

*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.*

## **Leader Education Limited**

**立德教育股份有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 1449)**

### **ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 29 FEBRUARY 2024**

#### **INTERIM RESULTS**

The board (the “**Board**”) of directors (the “**Directors**”) of Leader Education Limited (the “**Company**”) is pleased to announce the unaudited interim consolidated financial results of the Company, its subsidiaries and affiliates (collectively the “**Group**”, “**our Group**”, “**we**” or “**us**”) for the six months ended 29 February 2024 (the “**Period**”), together with the comparative figures for the corresponding period of 2023 (the “**Previous Period**”).

#### **HIGHLIGHTS**

	<b>Six months ended 29 February 2024 RMB'000</b>	<b>Six months ended 28 February 2023 RMB'000</b>	<b>Percentage change</b>
Revenue	<b><u>170,764</u></b>	152,125	<u>+12.3%</u>
Gross profit	<b><u>64,883</u></b>	73,508	-11.7%
<u>Profit for the period</u>	<b><u>28,568</u></b>	41,067	<u>-30.4%</u>

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

*For the six months ended 29 February 2024*

		<b>Six months ended 29 February 2024 <i>RMB'000</i> (Unaudited)</b>	Six months ended 28 February 2023 <i>RMB'000</i> (Unaudited)
	<i>Notes</i>		
<b>REVENUE</b>	4	<b><u>170,764</u></b>	152,125
Cost of sales		<b><u>(105,881)</u></b>	<u>(78,617)</u>
Gross profit		<b><u>64,883</u></b>	73,508
Other income and gains	4	<b><u>9,751</u></b>	1,993
Selling expenses		<b><u>(1,818)</u></b>	(1,085)
Administrative expenses		<b><u>(19,475)</u></b>	(24,239)
Other expenses, net		<b><u>(5,213)</u></b>	(2,438)
Finance costs		<b><u>(19,550)</u></b>	(6,672)
Share of losses of a joint venture		<b><u>(10)</u></b>	–
<b>PROFIT BEFORE TAX</b>	5	<b><u>28,568</u></b>	41,067
Income tax expense	6	<b><u>–</u></b>	<u>–</u>
<b>PROFIT FOR THE PERIOD</b>		<b><u><u>28,568</u></u></b>	<u>41,067</u>

	<b>Six months ended 29 February 2024 RMB'000 (Unaudited)</b>	Six months ended 28 February 2023 RMB'000 (Unaudited)
<b>OTHER COMPREHENSIVE INCOME</b>		
Other comprehensive <u>income/(loss)</u> that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on transaction of financial statements	<u>6,657</u>	<u>(1,566)</u>
Net other comprehensive <u>income/(loss)</u> that may be reclassified to profit or loss in subsequent periods	<u>6,657</u>	<u>(1,566)</u>
Other comprehensive <u>(loss)/income</u> that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on transaction of financial statements	<u>(2,193)</u>	<u>4,908</u>
Net other comprehensive <u>(loss)/income</u> that will not be reclassified to profit or loss in subsequent periods	<u>(2,193)</u>	<u>4,908</u>
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>	<u>4,464</u>	<u>3,342</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<u><u>33,032</u></u>	<u><u>44,409</u></u>
Profit attributable to:		
Owners of the parent	<u>28,573</u>	41,067
Non-controlling interests	<u>(5)</u>	<u>–</u>
	<u><u>28,568</u></u>	<u><u>41,067</u></u>
Total comprehensive income attributable to:		
Owners of the parent	<u>33,037</u>	44,409
Non-controlling interests	<u>(5)</u>	<u>–</u>
	<u><u>33,032</u></u>	<u><u>44,409</u></u>
Earnings per share attributable to ordinary equity holders of the parent:		
Basic and diluted	7	
– For profit for the period	<u><u>RMB0.0429</u></u>	<u><u>RMB0.0616</u></u>

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

29 February 2024

	<i>Notes</i>	<b>29 February 2024 RMB'000 (Unaudited)</b>	<b>31 August 2023 RMB'000 (Audited)</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b><u>1,787,441</u></b>	1,776,559
Right-of-use assets		<b>62,150</b>	64,827
Other intangible assets		<b>3,687</b>	3,289
Investment in a joint venture		<b>372</b>	382
An equity investment designated at fair value through other comprehensive income		<b>3,000</b>	3,000
Prepayments for purchase of property, plant and equipment and right-of-use assets		<b>44,487</b>	35,188
Other non-current assets		<b><u>22,050</u></b>	<u>20,150</u>
Total non-current assets		<b><u>1,923,187</u></b>	<u>1,903,395</u>
<b>CURRENT ASSETS</b>			
Prepayments, other receivables and other assets		<b>39,105</b>	21,664
Cash and cash equivalents		<b><u>334,697</u></b>	<u>270,776</u>
Total current assets		<b><u>373,802</u></b>	<u>292,440</u>
<b>CURRENT LIABILITIES</b>			
Contract liabilities	8	<b><u>126,416</u></b>	284,512
Other payables and accruals	9	<b><u>90,090</u></b>	64,941
Interest-bearing bank and other borrowings and interest accruals		<b>509,604</b>	360,347
Deferred income		<b><u>2,020</u></b>	<u>7,821</u>
Total current liabilities		<b><u>728,130</u></b>	<u>717,621</u>
<b>NET CURRENT LIABILITIES</b>		<b><u>(354,328)</u></b>	<u>(425,181)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b><u>1,568,859</u></b>	<u>1,478,214</u>

	<b>29 February</b> <b>2024</b> <i>Notes</i> <b>RMB'000</b> <b>(Unaudited)</b>	<u><b>31 August</b></u> <u>2023</u> <i>RMB'000</i> <i>(Audited)</i>
<b>NON-CURRENT LIABILITIES</b>		
Interest-bearing bank and other borrowings and interest accruals	<b>624,327</b>	566,488
Deferred income	<b><u>2,580</u></b>	<u>2,806</u>
Total non-current liabilities	<b><u>626,907</u></b>	<u>569,294</u>
Net assets	<b><u><u>941,952</u></u></b>	<u><u>908,920</u></u>
<b>EQUITY</b>		
Equity attributable to owners of the parent		
Share capital	<b>46,292</b>	46,292
Reserves	<b><u>895,680</u></b>	<u>862,643</u>
	<b><u>941,972</u></b>	908,935
Non-controlling interests	<b><u>(20)</u></b>	<u>(15)</u>
Total equity	<b><u><u>941,952</u></u></b>	<u><u>908,920</u></u>

## 1. CORPORATE AND GROUP INFORMATION

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

The Company is an investment holding company. During the six months ended 29 February 2024 (the “**Period**”), the Company and its subsidiaries (collectively referred to as the “**Group**”) were principally engaged in providing private higher education services in the People’s Republic of China (the “**PRC**”).

### 2.1 BASIS OF PREPARATION

The unaudited interim condensed consolidated financial information of the Group for the Period has been prepared in accordance with International Accounting Standard (“**IAS**”) 34 *Interim Financial Reporting* issued by the International Accounting Standards Board. The unaudited interim condensed consolidated financial information does not include all the information and disclosures required in the Group’s annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 August 2023. The unaudited interim condensed consolidated financial information is presented in Renminbi (“**RMB**”), and all values are rounded to the nearest thousand except otherwise indicated.

#### Going concern

The Group recorded net current liabilities of RMB354,328,000 as at 29 February 2024. Included therein were the contract liabilities of RMB126,416,000 which will be settled by education services provided by the Group rather than settled by cash.

In view of the net current liabilities position, the directors of the Group have given careful consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern. Taking into account the financial resources available to the Group, including the internally generated funds from operation and existence of facility of RMB64,273,000, and the ability of management in adjusting the pace of its operation expansion, the directors of the Group are of the opinion that the Group is able to meet in full its financial obligations as and when they fall due for the foreseeable future and it is appropriate to prepare the unaudited interim condensed consolidated financial information on a going concern basis.

### 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial information are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 August 2023 except for the adoption of the following new and revised IFRSs for the first time for the Period’s financial information:

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

### 3. OPERATING SEGMENT INFORMATION

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

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

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

#### Geographical information

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

#### Information about major customers

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

### 4. REVENUE, OTHER INCOME AND GAINS

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

	Six months ended 29 February 2024 RMB'000 (Unaudited)	Six months ended 28 February 2023 RMB'000 (Unaudited)
<b>Revenue from contracts with customers</b>		
Tuition fees	<u>159,002</u>	139,664
Boarding fees	<u>11,762</u>	12,461
Total revenue from contracts with customers	<u><u>170,764</u></u>	<u><u>152,125</u></u>
<b>Other income and gains</b>		
Rental income	683	425
Bank interest income	450	129
Government grants		
– Related to income	7,081	448
– Related to assets	225	255
<u>Gain on disposal of right-of-use assets</u>	<u>775</u>	=
Others	<u>537</u>	736
	<u><u>9,751</u></u>	<u><u>1,993</u></u>

## 5. PROFIT BEFORE TAX

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

	Six months ended 29 February 2024 <i>RMB'000</i> (Unaudited)	Six months ended 28 February 2023 <i>RMB'000</i> (Unaudited)
Employee benefit expense (excluding directors' remuneration):		
Wages and salaries	<b>40,084</b>	32,518
Pension scheme contributions	<b>7,062</b>	5,841
	<b>47,146</b>	38,359
Depreciation of property, plant and equipment	<b>26,053</b>	21,795
Depreciation of right-of-use assets	<b>738</b>	1,650
Amortisation of other intangible assets	<b>852</b>	603
Central heating cost	<b>5,732</b>	4,964
<u>Gain on disposal of right-of-use assets</u>	<b>(775)</b>	=
Bank interest income	<b>(450)</b>	(129)
Government grants		
– related to income	<b>(7,081)</b>	(448)
– related to assets	<b>(225)</b>	(255)

## 6. INCOME TAX

	Six months ended 29 February 2024 <i>RMB'000</i> (Unaudited)	Six months ended 28 February 2023 <i>RMB'000</i> (Unaudited)
Current income tax – Mainland China	–	=

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

The calculation of the basic earnings per share is based on the profit for the period attributable to owners of the parent, and the weighted average number of ordinary shares of 666,667,000 (28 February 2023: 666,667,000) in issue during the Period.

The Group had no potentially dilutive ordinary shares in issue during the periods ended 29 February 2024 and 28 February 2023.

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

	<b>Six months ended 29 February 2024 RMB'000 (Unaudited)</b>	Six months ended 28 February 2023 RMB'000 (Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation	<u>28,573</u>	<u>41,067</u>
	<b>Number of shares 2024</b>	2023
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	<u>666,667,000</u>	<u>666,667,000</u>

## 8. CONTRACT LIABILITIES

Details of contract liabilities are as follows:

	<b>29 February 2024 RMB'000 (Unaudited)</b>	31 August 2023 RMB'000 (Audited)
Tuition fees	<u>116,190</u>	263,409
Boarding fees	<u>10,226</u>	21,103
	<u>126,416</u>	<u>284,512</u>

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

**9. OTHER PAYABLES AND ACCRUALS**

	<b>29 February 2024 RMB'000 (Unaudited)</b>	31 August 2023 RMB'000 (Audited)
Payables for purchase of property, plant and equipment	<b>11,128</b>	12,493
Payables for co-operation costs	<b>931</b>	2,450
Miscellaneous expenses received from students	<b>44,072</b>	20,886
Payables for salaries and welfares	<b><u>11,663</u></b>	9,767
Payables for labour union expenditure	<b>3,414</b>	3,416
Other tax payable	<b>33</b>	2
Other payables	<b><u>18,849</u></b>	<u>15,927</u>
	<b><u><u>90,090</u></u></b>	<u><u>64,941</u></u>

**10. INTERIM DIVIDEND AND EVENTS AFTER THE PERIOD**

Subsequent to the end of the reporting period, the Board has resolved not to declare any interim dividend for the six months ended 29 February 2024 (six months ended 28 February 2023: HK10.5 cents per ordinary share).

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **FINANCIAL REVIEW**

#### **Revenue**

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

Revenue increased by RMB18.7 million or 12.3% from RMB152.1 million for the six months ended 28 February 2023 to RMB170.8 million for the six months ended 29 February 2024. The increase was mainly due to the following reasons: (i) revenue from tuition fees has increased by RMB19.3 million or 13.8% from RMB139.7 million for the six months ended 28 February 2023 to RMB159.0 million for the six months ended 29 February 2024; and (ii) revenue from boarding fees has decreased by RMB0.7 million or 5.6% from RMB12.5 million for the six months ended 28 February 2023 to RMB11.8 million for the six months ended 29 February 2024. For the 2023/24 school year, the tuition fee standards are RMB25,800 per year for engineering major, RMB24,800 per year for liberal arts majors and RMB27,800 per year for art majors respectively. The tuition fee standards for the 2023/24 school year are consist with the standards for the 2022/23 school year. The boarding fee rate for the 2023/24 school year is in the range of RMB1,900 to RMB2,400 per year (2022/23 school years: RMB2,200 to RMB2,400 per year), which leads to a decrease in boarding fees. The total number of students enrolled has increased from 11,023 for the 2022/23 school year to 11,955 for the 2023/24 school year.

#### **Cost of Sales**

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

Cost of sales increased by RMB27.3 million or 34.7% from RMB78.6 million for the six months ended 28 February 2023 to RMB105.9 million for the six months ended 29 February 2024. The increase was mainly due to: (i) staff costs increased by RMB5.9 million or 17.6% from RMB33.5 million for the six months ended 28 February 2023 to RMB39.4 million for the six months ended 29 February 2024, mainly due to the combined effects of the increase in remuneration and benefits payable to the teachers of the Group as well as the increase in the number of teachers; (ii) increase in depreciation and amortisation of RMB2.5 million, mainly due to the increase in campus buildings and teaching facilities; (iii) increase in maintenance costs of RMB1.2 million, mainly due to more maintenance on campus buildings occurred during the Period; (iv) student activity costs increased by RMB5.6 million, mainly due to the student activity costs of RMB2.6 million related to the project of ice and snow theme occurred during the Period and no such costs occurred in the Previous Period and the cost of student research has increased by RMB2.4 million; (v) entrusting third-party enterprises to carry out student internship and training expenses of RMB7.0 million occurred during the Period and no such costs occurred in the Previous Period; and (vi) other costs of sales increased due to the increase of teacher training for catering the need of developing the teaching level of school.

## **Gross Profits and Gross Profits Margin**

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

Gross profits decreased by RMB8.6 million or 11.7% from RMB73.5 million for the six months ended 28 February 2023 to RMB64.9 million for the six months ended 29 February 2024, mainly due to fact that the growth of revenue was lower than that of corresponding cost. Gross profits margin has decreased from 48.3% for the six months ended 28 February 2023 to 38.0% for the six months ended 29 February 2024. The 8.5% increase in student numbers resulted in a 12.3% increase in revenue. However, in order to meet the qualification evaluation of undergraduate teaching work during the Period, the Group incurred expenses for (i) constructing and maintaining campus buildings and teaching facilities; and (ii) organising student activities and teacher trainings. The combined effects of the abovementioned factors led to the decrease in gross profits margin.

## **Other Income and Gains**

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

With respect to other income and gains, the amount for the six months ended 29 February 2024 increased by RMB7.8 million as compared to the amount for six months ended 28 February 2023, which was mainly because government grant of RMB6.6 million was received from Shanghu Innovation Zone (Sino-Italian Hai'an Ecological Park) Management Committee in the Period while there was no relevant event incurred during the Previous Period.

## **Selling Expenses**

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

The selling expenses for the six months ended 29 February 2024 increased by RMB0.7 million as compared to the six months ended 28 February 2023, mainly due to the increased promotion expenses for offline enrollment activities, including the production of enrollment culture wall, the printing of publicity materials, and the expense of new campus publicity video.

## **Administrative Expenses**

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

Administrative expenses decreased by RMB4.8 million or 19.8% from RMB24.2 million for the six months ended 28 February 2023 to RMB19.4 million for the six months ended 29 February 2024, mainly due to the decrease of consultation fee and other professional services costs, which mainly represented DA financing advisory, enterprise management service and attorney's fee.

## **Finance Costs**

Finance costs primarily consist of (i) interest on bank loans and other borrowings; and (ii) interest on sale and leaseback liabilities.

Finance costs increased from RMB6.7 million for the six months ended 28 February 2023 to RMB19.6 million for the six months ended 29 February 2024. The interest expenses increased by approximately RMB6.7 million from approximately RMB26.8 million for the six months ended 28 February 2023 to approximately RMB33.5 million for the six months ended 29 February 2024. During the six months ended 29 February 2024, among all interest expenses, a total amount of RMB19.6 million (six months ended 28 February 2023: RMB6.7 million) was not capitalised, which were related to (among others): (a) borrowing from Huatai Principal Investment Group Limited, primarily for repaying other loans from certain other financial institutions, and (b) borrowings from certain banks in China consisted of other borrowings and sale and leaseback liabilities which were mainly used for daily working capital or purposes not related to construction of property, plant and equipment, while interest expenses on other borrowings and sale and leaseback liabilities of approximately RMB13.9 million (six months ended 28 February 2023: RMB20.1 million) was capitalised.

## **Income Tax Expenses**

During the six months ended 29 February 2024, the Group did not record any taxation, which remained the same as the Previous Period.

## **Profit for the Period**

Due to the combined effects of aforementioned factors, the Group recorded a profit of RMB28.6 million for the six months ended 29 February 2024, representing a decrease of approximately 30.4% as compared to RMB41.1 million for the six months ended 28 February 2023.

## **Property, Plant and Equipment**

As at 29 February 2024, the Group's property, plant and equipment amounted to approximately RMB1,787.4 million, representing an increase of RMB10.8 million from approximately RMB1,776.6 million as at 31 August 2023. The increase was primarily due to the increase of furniture, fixtures and other equipment for daily operation in connection with the use of Hanan and Junhua Campus.

## **Working Capital Sufficiency**

Despite the fact that we have recorded net current liabilities positions as at 29 February 2024, our Directors are of the view that we have sufficient working capital to meet our present and future cash requirements for at least the next 12 months from the date of this announcement, based on the following considerations:

- we have been accumulating net profits;
- we expect to generate cash flow from our operations with payment of tuition fees by our students in the upcoming 2024/2025 school year; and

- as at the date of this announcement, we had unutilised facilities of RMB64.3 million and historically we have been able to obtain external financings and do not foresee any impediment to do so in the future if such need arises.

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

### **Liquidity and Capital Resources**

As at 29 February 2024, the Group's cash and cash equivalents were approximately RMB334.7 million, as compared with approximately RMB270.8 million as at 31 August 2023. The increase was mainly attributable to the addition of the sale and leaseback liability from Zhejiang Construction Financial Leasing Co., Ltd\* (浙江建設融資租賃有限公司).

As at 29 February 2024, the Group's bank and other borrowings and interest accruals amounted to approximately RMB1,133.9 million (as at 31 August 2023: RMB926.8 million), which were denominated in Renminbi. As at 29 February 2024, our bank and other borrowings borne effective interest rates ranged from 4.00% to 14.89% per annum (as at 31 August 2023: 4.00%–14.99%).

### **Gearing Ratio**

As at 29 February 2024, our gearing ratio, which was calculated as total debt (including all interest-bearing bank loans and other borrowing) divided by total equity, was approximately 1.2, which increased by 0.2 compared with at 31 August 2023.

### **Capital Expenditures**

Capital expenditures during the Period were primarily related to the construction of the school premises of Hanan Campus, maintaining and upgrading existing school premises and acquisition of new school and land for education purpose. For the six months ended 29 February 2024, the Group's capital expenditures were RMB38.2 million (six months ended 28 February 2023: RMB88.3 million).

### **Capital Commitments**

As at 29 February 2024, the Group had contracted but not provided for capital commitments of approximately RMB124.2 million (as at 31 August 2023: RMB144.2 million), which were primarily related to the acquisition of property, plant and equipment.

### **Contingent Liabilities**

As at 29 February 2024, the Group had no significant contingent liabilities.

## **Foreign Exchange Risk Management**

The functional currency of the Company is RMB. The majority of the Group's revenue and expenditures are denominated in RMB. During the six months ended 29 February 2024, the Group did not experience any significant difficulties in or impacts on its operations or liquidity due to fluctuations in currency exchange rates. The Directors believe that the Group has sufficient foreign exchange to meet its own foreign exchange requirements and will adopt practical and effective measures to prevent exposure to exchange rate risk. The Group did not enter into any financial instrument for hedging purpose.

## **Significant Investments, Acquisitions and Disposals**

During the Period, there were no significant investments held nor other material acquisitions and disposals of subsidiaries, associates and joint ventures.

## **Pledge of Assets**

As at 29 February 2024, the Group's sale and leaseback liabilities of approximately RMB641.3 million (as at 31 August 2023: RMB394.3 million) were guaranteed by the Group's total fixed assets of approximately RMB128.9 million (as at 31 August 2023: RMB179.8 million).

## **BUSINESS REVIEW**

### **Overview**

As of 29 February 2024, the Group operated one school, namely, Heilongjiang College of Business and Technology in Harbin City, Heilongjiang Province. Heilongjiang College of Business and Technology is divided into two campuses, namely Songbei Campus and Hanan Campus.

In addition, the Group acquired a lot of 86,056 sq.m. in Hai'an City, Jiangsu Province in January 2021 to build the Yangtze River Delta Industry-Education Integration Base. The construction has commenced and is expected to be put into operation at the end of 2024. On 10 October 2023, we established Tianjin Quanren Vocational Secondary School Co., Ltd.\* (天津全人職業中等專業學校有限公司) in Baodi District, Tianjin, which is currently under construction. On 8 December 2023, we established Nantong Junhua Secondary Vocational School Co., Ltd.\* (南通峻華中等職業學校有限公司) in Hai'an City, Jiangsu Province, which is currently under construction.

As of 29 February 2024, the school occupied an aggregated gross site area of approximately 637,898.04 sq.m. and gross floor area of 342,727.24 sq.m., with a total property, plant and equipment value of RMB1,787.44 million.

As of 29 February 2024, the school had 762 teachers and 11,941 full-time students enrolled in bachelor’s degree program. The table below sets out the statistics of student enrollment in the past three school years (excluding students who subsequently withdrew during the respective school years):

<b><u>School years</u></b>	<b><u>Number of students</u></b>
<u>2021/2022</u>	<u>9,891</u>
<u>2022/2023</u>	<u>11,023</u>
<u>2023/2024</u>	<u>11,941</u>

As of 29 February 2024, the utilisation rate of our school was 85.46% (as of 28 February 2023: 86.83%), which is calculated by dividing the number of students enrolled in the bachelor’s degree program by the maximum student capacity for the current school year of 13,972.

The school offers 26 undergraduate majors in 2023/24 school year, including 11 in engineering, 5 in management, 3 in economics, 2 in literature and 5 in art.

In the 2023/2024 school year, the average tuition fee and boarding fee of our school were RMB24,796 and RMB2,249, respectively, representing an increase of 12% and 11% from the average tuition fee and boarding fee of RMB21,857 and RMB1,993 in the 2022/2023 school year.

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

**A new chapter opened in the cultivation of application-oriented talents and a step further in undergraduate teaching.** Major clusters integrating new business disciplines, creative design, electronic information and intelligent manufacturing were constructed. The talent cultivation program was optimised through giving full play to the leading role of marketing major as the provincial-level first-class undergraduate major. The school-level first-class (featured) majors and key majors were identified to solidly establish curriculum, among which, 4 majors comprising software engineering, electrical engineering and automation, marketing, and broadcasting and television program production were recognised as school-level first-class (featured) majors. Focusing on the newly revised talent cultivation program and talent cultivation objectives, we have vigorously developed curriculum driven by information technology. Our three courses, namely “Consumer Behavior” (《消費者行為學》) “TED Speech Viewing-listening-speaking” (《TED 演講視聽說》) and “Introduction to Management” (《管理學導論》) were awarded as provincial-level first-class courses. Remarkable achievements were made in our innovation and entrepreneurship programs and academic competitions. The school vigorously promoted the integration of innovation and entrepreneurship education with professional education, and

actively encouraged teachers and students to participate in and carry out disciplinary competitions, which have achieved remarkable results. In 2023, 299 innovation and entrepreneurship projects in aggregate were approved at national, provincial and school levels. Our students participated in various types of academic competitions at all levels, and won 241 awards at provincial level or above, including 31 awards at national level and 210 awards at provincial level.

**As the building of faculty team stepped into a new phase and the introduction of talents advanced steadily, our title evaluation system was improved, and therefore our title structure of faculty was optimised. The teaching level of our teachers was elevated on an ongoing basis with focus on teacher training.** 146 new teachers received induction training, and 334 teachers were trained to bolster their comprehensive quality and teaching skills. We organized 62 attendances of major heads, directors of teaching and research department and backbone teachers to go to Macau University of Science and Technology and Changshu Institute of Technology respectively for special training, and 56 teachers to participate in corporate trainings offered by technical enterprises based in Shenzhen. A total of 598 teacher attendees took trainings throughout the Period.

**Further progress was witnessed in our teaching and research and in the industry-education integration. Our teaching and research made fruitful results.** In 2023, our teachers issued 71 academic papers, obtained 10 patents and 20 software copyrights, and published 12 textbooks and 5 monographs, while our students issued 8 papers and obtained 32 patents. A total of 41 vertical research projects at provincial level and above have been approved, and 56 projects at school level have been set up, including 36 teaching reform projects and 20 scientific research projects. 120 horizontal research projects were carried out in collaboration with various enterprises. New achievements were accomplished in the construction of industry academies. In 2023, Kunshan Q Tech Electronic Information Industry Academy and Huayu Xingye Software Technology and Application Industry Academy were officially established, and the school co-founded the Longtie Industry Academy with Heilongjiang Provincial Railway Group Company\* (黑龍江省鐵路集團公司). Together with existing Phoenix Creative Academy, the school currently has a total of four industrial academies in the real sense. In the past five years, our industrial academies put in place 6 co-built laboratories and enterprise master teacher workshops, through which 63 enterprise courses and independent practical training courses were co-developed and provided, a total of 899 students had their enterprise internship completed and more than 600 graduate papers (design) were accomplished, and 201 jobs were offered, with 34 young teacher being seconded to enterprises for training.

**Student enrollment and employment recorded a new high with notable achievement in the enrollment.** In 2023, the school planned to enroll 3,959 students in 22 provinces, representing an increase of 172 students from the previous year; 3,962 and 3,676 students were admitted and registered respectively, reaching an overall yield rate of 92.78%, representing a growth of 2.83 percentage points from 2022. Our work on employment once again received awards. The initial employment rate of graduates of 2023 reached 85.94%, and 41.04% of students stayed in Heilongjiang for career development, both indicators were higher than the provincial average. Our school was granted the title of “Provincial Demonstration Unit in Employment and Entrepreneurship of University Graduates” (全省高校畢業生就業創業工作示範單位) again and was elected as the director unit of the Employment Collaboration of Private Colleges and Universities in Heilongjiang Province (黑龍江省民辦高校就業協作體理事長單位). Mycos’s data shows that the overall satisfaction rate of employers towards 2023 graduates of our school came up to 97.37%.

**A new picture was seen in our campus construction and service guarantee with the vigorous advancement of intelligent campus.** Our intelligent campus unified portal based on Huawei Cloud WeLink – “Yun Shang Hei Gong Shang” (雲上黑工商) platform was officially launched. Our digital business system encompassing “office collaboration, intelligent teaching, campus information, exchanges and communication” enabled “handling and management all within one network”. We pushed forward the digitalization of financial management to realize online approval through financial OA system.

## **PROSPECTS**

### **Market Overview**

The Company is a large private formal higher education service provider in Heilongjiang Province, ranking top in the private education sector of the province. It has been growing rapidly over the last few years.

As of 29 February 2024, the State issued many policy documents to support and encourage the development of education, including vocational and private education.

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

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

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

Decree No. 741 of the Implementing Regulations of the Law of the People’s Republic of China on the Promotion of Private Education, which came into effect on 1 September 2021, expressly encourages enterprises to organise or participate in organizing private vocational schools through sole proprietorship, joint venture and cooperation in accordance to relevant laws. It also grants all private schools the right to change their sponsors regardless of their nature.

## **DEVELOPMENT STRATEGY**

### **Development Direction and Targets**

The Company will solidify the talent cultivation positioning of “fostering inter-disciplinary application-oriented talents with noble moral character, service dedication, innovation and entrepreneurship awareness, solid professional and theoretical knowledge, strong practical ability and great competence”; adhere to the service orientation of “establishing foothold in Heilongjiang, seeking further development around the Yangtze River Delta in the pursuit of nationwide presence, catering to industry needs, and actively integrating itself into the dual circulation of domestic and

foreign markets”; and follow the development target of “constructing a high-level application-oriented private college that meets social needs, serves regional economic and social development and has distinctive characteristics”.

### **Development Plan**

- Firstly: We will establish in-depth cooperation with international education groups to improve dual education and talent training model.
- Secondly: We will invest in vocational education and establish vocational colleges, education groups and school-enterprise integration bases in the Yangtze River Delta and Beijing-Tianjin-Hebei, gradually forming a new schooling model of school-enterprise integration.
- Thirdly: We will develop big health-related majors and sub-academies.
- Fourthly: We will develop a digital lifelong learning system, and create a “future learning centre” and a website featuring a wide selection of digital education.
- Fifthly: We will combine our leading majors with the Belt and Road Initiative, and actively promote education for foreign students.

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

### **Progress of transforming into a For-profit Private School**

In accordance with the Implementation Rules for the Classification and Registration of Private Schools issued by the Ministry of Education and other four agencies and relevant documents, as well as the implementation opinion on “encouraging social forces to engage in education to promote the healthy development of private schools” announced successively in various provinces, the Heilongjiang College of Business and Technology has made significant progress in its application for transforming into a for-profit school, and its application has been approved by the Ministry of Education. In compliance with relevant documents and policies to be issued by the competent education authorities, the school will firmly protect the legal rights of students during the three-year transition period, complete the transfer of assets from non-profit to for-profit school, and enforce the property rights of legal entities. It will complete the procedures of credit and debt disposal, and transfer of teachers’ employment contracts and employment affiliation. The school will improve its operation and management plan during the transition period to achieve smooth non-profit to for-profit transformation.

### **Updates to the Plan to Comply With the Qualification Requirement**

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

As disclosed in the Prospectus and the Annual Report, we have adopted a specific plan and have taken concrete steps which we believe are meaningful endeavors to demonstrate compliance with the Qualification Requirement. On 15 October 2019, Leader Education LLC was established in Chicago, Illinois and is an indirect wholly-owned subsidiary of the Company. Leader Education LLC plans to operate and manage a higher education institution (the “US School”) in the State of Illinois, US to be established, which is planned to provide programs focusing on business studies. On 21 February 2020, we filed a notice of intent for operation to the Illinois Board of Higher Education (“IBHE”). On 22 May 2020, we entered into a service agreement with an independent third party, with an aim to design the education program to be offered by the US School and submit applications with the IBHE regarding the establishment of the US School. Due to the spread of the COVID-19 in various countries around the world from 2020 to 2022, the Group’s progress in establishing the US School has been slow and was unable to advance in a timely manner. Although the COVID-19 came to an end in 2023, due to the increasingly complicated international environment, particularly the fierce international competition, our progress in establishing the US School has also been affected. Competition is emphasized in the education system of the United States. Keen competition can be seen both in terms of standardized examinations and courses, but we did not adopt a blind approach to proceed, which resulted in the failure of the establishment of the US School as scheduled. However, we will actively identify problems and continue to improve, hoping to complete the application for establishment of the US School as soon as possible.

## **EMPLOYEES AND REMUNERATION POLICY**

As of 29 February 2024, the Group had [762] full-time employees and [167] part-time employees (as of 28 February 2023: 686 full-time employees and 206 part-time employees). The Company believes that attracting, recruiting and retaining high-quality employees are essential to the success and sustainability of the Group. The remuneration policy and package of the Group’s employees are periodically reviewed in accordance with industry practice and financial results of the Group. The Group provides external and internal training programs to its employees. The Group participates in various employee social security plans for its employees that are administered by local governments, including housing, pension, medical insurance, maternity insurance and unemployment insurance. The total remuneration cost (including directors’ fee) incurred by the Group for the six months ended 29 February 2024 was RMB48.1 million (six months ended 28 February 2023: RMB38.8 million).

## **SUBSEQUENT EVENTS**

As at the date of this announcement, there was no significant event subsequent to 29 February 2024.

## **CORPORATE GOVERNANCE CODE**

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

During the six months ended 29 February 2024, except for the deviations noted below, the Company had complied with the code provisions of the CG Code and, where appropriate, adopted the recommended best practices as set out in the CG Code.

### **CG Code C.2.1**

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

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

### **CG Code D.2.5**

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

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

The Company has adopted the Model Code set out in Appendix C3 to the Listing Rules as its code of conduct regarding securities transactions by the Directors. Having made specific enquiries to all Directors of the Company, all Directors confirmed that they have complied with the required standards set out in the Model Code regarding directors' and supervisors' securities transactions throughout the six months ended 29 February 2024.

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

## **AUDIT COMMITTEE**

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

The Audit Committee of the Company has reviewed the unaudited interim results for the six months ended 29 February 2024 including the interim report and discussed with the management of the Company and is of the view that such financial information and report have been prepared in compliance with the applicable accounting standards, the Listing Rules and other applicable legal requirements, and that adequate disclosure has been made with no disagreement by the Audit Committee of the Company.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 29 February 2024.

## **INTERIM DIVIDEND**

The Board has resolved not to declare any interim dividend for the six months ended 29 February 2024 (six months ended 28 February 2023: HK10.5 cents per ordinary share).

## **PUBLIC FLOAT**

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

## **PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT**

This interim results announcement is published on the websites of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)) and the Company ([www.leader-education.cn](http://www.leader-education.cn)). The interim report for the six months ended 29 February 2024 containing all the information required by Appendix D2 to the Listing Rules will be available on the same websites in due course.

## DEFINITIONS

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

“Annual Report”	the 2023 annual report published by the Company on 22 December 2023
“Audit Committee”	the audit committee of the Company
“Board”	the board of directors of the Company
“CG Code”	the corporate governance code contained in Appendix C1 to the Listing Rules
“China” or “PRC”	the People’s Republic of China, excluding, for the purpose of this announcement, Hong Kong, Macau and Taiwan
“Company”	Leader Education Limited (立德教育股份有限公司) (stock code: 1449), an exempted company incorporated in the Cayman Islands with limited liability on 17 June 2019
“Controlling Shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”, “our Group”, “we” or “us”	the Company, its subsidiaries and the consolidated affiliated entities from time to time, or, where the context so requires in respect of the period before the Company became the holding company of our present subsidiaries, the entities which carried on the business of the present Group at the relevant time
“Hanan Campus”	a campus of Heilongjiang College of Business and Technology, located at North of Yucai Road, West Street of Limin Development Zone, Harbin City, Heilongjiang Province, the PRC
“Harbin Xiangge”	Harbin Xiangge Enterprise Management Ltd.* (哈爾濱祥閣企業管理有限公司), formerly known as Harbin Xiangge Zhiye Co., Ltd.* (哈爾濱祥閣置業有限公司), a limited liability company established under the laws of the PRC and is held as to 60% by Ms. Dong Ling and 40% by Mr. Liu Laixiang each being an executive Director and a Controlling Shareholder of the Company

“Heilongjiang College of Business and Technology”, “School” or “our school”	Heilongjiang College of Business and Technology (黑龍江工商學院), a private regular undergraduate institution approved and established under the laws of PRC and a consolidated affiliated entity of the Company
“HK\$” and “HK cents”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“IFRS”	the International Financial Reporting Standards (which include all International Financial Reporting Standards, International Accounting Standards and interpretations) issued by the International Accounting Standards Board
“Listing Date”	6 August 2020, since which the Shares of the Company have been listed on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange
“Model Code”	the model code for securities transactions by directors of listed issuers as set out in Appendix C3 to the Listing Rules
“Prospectus”	the prospectus of the Company dated 27 July 2020
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	the ordinary share(s) of US\$0.01 each in the share capital of the Company
“Shareholder(s)”	the shareholder(s) of the Company
“Songbei Campus”	a campus of Heilongjiang College of Business and Technology, located at Xinxing Dongguang Village, Zhoujia Dongyue Village, Shuangcheng District, Harbin City, Heilongjiang Province, the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“subsidiary(ies)” has the meaning ascribed thereto under Section 15 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)

“%” per cent.

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

Harbin, Heilongjiang Province, PRC, 30 April 2024

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

\* *for identification purpose only.*