	93.3
	100%	1,681.4	93.3	–	93.3

Further details of the top-up placing and the subscription are set out in the Company's announcements dated 26 January 2021 and 3 February 2021.

October 2021

The net proceeds amounted to approximately HK$1,170.0 million (net of related costs, professional fees and out-of-pocket expenses) from the subscription completed on 27 October 2021 will be fully utilised in next twelve months for potential acquisitions in the modern-vocational education space. The Group did not have material acquisition during the financial year ended 31 August 2024, and therefore results in delay in the use of proceeds. The purposes for the use of proceeds are consistent with the intentions previously disclosed in the Company's announcements. As at 31 August 2024, none of the net proceeds has been utilised.

Further details of the top-up placing and the subscription are set out in the Company's announcements dated 19 October 2021 and 27 October 2021.

January 2023

On 9 January 2023, Blue Sky, White Clouds and the Company entered into a placing agreement (the "Placing Agreement") with UBS AG Hong Kong Branch (the "Placing Agent") pursuant to which Blue Sky and White Clouds have agreed to appoint the Placing Agent, and the Placing Agent has agreed to procure independent placees (or failing which itself as principal) to purchase a total of 147,000,000 Shares at the placing price of HK$10.94 per Share (the "Placing").

On the same day, Blue Sky, White Clouds and the Company entered into a subscription agreement (the "Subscription Agreement"), pursuant to which Blue Sky and White Clouds agree to subscribe for, and the Company agrees to issue to Blue Sky and White Clouds the subscription shares equivalent to the number of placing shares at HK$10.94 per Share upon the terms and conditions set out in the Subscription Agreement (the "Subscription").

The Placing and the Subscription were completed on 12 January 2023 and 17 January 2023 respectively. The placing shares were issued to more than six independent placees and they are all independent investors. The net proceeds amounted to approximately HK$1,598 million (equivalent to RMB1,406 million) (net of related costs, professional fees and out-of pocket expenses) have been fully utilised as at 31 August 2024 for the expansion of school network (including campus development and potential mergers and acquisitions) and general working capital purposes as previously disclosed in the Company's announcements.

The following sets forth a summary of the utilisation of the net proceeds during the year ended 31 August 2024:

Purpose	Percentage to total amount	Net proceeds amount	Unutilised amount as at 1 September 2023	Utilised amount during the year	Unutilised amount as at 31 August 2024
		RMB (million)	*RMB (million)*	*RMB (million)*	*RMB (million)*
Expansion of school network (including campus development and potential mergers and acquisitions)	90%	1,265	604	604	–
General working capital	10%	141	–	–	–
	100%	1,406	604	604	–

The Directors consider that the Placing and the Subscription will further strengthen the capital base of the Company to continue executing its industry consolidation strategy.

The aggregate nominal value of the subscription shares is HK$1,470 and the net subscription price is approximately HK$10.87 per Share. The subscription shares have a market value of approximately HK$1,764 million based on the closing price of HK$12 of the Shares on 9 January 2023, being the date of the Subscription Agreement.

Further details of the Placing and the Subscription are set out in the Company's announcements dated 10 January 2023 and 17 January 2023.

EMPLOYEES AND REMUNERATION POLICIES

Remuneration

As at 31 August 2024, the Group had 18,677 employees (31 August 2023: 16,468), a 13% increase from 2023's due to organic growth in employees in our existing schools and new campuses.

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.

Remuneration policy of our schools is formulated under the guidance of the relevant laws and regulations of the local jurisdictions of our member schools and is also based on the industry characteristics as well as various market factors. Our schools determine their respective compensation standards based on the employment by function (teachers, teaching assistants, administrative personnel and workers, etc.) and position. Schools participate in social insurance plans (pension, housing provident fund, medical, unemployment, work injury and maternity insurance) under the guidance of relevant national, provincial, and municipality policies and provide a variety of benefits for employees.

Our employees are members of retirement benefits schemes administrated by their respective jurisdictions. Employers and employees are required to contribute to the retirement benefits scheme in accordance with the respective local laws and regulations.

Recruitment

The Group follows the Labour Law, Labour Contract Law, Employment Promotion Law, Labour Dispute Mediation and Arbitration Law as well as other relevant laws and regulations of its respective local jurisdictions in the recruitment process. We prohibit discrimination of staff by age, sex, race, nationality, religion or disability, ensuring everyone has equal employment opportunities and respects.

Our schools recruit talents based on business development and operational needs, as well as candidate's integrity and professionalism. Our talent selection policy does not only focus on candidate's academic qualification, relevant work experience, past performance and professionalism, but also on candidate's morality, professional ethics and discipline. All candidates with employment offer will have to sign the employment contract as soon as reporting to work, and we stipulate the probation period according to law. Near the end of the probation period, human resources department will work with the candidates' respective departments to conduct comprehensive assessments on new employees' performance and personality fit during the probation period according to job responsibilities and employment conditions, to decide whether we should officially offer the position as scheduled or ahead of the schedule, or terminate the employment.

We actively attract talents through contacting the target colleges, participating in talent recruitment fairs and industry conferences, and encourage employee referral through social media or various means. In addition, we provide pre-employment and on-the-job trainings such as assigning coaches (experienced teachers) for newly hired teachers to ensure they have faster and smoother transitions and integrations.

FINAL DIVIDEND

The Board recommends the payment of a final dividend of RMB10.28 cents (equivalent to HK11.12 cents, according to the central parity rate of Renminbi to Hong Kong dollars as announced by the People's Bank of China on 26 November 2024, i.e. RMB0.92407 equivalent to HKD1.00) per ordinary Share for the year ended 31 August 2024 (for the year ended 31 August 2023: RMB13.53 cents per ordinary Share) to Shareholders whose names appear on the register of members of the Company on Wednesday, 26 February 2025. Subject to the approval of the Shareholders at the forthcoming annual general meeting, the final dividend will be paid on or around Wednesday, 26 March 2025. Together with the interim dividend of RMB18.77 cents per ordinary Share, the total dividend distribution equals to approximately 40% of the adjusted net profit attributable to owners of the Company for the year ended 31 August 2024.

The dividend will be paid to all Shareholders on an all-cash basis by default. Shareholders will also be provided with an option to receive the final dividend wholly or partly in form of new fully paid Shares in lieu of cash. Such new Shares so issued will rank pari passu in all respect with the existing issued shares in the capital of the Company. The scheme is conditional upon the passing of the relevant resolution at the forthcoming annual general meeting of the Company and the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the new Shares to be issued under the scheme. Shareholders not making any election will be receiving the whole dividend in cash.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting will be held on Tuesday, 21 January 2025. Notice convening the forthcoming annual general meeting will be published and dispatched to the Shareholders by post or by electronic means.

CLOSURE OF REGISTER OF MEMBERS

For the Forthcoming Annual General Meeting

The register of members of the Company will be closed from Thursday, 16 January 2025 to Tuesday, 21 January 2025, both days inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the forthcoming annual general meeting, all transfer documents accompanied by the relevant share certificates must be lodged 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 for registration not later than 4:30 p.m. on Wednesday, 15 January 2025.

For the Proposed Final Dividend

The proposed final dividend is subject to the approval of the Shareholders at the forthcoming annual general meeting. The register of members of the Company will be closed from Friday, 21 February 2025 to Wednesday, 26 February 2025, both days inclusive, during which period no transfer of Shares will be registered. In order to qualify for the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited at the aforementioned address for registration not later than 4:30 p.m. on Thursday, 20 February 2025.

CONVERTIBLE BONDS DUE 2024

The Company completed the issue of convertible bonds due 2024 bearing interest at the rate of 2.0% per annum in an aggregate principal amount of HK$2,355,000,000 on 28 March 2019 to enhance its working capital for the Group's continual business development. The convertible bonds were formally listed on the Stock Exchange on 29 March 2019 with stock code number 5926. During the year ended 31 August 2024, the conversion price of the convertible bonds was adjusted from HK$12.65 per Share to HK$12.35 per Share due to the payment of final dividend for the year ended 31 August 2023.

On 28 March 2024, the Company has redeemed the outstanding convertible bonds in whole pursuant to the respective terms and conditions of the convertible bonds on the 28 March 2024 (the "Maturity Date"). The convertible bonds have been delisted from the Stock Exchange on the Maturity Date.

For details, please refer to the Company's announcements dated 22 and 28 March 2019, 14 and 16 February 2022, 9 and 28 March 2022, 29 August 2022 and 28 March 2024.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association, or the applicable laws of the Cayman Islands where the Company is incorporated, which would oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S 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 listed securities of the Company.

PUBLIC FLOAT

As at the date of this announcement, based on the information publicly available to the Company and within the knowledge of the Directors, the Company continues to meet the prescribed public float under the Listing Rules.

CORPORATE GOVERNANCE PRACTICES

The Company has applied the principles of the code provisions set out in the CG Code. During the year ended 31 August 2024, the Company had complied with the applicable code provisions set out in the CG Code, save and except for code provision C.2.1 of the CG Code.

Pursuant to 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.

Dr. Yu currently serves as both the Co-chairman and the Chief Executive Officer of the Company. Although such practice deviates from code provision C.2.1 of the CG Code, the Board believes that vesting the roles of both the Chairman and the Chief Executive Officer in the same person has the benefit of ensuring consistent leadership to advance long-term strategy, and allowing for further deepening the monetization capabilities and optimizing operating efficiency of the Group. In addition, the Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively, given that (i) decisions to be made by the Board requires approval by at least a majority of the Directors; (ii) all the Directors are aware of and undertake to fulfil their fiduciary duties as Directors, which require, among others, that he/she acts for the benefit and in the best interests of the Company as a whole and will make decisions for the Company accordingly; (iii) the balance of power and authority is ensured by the operations of the Board, which consists of two executive Directors and three INEDs and has a fairly strong independence element; and (iv) the overall strategic and other key business, financial, and operational policies of the Company are made collectively after thorough discussion at both the Board and senior management levels.

The Board will continue to review and consider segregating the roles of Co-chairman and Chief Executive Officer at an appropriate time, taking into account the circumstances of the Group as a whole.

The Board believes that good corporate governance is essential in enhancing the confidence 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 growth of its business and to reviewing such practices from time to time to ensure that the Company complies with statutory and professional standards and align with the latest development.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as the Group's code of conduct to regulate the securities transactions of the Directors. 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 August 2024. The Company has also established written guidelines no less exacting than the Model Code (the "Employees Written Guidelines") for securities transactions by employees who are likely to be in possession of inside information of the Company.

No incident of non-compliance with the Employees Written Guidelines by the employees was noted by the Company during the year.

AUDIT COMMITTEE

The Audit Committee consists of three independent non-executive Directors and its main duties are to assist the Board in providing an independent review of the completeness, accuracy and authenticity of the financial information of the Group, as well as the efficiency and effectiveness of the Group's operations and internal controls. The Audit Committee has reviewed the annual results of the Group for the year ended 31 August 2024.

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 the related notes thereto for the year ended 31 August 2024 as set out in the preliminary announcement have been agreed by the Company'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 26 November 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.

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.chinaeducation.hk). The annual report of the Company for the year ended 31 August 2024 will be dispatched to the Shareholders by post or by electronic means and published on the same websites in due course.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 August 2024

		Year ended 31 August	
		2024	2023
	NOTES	***RMB million***	*RMB million*
Revenue	*3*	**6,579**	5,616
Cost of revenue		**(2,935)**	(2,452)
Gross profit		**3,644**	3,164
Investment income		**101**	77
Other income		**357**	286
Other gains and losses		**(1,975)**	(540)
Selling expenses		**(190)**	(182)
Administrative expenses		**(965)**	(775)
Finance costs		**(472)**	(469)
Profit before taxation		**500**	1,561
Taxation	*4*	**2**	(20)
Profit for the year	*5*	**502**	1,541
Other comprehensive income for the year, net of tax			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**3**	–
Total comprehensive income for the year, net of tax		**505**	1,541
Profit for the year attributable to:			
— owners of the Company		**418**	1,380
— non-controlling interests		**84**	161
		502	1,541

		Year ended 31 August	
		2024	2023
	NOTES	***RMB million***	*RMB million*
Total comprehensive income for the year attributable to:			
— owners of the Company		**421**	1,380
— non-controlling interests		**84**	161
		505	1,541
Earnings per share	*7*		
Basic (RMB cents)		**16.13**	55.31
Diluted (RMB cents)		**16.13**	55.22

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 August 2024

		At 31 August	
		2024	2023
	NOTES	***RMB million***	*RMB million*
NON-CURRENT ASSETS			
Property, plant and equipment		**21,706**	17,668
Right-of-use assets		**2,476**	2,334
Goodwill		**2,494**	3,627
Other intangible assets		**4,084**	4,840
Deposits paid for acquisition of property, plant and equipment/right-of-use assets		**210**	188
Contract costs		**59**	61
Other prepayment and deposits		**–**	25
Deferred tax asset		**18**	27
Restricted bank deposits		**12**	11
		31,059	28,781
CURRENT ASSETS			
Trade receivables, deposits, prepayments and other receivables	*8*	**1,092**	1,123
Financial assets at fair value through profit or loss		**295**	570
Contract costs		**58**	59
Restricted bank deposits		**81**	44
Cash and cash equivalents		**6,238**	5,177
		7,764	6,973
CURRENT LIABILITIES			
Trade payables	*9*	**41**	52
Contract liabilities		**4,635**	3,821
Other payables and accrued expenses		**2,787**	2,269
Deferred income		**52**	58
Provisions		**278**	325
Lease liabilities		**19**	27
Income tax payable		**79**	96
Bank and other borrowings and bonds		**2,497**	1,581
Convertible bonds		**–**	3
		10,388	8,232

	At 31 August	
	2024	2023
	RMB million	*RMB million*
NET CURRENT LIABILITIES	**(2,624)**	(1,259)
TOTAL ASSETS LESS CURRENT LIABILITIES	**28,435**	27,522
NON-CURRENT LIABILITIES		
Other payables	**597**	514
Deferred income	**70**	64
Lease liabilities	**109**	46
Deferred tax liabilities	**1,386**	1,572
Bank and other borrowings and bonds	**7,740**	7,022
	9,902	9,218
	18,533	18,304
CAPITAL AND RESERVES		
Share capital	**–***	–*
Reserves	**15,848**	15,574
Equity attributable to owners of the Company	**15,848**	15,574
Non-controlling interests	**2,685**	2,730
	18,533	18,304

* *Less than RMB1 million.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 August 2024

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands and registered as an exempted company with limited liability under the Companies Law Chapter 22 of the Cayman Islands on 19 May 2017. Its ultimate controlling parties are Mr. Yu and Mr. Xie, who are the former Co-chairmen of the board and former executive directors of the Company. Both of Mr. Yu and Mr. Xie retired as executive directors and Co-chairmen with effective from 27 June 2024. The shares of the Company had been listed on the Main Board of The Stock Exchange of Hong Kong Limited on 15 December 2017. The address of the registered office of the Company is Walkers Corporate Limited, 190 Elgin Avenue, George Town, Grand Cayman KY1–9008, Cayman Islands and the address of principal place of business of the Company is Unit 1202, 12/F, Standard Chartered Bank Building, 4–4A Des Voeux Road Central, Central, Hong Kong.

The Company is an investment holding company. The principal activities of its subsidiaries are engaged in the operation of private higher vocational and secondary vocational education institutions.

The Group conducts a substantial portion of the business through consolidated affiliated entities under contractual arrangements in the Mainland China.

The consolidated financial statements are presented in Renminbi ("RMB"), which is also the functional currency of the Company.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND PRINCIPAL ACCOUNTING POLICIES

(a) Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"). For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements, include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

In preparing the consolidated financial statements, the directors of the Company have given careful consideration of the future liquidity of the Group in light of the fact that its current liabilities exceeded its current assets of RMB2,624 million as at 31 August 2024. The directors of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The directors of the Company consider that after taking into account the internal fund resources, the Group will have sufficient working capital to satisfy its present requirements for at least twelve months from the end of the reporting period. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

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, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

(b) Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to IFRSs issued by the International Accounting Standards Board for the first time, which are mandatorily effective for the annual periods beginning on 1 September 2023 for the preparation of the consolidated financial statements:

IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	Insurance Contracts
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform — Pillar Two model Rules
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies

Except as described below, the application of the new and amendments to IFRSs in the current year has 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.

Impacts on application of Amendments to IAS 1 and IFRS Practice Statement 2 "Disclosure of Accounting Policies"

The Group has applied the amendments for the first time in the current year. IAS 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.

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.

IFRS 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.

3. REVENUE AND SEGMENT INFORMATION

The Group mainly engages in the provision of vocational education services. Revenue represents services income from education and ancillary services in the domestic and international markets.

Information reported to the Group's chief operating decision maker ("CODM"), being the directors of the Company, for the purpose of resource allocation and assessment of segment performance, was based on the geographical locations of the customers, namely domestic market and international market. Specifically, the Group's reportable segments under IFRS 8 "Operating Segments" in the current year are as follows:

- Domestic Market segment focuses in the domestic Mainland China market, comprising education services (including tuition fees and boarding fees) delivered by higher vocational education institutions and secondary vocational education institutions as well as ancillary services; and

- International Market segment focuses in the international market, comprising education services (including tuition fees and boarding fees) delivered by institutions outside of the Mainland China.

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable and operating segments:

	Domestic Market *RMB million*	**International Market** *RMB million*	**Total** *RMB million*
For the year ended 31 August 2024			
Revenue	**6,335**	**244**	**6,579**
Segment results	**2,822**	**51**	**2,873**
Investment income			**101**
Other gains and losses			**(1,975)**
Finance costs			**(472)**
Unallocated corporate income and expenses			**(27)**
Profit before taxation			**500**
For the year ended 31 August 2023			
Revenue	5,396	220	5,616
Segment results	2,482	34	2,516
Investment income			77
Other gains and losses			(540)
Finance costs			(469)
Unallocated corporate income and expenses			(23)
Profit before taxation			1,561

	Domestic Market	International Market	Unallocated	Total
	RMB million	*RMB million*	*RMB million*	*RMB million*
For the year ended 31 August 2024				
Depreciation of property, plant and equipment	**785**	**5**	**3**	**793**
Depreciation of right-of-use assets (net of capitalised as cost of construction in progress)	**57**	**16**	**3**	**76**
Impairment losses on goodwill and intangible assets recognised in profit or loss (not included in segment results)	**1,720**	**191**	**–**	**1,911**
For the year ended 31 August 2023				
Depreciation of property, plant and equipment	654	5	3	662
Depreciation of right-of-use assets (net of capitalised as cost of construction in progress)	46	15	4	65
Amortisation of intangible assets	5	–	–	5
Impairment losses on goodwill and intangible assets recognised in profit or loss (not included in segment results)	458	–	–	458

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment results represent the profit earned by each segment without allocation of investment income, other gains and losses, finance costs and unallocated corporate income and expenses (including central administrative expenses). This is the measure reported to the CODM of the Group for the purpose of resource allocation and performance assessment. No analysis of segment assets or segment liabilities is presented as they are not regularly provided to the CODM.

Revenue from major services

The following is an analysis of the Group's revenue by types of services:

	Domestic Market	International Market	Total
	RMB million	*RMB million*	*RMB million*
Year ended 31 August 2024			
Education services recognised over time	**6,299**	**244**	**6,543**
Ancillary services recognised over time	**36**	**–**	**36**
	6,335	**244**	**6,579**
Year ended 31 August 2023			
Education services recognised over time	5,361	220	5,581
Ancillary services recognised over time	35	–	35
	5,396	220	5,616

The Group's contracts with students in the Mainland China are normally with duration of 1 year and renewed up to total duration of 3–5 years depending on the education programmes while for Australia are normally with duration of 4 months and renewed up to total duration of 1–3 years. Contract period for boarding fees are normally with duration of 1 year. Tuition and boarding fees are fixed, determined and paid by the students before the start of each school year or trimester, while the ancillary services are charged based on students' usage at a fixed rate.

Geographical information

The Group mainly operates in the Mainland China and Australia.

Information about the Group's revenue from customers is presented based on the location of operations and the Group's non-current assets is presented based on the geographical location of the assets.

	Revenue from customers Year ended 31 August		**Non-current assets *(Note)* At 31 August**	
	2024	2023	**2024**	2023
	RMB million	*RMB million*	***RMB million***	*RMB million*
Mainland China	**6,335**	5,396	**30,291**	27,868
Australia	**244**	220	**736**	849
Hong Kong, China	**–**	–	**2**	1
	6,579	5,616	**31,029**	28,718

Note: Non-current assets exclude financial instruments and deferred tax assets.

Information about major customers

No single customer contributes over 10% or more of total revenue of the Group during the years ended 31 August 2024 or 2023.

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

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

4. TAXATION

	Year ended 31 August	
	2024	2023
	RMB million	*RMB million*
Income tax charge (credit):		
Current tax		
— Enterprise Income Tax(“EIT”)	**170**	93
— Australian Corporate Income Tax	**8**	7
Overprovision in prior years — EIT	**(3)**	(7)
Deferred tax	**(177)**	(73)
	(2)	20

5. PROFIT FOR THE YEAR

	Year ended 31 August	
	2024	2023
	RMB million	*RMB million*
Profit for the year has been arrived at after charging:		
Staff costs, including directors’ remuneration		
— salaries and other allowances	**1,764**	1,473
— retirement benefit scheme contributions	**292**	226
— share-based payments	**–***	17
Total staff costs	**2,056**	1,716
Depreciation of property, plant and equipment	**793**	662
Depreciation of right-of-use assets (net of capitalised as cost of construction in progress)	**76**	65
Amortisation of intangible assets (included in cost of revenue)	**–**	5
Auditor’s remuneration	**5**	6

* *Less than RMB1 million*

6. DIVIDENDS

During the year, the Company recognised the following dividend as distribution:

	Year ended 31 August	
	2024	2023
	RMB million	*RMB million*
Final dividend for the year ended 31 August 2023 of RMB13.53 cents (2023: RMB33.57 cents final dividend for the year ended 31 August 2022) per ordinary share	**342**	806
Interim dividend for the six months ended 29 February 2024 of RMB18.77cents (2023: RMB16.38 cents interim dividend for the six months ended 28 February 2023) per ordinary share	**491**	415
	833	1,221

The 2023 final dividend and 2024 interim dividend were settled in cash, with an alternative to receive the dividend (or part thereof) in form of scrip shares. The 2023 final dividend and 2024 interim dividend have been settled by cash of RMB243 million and the issue of 162,250,731 ordinary shares of the Company in aggregate.

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 August 2024 of RMB10.28 cents per ordinary share (2023: RMB13.53 cents per ordinary share), in an aggregate amount of RMB279 million (2023: RMB345 million), has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming annual general meeting.

7. EARNINGS PER SHARE

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

	Year ended 31 August	
	2024	2023
	RMB million	*RMB million*
Earnings:		
Profit for the year attributable to owners of the Company for the purpose of calculating basic earnings per share	**418**	1,380
Effect of dilutive potential ordinary shares:		
Fair value change on convertible bonds	**–***	–*
Profit for the year attributable to owners of the Company for the purpose of calculating diluted earnings per share	**418**	1,380

	Year ended 31 August	
	2024	2023
	million	*million*
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**2,592**	2,495
Effects of dilutive potential ordinary shares:		
Share options granted under Pre-IPO Share Option Scheme	**–**	4
Convertible bonds	**–**	–*
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**2,592**	2,499

* *Less than RMB1 million/1 million shares.*

The weighted average number of ordinary shares for purpose of calculating basic earnings per share for the years ended 31 August 2023 has included the deferred consideration shares of the Company in relation to the acquisition of the Long Link Investment Limited and its subsidiaries for the year ended 31 August 2023.

The computation of diluted earnings per share for the years ended 31 August 2024 did not assume the exercise of the Company's share options granted under the Pre-IPO Share Option Scheme and Post-IPO Share Option Scheme (2023: Post-IPO Share Option Scheme) as the adjusted exercise prices of those share options were higher than the average market price of the shares of the Company for the year.

8. TRADE RECEIVABLES AND RECEIVABLES FROM EDUCATION BUREAUS

The following is an analysis of trade receivables and receivables from education bureaus, net of allowance for credit losses, by age, presented based on debit notes.

	At 31 August	
	2024	2023
	RMB million	*RMB million*
0–90 days	**28**	26
91–120 days	**8**	3
Over 120 days	**27**	42
	63	71

9. TRADE PAYABLES

The following is an aged analysis of trade payables presented based on invoice date at the end of each reporting period.

	At 31 August	
	2024	2023
	RMB million	*RMB million*
0–30 days	**5**	6
31–90 days	**31**	44
Over 90 days	**5**	2
	41	52

10. CAPITAL COMMITMENTS

	At 31 August	
	2024	2023
	RMB million	*RMB million*
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of the acquisition of property, plant and equipment and right-of-use assets	**1,044**	986

DEFINITIONS

"affiliate"	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"Blue Sky"	Blue Sky Education International Limited (藍天教育國際有限公司), a controlling shareholder of the Company
"Board"	the board of directors of the Company
"CG Code"	Corporate Governance Code contained in Appendix C1 to the Listing Rules
"China" or "PRC"	the People's Republic of China and for the purposes of this document only, except where the context requires otherwise, references to China or the PRC exclude Hong Kong, Macau and Taiwan
"Company"	China Education Group Holdings Limited (中國教育集團控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
"controlling shareholders"	has the meaning ascribed to it under the Listing Rules
"Director(s)"	the director(s) of the Company
"Group", "we", "us", or "our"	the Company, its subsidiaries and its consolidated affiliated entities from time to time
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Hong Kong dollars" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong

"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules
"Mr. Xie"	Mr. Xie Ketao (謝可滔), a controlling shareholder of the Company
"Mr. Yu"	Mr. Yu Guo (于果), a controlling shareholder of the Company
"RMB" or "Renminbi"	Renminbi, the lawful currency of China
"Shareholder(s)"	holder(s) of our Share(s)
"Shares"	ordinary shares in our Company of par value HK$0.00001 each
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed thereto in section 15 of the Companies Ordinance (Chapter 622 of the laws of Hong Kong)
"United States" or "US"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"US dollars"	United States dollars, the lawful currency of the United States

"White Clouds"	White Clouds Education International Limited (白雲教育國際有限公司), a controlling shareholder of the Company
"%"	per cent

The English names of the PRC entities, PRC laws or regulations, PRC awards/accreditations, and the PRC governmental authorities referred to in this announcement are merely translations from their Chinese names and are for identification purposes. If there is any inconsistency, the Chinese names shall prevail.

By order of the Board
China Education Group Holdings Limited
Yu Kai   Wang Rui
Co-Chairmen

Hong Kong, 26 November 2024

As at the date of this announcement, the executive directors of the Company are Dr. Yu Kai and Mr. Wang Rui, and the independent non-executive directors of the Company are Dr. Gerard A. Postiglione, Dr. Rui Meng and Dr. Wu Kin Bing.