



中國銀杏教育集團有限公司

China Ginkgo Education Group Company Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1851



2021 Interim Report

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Fang Gongyu (*Chairman of the Board*)
Mr. Tian Tao
Ms. Yu Yuan
Mr. Ma Xiaoming

Independent Non-executive Directors

Mr. Jiang Qian
Mr. Yuan Jun
Mr. Wong Chi Keung

Audit Committee

Mr. Wong Chi Keung (*Chairman*)
Mr. Jiang Qian
Mr. Yuan Jun

Nomination Committee

Mr. Fang Gongyu (*Chairman*)
Mr. Jiang Qian
Mr. Yuan Jun

Remuneration Committee

Mr. Jiang Qian (*Chairman*)
Mr. Yuan Jun
Ms. Yu Yuan

Company Secretary

Ms. Leung Ho Yee
(appointed on 8 February 2021)
Mr. Tian Tao (resigned as joint company
secretary on 8 February 2021)
Mr. Wan Chi Hei (resigned as joint company
secretary on 8 February 2021)

Authorised Representatives

Mr. Tian Tao
Ms. Leung Ho Yee
(appointed on 8 February 2021)
Mr. Wan Chi Hei (resigned on 8 February 2021)

AUDITOR

PricewaterhouseCoopers
*Certified Public Accountants and
Registered PIE Auditor*
22/F., Prince's Building
Central
Hong Kong

COMPLIANCE ADVISOR

Somerley Capital Limited

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Postal Saving Bank of China,
Pi County Xipu Branch
China Construction Bank,
Pi County Gaoxin Branch
China CITIC Bank, Chengdu West Branch

REGISTERED OFFICE

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Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PEOPLE'S REPUBLIC OF CHINA

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Qinyang District
Chengdu City, Sichuan Province
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Hong Kong

PRINCIPAL SHARE REGISTRAR

Conyers Trust Company (Cayman) Limited
Cricket Square
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Grand Cayman KY1-1111
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HONG KONG SHARE REGISTRAR

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Services Limited
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Hong Kong

INVESTOR RELATIONS

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LISTING INFORMATION

Place of Listing

The Main Board of The Stock Exchange of Hong Kong Limited

Stock Code

1851

Management Discussion and Analysis

Business Overview

Overview

China Gingko Education Group Company Limited (the “**Company**”, together with its subsidiaries and consolidated affiliated entities, the “**Group**”) is a higher education and vocational training service provider in Sichuan Province. The enrollment of Gingko College of Hospitality Management (“**Yinxing College**”) for 2020/2021 school year is approximately 12,300 students, as compared with the enrollment of approximately 11,100 students for 2019/2020 school year. The Group is dedicated to offering comprehensive and diversified programmes and curriculum and training talents with practical skills applicable to the modern service industry. The effectiveness of the practical curricula and training programmes is reflected in its high graduate employment rates. For the 2020/2021 school year, 2,832 students were graduated from Yinxing College in June 2021, represented an increase of 5.6% when compared with 2019/2020 school year.

Market demand for talent with practical experience and readily applicable skills will continue to grow. The Group believes there is significant market potential for the growth of hospitality market in China. In light of this industry background, as a higher education service provider focusing on the hospitality industry, the Group is well positioned to capture the growth opportunities in the hospitality industry in China.

The Schools

The one college and one vocational training school the Group operates are Yinxing College and Chengdu Yinxing Hotel Vocational Skills Training School* (“**Yinxing Training School**”). Yinxing College has eight departments and offers in aggregate 27 bachelor’s degree programmes and 27 junior college diploma programmes. As at 30 June 2021, Yinxing Training School had commenced business operation.

The number of students enrolled in Yinxing College increased from approximately 11,100 students in 2019/2020 school year to approximately 12,300 students in 2020/2021 school year, representing an increase of 10.8% or approximately 1,200 students. The number of students enrolled in Yinxing College increased because the Group has increased its marketing efforts, enhanced its reputation, attracted more talents and increased its plan of enrollment.

* For identification purpose only

The Group derives the revenue primarily from tuition fees and boarding fees. The tuition fees and boarding fees are recognised proportionately over the terms of the applicable programme or the beneficial period for the students, where applicable. The following table sets forth the breakdown of the revenue by income source for the periods indicated:

	Total income for the six months ended 30 June			
	2021 <i>RMB'000</i> (Unaudited)	2020 <i>RMB'000</i> (Unaudited)	Change <i>RMB'000</i> Increase	Change (%) Increase
Tuition fees	92,586	76,517	16,069	21.0%
Boarding fees	6,983	3,519	3,464	98.4%
Meal catering services fees	4,646	412	4,234	1,027.7%
Others ⁽¹⁾	4,413	991	3,422	345.3%
Total	108,628	81,439	27,189	33.4%

Note:

- (1) Others mainly represent revenue from research projects, training programmes and vocational training, which are recognised proportionately over the terms of the applicable projects or programmes.

Outlook

Given the Group's track record of delivering quality private higher education and industry reputation, the Group remains full of confidence about its future. The Group is committed to becoming the leader and a standard developer of talent cultivation in the hospitality management industry in the People's Republic of China (the "PRC"), thus continues to pursue the following strategies:

- Further increase market penetration and enhance teaching quality to solidify its market position and gradually establish itself as a standard developer of talent cultivation in the PRC hospitality management industry;
- Actively establish overseas schools and strengthen international cooperation with overseas educational institutions and enterprises;
- Continue to attract, incentivise and retain quality teachers; and
- Capitalise on the existing brand name of Yinxing College to further develop training programmes to diversify its source of income.

Construction of new campus

Starting from 2019, the Group is in the process of construction of a new campus located in Yibin City, Sichuan Province, the PRC (the "Nanxi New Campus"). Part of Phase I of the Nanxi New Campus has gradually put into operation in 2020, remaining phase of the Nanxi New Campus is expected to be completed in the second half of 2021. With the completion of the Nanxi New Campus, the Group is able to provide additional capacity and resources to both academic education programmes and vocational training programmes.

Financial Review

Revenue

Revenue represents the value of services rendered during the reporting period. The Group derives revenue primarily from tuition fees, boarding fees and meal catering services fees collects from students by Yinxing College.

The revenue of the Group increased by approximately 33.4% from approximately RMB81.4 million for the six months ended 30 June 2020 to approximately RMB108.6 million for the six months ended 30 June 2021. The increase in revenue from tuition fees which was primarily attributable to the increase in student enrollment during the 2020/2021 school year. Due to the outbreak of Coronavirus Disease 2019 (“**COVID-19**”), the Group ceased the operation of canteen and student dormitories since February to June 2020 whereas the operation resumed normal in the first half of 2021. As a result, revenue from meal catering service fees and boarding fees for the six months ended 30 June 2021 increased by 1,027.7% and 98.4% respectively when compared with the corresponding period in 2020.

Cost of Sales

Cost of sales increased by approximately 37.3% from RMB40.3 million for the six months ended 30 June 2020 to RMB55.3 million for the six months ended 30 June 2021. The increase was primarily due to the increase in student activities expenses and canteen purchases as a result of the recovery from COVID-19.

Gross Profit and Gross Profit Margin

Gross profit of the Group increased from approximately RMB41.2 million for the six months ended 30 June 2020 to approximately RMB53.3 million for the six months ended 30 June 2021, and the gross profit margin decreased by approximately 1.4% from approximately 50.5% for the six months ended 30 June 2020 to approximately 49.1% for the six months ended 30 June 2021. The slight increase in gross profit and decrease in gross profit margin was primarily due to the increase in revenue from meal catering services, which normally generate a lower profit margin.

Selling Expenses

The Group’s selling expenses primarily consist of expenses related to its student recruitment activities. The selling expenses increased from approximately RMB0.8 million for the six months ended 30 June 2020 to approximately RMB1.7 million for the six months ended 30 June 2021 due to the operation commencement of Yinxing Training School.

Administrative Expenses

The Group’s administrative expenses primarily consist of employee benefit expenses, property management fee, office expenses, depreciation and amortisation, professional and business consultancy fees and certain other administrative expenses. The administrative expenses increased from approximately RMB21.3 million for the six months ended 30 June 2020 to approximately RMB23.1 million for the six months ended 30 June 2021. The increase was primarily attributable to the operating costs incurred for preparation of the initial operation of the Nanxi New Campus.

Other Income

Other income of the Group decreased to approximately RMB0.5 million for the six months ended 30 June 2021 from approximately RMB1.3 million for the six months ended 30 June 2020 primarily due to the decrease in other miscellaneous income generated from Yinxing College during the six months ended 30 June 2021.

Other (Losses)/Gains – net

For the six months ended 30 June 2021, the Group had net losses of approximately RMB0.7 million, as compared with net gains of approximately RMB1.3 million during six months ended 30 June 2020, which was primary attributable to the unfavorable exchange rates between Hong Kong dollars (“**HKD**”) and United States dollars against Renminbi (“**RMB**”) during the period ended 30 June 2021.

Finance Income

For the six months ended 30 June 2021, the Group’s finance income remained stable at RMB0.1 million when compared with the corresponding period in 2020.

Finance Expenses

For the six months ended 30 June 2021, the Group’s finance expenses increased from RMB0.8 million for the six months ended 30 June 2020 to approximately RMB5.4 million. The increase for the six months ended 30 June 2021 was mainly attributable to the increase in the Group borrowing and the decrease in interest expenses capitalised in qualifying-assets.

Profit Before Income Tax

As a result of the foregoing, the profit before income tax of the Group increased by approximately 9.9% from approximately RMB21.0 million for the six months ended 30 June 2020 to approximately RMB23.0 million for the six months ended 30 June 2021.

Income Tax Expenses

The Group’s income tax expenses increased by from approximately RMB0.2 million for the six months ended 30 June 2020 to RMB0.3 million for the six months ended 30 June 2021.

Profit for the Period

As a result of the foregoing, profit of the Group for the six months ended 30 June 2021 increased by approximately 9.6% from approximately RMB20.8 million for the six months ended 30 June 2020 to approximately RMB22.8 million.

Financial Resources Review

Liquidity, Financial Resources and Capital Structure

As at 30 June 2021, the Group's cash and cash equivalents amounted to RMB80.4 million, representing a decrease of approximately 47.3% from RMB152.5 million as at 31 December 2020.

Net cash used in operating activities were RMB72.3 million for the six months ended 30 June 2021, as compared with net cash used in operating activities of RMB47.2 million for the six months ended 30 June 2020. Net cash used in investing activities were RMB22.4 million for the six months ended 30 June 2021, as compared with net cash used in investing activities of RMB31.2 million for the six months ended 30 June 2020. Net cash generated from financing activities were RMB23.3 million for the six months ended 30 June 2021, as compared with net cash used in financing activities of RMB12.2 million for the six months ended 30 June 2020.

As at 30 June 2021, the Group's borrowings amounted to approximately RMB435.1 million (31 December 2020: RMB398.4 million), representing secured bank borrowings of RMB320.0 million (31 December 2020: RMB320.0 million) and secured loans from third parties of RMB115.1 million (31 December 2020: RMB78.4 million). As at 30 June 2021, the Group's borrowings of RMB77.1 million (31 December 2020: RMB33.5 million) would mature within 1 year, RMB75.3 million (31 December 2020: RMB67.7 million) would mature between 1 and 2 years, RMB206.2 million (31 December 2020: RMB190.8 million) would mature between 2 and 5 years and RMB76.4 million (31 December 2020: RMB106.4 million) would mature over 5 years. The Group's borrowings were denominated in RMB and carried at floating interest rates as at 30 June 2021.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total debt less cash and cash equivalents. As at 30 June 2021, the Group's gearing ratio was 66.2% (31 December 2020: 47.9%).

As at 30 June 2021, the Group had net current liabilities of RMB114.0 million, as compared with net current liabilities of RMB115.1 million as at 31 December 2020 which was primarily attributable to the decrease of cash and cash equivalents and the recognition of revenue during the six months ended 30 June 2021 in respect of the contract liabilities received from students last year.

Significant investment, material acquisition and disposal of subsidiaries and associated companies

There was no significant investment, material acquisition and disposal of subsidiaries and associated companies during the six months ended 30 June 2021.

Future Plan for Material Investments and Capital Assets

Save as disclosed in the prospectus dated 21 December 2018, the announcements published on 14 March 2019 and 10 May 2019, the circulars dated on 30 June 2019 and this interim report, the Group did not have other plans for material investments and capital assets. The expected source of funding of the construction of remaining phase of Nanxi New Campus in the coming years will be funded by the Group's internal resources and/or borrowings.

Capital Commitments

As at 30 June 2021, the Group had contracted but not provided for capital commitments of approximately RMB12.5 million, which were primarily relating to the investment in the Nanxi New Campus, as compared with the total amount of capital expenditures contracted for but not yet incurred of RMB19.6 million as at 31 December 2020.

Currency Exposure and Management

The majority of the Group's revenue and expenditures are denominated in RMB. As at 30 June 2021, certain bank balances were denominated in RMB, United States dollars and HKD. The Group is exposed to foreign exchange risk with respect mainly to United States dollars and HKD which may affect the Group's performance. The Group currently does not have any foreign currency hedging policies. The management is aware of the possible exchange risk exposure due to the continuing exchange rate fluctuation of United States dollars and HKD against RMB and will continue to monitor its impact on the performance of the Group and consider adopting prudent measures as appropriate.

Contingent Liabilities

As at 30 June 2021, the Group had no material contingent liabilities.

Pledge of Assets

As at 30 June 2021, RMB20.4 million had been pledged as a refundable security deposit to secure the loans from independent third parties.

As at 30 June 2021, RMB185.0 million of construction in progress, RMB3.8 million of land use rights and right over the tuition fees and boarding fees had been pledged as security to secure the bank borrowings of RMB320.0 million.

Employees and Remuneration Policy

As at 30 June 2021, the Group had 796 employees, as compared with 803 employees as at 31 December 2020. Remuneration of the Group's employees includes basic salaries, allowances, bonus and other employee benefits, and is determined with reference to their experience, qualifications and general market conditions. The emolument policy for the employees of the Group is set up by the the board (the "**Board**") of directors of the Company (the "**Directors**") on the basis of their merit, qualification and competence. As required by the PRC laws and regulations, the Group participates in various employee social security plans for the employees that are administered by local governments, including, among other things, housing provident fund, pension, medical insurance, social insurance and unemployment insurance. The Board believes that the Group is maintaining a favourable working relationship with its employees, and it has experienced no major labour disputes during the six months ended 30 June 2021.

INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVES IN THE SHARES, UNDERLYING SHARES OR DEBENTURES

As at 30 June 2021, the interests or short positions of the Directors or chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) (“SFO”)) required to be notified to the Company and the The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short positions which they were taken or deemed to have under such provisions of the SFO) or which would be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which would be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”), to be notified to the Company and the Stock Exchange, are as follows:

(1) Long position in the shares of the Company (the “Shares”)

Name of Director	Nature of Interest	Number of Shares	Approximate percentage of Shareholding
Mr. Fang Gongyu (<i>Note 1</i>)	Interest in a controlled corporation	366,562,500	73.3%
Mr. Tian Tao (<i>Note 2</i>)	Interest in a controlled corporation	8,437,500	1.7%

Notes:

- (1) Vast Universe Company Limited (“Vast Universe”) is beneficially and wholly owned by Mr. Fang Gongyu (“Mr. Fang”). By virtue of the SFO, Mr. Fang is deemed to be interested in the Shares held by Vast Universe.
- (2) HFYX Company Limited (“HFYX”) is beneficially and wholly owned by Mr. Tian Tao (“Mr. Tian”). By virtue of the SFO, Mr. Tian is deemed to be interested in the Shares held by HFYX.

(2) Long position in the shares of associated corporation

Name of Director	Name of Associated Corporation	Nature of Interest	Number of Shares	Approximate percentage of Shareholding
Mr. Fang	Vast Universe	Beneficial owner	1 ordinary share	100%

Save as disclosed above, as at 30 June 2021, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required: (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken or deemed to have under such provisions of the SFO), (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein, or (c) pursuant to the Model Code to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS

As at 30 June 2021, the following persons (other than the Directors and chief executives of the Company) had or deemed or taken to have an interest and/or short position in the shares or the underlying shares which would fall to be disclosed under the provisions of Division 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company under section 336 of SFO, or who was, directly or indirectly, interested in 5% or more of the issued share capital of the Company:

Name	Capacity	Number of Shares (Note 1)	Approximate Percentage of Shareholding
Vast Universe	Beneficial owner	366,562,500 (L)	73.3%
Ms. Xiong Lan (Note 2)	Interest of spouse	366,562,500 (L)	73.3%
GreenTree Hospitality Group Ltd. (Note 3)	Beneficial owner	41,336,000 (L)	8.3%
GreenTree Inns Hotel Management Group, Inc. (Note 3)	Interest in a controlled corporation	41,336,000 (L)	8.3%
Mr. Xu Alex Shuguang (徐曙光) (Note 3)	Interest in a controlled corporation	41,336,000 (L)	8.3%

Notes:

- (1) The letter "L" denotes the person's long position in such shares.
- (2) Ms. Xiong Lan is the spouse of Mr. Fang and therefore deemed under the SFO to be interested in the Shares held, directly or indirectly, by Mr. Fang.
- (3) GreenTree Hospitality Group Ltd. is a limited company incorporated in the Cayman Islands and the ultimate holding company is GreenTree Inns Hotel Management Group, Inc., a company incorporated in the Cayman Islands. GreenTree Inns Hotel Management Group, Inc. is ultimately controlled by Mr. Xu Alex Shuguang. GreenTree Inns Hotel Management Group, Inc. and Mr. Xu Alex Shuguang are deemed under the SFO to be interested in the Shares held by GreenTree Hospitality Group Ltd.

Save as disclosed above, as at 30 June 2021, so far as the Directors or chief executive of the Company are aware, no other persons (other than a Director or the chief executive of the Company) or entities had any interests or short positions in the Shares or underlying Shares, which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required, pursuant to section 336 of the SFO, to be recorded in the register referred to therein.

PURCHASE, SALE AND REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities listed on the Stock Exchange during the six months ended 30 June 2021.

CORPORATE GOVERNANCE

The Company is committed to maintaining high standard of corporate governance to safeguard the interests of the shareholders of the Company and to enhance corporate value and responsibility. The Board comprises four executive Directors and three independent non-executive Directors. The Board has adopted the code provisions of the Corporate Governance Code ("**CG Code**") set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). For the six months ended 30 June 2021, the Company has complied with the code provisions under the CG Code, save and except for the deviation to paragraph A.2.1 of the CG Code below.

Paragraph A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The chairman and chief executive officer of the Company are held by Mr. Fang who has extensive experience in the industry. The Board believes that Mr. Fang can provide the Company with strong and consistent leadership and allows for effective and efficient planning and implementation of business decisions and strategies. The Board also considers that the current structure of vesting the roles of chairman and chief executive officer in the same person will not impair the balance of power and authority between the Board and the management of the Company. The Board shall review this structure from time to time to ensure appropriate and timely action to meet changing circumstances.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Board has adopted the Model Code as set out in Appendix 10 to the Listing Rules as the code for the Directors' dealings in the Company's securities transactions. The provisions under the Listing Rules in relation to compliance with the Model Code by the Directors regarding securities transactions have been applicable to the Company since 18 January 2019.

Having made specific enquiry of all the Directors, all the Directors confirmed that they had strictly complied with the required standards set out in the Model Code for the six months ended 30 June 2021.

SHARE OPTION SCHEME

On 12 December 2018, the shareholders approved and conditionally adopted the share option scheme (the "**Share Option Scheme**") to enable the Company to grant options to eligible participants as incentives and rewards for their contribution to the Group. The Share Option Scheme became effective on 18 January 2019. No option has been granted since then and up to the date of this interim report and therefore, there was no outstanding options as at 30 June 2021 and no options were exercised or cancelled or lapsed during the six months ended 30 June 2021.

INTERIM DIVIDEND

At the meeting of the Board held on 27 August 2021, the Board has resolved not to pay any interim dividend for the six months ended 30 June 2021.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this interim report, there was no other significant subsequent events relevant to the business or financial performance of the Group that come to the attention of the Directors since 30 June 2021 up to the date of this interim report.

PUBLIC FLOAT

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Company had maintained sufficient public float as required under the Listing Rules for the six months ended 30 June 2021.

AUDIT COMMITTEE

As at the date of this interim report, the audit committee of the Company (the "**Audit Committee**") consists of Mr. Wong Chi Keung, Mr. Jiang Qian and Mr. Yuan Jun, who are independent non-executive Directors. The chairman of the Audit Committee is Mr. Wong Chi Keung. The unaudited interim condensed consolidated financial information for the six months ended 30 June 2021 of the Company have been reviewed by the Audit Committee.

Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2021
(All amounts expressed in RMB thousands unless otherwise stated)

	Notes	Six months ended 30 June 2021 RMB'000 (Unaudited)	Six months ended 30 June 2020 RMB'000 (Unaudited)
Revenue	7	108,628	81,439
Cost of sales		<u>(55,290)</u>	<u>(40,273)</u>
Gross profit		53,338	41,166
Selling expenses		(1,700)	(829)
Administrative expenses		(23,086)	(21,285)
Other income		496	1,326
Other (losses)/gains – net		(740)	1,328
Operating profit	8	28,308	21,706
Finance income	9	98	93
Finance expenses	9	(5,369)	<u>(838)</u>
Finance expenses – net		(5,271)	<u>(745)</u>
Profit before income tax		23,037	20,961
Income tax expenses	10	(263)	<u>(178)</u>
Profit for the period		22,774	<u>20,783</u>
Other comprehensive income for the period		–	–
Total comprehensive income for the period		22,774	<u>20,783</u>
Profit and total comprehensive income attributable to owners of the Company		22,774	<u>20,783</u>
Earnings per share for profit attributable to owners of the Company			
Basic and diluted (RMB Yuan)	11	0.05	0.04

The above interim condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Interim Condensed Consolidated Balance Sheet

As at 30 June 2021

(All amounts expressed in RMB thousands unless otherwise stated)

	Notes	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
ASSETS			
Non-current assets			
Right-of-use assets	13	69,039	69,684
Property, plant and equipment	14	937,606	923,407
Intangible assets	15	1,335	1,282
Prepayments	17	14,700	13,790
		<u>1,022,680</u>	<u>1,008,163</u>
Current assets			
Inventories		380	380
Trade and other receivables	16	4,734	4,285
Prepayments	17	899	5,513
Cash and cash equivalents		80,392	152,528
		<u>86,405</u>	<u>162,706</u>
Total assets		<u>1,109,085</u>	<u>1,170,869</u>
EQUITY			
Share capital		4,321	4,321
Share premium		134,042	134,042
Reserves		69,286	69,286
Retained earnings		328,104	305,330
Total equity		<u>535,753</u>	<u>512,979</u>
LIABILITIES			
Non-current liabilities			
Borrowings	19	357,936	364,851
Lease liabilities	13	—	249
Deferred government grants		15,031	15,031
		<u>372,967</u>	<u>380,131</u>
Current liabilities			
Accruals and other payables	18	115,991	140,286
Amounts due to a related party		5	19
Borrowings	19	77,142	33,523
Lease liabilities	13	737	1,022
Contract liabilities	7	5,702	102,302
Current income tax liabilities		788	607
		<u>200,365</u>	<u>277,759</u>
Total liabilities		<u>573,332</u>	<u>657,890</u>
Total equity and liabilities		<u>1,109,085</u>	<u>1,170,869</u>

The above interim condensed consolidated balance sheet should be read in conjunction with the accompanying notes.

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2021
(All amounts expressed in RMB thousands unless otherwise stated)

	(Unaudited)					
	Attributable to owners of the Company					
	Share capital <i>RMB'000</i>	Share premium <i>RMB'000</i>	Capital reserves <i>RMB'000</i>	Statutory surplus reserves <i>RMB'000</i>	Retained earnings <i>RMB'000</i>	Total <i>RMB'000</i>
As at 1 January 2020	4,321	134,042	50,000	12,959	294,729	496,051
Profit and total comprehensive income for the period	–	–	–	–	20,783	20,783
As at 30 June 2020	4,321	134,042	50,000	12,959	315,512	516,834

	(Unaudited)					
	Attributable to owners of the Company					
	Share capital <i>RMB'000</i>	Share premium <i>RMB'000</i>	Capital reserves <i>RMB'000</i>	Statutory surplus reserves <i>RMB'000</i>	Retained earnings <i>RMB'000</i>	Total <i>RMB'000</i>
As at 1 January 2021	4,321	134,042	50,000	19,286	305,330	512,979
Profit and total comprehensive income for the period	–	–	–	–	22,774	22,774
As at 30 June 2021	4,321	134,042	50,000	19,286	328,104	535,753

The above interim condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Interim Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2021
(All amounts expressed in RMB thousands unless otherwise stated)

	Six months ended 30 June 2021 RMB'000 (Unaudited)	Six months ended 30 June 2020 RMB'000 (Unaudited)
Cash flows from operating activities		
Cash used in operations	(72,302)	(47,176)
Interest received	98	93
Income tax paid	(82)	(149)
Net cash used in operating activities	(72,286)	(47,232)
Cash flows from investing activities		
Proceeds from government subsidies related to property, plant and equipment	–	25,000
Purchases of land use rights	(785)	–
Purchases of property, plant and equipment	(21,318)	(56,050)
Purchases of intangible assets	(265)	(151)
Proceeds from disposal of property, plant and equipment	1	11
Net cash used in investing activities	(22,367)	(31,190)
Cash flows from financing activities		
Repayment of bank borrowings	–	(70,000)
Proceeds from third parties' borrowings	49,460	79,000
Repayment of third parties' borrowings	(12,756)	(7,158)
Interest paid	(12,955)	(13,852)
Lease payments for right-of-use assets excluding land use rights	(485)	(217)
Net cash generated/(used in) from financing activities	23,264	(12,227)
Net decrease in cash and cash equivalents	(71,389)	(90,649)
Cash and cash equivalents at beginning of the period	152,528	227,518
Effects of exchange rate changes on cash and cash equivalent	(747)	–
Cash and cash equivalents at end of the period	80,392	136,869

The above interim condensed consolidated cash flow statement should be read in conjunction with the accompanying notes.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2021
(All amounts expressed in RMB thousands unless otherwise stated)

1 General information

The Company was incorporated in the Cayman Islands on 23 March 2018 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company and the Group is principally engaged in providing private higher education services in the PRC.

The ultimate controlling shareholder of the Company is Mr. Fang (the "**Controlling Shareholder**"), who has been controlling the group companies since their incorporation or establishment.

The Shares have been listed on the Main Board of the Stock Exchange since 18 January 2019 (the "**Listing**") by way of its initial public offering (the "**IPO**").

This condensed consolidated interim financial information is presented in RMB and rounded to the nearest thousand yuan, unless otherwise stated. This condensed consolidated interim financial information has been approved for issue by the Board on 27 August 2021.

This condensed consolidated interim financial information has not been audited.

2 Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 June 2021 has been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 "Interim financial reporting". This condensed consolidated interim financial information does not include all the notes of the type normally included in an annual consolidated financial statements. Accordingly, it should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2020, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") except for the adoption of new and amended standards as disclosed in Note 3.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2021
(All amounts expressed in RMB thousands unless otherwise stated)

3 Significant accounting policies

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2020, as described in those annual financial statements.

(a) New and amended standards adopted by the Group

A number of amended standards became applicable for the current reporting period and the Group had to change its accounting policies accordingly. None of the new or amended standards has significant financial impact to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2 1 January 2021

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2021
(All amounts expressed in RMB thousands unless otherwise stated)

3 Significant accounting policies (Continued)

(b) New standards and interpretations not yet adopted

The following new standards, new interpretations and amendments to standards and interpretations have been issued but are not effective for the financial year beginning on 1 January 2021 and have not been early adopted by the Group:

		Effective for accounting periods beginning on or after
Amendments to HKAS 16	Property, plant and equipment: proceeds before intended use	1 January 2022
Amendments to HKAS 37	Onerous contracts – cost of fulfilling a contract	1 January 2022
Amendments to HKAS 3	Reference to the conceptual framework	1 January 2022
Annual Improvements to HKFRS Standards 2018-2020		1 January 2022
HKFRS 17	Insurance contracts	1 January 2023
Amendments to HKAS 1 and HKAS 28	Presentation of financial statements, accounting policies, changes in accounting estimates and errors	1 January 2023

The Group has already commenced an assessment of the likely impact of adopting the above new standards but is not yet in a position to state whether they will have a significant impact on the reporting results of operations and financial position. The management of the Group plans to adopt these new standards and amendments to existing standards when they become effective.

4 Financial risk management

4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and cash flow and fair value interest rate risk), credit risk and liquidity risk.

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2020.

There have been no changes in the risk management policies since year end.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2021
(All amounts expressed in RMB thousands unless otherwise stated)

4 Financial risk management (Continued)

4.2 Liquidity risk

To manage the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Group expects to fund its future cash flow needs through internally generated cash flows from operations and borrowings from the financial institutions. Although the current liabilities exceeded the current assets of the Group by approximately RMB113,960,000 as at 30 June 2021, management still believes that there is no significant liquidity risk in view of the expected cash flow from operations and continuing support from banks in the coming twelve months from the balance sheet date of 30 June 2021.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the end of each reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	(Unaudited)				
	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
As at 30 June 2021					
Borrowings (principal plus interests)	92,887	94,785	237,105	78,677	503,454
Accruals and other payables (excluding non-financial liabilities)	114,069	-	-	-	114,069
Amounts due to a related party	5	-	-	-	5
Lease liabilities	737	-	-	-	737
Total	207,698	94,785	237,105	78,677	618,265
	(Audited)				
	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
As at 31 December 2020					
Borrowings (principal plus interests)	62,146	91,412	233,263	111,445	498,266
Accruals and other payables (excluding non-financial liabilities)	133,535	-	-	-	133,535
Amounts due to a related party	19	-	-	-	19
Lease liabilities	1,258	317	-	-	1,575
Total	196,958	91,729	233,263	111,445	633,395

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2021
(All amounts expressed in RMB thousands unless otherwise stated)

4 Financial risk management (Continued)

4.3 Fair value estimation

Financial instruments carried at fair value or where fair value was disclosed can be categorised by levels of the inputs to valuation techniques used to measure fair value. The inputs are categorised into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The carrying amounts of the Group's financial assets include cash and cash equivalents and trade and other receivables and financial liabilities including accruals and other payables, amounts due to related parties and current borrowings, approximate their fair values due to their short-term maturities.

5 Critical accounting estimates and judgments

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual consolidated financial statements for the year ended 31 December 2020.

6 Segment information

The Group is principally engaged in provision of private higher education services in the PRC. The Group's chief operating decision maker (the "CODM") has been identified as the chief executive officer who considers the business from the service perspective.

For the purpose of resource allocation and performance assessment, the CODM reviews the overall results and financial position of the Group as a whole prepared based on the same accounting policies set out in the Group's consolidated financial statements for the year ended 31 December 2020. Accordingly, the segment information is aggregated as a single reportable segment. Management of the Group assesses the performance of the reportable segment based on the revenue and gross profit for the period of the Group as presented in the interim condensed consolidated statement of comprehensive income. No analysis of the Group's assets and liabilities is regularly provided to the management of the Group for review.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2021
(All amounts expressed in RMB thousands unless otherwise stated)

7 Revenue

Revenues during the six months ended 30 June 2021 and 2020 are as follows:

	Six months ended 30 June 2021 RMB'000 (Unaudited)	Six months ended 30 June 2020 RMB'000 (Unaudited)
Tuition fees	92,586	76,517
Boarding fees	6,983	3,519
Meal catering service fees	4,646	412
Others (<i>note (a)</i>)	4,413	991
	108,628	81,439

(a) Others mainly represent revenue from research projects, training programmes and vocational training.

Represented by:

	Six months ended 30 June 2021 RMB'000 (Unaudited)	Six months ended 30 June 2020 RMB'000 (Unaudited)
Recognised over time		
Tuition fees	92,586	76,517
Boarding fees	6,983	3,519
Others-research projects, training programs and vocational training	3,884	866
Recognised at a point in time		
Meal catering service fees	4,646	412
Revenue from other source		
Lease income	529	125
	108,628	81,439

No customers individually accounted for more than 10% of the Group's revenue for the six months ended 30 June 2021 and 2020.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2021
(All amounts expressed in RMB thousands unless otherwise stated)

7 Revenue (Continued)

Contract liabilities

The Group has recognised the following revenue-related contract liabilities:

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Contract liabilities related to tuition fees	1,274	92,291
Contract liabilities related to boarding fees	1,930	8,920
Others	2,498	1,091
	5,702	102,302

(1) Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current period relates to carried-forward contract liabilities.

	Six months ended 30 June 2021 RMB'000 (Unaudited)	Six months ended 30 June 2020 RMB'000 (Unaudited)
Revenue recognised that was included in the balance of contract liabilities at the beginning of the year		
Tuition fees	91,600	76,468
Boarding fees	6,983	3,519
Others	623	147
	99,206	80,134

(2) Unsatisfied contracts

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Expected to be recognised within one year		
Tuition fees	1,274	92,291
Boarding fees	1,930	8,920
Others-research projects and training programs	2,498	1,091
	5,702	102,302

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2021
(All amounts expressed in RMB thousands unless otherwise stated)

8 Operating profit

The following items have been charged/(credited) to the operating profit during the six months ended 30 June 2021 and 2020:

	Six months ended 30 June 2021 RMB'000 (Unaudited)	Six months ended 30 June 2020 RMB'000 (Unaudited)
Employee benefit expenses	38,835	32,383
Depreciation and amortisation	16,449	13,383
Office expenses	5,284	3,747
Joint tuition support fee (<i>note (a)</i>)	4,151	5,330
Professional fees	2,712	2,941
Canteen purchases	2,142	519
Student activities expenses	967	611
Government subsidies	–	(500)

- (a) The Group entered into an agreement with Chengdu University of Information Technology (“**CUIT**”), an independent third party, under which the Group would pay a joint tuition support fee to CUIT in each academic year based on 7% of the tuition fees of Yinxing College. Such fees have been charged to “cost of sales” in this interim condensed consolidated statement of comprehensive income.

During the year ended 31 December 2020, the Group successfully completed the application for termination of the cooperation with CUIT and conversion of Yinxing College into a regular private higher education institution. The Group does not need to pay a joint tuition support fee to CUIT for the tuition fees from the students who are newly enrolled from 2020-2021 academic year.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2021
(All amounts expressed in RMB thousands unless otherwise stated)

9 Finance expenses – net

	Six months ended 30 June 2021 RMB'000 (Unaudited)	Six months ended 30 June 2020 RMB'000 (Unaudited)
Finance expenses:		
– Interest expenses on borrowings	(13,990)	(13,577)
– Interest expenses on lease liabilities (<i>Note 13</i>)	(24)	(37)
	(14,014)	(13,614)
– Amounts capitalised in qualifying assets (<i>Note 14(b)</i>)	8,645	12,776
	(5,369)	(838)
Finance income:		
– Bank interest income	98	93
Net finance expenses	(5,271)	(745)

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is 7.1% for the six months ended 30 June 2021 (for the six months ended 30 June 2020: 7.3%), which is the interest rate applicable to the Group's borrowings for construction in progress during the period.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2021
(All amounts expressed in RMB thousands unless otherwise stated)

10 Income tax expenses

	Six months ended 30 June 2021 RMB'000 (Unaudited)	Six months ended 30 June 2020 RMB'000 (Unaudited)
Current tax		
Current tax on profits for the period	263	178

(i) Cayman Islands corporate income tax

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and accordingly, is exempted from Cayman Islands corporate income tax.

(ii) British Virgin Islands profit tax

The Company's direct subsidiary in the British Virgin Islands was incorporated under the BVI Companies Act, 2004 and accordingly, is exempted from British Virgin Islands income tax.

(iii) Hong Kong profit tax

No provision for Hong Kong profit tax was provided as the Company and the Group did not have assessable profits in Hong Kong during the six months ended 30 June 2021.

(iv) PRC corporate income tax ("CIT")

CIT is provided on assessable profits of entities incorporated in the PRC. Pursuant to the *Corporate Income Tax Law of the PRC* (the "**CIT Law**"), which was effective from 1 January 2008, the CIT was 25% during the period.

According to the Implementation Rules for the Law for Promoting Private Education, private schools for which the school sponsors do not require reasonable returns are eligible to enjoy the same preferential tax treatment as public schools. The preferential tax treatment policies applicable to private schools requiring reasonable returns are to be separately formulated by the relevant government authorities under the State Council of PRC. During the period and up to the date of approval of this condensed consolidated interim financial information, no regulations have been promulgated by such authorities in this regard. In accordance with the historical tax returns filed to the relevant tax authorities and the tax compliance confirmations obtained before, Yinxing College has been granted corporate income tax exemption for income generated from the provision of formal academic education services. As a result, no income tax expense was recognised for the income from the provision of formal academic education services during the period (for the six months ended 30 June 2020: nil).

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2021
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11 Earnings per share

(a) Basic and diluted earnings per share

Basic and diluted earnings per share is calculated by dividing the profit attributable to owners of the Company, by the weighted average number of ordinary shares outstanding during the period.

	Six months ended 30 June 2021 (Unaudited)	Six months ended 30 June 2020 (Unaudited)
Basic and diluted earnings per share attributable to the ordinary equity holders of the Company (RMB Yuan)	0.05	0.04

(b) Reconciliations of earnings used in calculating earnings per share

	Six months ended 30 June 2021 RMB'000 (Unaudited)	Six months ended 30 June 2020 RMB'000 (Unaudited)
Basic and diluted earnings per share Profit attributable to the ordinary equity holders of the Company used in calculating basic earnings per share	22,774	20,783

(c) Weighted average number of shares used as the denominator

	Six months ended 30 June 2021 (Unaudited)	Six months ended 30 June 2020 (Unaudited)
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share (thousands)	500,000	500,000

12 Dividend

No dividend has been paid or declared by the Group for the six months ended 30 June 2021 and 2020, nor has any dividend been proposed subsequent to 30 June 2021.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2021
(All amounts expressed in RMB thousands unless otherwise stated)

13 Leases

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Right-of-use assets		
– Land use rights (<i>note (a)</i>)	68,347	68,463
– Buildings	692	1,221
	69,039	69,684
Lease liabilities		
– Current	737	1,022
– Non-current	–	249
	737	1,271

(a) As at 30 June 2021, land use rights with an aggregate carrying amount of approximately RMB3,786,000 (as at 31 December 2020: approximately RMB3,836,000) was pledged to secure bank borrowings of RMB320,000,000 (Note 19(a)).

The interim condensed consolidated statement of comprehensive income shows the following amounts relating to leases:

	Six months ended 30 June 2021 RMB'000 (Unaudited)	Six months ended 30 June 2020 RMB'000 (Unaudited)
Depreciation of right-of-use assets		
– Land use rights	901	857
– Buildings	482	265
	1,383	1,122
Interest expenses (<i>Note 9</i>)	24	37
Expenses relating to leases of low-value assets	5	5
	29	42

The total cash payment for leases during the period was approximately RMB610,000.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2021
(All amounts expressed in RMB thousands unless otherwise stated)

14 Property, plant and equipment

	(Unaudited)							Total RMB'000
	Buildings RMB'000	Decoration RMB'000	Electronic equipment RMB'000	Furniture and fixture RMB'000	Vehicles RMB'000	Books RMB'000	Construction in progress RMB'000	
As at 1 January 2020								
Cost	437,099	23,586	27,091	60,230	2,913	9,336	388,659	948,914
Accumulated depreciation	(56,573)	(8,957)	(17,794)	(39,810)	(1,961)	(5,237)	-	(130,332)
Net book amount	<u>380,526</u>	<u>14,629</u>	<u>9,297</u>	<u>20,420</u>	<u>952</u>	<u>4,099</u>	<u>388,659</u>	<u>818,582</u>
Six months ended 30 June 2020								
Opening net book amount as at 1 January 2020	380,526	14,629	9,297	20,420	952	4,099	388,659	818,582
Additions	-	588	1,988	5,123	249	-	54,044	61,992
Disposals	-	-	(2,413)	(2,819)	(3)	-	-	(5,235)
Depreciation charge	(4,895)	(1,987)	(913)	(3,067)	(134)	(1,058)	-	(12,054)
Closing net book amount as at 30 June 2020	<u>375,631</u>	<u>13,230</u>	<u>7,959</u>	<u>19,657</u>	<u>1,064</u>	<u>3,041</u>	<u>442,703</u>	<u>863,285</u>
As at 30 June 2020								
Cost	437,099	24,174	26,499	62,336	3,069	9,336	442,703	1,005,216
Accumulated depreciation	(61,468)	(10,944)	(18,540)	(42,679)	(2,005)	(6,295)	-	(141,931)
As at 30 June 2020	<u>375,631</u>	<u>13,230</u>	<u>7,959</u>	<u>19,657</u>	<u>1,064</u>	<u>3,041</u>	<u>442,703</u>	<u>863,285</u>

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2021
(All amounts expressed in RMB thousands unless otherwise stated)

14 Property, plant and equipment (Continued)

	(Unaudited)							Total RMB'000
	Buildings RMB'000	Decoration RMB'000	Electronic equipment RMB'000	Furniture and fixture RMB'000	Vehicles RMB'000	Books RMB'000	Construction in progress RMB'000	
As at 1 January 2021								
Cost	610,759	26,308	29,042	68,750	3,069	9,394	331,746	1,079,068
Accumulated depreciation	(67,770)	(13,020)	(19,643)	(45,897)	(2,156)	(7,175)	-	(155,661)
Net book amount	<u>542,989</u>	<u>13,288</u>	<u>9,399</u>	<u>22,853</u>	<u>913</u>	<u>2,219</u>	<u>331,746</u>	<u>923,407</u>
Six months ended 30 June 2021								
Opening net book amount as at 1 January 2021	542,989	13,288	9,399	22,853	913	2,219	331,746	923,407
Additions	-	3,089	440	5,638	-	24	19,862	29,053
Depreciation charge	(6,670)	(2,263)	(1,254)	(3,792)	(141)	(734)	-	(14,854)
Closing net book amount as at 30 June 2021	<u>536,319</u>	<u>14,114</u>	<u>8,585</u>	<u>24,699</u>	<u>772</u>	<u>1,509</u>	<u>351,608</u>	<u>937,606</u>
As at 30 June 2021								
Cost	610,759	29,397	29,441	74,425	3,069	9,418	351,608	1,108,117
Accumulated depreciation	(74,440)	(15,283)	(20,856)	(49,726)	(2,297)	(7,909)	-	(170,511)
As at 30 June 2021	<u>536,319</u>	<u>14,114</u>	<u>8,585</u>	<u>24,699</u>	<u>772</u>	<u>1,509</u>	<u>351,608</u>	<u>937,606</u>

- (a) Construction-in-progress mainly comprises buildings under construction in the PRC.
- (b) During the six months ended 30 June 2021, the Group capitalised interest on borrowings amounting to approximately RMB8,645,000 (for the six months ended 30 June 2020: approximately RMB12,776,000) on qualifying assets (Note 9).
- (c) As at 30 June 2021, construction in progress with an aggregate carrying amount of approximately RMB184,923,000 (as at 31 December 2020: approximately RMB180,523,000) was pledged to secure bank borrowings of RMB320,000,000 (Note 19 (a)).

Notes to the Condensed Consolidated Interim Financial Information

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15 Intangible assets

	Computer software RMB'000 (Unaudited)
As at 1 January 2020	
Cost	5,579
Accumulated amortisation	<u>(4,166)</u>
Net book amount	<u>1,413</u>
Six months ended 30 June 2020	
Opening net book amount as at 1 January 2020	1,413
Additions	151
Amortisation charge	<u>(207)</u>
Closing net book amount as at 30 June 2020	<u>1,357</u>
As at 30 June 2020	
Cost	5,730
Accumulated amortisation	<u>(4,373)</u>
Net book amount	<u>1,357</u>
	Computer software RMB'000 (Unaudited)
As at 1 January 2021	
Cost	5,865
Accumulated amortisation	<u>(4,583)</u>
Net book amount	<u>1,282</u>
Six months ended 30 June 2021	
Opening net book amount as at 1 January 2021	1,282
Additions	265
Amortisation charge	<u>(212)</u>
Closing net book amount as at 30 June 2021	<u>1,335</u>
As at 30 June 2021	
Cost	6,131
Accumulated amortisation	<u>(4,796)</u>
Net book amount	<u>1,335</u>

Notes to the Condensed Consolidated Interim Financial Information

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16 Trade and other receivables

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Trade receivables		
– Due from students	1	91
– Due from others	<u>175</u>	<u>55</u>
	<u>176</u>	<u>146</u>
Other receivables		
– Staff advances	683	–
– Others	<u>3,875</u>	<u>4,139</u>
	<u>4,558</u>	<u>4,139</u>
	<u>4,734</u>	<u>4,285</u>

As at 30 June 2021 and 31 December 2020, the aging analysis of the trade receivables based on the recognition date is as follows:

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Less than 1 year	<u>176</u>	<u>146</u>

As at 30 June 2021 and 31 December 2020, trade receivables of RMB176,000 and RMB146,000 were past due but not impaired. Based on past experience and management's assessment, the overdue amounts can be recovered. The aging analysis of these trade receivables is as follows:

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Less than 1 year	<u>176</u>	<u>146</u>

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17 Prepayments

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Prepayments for purchases of property, plant and equipment	14,700	13,790
Prepayments for student related and other expenses	899	1,363
Prepayments for joint tuition support fee	–	4,150
Less: non-current portion of prepayments	(14,700)	(13,790)
	899	5,513

18 Accruals and other payables

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Payables for purchases of property, plant and equipment	85,474	100,902
Miscellaneous fees received from students (<i>note (a)</i>)	9,392	16,871
Government subsidies payable to students (<i>note (b)</i>)	7,224	1,808
Interest payable	1,202	1,036
Other taxes payable	1,050	711
Salary and welfare payables	872	6,040
Auditors' remuneration	443	1,127
Others	10,334	11,791
	115,991	140,286

- (a) The amounts represent the miscellaneous fees received from students which would be paid out by the Group on behalf of the students.
- (b) The amounts represent the subsidies received from the government which would be paid out to students by the Group on behalf of the government authorities.
- (c) All accruals and other payables of the Group were denominated in RMB and HKD.
- (d) As at 30 June 2021 and 31 December 2020, the fair values of accruals and other payables approximate their carrying amounts due to their short-term maturities.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2021
(All amounts expressed in RMB thousands unless otherwise stated)

19 Borrowings

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Current:		
– Secured bank borrowings (a)	25,600	–
– Secured loans from third parties (b)	51,542	33,523
	<u>77,142</u>	<u>33,523</u>
Non-current:		
– Secured bank borrowings (a)	294,400	320,000
– Secured loans from third parties (b)	63,536	44,851
	<u>357,936</u>	<u>364,851</u>
Total borrowings	<u>435,078</u>	<u>398,374</u>

- (a) As at 30 June 2021 and 31 December 2020, bank borrowings of RMB320,000,000 were secured by the Group's construction in progress with a net book value of approximately RMB184,923,000 and RMB180,523,000 (Note 14(c)) and land use rights with a net book value of approximately RMB3,786,000 and RMB3,836,000 (Note 13(a)), corporate guarantees from the Company and a wholly-owned subsidiary of the Company, Chengdu Yinxing Education Management Co., Ltd. ("**Yinxing Education**"), and pledged with right over the tuition fees and boarding fees.
- (b) As at 30 June 2021, loans of approximately RMB76,496,000 (as at 31 December 2020: approximately RMB62,940,000) from a financial leasing company were secured by corporate guarantees from the Company and a consolidated affiliated entity of the Company, Chengdu Gingko Asset Management Co., Limited* ("**Gingko Asset Management**") ; loans of approximately RMB38,582,000 (as at 31 December 2020: approximately RMB15,434,000) from another financial leasing company were secured by corporate guarantees from Gingko Asset Management and Yinxing Education.
- (c) The weighted average effective interest rates (per annum) were as follows:

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Bank borrowings	5.68%	6.96%
Loans from third parties	9.45%	9.23%

* For identification purpose only

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2021
(All amounts expressed in RMB thousands unless otherwise stated)

19 Borrowings (Continued)

(d) The maturity date of the borrowing was analysed as follows:

	30 June 2021 <i>RMB'000</i> (Unaudited)	31 December 2020 <i>RMB'000</i> (Audited)
Less than 1 year	77,142	33,523
Between 1 and 2 years	75,345	67,674
Between 2 and 5 years	206,191	190,778
Over 5 years	76,400	106,399
	435,078	398,374

(e) The carrying amounts of the borrowings were denominated in RMB.

(f) The carrying amount of current borrowings approximated their fair values due to their short-term maturities, and non-current borrowings approximated their fair values as they were carried at floating interest rates.

20 Commitments

(a) Capital commitments

The following sets out the details of the capital expenditure contracted but not provided for in the consolidated financial information.

	30 June 2021 <i>RMB'000</i> (Unaudited)	31 December 2020 <i>RMB'000</i> (Audited)
Commitments for acquisition of property, plant and equipment	12,528	19,570

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(All amounts expressed in RMB thousands unless otherwise stated)

20 Commitments (Continued)

(b) Non-cancellable operating leases

The Group leases certain offices under non-cancellable operating lease agreements. The Group has future aggregate minimum lease payments in respect of offices under non-cancellable low value operating leases as follows:

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
No later than 1 year	10	10
Later than 1 year and no later than 5 years	14	19
Total	24	29

21 Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control, common significant influence or joint control.

The owners, members of key management and their close family members of the Group are also considered as related parties. In the opinion of the directors, the related party transactions were carried out in normal course of business and at terms negotiated between the Group and the respective related parties.

(a) Names and relationships with related parties

The following companies are related parties of the Group that had balances and/or transactions with the Group during the period.

Name of related parties	Relationship with the Group
Chengdu Gingko Hotel Management Co., Ltd. (成都银杏酒店管理有限公司)	A company controlled by the Controlling Shareholder

- (i) The entities shown above do not have official English names and their Chinese names have been translated into English, for reference only, by the Directors on a best effort basis.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2021
(All amounts expressed in RMB thousands unless otherwise stated)

21 Related party transactions (Continued)

(b) Transactions with related parties

Other than those related party transactions as disclosed in elsewhere in these consolidated financial statements, during the period, the Group had the following significant transactions with related parties.

	Six months ended 30 June 2021 RMB'000 (Unaudited)	Six months ended 30 June 2020 RMB'000 (Unaudited)
Purchases of goods and services – Chengdu Gingko Hotel Management Co., Ltd. (成都银杏酒店管理有限公司)	<u>5</u>	<u>14</u>

(c) Key management compensation

Key management compensation for the period, other than those relating to the emoluments of directors, are set out below:

	Six months ended 30 June 2021 RMB'000 (Unaudited)	Six months ended 30 June 2020 RMB'000 (Unaudited)
Wages, salaries and bonuses	1,190	1,411
Contributions to pension plans	122	78
Welfare, medical and other expenses	203	116
	<u>1,515</u>	<u>1,605</u>

22 Contingent liabilities

At 30 June 2021, the Group had no material contingent liabilities (31 December 2020: nil).

23 Events occurring after reporting period

Subsequent to 30 June 2021 and up to the date of this financial information, the Group had no material subsequent events which have not been reflected in the interim financial information.