Chen Lin Education Group Holdings Limited
辰林教育集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock Code : 1593

2021
INTERIM REPORT

CONTENTS

Definitions	2
Corporate Profile	5
Financial Performance Highlights	7
Management Discussion and Analysis	8
Other Information	22
Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	32
Interim Condensed Consolidated Balance Sheet	33
Interim Condensed Consolidated Statement of Changes in Equity	35
Interim Condensed Consolidated Statement of Cash Flows	36
Notes to the Condensed Consolidated Interim Financial Information	37

DEFINITIONS

"Amendment Decision"	the Decision of the Standing Committee of the National People's Congress on Amending the Law for Promoting Private Education of the PRC (《全國人民代表大會常務委員關於修改＜中華人民共和國民辦教育促進法＞的決定》) promulgated by Order No. 55 of the President of the PRC on 7 November 2016, and became effective on 1 September 2017
"Audit Committee"	the audit committee of the Board, comprising solely the independent non-executive Directors of the Company
"Board"	the board of Directors of the Company
"BVI"	the British Virgin Islands
"CEO"	the chief executive officer of the Company
"Chairman"	the chairman of the Board
"Chen Lin Elite Holdings"	Chen Lin Elite Holdings Limited, a company incorporated under the laws of the BVI on 5 July 2018 and wholly-owned by Huangyulin Holdings
"China" or "PRC"	the People's Republic of China, unless otherwise stated, excludes the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan of China herein
"CG Code"	the Corporate Governance Code as set out in Appendix 14 of the Listing Rules
"Company" or "our Company"	Chen Lin Education Group Holdings Limited (辰林教育集團控股有限公司), an exempted company incorporated under the laws of the Cayman Islands with limited liability on 25 May 2018 and whose shares were listed on the Stock Exchange on 13 December 2019 (Stock Code: 1593)
"Contractual Arrangements"	certain contractual arrangements entered by us on 15 September 2018
"Director(s)"	the director(s) of the Company
"double qualification teachers"	full-time teachers with title of lecturer and above in addition to professional qualification or industry experience
"Global Offering"	the global offering of initially up to 250,000,000 ordinary shares with a nominal value of HK$0.0001 each in the capital of the Company, including a public offering in Hong Kong of 31,798,000 Shares and an international offering of initially 218,202,000 Shares to professional, institutional and other investors outside the United States

DEFINITIONS

"Group", "we" or "us"	the Company and all of its subsidiaries and companies whose financial results have been consolidated and accounted as the subsidiaries of our Company by virtue of the Contractual Arrangements, or, where the context so requires, in respect of the period before our Company became the holding company of our current subsidiaries, the business operated by such subsidiaries or their predecessors (as the case may be)
"Guizhou Institute"	Guizhou Institute of Industry and Trade (貴州工貿職業學院), a full time vocational college locates in Guizhou Province, PRC, specialize in training junior and senior technician
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Huangguandi Holdings"	Huangguandi Holdings Limited, a company incorporated under the laws of the BVI on 13 June 2018 and wholly-owned by Mr. Huang Guandi
"Huangyuan Holdings"	Huangyuan Holdings Limited, a company incorporated under the laws of the BVI on 13 June 2018 and wholly-owned by Ms. Huang Yuan
"Huangyulin Holdings"	Huangyulin Holdings Limited, a company incorporated under the laws of the BVI on 22 May 2018 and wholly-owned by Mr. Huang Yulin
"IFRSs"	the International Financial Reporting Standards
"Implementation Regulations"	the Regulations on the Implementation of the Law for promoting Private Education of the PRC (《中華人民共和國民辦教育促進法實施條例》) issued by the PRC State Council on 14 May 2021
"Independent Third Party"	an individual(s) or company(ies) who or which is/are to the best of our Director's knowledge, information and belief, having made all reasonable enquiries, is/are not our connected persons as defined under the Listing Rules
"Jishi College"	Jiangxi Wenli Jishi College (江西文理技術學院), a full-time vocational college established in November 2019, which offers vocational programs
"JUAS"	Jiangxi University of Applied Science (江西應用科技學院), a private institution which offers both undergraduate and junior college programmes, established on 11 April 2002 and controlled by us by virtue of the Contractual Arrangements
"Listing"	listing of the Shares on the Main Board of the Stock Exchange on 13 December 2019
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange (as amended, supplemented or otherwise modified from time to time)

DEFINITIONS

"Model Code"	the Model Code of Securities Transactions by Directors of the Listed Issuers as set out in Appendix 10 to the Listing Rules
"MOE"	the Ministry of Education of the PRC (中華人民共和國教育部)
"MOE Draft for Comments"	the Draft Revision of the Regulations on the Implementation of the Law for Promoting Private Education of the PRC (the Draft for Comments) (《中華人民共和國民辦教育促進法實施條例(修訂草案)(徵求意見稿)》) issued by the MOE on 20 April 2018 to seek public comments
"Nanchang Di Guan"	Nanchang Di Guan Education Consultancy Co., Ltd. (南昌迪冠教育諮詢有限公司), a company established under the laws of the PRC with limited liability on 17 September 2009, being the sponsor of the School, and by virtue of the Contractual Arrangements, accounted for as our subsidiary
"Prospectus"	the prospectus issued by the Company dated 27 November 2019
"RMB"	Renminbi, the lawful currency of the PRC
"RSU(s)"	restricted share unit(s) granted pursuant to the RSU Scheme
"RSU Scheme"	the restricted share unit scheme adopted by our Company on 20 August 2019
"Schools"	Jiangxi University of Applied Science (江西應用科技學院), Jiangxi Wenli Jishi College (江西文理技師學院) and Guizhou Institute of Industry and Trade (貴州工貿職業學院), which are three schools owned by our Group as of 30 June 2021
"Senior Management"	the senior management of the Company
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (as amended, supplemented or otherwise modified from time to time)
"Share(s)"	ordinary share(s) of HK$0.0001 each in the issued share capital of the Company
"Shareholder(s)"	holder(s) of Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"%"	per cent

CORPORATE PROFILE

BOARD OF DIRECTORS

Executive Directors

Mr. Huang Yulin *(Chairman and chief executive officer)*
*Mr. Yang Ruichen *(chief financial officer)*
*Mr. Liu Chunbin *(vice president)*
Mr. Wang Li *(co-president)*
Ms. Gan Tian *(co-president)*
*Mr. Wang Shenghua
Mr. Bau Siu Fung *(resigned on 3 May 2021)*
Mr. Zheng Junhui *(resigned on 23 February 2021)*

Non-executive Director

**Mr. Li Cunyi

Independent Non-executive Directors

*Mr. Sy Lai Yin, Sunny
Mr. Chen Wanlong
Mr. Huang Juyun
Mr. Wang Donglin

AUDIT COMMITTEE

Mr. Sy Lai Yin, Sunny *(Chairman)*
Mr. Huang Juyun
Mr. Chen Wanlong
Mr. Wang Donglin

REMUNERATION COMMITTEE

Mr. Chen Wanlong *(Chairman)*
Mr. Huang Juyun
Mr. Sy Lai Yin, Sunny *(appointed on 7 July 2021)*
Mr. Wang Li
Mr. Li Cunyi
Mr. Chan Hon Ki *(resigned on 30 June 2021)*

NOMINATION COMMITTEE

Mr. Huang Juyun *(Chairman)*
Mr. Wang Donglin
Mr. Chen Wanlong
Mr. Li Cunyi
Ms. Gan Tian

COMPANY SECRETARY

Mr. Wong Yu Kit *(appointed on 31 May 2021)*
Mr. Bau Siu Fung *(resigned on 31 May 2021)*

AUTHORISED REPRESENTATIVES

Mr. Huang Yulin
Mr. Wong Yu Kit *(appointed on 31 May 2021)*
Mr. Bau Siu Fung *(resigned on 31 May 2021)*

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor
22/F, Prince's Building
Central
Hong Kong

LEGAL ADVISER

As to Hong Kong law
William Ji & Co. LLP
in Association with Tian Yuan Law Firm Hong Kong Office
Suites 3304-3309, 33/F.
Jardine House
One Connaught Place
Central, Hong Kong

STOCK CODE

1593

REGISTERED OFFICE IN THE CAYMAN ISLANDS

190 Elgin Avenue
George Town
Grand Cayman KY1-9008
Cayman Islands

* appointed as directors on 7 July 2021
** redesignated as a non-executive directors on 7 July 2021

CORPORATE PROFILE

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN CHINA

No. 001, Xinjian Lianfu Dadao
Nanchang
Jiangxi
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

40th Floor, Sunlight Tower
No. 248 Queen's Road East
Wanchai
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Walkers Corporate Limited
190 Elgin Avenue
George Town
Grand Cayman KY1-9008
Cayman Islands

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

PRINCIPAL BANK

China Construction Bank, Jiangxi Branch
Xin Jian sub-branch
No. 280, Jiefang Road
Xin Jian District
Nanchang, Jiangxi
PRC

COMPANY'S WEBSITE

www.chenlin-edu.com

FINANCIAL PERFORMANCE HIGHLIGHTS

	For the six months ended 30 June		
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)	% change
Revenue	**204,966**	125,579	63.22
Gross profit	**109,565**	86,232	29.21
Profit for the period	**35,875**	32,867	9.15
Basic earnings per share (RMB per Share)	**0.04**	0.03	33.33

For the six months ended 30 June 2021, our total revenue was approximately RMB204.97 million, representing an increase of approximately 63.22% as compared with the six months ended 30 June 2020. This was mainly attributable to the increase in tuition fees and boarding fees of the Schools.

As at 30 June 2021, we had approximately a total of 30,012 students, representing an increase of approximately 112.2% as compared with the number of students as of 30 June 2020. For the six months ended 30 June 2021, our revenue from tuition fees and boarding fees amounted to approximately RMB183.15 million and RMB14.98 million respectively, representing an increase of approximately 61.77% and 71.81% as compared with the six months ended 30 June 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

We are one of the leading providers of private comprehensive educational service in Jiangxi Province, China, with years of experience in the private comprehensive educational service industry. Since April 2021, we had successfully expanded our operation to Guizhou Province. As of 30 June 2021, we operate one private university, one full-time vocational college and one secondary vocational college, namely the Jiangxi University of Applied Science (江西應用科技學院) ("**JUAS**"), Jiangxi Wenli Jishi College (江西文理技師學院) ("**Jishi College**") and Guizhou Institute of Industry and Trade (貴州工貿職業學院) ("**Guizhou Institute**") (together with JUAS and Jishi College, collectively referred to as the "**Schools**"), and offer undergraduate college programs, junior college programs and vocational programs. We also provide a variety of education related services including internship management services as well as tutoring and program management services to enterprises and education institutes.

Our mission is to cultivate innovative talents with practical skills and knowledge, and to provide talent support for the development of urbanisation in China (為新型城鎮化建設與管理培養高層次、高技能、創新型和應用型人才). Our fundamental educational philosophy is to foster talents with "upright personality, comprehensive theoretical knowledge and practical skills (培養具有健全人格、複合專業與實踐能力的人才)" by implementing our "Three-element Talent Cultivation (三元育人)" mode. We aim to provide quality education services in a manner consistent with our mission and educational philosophy.

Our Schools offer undergraduate programs, junior college programs and vocational programs as of 30 June 2021. With a view of nurturing talents with practical skills, we are devoted to offering quality private education to our students and providing diversified programs and curriculums encompassing a broad range of market-oriented fields of study and career trainings, including, among others, international business, e-commerce, logistics management, internet-of-things, civil engineering, software engineering, mechanical manufacturing and automation, and robotics engineering. Based on our market research, we carefully design and regularly review and adjust our program and course offerings at our Schools. We believe our practical programs and curriculums equip our students with practical skills that meet the rapidly evolving market demand. We also cooperate with a number of sizable enterprises to provide our students with internship and potential employment opportunities. We have achieved favorable graduate employment outcome for our students.

Our Schools

As of 30 June 2021, our Group own three schools within the PRC, including one private university, one junior college and one vocational college.

JUAS

JUAS is one private university located in Nanchang, Jiangxi Province, PRC. It was established in 2002 by the Chairman of the Board Mr. Huang Yulin (黃玉林) and it offers undergraduate and junior college programs, as well as diverse education related services. JUAS has 12 different faculties, including international business faculty, finance faculty and etc, and more than 70 majors.

Jishi College

Jishi College is a junior college located in Nanchang, Jiangxi Province, PRC. It was established in 2019 and offers vocational programs. Jishi College has more than 40 majors, which includes artificial intelligence technology applications, accounting, industrial machinery automation, computer advertising production, indoor and outdoor design, early childhood education, car maintenance and etc. It was acquired by our Group on 23 December 2020 from an Independent Third Party.

Guizhou Institute

Guizhou Institute is a vocational college located in Bijie, Guizhou Province, PRC. It was established in 2016 and offers vocational programs and junior college programs. Guizhou Institute has four faculties, including automotive and mechanical engineering faculties, faculty of finance and economics, faculty of management and faculty of art and design, and more than 20 majors. On 27 April 2021, it was acquired by our Group from an Independent Third Party.

Our Education Services

We derived approximately 89.35% of revenue of approximately RMB204.97 million from our education services for the six months ended 30 June 2021, which include tuition fees for our undergraduate, junior college and vocational programs and boarding fees. For the six months ended 30 June 2021, our revenue from tuition fees and boarding fees amounted to approximately RMB183.15 million and RMB14.98 million respectively, representing an increase of approximately 61.77% and 71.81% as compared with the six months ended 30 June 2020. This was mainly attributable to the increase in tuition fees and boarding fees of the Schools.

The following table sets forth detailed information regarding the number of student enrollment of our Schools as of 30 June 2020 and 2021:

	Number of students as of 30 June		
	2021	2020	% change
Higher education programs carried out by JUAS			
— Undergraduate programs	**8,008**	5,321	50.50
— Junior college programs	**8,693**	8,822	1.46
Vocational education programs carried out by Jishi College			
— Vocational programs	**5,226**	N/A	N/A
Vocational education programs carried out by Guizhou Institute			
— Vocational programs	**1,631**	N/A	N/A
— Junior college programs	**6,454**	N/A	N/A
Total	**30,012**	14,143	112.20

Notes:

(1) The operating data for student enrollment presented in this table is based on records of our Schools submitted to competent PRC education authorities at the beginning of the corresponding school year.

(2) Jishi College and Guizhou Institute were acquired by our Group in December 2020 and April 2021 respectively.

The following table sets forth information relation to the average tuition fees for three types of programs per student and average boarding fees per student for the six months ended 30 June 2021 and 2020:

	For the six months ended 30 June		
	2021	2020	% change
Average tuition fees			
Undergraduate programs	**13,070**	10,131	29.01
Junior college programs	**7,586**	6,722	12.85
Vocational programs	**5,658**	N/A	N/A
Average boarding fees	**659**	616	6.98

Notes:

(1) Average tuition fees are calculated by dividing the total tuition fees received by student enrolment in the corresponding period.

(2) Average boarding fees are calculated by dividing the total boarding fees received by student enrolment in the corresponding period.

(3) Jishi College and Guizhou Institute, which offer vocational programs, were acquired by our Group in December 2020 and April 2021 respectively.

Our Education Related Services

In addition to tuition fees and boarding fees, for the six months ended 30 June 2021, we also generate income by providing a variety of education related services. Our education related services mainly include (i) internship management services, through which we introduce qualified students from our Schools and other schools to participate in various internship programs, and (ii) a variety of tutoring and program management services, including qualification exam review services, personal development training services and education program management services offered to enterprises and education institutes. For the six months ended 30 June 2021, our revenue generated from education related services amounted to approximately RMB2.29 million, representing an increase of approximately 17.29% as compared with the six months ended 30 June 2020. The increase in revenue from our education related services was primarily due to increase of internship management fees.

MANAGEMENT DISCUSSION AND ANALYSIS

REGULATORY UPDATE

Amendment Decision

The Decision of the Standing Committee of the National People's Congress on Amending the Law for Promoting Private Education of the PRC (全國人民代表大會常務委員會關於修改《中華人民共和國民辦教育促進法》的決定) (the "**Amendment Decision**") became effective on 29 December 2018. Pursuant to the Amendment Decision, the school sponsors of private schools providing non-compulsory education may, at their own discretion, elect to register the schools as for-profit private schools or non-profit private schools. In addition to the Amendment Decision, state-level government authorities also issued certain implementing rules. On 30 December 2016, five state-level government authorities, including the MOE, jointly issued the Implementing Measures on Classification Registration of Private Schools (民辦學校分類登記實施細則), specifying measures for the establishment and classification registration of private schools, and procedures for existing private schools to register as for-profit and non-profit private schools pursuant to provincial rules to be promulgated by local provincial governments. The Implementing Rules for the Supervision and Administration of For-Profit Private Schools (營利性民辦學校監督管理實施細則) were issued on 30 December 2016, specifying measures concerning the establishment, modification and termination of for-profit private schools, and the educational and teaching related activities and financial management conducted by for-profit private schools. In addition, the Several Opinions on Encouraging Social Support for Education to Promote Private Education (關於鼓勵社會力量興辦教育促進民辦教育健康發展的若干意見) were issued on 29 December 2016, providing policies for promoting private education.

Implementation Regulations

On the 14th May 2021, the PRC State Council issued the Implementation Regulations of the People's Republic of China on the Law Regarding the Promotion of Private Education (《中華人民共和國民辦教育促進法實施條例》) (the "**Implementation Regulations**"). The new regulations would be officially implemented on the 1 September 2021, which may have a considerable impact on the education industry.

The Implementation Regulations primarily include: (i) a non-profit private school shall enjoy the same tax policies as that enjoyed by a public school and the relevant tax concession, and a for-profit school shall enjoy tax preferential treatments and other preferential policies applied to industries encouraged by the state for development, of which the specific provisions shall be formulated jointly by the administrative department for finance, taxation and other relevant administrative departments of the State Council; (ii) the local people's governments with the principle of treating non-profit private schools equally as public schools, and for schools that provide education for academic credentials, may provide lands by means of bid invitation, auction or listing, assigning contracts, long-term lease or combination of sale as well as rental, and may give appropriate preferential treatment on charges for the assignment or rental of land, and may permit payment in instalments; (iii) a non-profit private school shall use the accounts filed with the competent authorities for charging fees and financial transactions, and a for-profit private school shall deposit the income into a specific settlement account of its own; (iv) a private school shall conduct any connected transactions in a manner that is open, justified and fair and shall establish disclosure mechanisms for such transactions; and (v) any agreement involving material interests or any long-term and recurring agreement entered into between a non-profit private school and its connected party shall be reviewed by the relevant government authorities in terms of necessity, legitimacy and compliance.

So far as our Directors are aware, during the six months ended 30 June 2021 and up the date of this interim report, there is no material regulatory updates in relation to the foreign investment in the education sector in the PRC.

We have established a special committee (the "**Special Committee**") to (i) pay close attention to the latest development of the relevant laws, regulations and policies on private education sector in the PRC (the "**Relevant Rules**") and hold periodic meetings to discuss such development; (ii) where necessary, engage professional advisors, including PRC legal advisors, at the cost of the Company, to assist the Special Committee to understand the latest development of the Relevant Rules; and (iii) report and make recommendations to the Board for final decision based on the research reports and/or independent and professional advice as well as the Special Committee's major findings and preliminary conclusions. The Special Committee is chaired by Mr. Huang Yulin and comprises (i) three senior management members of our Company; (ii) two independent non-executive Directors with extensive experience in the education industry; and (iii) four senior management members of the Schools who are responsible for the day-to-day management and operation affairs of the Schools.

PRINCIPAL RISKS RELATING TO OUR BUSINESS

There are certain risks involved in our operations and our prospects and future financial results could be materially and adversely affected by these risks. The following highlights the principal risks exposed to the Group and is not meant to be exhaustive:

- we are subject to uncertainties brought by the Amendment Decision and the Implementation Regulations;
- our business is largely dependent on the market recognition of our brand and the reputation of our Schools and our Group;
- we generate a substantial portion of our revenue from operating one university and one vocational college in Jiangxi Province and one vocational and junior college in Guizhou Province;
- we may be exposed to liquidation risks, and our business, financial condition and results of operation may be materially and adversely affected as a result;
- the level of tuition and boarding fees we are able to charge and our ability to maintain and raise the level of tuition and boarding fees are crucial to our business;
- our business operations depend on our ability to recruit and retain our senior management, qualified teachers and other professional employees;
- we may not be able to maintain good relationship with our existing cooperative enterprises, successfully compete with our competitors or find new cooperative enterprises, any of which may materially and adversely affect the business and prospects of our internship management service; and
- we may not be able to successfully deliver and expand our tutoring and program management services, which could adversely affect our business and prospects.

OUTLOOK AND GROWTH STRATEGIES

The private education sector in China has been growing rapidly in recent years primarily driven by the increasing demand for private education, growing market demand for talents with practical skills, increasing diversification and strengthened education quality, as well as government support. We believe that in the second half of 2021, China's private education sector will still remain on a secular growth trend and there is significant potential with opportunities.

To achieve our goals, in the second half of 2021, we intend to pursue the following business strategies:

- **Continue to improve our Schools facilities, enhance our brand recognition and reputation, and expand our business and school network**

  To benefit from and seize the growth opportunities in the private education industry in China, we will continue offering quality education and attracting more talents to our Schools. As an important measure to enhance our education services, we plan to construct, renovate and upgrade the facilities and infrastructure of our current Schools' campus. During the first half year of 2021, we have constructed several new student dormitories and refurnished teaching facilities such as staff dormitories computer centers and etc.

- **Continue to optimise our program and course offerings in order to enhance the competitiveness of our students**

  As an education service provider, the quality and coverage of the programs and course offerings are crucial for our Schools in providing quality education services. We intend to improve our education quality, expand the scale of our business operations and diversify our revenue primarily through optimise program offerings, strengthen school-enterprise collaboration and international collaboration, and develop online education courses. Accordingly, for the recent expansions of our business operations please refer to the section headed "MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES" for details.

- **Further strengthen and diversify our education related services**

  We believe that the provision of education related services has substantial market potential in China. To continue improving our profitability, we plan to further strengthen and diversify our education related services. We believe a diverse portfolio of educational services provided by us will be instrumental in enhancing our brand awareness and widening our revenue base. We plan to explore the opportunities to cooperate with other higher education providers to secure more qualified students for our internship management services. We also intend to proactively identify and cooperate with more suitable higher education institutions in Jiangxi Province as well as other regions in China. On the other hand, leveraging our reputation in the private higher education industry, we plan to seek cooperation opportunities with more enterprises located in developed areas of China, thereby further grow our internship management services.

- **Continue to attract, train and retain talented teachers and other professionals**

  We believe that hiring, retaining and training outstanding teachers is crucial in providing quality education to students. We intend to continue attracting and retaining teachers with professional expertise, teaching experience and/or work experience in relevant fields. To achieve this goal, we will continue applying high standards in our recruitment of teachers, and target applicants who have postgraduate degree or have extensive work experience in relevant field. We plan to expand our faculty team with more "double qualification teachers", experienced technical experts, well-recognised business administrators, and other personnel with expertise who are qualified to deliver skill-focused curriculums at our School on either full-time or part-time basis. In addition, we also intend to hire professors from other higher education institutions with experience to serve in academic leadership roles at our School.

CORONAVIRUS ("COVID-19") IMPACT

After the outbreak of the COVID-19 in early 2020, a series of precautionary and control measures have been and continued to be implemented across the PRC, including the extension of the Chinese New Year holiday nationwide, postponement of work and school resumption in some regions, certain level of restrictions and controls over the travelling of people and traffic arrangements, quarantine of certain residents, heightening of hygiene and epidemic prevention requirements in factories and offices and encouraged social distancing, etc.

In the view of the outbreak of the COVID-19, the Group has taken a series of necessary health precaution to mitigate the potential impact of the COVID-19 outbreak, including the implementation of prevention and control policies released by the relevant government authorities. However, with the 'back to normal' policy of Jiangxi Province and Guizhou Province, the 2021 spring semester started as usual and teachers and students were able to return to schools.

As a result, considering that the Group's revenue and gross profit recorded increases for the six months ended 30 June 2021, the Directors are of the view that the Group is able to resist the impact of the COVID-19. As of the date of this interim report, the Group does not anticipate any significant financial impact resulting from the COVID-19, following which the Group will pay close attention to the situation of the COVID-19 and continue to assess the impact of the epidemic disease on the Group's finances and operations from time to time, as the case may be.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

The following table sets forth the breakdown of our revenue for the six months ended 30 June 2021 and 30 June 2020:

	For the six months ended 30 June			
	2021 (RMB'000) (Unaudited)	2020 (RMB'000) (Unaudited)	Change (RMB'000)	Change %
Education services				
Tuition fees	**183,146**	113,214	69,932	61.77
Boarding fees	**14,977**	8,717	6,260	71.81
Sub-total	**198,123**	121,931	76,192	62.49
Education related services				
Internship management fees	**867**	480	387	80.63
Tutoring and program management fees	**1,426**	1,475	(49)	(3.32)
Sub-total	**2,293**	1,955	338	17.29
Others	**4,550**	1,693	2,857	168.75
Total	**204,966**	125,579	79,387	63.22

For the six months ended 30 June 2021, our total revenue was approximately RMB204.97 million, representing an increase of approximately 63.22% as compared with the six months ended 30 June 2020. This was mainly attributable to the increase in tuition fees and boarding fees of the Schools.

For the six months ended 30 June 2021, tuition fees and boarding fees contributed to the majority of our total revenue. We generally require our students to pay tuition and boarding fees for the entire school year at the commencement of the school year, which fees are recognised proportionately over the relevant period of the applicable programs.

For the six months ended 30 June 2021, our revenue from tuition fees amounted to approximately RMB183.15 million, representing an increase of approximately 61.77% as compared with the six months ended 30 June 2020. Such increase was mainly attributable to the increasing growth of students enrolled in JUAS, increase on average tuition fees and consolidation of the tuition fees of Jishi College and Guizhou Institute.

For the six months ended 30 June 2021, our revenue from boarding fees amounted to approximately RMB14.98 million, representing an increase of approximately 71.81% as compared with the six months ended 30 June 2020. Such increase was mainly attributable to the increasing boarding fees caused by the growth of students enrolled in JUAS and the consolidation of boarding fees of Jishi College and Guizhou Institute.

Our revenue generated from education related services for the six months ended 30 June 2021 consisted of internship management fees as well as tutoring and program management fees.

For the six months ended 30 June 2021, our revenue from internship management fees amounted to approximately RMB0.87 million, representing an increase of approximately 80.63% as compared with the six months ended 30 June 2020. Such increase was mainly attributable to the release of precautionary and control measures imposed by the government authorities to mitigate the potential impact of COVID-19 outbreak in the first half of 2020, which lead to the increase in internship programs launched.

For the six months ended 30 June 2021, our revenue from tutoring and program management fees amounted to approximately RMB1.43 million and remained stable.

Our revenue generated from other services for the six months ended 30 June 2021 was primarily derived from (i) miscellaneous charges to students and (ii) commission income from books and services suppliers. The fee received from other services is recognised as revenue when relevant service is rendered to the customers. For the six months ended 30 June 2021, our revenue generated from other services amounted to approximately RMB4.55 million, representing an increase of approximately 168.75% as compared with the six months ended 30 June 2021. Such increase was mainly attributable to the increase in commission income from books & services suppliers subsequent to the increase in student enrollment.

Cost of Revenue

Our cost of revenue primarily consisted of employee benefit expenses, depreciation and amortisation expenses, students activities expenses, electricity and water expenses, repair and maintenance and others. For the six months ended 30 June 2021, the cost of revenue of the Group amounted to approximately RMB95.40 million, representing an increase of approximately 142.46% as compared with the six months ended 30 June 2020. Such increase was mainly attributable to the increase in employee benefit expenses and consolidation of cost of revenue of Jishi College and Guizhou Institute.

Gross Profit and Gross Profit Margin

Our gross profit was approximately RMB109.57 million for the six months ended 30 June 2021, representing an increase of approximately 27.06% as compared with the six months ended 30 June 2020. Our gross profit margin was approximately 53.46% for the six months ended 30 June 2021, as compared with approximately 68.67% for the six months ended 30 June 2020. The main reason for the decrease was the increase of employee benefit expenses, overhead costs and the increase in depreciation.

Other Income

Other income primarily included government grants, sub-contracting income (mainly from the sub-contracting operation of canteen catering and stores in our Schools' campus) and others during the six months ended 30 June 2021. For the six months ended 30 June 2021, the Group's other income amounted to approximately RMB6.06 million, representing an increase of approximately 26.40% as compared with the six months ended 30 June 2020. Such increase was mainly attributable to increase in government grants and sub-contracting income.

Expenses

Selling Expenses

Our selling expenses primarily consisted of promotion expenses, travelling and office expenses, and others which mainly included costs incurred for promotional materials in connection with student recruitments. For the six months ended 30 June 2021, our selling expenses amounted to approximately RMB12.91 million, as compared with approximately RMB2.21 million for the six months ended 30 June 2020. The increase is mainly due to the intensifying selling efforts during the period and the consolidation of selling expenses of Jishi College and Guizhou Institute.

Administrative Expenses

Our administrative expenses primarily consisted of (i) employee benefit expenses for our administrative staff, (ii) depreciation and amortisation expenses for administrative facilities, (iii) professional service fees, (iv) repair and maintenance expenses for administrative facilities, and (v) general office expenses mainly including office expenses and transportation expenses, and other expenses of similar nature. For the six months ended 30 June 2021, our administrative expenses amounted to approximately RMB36.99 million, representing a decrease of approximately 6.41% as compared with the six months ended 30 June 2020. Such decrease was mainly attributable to the decrease in share-based payment, which decreased from approximately RMB18.64 million for the six months ended 30 June 2020 to approximately RMB4.74 million for the six months ended 30 June 2021.

Net Finance Costs

Our net finance costs reflected the sum of interest expenses we paid on bank borrowings and other borrowings after netting off the interest income we received from cash and cash equivalents. Our net finance costs increased from approximately RMB10.73 million for the six months ended 30 June 2020 to approximately RMB23.59 million for the six months ended 30 June 2021, representing an increase of approximately 119.92%. The main reason for the increase is the increasing interest-bearing borrowings.

Income Tax Expenses

For the six months ended 30 June 2021, our income tax expenses primarily consisted of PRC Enterprise Income Tax. Our income tax expenses were approximately RMB0.54 million for the six months ended 30 June 2021, representing a decrease of approximately 36.71% as compared with the six months ended 30 June 2020. Such decrease was mainly attributable to the decrease in taxable income generated from programs of JUAS. Our effective tax rates for the six months ended 30 June 2021 was approximately 1.48% (for the six months ended 30 June 2020: 2.52%).

Other Expenses

Other expenses primarily consisted of employee benefit expenses, promotion expenses, depreciation and amortisation expenses. For the six months ended 30 June 2021, our other expenses amounted to approximately RMB1.83 million and remained stable.

MANAGEMENT DISCUSSION AND ANALYSIS

Profit for the period

For the six months ended 30 June 2021, our profit amounted to approximately RMB35.88 million, representing an increase of approximately 9.15% as compared with the six months ended 30 June 2020. Such increase was mainly attributable to the increase in tuition fees and boarding fees due to a growth of enrolled students subsequent to our acquisition of Jishi College in Jiangxi Province and Guizhou Institute in Guizhou Province. The decrease of net profit margin is caused by the increase in cost of revenue, selling expenses, financial cost, employee compensation, depreciation, amortisation and etc.

Financial Positions

As of 30 June 2021, our total equity was approximately RMB898.35 million, as compared with approximately RMB876.38 million as of 31 December 2020. Such increase was mainly attributable to the consolidation of profit for the six months ended 30 June 2021 into the Company's balance sheet.

As of 30 June 2021, our current assets were approximately RMB459.67 million, as compared with approximately RMB542.96 million as of 31 December 2020. The decrease in current assets was mainly attributable to the decrease in cash and cash equivalents for the six months ended 30 June 2021.

Liquidity and Capital Resources

Our primary uses of cash are to fund our working capital requirement, loan repayment and related interest expenses. As of the date of this interim report, we have funded our operations principally with the cash generated from our operations, bank borrowings, shareholder contributions and net proceeds from Global Offering. In the future, we believe that our liquidity requirements will be satisfied with a combination of cash flows generated from our operating activities, bank borrowings and other funds raised from the capital markets from time to time.

As of 30 June 2021, we had cash and cash equivalents of approximately RMB252.27 million, as compared with approximately RMB355.59 million as of 31 December 2020. Such decrease was mainly attributable to the purchase of property, plant and equipment and acquisition of Guizhou Institute.

As of 30 June 2021, our total borrowings amounted to approximately RMB1,201.58 million, as compared with approximately RMB718.78 million as of 31 December 2020. As of 30 June 2021, all our bank borrowings were dominated in RMB, among which approximately RMB215.32 million are repayable within one year and approximately RMB986.26 million are payable more than one year. For the six months ended 30 June 2021, the weighted average effective interest rate of our borrowings was approximately 5.47% (for the year ended 31 December 2020: approximately 5.6%).

Gearing Ratio

As of 30 June 2021, our gearing ratio, which is calculated as total debt divided by total assets, was approximately 0.65, as compared with approximately 0.56 as of 31 December 2020. The increase was mainly attribute to the increase on borrowings.

Capital Expenditure

Our capital expenditures during the six months ended 30 June 2021 amounted to approximately RMB20.36 million, primarily consisted of expenditures for properties, electronic equipments, office furniture and fixtures, buildings and vehicles.

Property, Plant and Equipment

Property, plant and equipment as of 30 June 2021 increase to approximately RMB1,483.56 million from approximately RMB1,001.51 million as of 31 December 2020. The main reason is the consolidation of property,plant and equipment of Jishi College and Guizhou Institute.

CHARGE ON ASSETS

Except for the disclosed in this interim report, there was no other material charge on the Group's assets as of 30 June 2021.

CONTINGENT LIABILITIES, GUARANTEES AND LITIGATIONS

Save as disclosed in this interim report, as of 30 June 2021, we did not have any unrecorded significant contingent liabilities, guarantees or any litigation against us.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the date of this interim report, the Group has not entered into any off-balance sheet transactions.

SIGNIFICANT INVESTMENTS HELD

Save as disclosed in this interim report, the Group did not have other significant investments held as of 30 June 2021.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

Reference is made to the announcements of the Company dated 27 April 2021 and 28 April 2021, Nanchang Di Guan Education Consultancy Co., Ltd. (南昌迪冠教育諮詢有限公司, "**Nanchang Di Guan**", a company established under the laws of the PRC with limited liability on 17 September 2009 and accounted as a subsidiary of the Company by virtue of contractual arrangements), entered into the acquisition agreement to acquire 100% equity interest of Guizhou Xikai Education Investment Co., Ltd (貴州西凱教育投資有限公司), a company established under the laws of the PRC with limited liability, from Jiangxi Mingda Education Consulting Co., Ltd (江西銘達教育諮詢有限公司), a company established under the laws of the PRC with limited liability and was the then owner of the entire school sponsor's interest of Guizhou Institute of Industry and Trade (貴州工貿職業學院), a private higher education institute and secondary vocational education college, at a consideration of RMB300.00 million, to expand the scale of our business operations in Guizhou Province. Upon the completion on 30 April 2021, Guizhou Xikai Education Investment Co., Ltd (貴州西凱教育投資有限公司) and Guizhou Institute of Industry and Trade (貴州工貿職業學院) are accounted as subsidiaries of the Company by virtue of contractual arrangements.

Reference is made to the announcements of the Company dated 9 May 2021, 13 May 2021 and 17 May 2021, Nanchang Di Guan entered into the acquisition agreement to acquire 100% equity of Henan Kun Ren Education Science Technology Co., Ltd (河南坤仁教育科技有限公司) ("**Henan Kun Ren**"), a company established under the laws of the PRC with limited liability and was the then owner of the entire school sponsor's interest of Zhengzhou Airport Economy Zone Yu Ren High School (鄭州航空港區育人高級中學), a private high school locates in Henan Province, PRC, from Liu Yamin (劉亞敏) and Liu Yazhou (劉亞洲), at a consideration of RMB80.00 million, to expand the scale of our business operations in Henan Province. Upon the completion on 31 July 2021, Henan Kun Ren Education Science Technology Co., Ltd (河南坤仁教育科技有限公司) and Zhengzhou Airport Economy Zone Yu Ren High School (鄭州航空港區育人高級中學) are accounted as subsidiaries of the Company by virtue of contractual arrangements.

Save as disclosed-above, the Group did not have any other material acquisitions or disposals of subsidiaries and associated companies during the six months ended 30 June 2021.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed herein, as of the date of this interim report, the Group did not have other plans for material investments or capital assets.

FOREIGN CURRENCY RISK

The Group primarily operates its business in the PRC. The currency in which the Group denominates and settles substantially all of its transactions is RMB. Any depreciation of RMB would adversely affect the value of any dividends the Group pay to Shareholders outside of the PRC. The Group currently does not engage in hedging activities designed or intended to manage foreign exchange rate risk. The Group will continue to monitor foreign exchange changes to best preserve the Group's cash value.

EMPLOYEES AND REMUNERATION POLICIES

As of 30 June 2021, we had 1,550 employees (as of 30 June 2020: 1,139), mostly based in Jiangxi Province and Guizhou Province, PRC.

The remuneration or our employees is based on their performance, experiences, and market comparable. In addition to salary, we also provide various incentives, including share-based compensation such as RSUs granted pursuant to the Company's RSU Scheme as well as performance-based bonuses to better motivate our employees. As required by the PRC law, we contribute to housing funds and maintain mandatory social insurance plans for our employees based in the PRC, covering pension, medical, unemployment, work injury and maternity leave. The Group participates in a Mandatory Provident Fund Scheme under the Rules and regulations of Mandatory Provident Fund Schemes Ordinance for all of its employees in Hong Kong. For the six months ended 30 June 2021, our employee remuneration totaled to approximately RMB60.83 million, compared with RMB49.66 million for the six months ended 30 June 2020.

We grant RSUs to our employees to incentivise them to contribute to our growth. As of 30 June 2021, RSUs in respect of 27,941,000 underlying Shares, representing approximately 2.79% of the share capital of our Company as of 30 June 2021, has been granted to 43 participants pursuant to the RSU Scheme. As at 30 June 2021, RSUs in respect of 14,060,000 underlying Shares, have been vested.

The remuneration of Directors and members of senior management of the Company is determined on the basis of each individual's responsibilities, qualification, position, experience, performance, seniority and time devoted to our business. They receive compensation in the form of salaries, performance-related bonus, RSUs, and other allowances and benefits-in-kind, including the Company's contribution to their pension schemes on their behalf.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As of 30 June 2021, the interests or short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which (a) were required 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 he/she was taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

INTERESTS IN THE COMPANY

Name of Director/chief executive	Capacity/Nature of interest	Number of Shares held [1]	Approximate percentage of issued share capital [2]
Mr. Huang Yulin [3] [4]	Interest in a controlled corporation	555,000,000	55.50%
Mr. Wang Li [5] [6]	Beneficial owner	2,391,000	0.24%
	Interest of spouse	99,871,000	9.99%

Notes:

(1) All interest stated are long positions.

(2) The calculation is based on the total number of 1,000,000,000 Shares in issue as of 30 June 2021.

(3) 487,500,000 Shares are registered under the name of Huangyulin Holdings, the issued share capital of which is owned as to 100% by Mr. Huang Yulin. Accordingly, Mr. Huang Yulin is deemed to be interested in such number of Shares held by Huangyulin Holdings for the purpose of Part XV of the SFO.

(4) 67,500,000 Shares are registered under the name of Chen Lin Elite Holdings, the issued share capital of which is owned as to 100% by Huangyulin Holdings. Accordingly, Huangyulin Holdings is deemed to be interested in such number of Shares held by Chen Lin Elite Holdings for the purpose of Part XV of the SFO.

(5) Mr. Wang Li is interested in the RSUs granted to him under the RSU Scheme entitling him to receive 2,391,000 Shares subject to vesting.

(6) Mr. Wang Li is the spouse of Ms. Huang Yuan. Accordingly, Mr. Wang Li is deemed to be interested in the Shares in which Ms. Huang Yuan is interested.

INTERESTS IN OTHER MEMBERS OF THE GROUP

Name of Director	Name of other members of the Group	Capacity/Nature of interest	Approximate percentage of registered capital [1]
Mr. Huang Yulin	Nanchang Di Guan [2]	Beneficial owner	74.00%
	JUAS	Interest in a controlled corporation	74.00%

Notes:

(1) All interests stated are long positions.

(2) Nanchang Di Guan and JUAS, by virtue of the Contractual Arrangements, are accounted as subsidiaries of the Group. Nanchang Di Guan held 100.00% of the sponsor's interest of JUAS.

Save as disclosed above, as of 30 June 2021, none of the Directors nor the chief executive of the Company had any interests or short positions in any of the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code; or to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

So far as the Directors were aware, as of 30 June 2021, the following persons or corporations who had interests or short positions in the Shares or underlying Shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO; or which were required to be disclosed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of part XV of the SFO, were as follows:

Name	Capacity/Nature of interest	Number of Shares held [1]	Approximate percentage of issued share capital [2]
Huangyulin Holdings [2]	Beneficial owner	487,500,000	48.75%
	Interest in a controlled corporation	67,500,000	6.75%
Mr. Huang Yulin [2] [3]	Interest in a controlled corporation	555,000,000	55.50%
Ms. Xiong Yan [4]	Interest of spouse	555,000,000	55.50%
Huangyuan Holdings	Beneficial owner	97,500,000	9.75%
Ms. Huang Yuan [5] [6] [7]	Interest in a controlled corporation	97,500,000	9.75%
	Beneficial owner	2,371,000	0.24%
	Interest of spouse	2,391,000	0.24%
Mr. Wang Li [8] [9]	Beneficial owner	2,391,000	0.24%
	Interest of spouse	99,871,000	9.99%
Huangguandi Holdings	Beneficial owner	97,500,000	9.75%
Mr. Huang Guandi [10] [11]	Interest in a controlled corporation	97,500,000	9.75%
	Beneficial owner	4,503,000	0.45%

Notes:

(1) All interest stated are long positions.

(2) The entire share capital of Chen Lin Elite Holdings is directly owned by Huangyulin Holdings. Accordingly, Huangyulin Holdings is deemed to be interested in such number of shares held by Chen Lin Elite Holdings.

(3) The entire share capital of Huangyulin Holdings is directly owned by Mr. Huang Yulin. Accordingly, Mr. Huang Yulin is deemed to be interested in such number of Shares held by Huangyulin Holdings.

(4) Ms. Xiong Yan is the spouse of Mr. Huang Yulin. Accordingly, Ms. Xiong Yan is deemed to be interested in the Shares in which Mr. Huang Yulin is interested.

(5) The entire share capital of Huangyuan Holdings is directly owned by Ms. Huang Yuan. Accordingly, Ms. Huang Yuan is deemed to be interested in such number of Shares held by Huangyuan Holdings.

(6) Ms. Huang Yuan is the spouse of Mr. Wang Li. Accordingly, Ms. Huang Yuan is deemed to be interested in the Shares in which Mr. Wang Li is interested.

(7) Ms. Huang Yuan is interested in the RSUs granted to her under the RSU Scheme entitling her to receive 2,371,000 Shares subject to vesting.

(8) Mr. Wang Li is interested in the RSUs granted to him under the RSU Scheme entitling him to receive 2,391,000 Shares subject to vesting.

(9) Mr. Wang Li is the spouse of Ms. Huang Yuan. Accordingly, Mr. Wang Li is deemed to be interested in the Shares in which Ms. Huang Yuan is interested.

(10) The entire share capital of Huangguandi Holdings is directly owned by Mr. Huang Guandi. Accordingly, Mr. Huang Guandi is deemed to be interested in such number of Shares held by Huangguandi Holdings.

(11) Mr. Huang Guandi is interested in the RSUs granted to him under the RSU Scheme entitling him to receive 4,503,000 Shares subject to vesting

Save as disclosed above, as of 30 June 2021, the Directors are not aware of any other person or corporation who had interests or short positions in the Shares or underlying Shares of the Company which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO; or which would require to be disclosed to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO.

DIRECTORS' INTEREST IN COMPETING BUSINESS

During the six months ended 30 June 2021 and up to the date of this Interim Report, none of the Directors or their respective close associates (as defined in the Listing Rules) had any interest in a business that competes or may compete, either directly or indirectly, with the business of the Group, other than being a director of the Company and/or its subsidiaries.

RSU SCHEME

On 20 August 2019, the RSU Scheme was approved and adopted by the Directors of our Company. The purpose of the RSU Scheme is to incentivise Directors, senior management and employees of our Group for their contribution to our Group, to attract, motivate and retain skilled and experienced personnel to strive for the future development and expansion of our Group by providing them with the opportunity to own equity interests in our Company. Persons eligible to receive RSUs under the RSU Scheme are existing employees, Directors (whether executive or non-executive, but excluding independent non-executive Directors) or officers of our Company or any member of our Group any person who, in the sole opinion of the Board, has contributed or will contribute to any member of our Group (the "**RSU Eligible Persons**"). Our Board selects the RSU Eligible Persons to receive RSUs under the RSU Scheme at its discretion.

The RSU Scheme will be valid and effective for a period of ten (10) years, commencing from 20 August 2019 (unless it is terminated earlier in accordance with its terms). As of 30 June 2021, the remaining life of the RSU Scheme was approximately eight years and two months. The maximum number of RSUs that may be granted under the RSU Scheme in aggregate (excluding RSUs that have lapsed or been cancelled in accordance with the rules of the RSU Scheme) shall be such number of Shares held or to be held by the trustee for the RSU Scheme for the purpose of the RSU Scheme from time to time. Further details of the principal terms of the RSU Scheme are set out in the Prospectus.

Our Company has appointed Mr. Huang Yulin as the trustee (the "**RSU Trustee**") to assist in the administration of the RSU Scheme. Our Company may (i) allot and issue Shares to the RSU Trustee to be held by the RSU Trustee and which will be used to satisfy the Shares underlying the RSUs upon exercise and/or (ii) direct and procure the RSU Trustee to receive existing Shares from any Shareholder or purchase existing Shares (either on-market or off-market) to satisfy the Shares underlying the RSUs upon exercise. Our Company shall procure that sufficient funds are provided to the RSU Trustee by whatever means as our Board may in its absolute discretion determine to enable the RSU Trustee to satisfy its obligations in connection with the administration of the RSU Scheme.

Details of the RSUs granted under the RSU Scheme as of 30 June 2021 is set out as below:

Name of the grantees	Position held within our Group	Address	Number of Shares represented by the RSUs	Approximate percentage of shareholding as of 30 June 2021 [1]
Directors of our Company				
Wang Li	Executive Director	Room 401, Unit 1, Block 9 No. 2, Jun Cai Road Honggutan New District Nanchang Jiangxi, PRC	2,391,000	0.24%
Bau Siu Fung (resigned on 3 May 2021)	Executive Director	Flat B, 17/F, 102 Broadway, Mei Foo Sun Chuen, Mei Foo, Kowloon, Hong Kong	179,000	0.02%
Senior management members of our Company (excluding those who are also Directors of our Company)				
Liu Chunbin	Vice president	Room 603, Unit 2, Block 4, No. 899, Yi Yuan Road, Honggutan New District, Nanchang, Jiangxi, PRC	1,395,000	0.14%

Name of the grantees	Position held within our Group	Address	Number of Shares represented by the RSUs	Approximate percentage of shareholding as of 30 June 2021 [1]
Fang Xiaozhen	Chief operating officer	Room 502, Unit 1, Block 1, No. 81 Cui Yan Road, Wanli District, Nanchang, Jiangxi, PRC	3,268,000	0.32%
Lu Dong	Vice president	Room 601, Unit 3, Block 1, Jiuzhou Hua Yi Ju, No. 20, Gongnong Road, Wanli District, Nanchang, Jiangxi, PRC	558,000	0.06%
Zhang Min	Vice president	Room 2311, Unit 3, Block 2, No. 668, Shi Mao Road, Honggutan New District, Nanchang, Jiangxi, PRC	518,000	0.05%

Rank/position held with our Group	Number of Shares represented by the RSUs	Approximate percentage of shareholding as of 30 June 2021[1]
37 management staff and employees of our Group	19,632,000	1.96%
Total	**27,941,000**	**2.79%**

Note:

(1) The calculation is based on the number of 1,000,000,000 Shares in issue as of 30 June 2021.

During the six months ended 30 June 2021 and up to the date of this Interim Report, the number of the RSUs granted under the RSU Scheme and the underlying Shares represented by such RSUs remained unchanged, and none of the RSUs granted under the RSU Scheme have been exercised, cancelled or lapsed.

The grantees of the RSUs granted under the RSU Scheme as referred to in the table above are not required to pay for grant or exercise of any RSU.

For the RSUs granted under the RSU Scheme to the named individual grantees of the RSUs set out in the table above, they shall (unless the Company shall otherwise determine and so notify such grantee in writing) vest as follows:

(1) as to 50.0% of the RSUs on 18 November 2020;

(2) as to 30.0% of the RSUs on 18 November 2021; and

(3) as to 20.0% of the RSUs on 18 November 2022.

SUBSEQUENT EVENTS

Save as disclosed in this interim report subsequent to 30 June 2021 and up to the date of this interim report, the Group had no material subsequent events which have not been reflected in the financial statement.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company, nor any of its subsidiaries, has purchased, sold or redeemed any listed securities of the Company during the six months ended 30 June 2021.

DIRECTORS' AND CHIEF EXECUTIVE'S RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as the RSUs, at no time during the six months ended 30 June 2021, was the Company or any of its subsidiaries a party to any arrangements to enable the Directors, the Company's chief executive or any of their spouse or children under the age of 18 to acquire benefits by means of the acquisition of Shares, underlying Shares and debentures of, the Company or any other associated companies of the Group.

OTHER INFORMATION

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2021.

NON-COMPLIANCE WITH CG CODE AND LISTING RULES

For the six months ended 30 June 2021, the Company has complied with the CG Code and Listing Rules except for the following two deviations which are explained below:

1. According to provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Huang Yulin is the chairman of the Board and the chief executive officer of the Company (the "**Chief Executive Officer**"). The Board believes that having the same individual in both roles as the Chairman and the Chief Executive Officer ensures that the Group has consistent leadership and could make and implement the overall strategy of the Group more effectively. In addition, under the current composition of the Board, namely six executive Directors, one non-executive Director and four independent non-executive Directors, we believe that the interests of shareholders of the Company are adequately and fairly represented. The Board considers that the present corporate governance arrangement does not impair the balance of power and authority within the Group.

2. As at 30 June 2021, after the resignation of Mr. Chan Hon Ki as an independent non-executive Director, the Company did not have an independent non-executive Director with appropriate professional qualifications or accounting or related financial management expertise, and hence fails to meet the requirements under the Listing Rules of having:

   (a) at least one of the independent non-executive directors having appropriate professional qualifications or accounting or related financial management expertise under Rule 3.10(2) of the Listing Rules;

   (b) the audit committee having at least one member who is an independent non-executive director with appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2) of the Listing Rules and the audit committee being chaired by an independent non-executive director under Rule 3.21 of the Listing Rules; and

   (c) the majority of the remuneration committee members being independent non-executive directors of the listed issuer under Rule 3.25 of the Listing Rules.

   As at 7 July 2021, after the appointment of Mr. Sy Lai Yin, Sunny, ("**Mr. Sy**") as an independent non-executive Director of the Company, and in view of that (i) Mr. Sy possesses appropriate professional qualifications or accounting or related financial management expertise; (ii) Mr. Sy serves as the chairman of the audit committee; and (iii) Mr. Sy serves as the member of the remuneration committee and the remuneration committee comprises a majority of independent non-executive Directors, the Company has rectified all non-compliance issues under the requirements of Rules 3.10(2), 3.21 and 3.25 of the Listing Rules.

OTHER INFORMATION

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors.

Having made specific enquiry of all Directors of the Company, all Directors have confirmed that they have complied with the Model Code and the code of conduct of the Company regarding securities transactions by Directors throughout the six months ended 30 June 2021.

CHANGE OF FINANCIAL YEAR END

In order to align the financial year end of the Group with the academic year of the Schools operated by the Group in the PRC, the Board has resolved to change the financial year end of the Group from 31 December to 31 August. For further details, please refer to the announcement of the Company dated 11 June 2021.

SUFFICIENCY OF PUBLIC FLOAT

According to the information that is publicly available to the Company and within the knowledge of the Board, as of the date of this Interim Report, the Company has maintained the minimum public float of not less than 25% as required under the Listing Rules.

OTHER INFORMATION AND CORPORATE GOVERNANCE HIGHLIGHTS

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in the information of Directors and chief executives of the Company subsequent to the date of the 2020 annual report of the Company up to the date of the Board meeting held at 31 August 2021 approving this interim report are set out below:

1. Mr. Zheng Junhui has resigned as an executive Director with effect from 23 February 2021.

2. Mr. Bau Siu Fung has resigned as an executive Director with effect from 3 May 2021, and he also resigned as the chief financial officer of the Company with effect from 28 May 2021 and resigned as the company secretary and authorized representative of the Company under Rule 3.05 of the Listing Rules (the "**Authorised Representative**") with effect from 31 May 2021.

3. Mr. Yang Ruichen was appointed as the chief financial officer of the Company with effect from 28 May 2021.

4. Mr. Wong Yu Kit was appointed as the company secretary and the Authorised Representative with effect from 31 May 2021.

5. Mr. Chan Hon Ki has resigned as an independent non-executive Director with effect from 30 June 2021.

6. Mr. Li Cunyi was re-designated from an executive Director to a non-executive Director with effect from 7 July 2021.

7. Mr. Wang Shenghua, Mr. Yang Ruichen and Mr. Liu Chunbin were appointed as the executive Directors with effect from 7 July 2021.

8. Mr. Sy Lai Yin, Sunny was appointed as an independent non-executive Director, a member of the remuneration committee and a member and the chairman of the audit committee of the Company with effect from 7 July 2021.

OTHER INFORMATION

USE OF NET PROCEEDS FROM THE LISTING

The net proceeds from the Global Offering were approximately HK$478.3 million (equivalent to approximately RMB427.9 million), after deducting the underwriting fees and commission, and related total expenses paid and payable by us in connection with the Listing. As at 30 June 2021, the Company has fully utilised the net proceeds of approximately RMB427.9 million and the net proceeds have been applied in the manner as set out in the section headed "Future Plans and Use of Proceeds" of the Prospectus.

The following table sets forth a summary of the utilisation of the net proceeds from the Global Offering as of 30 June 2021:

Purpose	**Percentage to total amount**	**Net proceeds allotted from the Global Offering** RMB (million)	**Actual use of proceeds up to 30 June 2021** RMB (million)	**Unutilised amount as of 30 June 2021** RMB (million)
Construct, renovate and upgrade the facilities and infrastructure of the Schools[1]	35.0%	149.8	149.8	–
Repay certain portion of the Group's bank loans	30.0%	128.4	128.4	–
Acquire private higher education institutes and/or private vocational schools	25.0%	106.9	106.9	–
Fund the Group's working capital and general corporate purposes	10.0%	42.8	42.8	–
	100.0%	427.9	427.9	–

COMPLIANCE WITH LAWS AND REGULATIONS

The Group has engaged professional service firms for advices regarding compliance matters with various jurisdictions which the Group's subsidiaries operate, and has kept a close watch on any new laws or regulatory changes.

During the six months ended 30 June 2021 and up to the date of this interim report, the Group has complied with the relevant laws and regulations that have a significant impact on the Company in material respects.

AUDIT COMMITTEE

The Company has established the Audit Committee with written terms of reference in compliance with the CG Code. As at the date of this interim report, the Audit Committee consists of four independent non-executive Directors, namely Mr. Sy Lai Yin, Sunny, Mr. Chen Wanlong, Mr. Huang Juyun and Mr. Wang Donglin. Mr. Sy Lai Yin, Sunny is the chairman of the Audit Committee, who possesses suitable professional qualifications.

REVIEW OF INTERIM RESULTS

The Audit Committee has reviewed the Interim Results (with no disagreement), together with the management of the Company. The Audit Committee has also reviewed the accounting principles and practices adopted by the Group and discussed the auditing, risk management, internal control and financial reporting matters of the Group for the six months ended 30 June 2021.

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

For the six months ended 30 June 2021

	Note	Six month ended 30 June 2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Revenue	4	**204,966**	125,579
Cost of revenue		**(95,401)**	(39,347)
Gross profit		**109,565**	86,232
Other income	5	**6,057**	4,792
Other expenses	5	**(1,832)**	(1,682)
Other (losses)/gains — net	6	**(984)**	980
Net impairment losses on financial assets	7	**(2,904)**	(4,143)
Selling expenses		**(12,909)**	(2,209)
Administrative expenses		**(36,994)**	(39,528)
Operating profit		**59,999**	44,442
Finance income		**890**	509
Finance costs		**(24,476)**	(11,234)
Finance costs — net		**(23,586)**	(10,725)
Profit before income tax		**36,413**	33,717
Income tax expenses	8	**(538)**	(850)
Profit for the period		**35,875**	32,867
Other comprehensive income for the period		**–**	–
Profit and total comprehensive income for the period, all attributable to shareholders of the Company		**35,875**	32,867
Earnings per share attributable to shareholders of the Company			
— Basic earnings per share (expressed in RMB per share)	9	**0.04**	0.03
— Diluted earnings per share (expressed in RMB per share)	9	**0.04**	0.03

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

As of 30 June 2021

	Note	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Assets			
Non-current assets			
Property, plant and equipment	11	**1,483,562**	1,001,508
Right-of-use assets	10	**322,035**	76,571
Intangible assets	12	**233,039**	164,574
Other non-current assets		**89,521**	228,922
Deferred income tax assets	17	**1,037**	1,037
Term deposits with initial term over one year		**1,000**	1,000
		2,130,194	1,473,612
Current assets			
Trade receivables	13	**49,690**	25,997
Other receivables and prepayments	14	**65,819**	33,764
Financial assets at fair value through profit or loss	15	**41,891**	45,687
Cash and cash equivalents		**252,271**	355,594
Term deposits with initial term over three months		**50,000**	50,000
Restricted bank balances		**–**	31,919
		459,671	542,961
Total assets		**2,589,865**	2,016,573
Equity and liabilities			
Equity attributable to shareholders of the Company			
Share capital		**89**	89
Share premium		**433,763**	452,406
Capital reserve		**30,000**	30,000
Statutory surplus reserves		**125,178**	112,291
Shares-based compensation reserve		**47,464**	42,720
Retained earnings		**261,860**	238,872
Total equity		**898,354**	876,378

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

As of 30 June 2021

	Note	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Liabilities			
Non-current liabilities			
Borrowings	18	**986,264**	526,826
Deferred revenue	19	**294,497**	16,604
Contract liabilities	4	**2,206**	2,561
Other non-current liabilities		**1,910**	1,819
Lease liabilities	10	**6,232**	6,641
		1,291,109	554,451
Current liabilities			
Accruals and other payables	16	**127,204**	163,136
Amount due to a related party	22	**2,701**	2,501
Borrowings	18	**215,320**	191,958
Current income tax liabilities		**33,688**	33,061
Deferred revenue	19	**8,708**	2,459
Contract liabilities	4	**10,958**	190,296
Lease liabilities	10	**1,823**	2,333
		400,402	585,744
Total liabilities		**1,691,511**	1,140,195
Total equity and liabilities		**2,589,865**	2,016,573
Net current assets/(liabilities)		**59,269**	(42,783)
Total assets less current liabilities		**2,189,463**	1,430,829

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

		Unaudited						
		Equity attributable to owners of the Company						
	Note	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Statutory surplus reserves RMB'000	Shares-based compensation reserve RMB'000	Retained earnings RMB'000	Total RMB'000
Balance at 1 January 2021		**89**	**452,406**	**30,000**	**112,291**	**42,720**	**238,872**	**876,378**
Profit for the period		**–**	**–**	**–**	**–**	**–**	**35,875**	**35,875**
Share-based compensation expense		**–**	**–**	**–**	**–**	**4,744**	**–**	**4,744**
Dividends provided for or paid		**–**	**(18,643)**	**–**	**–**	**–**	**–**	**(18,643)**
Profit appropriation to statutory reserve		**–**	**–**	**–**	**12,887**	**–**	**(12,887)**	**–**
Balance at 30 June 2021		**89**	**433,763**	**30,000**	**125,178**	**47,464**	**261,860**	**898,354**
Balance at 1 January 2020		89	471,206	30,000	82,057	14,798	191,647	789,797
Profit for the period		–	–	–	–	–	32,867	32,867
Share-based compensation expense		–	–	–	–	18,644	–	18,644
Profit appropriation to statutory reserve		–	–	–	13,971	–	(13,971)	–
Balance at 30 June 2020		89	471,206	30,000	96,028	33,442	210,543	841,308

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

	Note	Six month ended 30 June 2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Cash flows from operating activities			
Cash used in operations		**(98,088)**	(25,338)
Income tax paid		**–**	(712)
Net cash used in operating activities		**(98,088)**	(26,050)
Cash flows from investing activities			
Government grants received relating to purchase of property, plant and equipment		**1,900**	–
Interest received		**–**	509
Disposal of equity investment	15	**117**	172
Redemption of debt investments		**4,095**	–
Proceeds from disposal of property, plant and equipment		**–**	130
Acquisition of subsidiaries		**(229,184)**	–
Prepayment on investments		**(54,932)**	–
Purchases of financial assets at fair value through profit or loss	15	**–**	(48,809)
Purchases of property, plant and equipment		**(71,273)**	(60,058)
Net cash used in investing activities		**(349,277)**	(108,056)
Cash flows from financing activities			
Proceeds from share issuance upon listing		**–**	100,414
Borrowings from a securities broker		**–**	4,588
Repayment of lease liabilities		**(919)**	(313)
Proceeds from borrowings		**513,125**	–
Repayments of borrowings		**(177,906)**	(7,900)
Borrowings from a related party		**200**	–
Decrease/(increase) in restricted bank balances		**31,918**	(4)
Professional expenses paid for the listing		**–**	(5,013)
Interest paid		**(22,377)**	(9,270)
Net cash generated from financing activities		**344,041**	82,502
Net decrease in cash and cash equivalents		**(103,324)**	(51,604)
Cash and cash equivalents at the beginning of period		**355,595**	415,719
Cash and cash equivalents at the end of period		**252,271**	364,115

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2021

1 GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 25 May 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 its registered office is Cayman Corporate Centre 27 Hospital Road, George Town, Grand Cayman KY1-9008, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (together "**the Group**") provide private comprehensive educational services in Jiangxi and Guizhou provinces of the People's Republic of China (the "**PRC**"). The Group has been operating Jiangxi University of Applied Science (江西應用科技學院) since 1984, and in December 2020, the Group acquired Jiangxi Wenli Jishi College (江西文理技師學院) ("**Jishi College**") from a third party. In April 2021, the Group acquired another school, Guizhou Institute of Industry and Trade (貴州工貿職業學校) ("**Guizhou Institute**") from a third party.

The ultimate controlling party of the Group is Mr. Huang Yulin, who is an executive director and the chairman of the board of directors of the Company (the "**Controlling Shareholder**").

The shares of the Company have been listed on Stock Exchange since 13 December 2019 by way of its initial public offering.

The consolidated financial statements are presented in Renminbi ("**RMB**") and rounded to the nearest thousand yuan ("**RMB'000**"), unless otherwise stated.

2 BASIS OF PREPARATION

The condensed consolidated interim financial information for the six months ended 30 June 2021 has been prepared in accordance with IAS 34 "Interim financial reporting". The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2020, which have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**") issued by International Accounting Standards Board ("**IASB**") and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622 and applicable disclosures of Listing Rules.

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new and amended standards as set out below.

2 BASIS OF PREPARATION (continued)

2.1 New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period.

Standards

IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (Amendments) 'Interest Rate Benchmark Reform'

The new and amended standards did not have any significant impact on the Group's accounting policies and did not require retrospective adjustments.

2.2 Impact of standards issued but not yet applied by the Group

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:

New standards and amendments	Effective for annual periods beginning on or after
Annual Improvements to IFRS Standards 2018–2020	1 January 2022
IAS 1 (Amendments) 'Classification of Liabilities as Current or Non-current'	1 January 2022
IAS 16 (Amendments) 'Property, Plant and Equipment: Proceeds before intended use'	1 January 2022
IAS 37 (Amendments) 'Onerous Contracts — Cost of Fulfilling a Contract'	1 January 2022
IFRS 3 (Amendments) 'Reference to the Conceptual Framework'	1 January 2022
IFRS 17 'Insurance contracts'	1 January 2023
IAS 1 and IAS 28 (Amendments) 'Presentation of financial statements, accounting policies, changes in accounting estimates and errors'	1 January 2023
IFRS 10 and IAS 28 (Amendments) 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined

Based on the Group's current assessment, the directors do not expect a material impact on the Group's financial position and performance as a result of the adoption of these new standard and amendments when they become effective.

2 BASIS OF PREPARATION (continued)

2.3 Principles of consolidation and equity accounting

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by IFRSs.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IFRS 9 in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previously held equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised as a gain directly in the consolidated statements of comprehensive income.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When necessary, amounts reported by subsidiaries have been adjusted to conform to the Group's accounting policies.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

3.2 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 financial institutions. Management believes that there is no significant liquidity risk in view of the expected cash flows from operations and continuous support from banks in the coming twelve months.

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

	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 (Unaudited)					
Borrowings and interests	**263,993**	**321,669**	**570,550**	**240,513**	**1,396,725**
Amount due to a related party	**2,701**	**–**	**–**	**–**	**2,701**
Other non-current liabilities	**–**	**1,910**	**–**	**–**	**1,910**
Lease liabilities	**2,288**	**2,156**	**2,012**	**2,796**	**9,252**
Accruals and other payables (excluding non-financial liabilities)	**108,373**	**–**	**–**	**–**	**108,373**
	377,355	**325,735**	**572,562**	**243,309**	**1,518,961**
As at 31 December 2020 (Audited)					
Borrowings and interests	217,938	169,999	299,788	132,665	820,390
Amount due to a related party	2,501	–	–	–	2,501
Other non-current liabilities	–	2,040	–	–	2,040
Lease liabilities	2,487	2,291	2,688	2,976	10,442
Accruals and other payables (excluding non-financial liabilities)	146,438	–	–	–	146,438
	369,364	174,330	302,476	135,641	981,811

3 FINANCIAL RISK MANAGEMENT (continued)

3.3 Fair value estimation

(i) Fair value hierarchy

To provide an indication about the reliability of the inputs used in determining fair value, the Group classifies its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

The following table presents the Group's financial assets measured and recognised at fair value at 30 June 2021 on a recurring basis:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Assets				
Financial assets at FVPL (note 15)				
— Equity investments	**41,891**	**–**	**–**	**41,891**

There were no transfers between levels 1 and 2 for recurring fair value measurements during the period.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted (unadjusted) market prices at the end of the reporting period. The quoted marked price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

(ii) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments
- the present value of the estimated future cash flows based on observable yield curves

4 SEGMENT INFORMATION

(a) Description of segment and principal activities

The Group is principally engaged in the provision of private tertiary education services in the PRC. The Group's chief operating decision-maker ("**CODM**") has been identified as the chairman and executive directors of the Board 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. Accordingly, their 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 statements of comprehensive income.

(b) Segment revenue

Revenue for the period ended 30 June 2021 and 2020 are as follows:

	Six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Tuition fees	**183,146**	113,214
Boarding fees	**14,977**	8,717
Internship management fees	**867**	480
Tutoring and programme management services	**1,426**	1,475
Others	**4,550**	1,693
	204,966	125,579

4 SEGMENT INFORMATION (continued)

(b) Segment revenue (continued)

The analysis of revenue recognised over time and at a point in time as required by IFRS15 is set out below:

	Six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Recognised over time		
Tuition fees	**183,146**	113,214
Boarding fees	**14,977**	8,717
Internship management fees	**867**	480
Tutoring and programme management services	**802**	93
Others	**2,344**	1,290
Recognised at a point in time		
Tutoring and programme management services	**624**	1,382
Others	**2,206**	403
	204,966	125,579

The Group's revenue is subject to seasonal fluctuations. Where students are required to pay tuition fees at the beginning of that school year in September, recognition of tuition fees may be affected by regular school term breaks and vacation periods.

During the period, the Group operated within one geographical location because all of its revenue was generated in the PRC and all of its long-term assets/capital expenditure were located/incurred in the PRC. Accordingly, no geographical information is presented.

The Group has a large number of customers, no single customer accounted for more than 10% of the Group's revenue during the period.

4 SEGMENT INFORMATION (continued)

(c) Contract liabilities

The Group has recognised the following contract liabilities:

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Contract liabilities related to tuition fees	**3,349**	166,016
Contract liabilities related to boarding fees	**4,760**	18,543
Contract liabilities related to tutoring and programme management services	**–**	325
Contract liabilities related to other revenue	**2,455**	5,173
Contract liabilities related to other income	**2,600**	2,800
	13,164	192,857

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

	Six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Revenue recognised that was included in the balance of contract liabilities at the beginning of the period/year		
Tuition fees	**165,855**	107,451
Boarding fees	**14,451**	8,717
Tutoring and programme management services	**325**	1,016
Other revenue	**2,344**	1,693
Other income recognised that was included in the balance of contract liabilities at the beginning of the period/year		
Other income	**200**	200
	183,175	119,077

4 SEGMENT INFORMATION (continued)

(d) Unsatisfied contracts

The following table shows unsatisfied performance obligations resulting from contracts with students or companies:

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Expected to be recognised within one year		
Tuition fees	**3,343**	165,855
Boarding fees	**4,760**	18,543
Tutoring and programme management services	**–**	325
Other revenue	**2,455**	5,173
Other income	**400**	400
Expected to be recognised within one to two years		
Tuition fees	**6**	161
Sub-contracting income	**400**	400
Expected to be recognised more than two years		
Sub-contracting income	**1,800**	2,000
	13,164	192,857

5 OTHER INCOME AND OTHER EXPENSES

(a) Other income

	Six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Government grants (i)		
— Recognised from deferred revenue	**2,278**	1,241
Sub-contracting income (ii)	**3,715**	1,615
Others	**64**	1,936
	6,057	4,792

(i) Government grants mainly represent subsidies from government for procurement of laboratory apparatus and equipment, conducting educational programmes.

(ii) The Group receives income from sub-contracting the canteen catering operations and the campus stores in the School's campus to other parties.

The analysis of other income excluding government grants recognised over time and at a point in time as required by IFRS15 is set out below:

	Six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Recognised over time		
Sub-contracting income	**3,715**	1,615
Others	**6**	1,372
Recognised at a point in time		
Others	**58**	564
	3,779	3,551

5 OTHER INCOME AND OTHER EXPENSES (continued)

(b) Breakdown of other expenses by nature

	Six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Employee benefit expenses	**911**	1,007
Depreciation and amortisation expenses	**526**	211
Repair and maintenance fees	**216**	66
Promotion expenses	**10**	38
Travelling expenses	**5**	4
Office expenses	**23**	9
Electricity and water expenses	**97**	28
Students activities expenses	**2**	65
Others	**42**	254
	1,832	1,682

6 OTHER (LOSSES)/GAINS — NET

	Six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Net losses on disposal of property, plant and equipment	**(18)**	(2,652)
Donation outlay	**(1,900)**	(1,400)
Net fair value gains/(losses) on financial assets at fair value through profit or loss (note 15)	**888**	(407)
Net foreign exchange (losses)/gains	**(3)**	4,810
Others	**49**	629
	(984)	980

7 OPERATING PROFIT

In addition to the items disclosed in note 5, the following operating items have been charged to the operating profit.

	Six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Charging:		
Staff costs		
— Salaries, wages and bonuses	**55,558**	28,304
— Share-based compensation expense	**4,744**	18,644
— Contributions to pension plan	**3,430**	1,105
— Housing fund, medical insurance and other social insurance	**4,301**	1,602
Total staff costs	**68,033**	49,655
Depreciation and amortisation of		
— Property, plant and equipment	**20,024**	15,864
— Right-of-use assets	**5,136**	1,467
— Intangible assets	**5,537**	66
Net impairment losses on financial assets	**2,904**	4,143
	101,634	71,195

8 INCOME TAX EXPENSE

The amount of income tax expense charged to profit or loss in the interim condensed consolidated statement of profit or loss and other comprehensive income represents:

	Six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Current income tax		
Current income tax on profits for the period	**538**	1,996
Deferred income tax		
Decrease in deferred income tax assets (note 17)	**–**	(1,146)
Income tax expense	**538**	850
Income tax expense is attributable to:		
Profit from continuing operations	**538**	850

8 INCOME TAX EXPENSE (continued)

Cayman Islands

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 income tax.

British Virgin Islands

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.

Hong Kong

No provision for Hong Kong profit tax was provided as the Group did not have assessable profits derived from Hong Kong during the period.

Enterprise Income Tax

EIT is provided on assessable profits of entities incorporated in the PRC at the rate of 25% during the period.

According to the Implementation Rules for the Law for Promoting Private Education, private schools for which the sponsors do not require reasonable returns are eligible to enjoy the same preferential tax treatment as public schools. As a result, private schools providing academic qualification education are eligible to enjoy income tax exemption treatment if the sponsors of such schools do not require reasonable returns. The School has been granted enterprise income tax exemption for the tuition and boarding income from relevant local tax authorities.

For other profits that were not related to providing academic qualification education, the applicable tax rate was 25% during the period.

PRC Withholding Income Tax

The profits of subsidiaries of the Group in Mainland China derived are subject to withholding tax at a rate of 10% upon the distribution of such profits to foreign investors in Hong Kong. Deferred income tax liabilities have been provided for in this regard based on the expected dividends to be distributed from the Group's subsidiaries in Mainland China in the foreseeable future.

9 EARNINGS PER SHARE

(a) Basic

The basic earnings per share is calculated on the profit attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 June	
	2021 (Unaudited)	2020 (Unaudited)
Profit attributable to shareholders of the Company (RMB'000)	**35,875**	32,867
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**960,000,000**	960,000,000
Basic earnings per share (expressed in RMB per share)	**0.04**	0.03

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversation of all dilutive potential ordinary shares. The Company's potentially dilutive ordinary shares comprised of RSUs scheme.

	Six months ended 30 June	
	2021 (Unaudited)	2020 (Unaudited)
Profit attributable to shareholders of the Company (RMB'000)	**35,875**	32,867
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**960,000,000**	960,000,000
Adjustments for RSUs scheme	**27,941,000**	40,000,000
Number of shares that would have been issued at fair value	**(3,174,858)**	(18,395,662)
Weighted average number of ordinary shares for diluted earnings per share	**984,766,142**	981,604,338
Diluted earnings per share (expressed in RMB per share)	**0.04**	0.03

10 LEASES

This note provides information for leases where the Group is a lessee. The balance sheet shows the following amounts relating to leases:

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Right-of-use assets		
Land use rights	**288,222**	39,875
Favourable lease	**26,143**	27,959
Buildings	**5,806**	6,750
Equipment	**1,864**	1,987
Total right-of-use assets	**322,035**	76,571
Lease liabilities		
Current	**1,823**	2,333
Non-current	**6,232**	6,641
Total lease liabilities	**8,055**	8,974

The Group's leasing activities and how these are accounted for

The land for the current campus of Jiangxi University of Applied Science (江西應用科技學院) is allocated land grant by the government free of charge. The Group incurred reclamation and other costs amounting to RMB55,711,000. The allocated land use rights have no definite life of use stated on the relevant land use right certificates, and according to the PRC laws, without the relevant administrative authorities' permission, the schools cannot transfer, lease or mortgage such allocated land. The estimated useful life of the land for this school, for the purpose of calculating the depreciation of the cost incurred for land, is determined to be 50 years which is the best estimate of the useful life based on the normal terms of land use right leases in the PRC.

The buildings for the current campus of Jiangxi Wenli Jishi College (江西文理技師學院) are leased from a other party under a lease contact with period of 20 years, with the remaining lease period of 11 years from the date of acquisition by the Group in June 2021. The terms of the lease contract are more favourable then the current market terms of leases. Accordingly, a favourable lease right-of-use asset lease amounting to RMB27,959,000 was recognised upon the acquisition of the school in December 2020.

The Group also leases various offices and equipment. Rental contracts are typically made for fixed periods of 2 to 11 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

11 PROPERTY, PLANT AND EQUIPMENT

	Buildings and building improvements RMB'000	Vehicles RMB'000	Office furniture and fixtures RMB'000	Electronic equipment RMB'000	Construction in progress RMB'000	Total RMB'000
(Audited)						
As at 31 December 2020						
Cost	966,934	6,005	89,037	88,004	80,976	1,230,956
Accumulated depreciation	(140,688)	(2,617)	(49,442)	(36,701)	–	(229,448)
Net book amount	826,246	3,388	39,595	51,303	80,976	1,001,508
(Unaudited)						
Six months ended 30 June 2021						
Opening net book amount	**826,246**	**3,388**	**39,595**	**51,303**	**80,976**	**1,001,508**
Additions	**879**	**–**	**1,621**	**1,330**	**53,747**	**57,577**
Acquisition of subsidiaries (note 20)	**221,883**	**889**	**8,487**	**1,107**	**212,386**	**444,752**
Transfers upon completion	**87,363**	**–**	**–**	**–**	**(87,363)**	**–**
Disposals	**–**	**–**	**(209)**	**(42)**	**–**	**(251)**
Depreciation charge (note 7)	**(13,322)**	**(237)**	**(3,031)**	**(3,434)**	**–**	**(20,024)**
Closing net book amount	**1,123,049**	**4,040**	**46,463**	**50,264**	**259,746**	**1,483,562**
As at 30 June 2021						
Cost	**1,277,059**	**6,894**	**98,296**	**90,372**	**259,746**	**1,732,367**
Accumulated depreciation	**(154,010)**	**(2,854)**	**(51,833)**	**(40,108)**	**–**	**(248,805)**
Net book amount	**1,123,049**	**4,040**	**46,463**	**50,264**	**259,746**	**1,483,562**

12 INTANGIBLE ASSETS

	Goodwill RMB'000	Student base RMB'000	Computer software RMB'000	Total RMB'000
(Audited)				
At 31 December 2020				
Cost	152,484	11,557	3,060	167,101
Accumulated amortisation	–	–	(2,527)	(2,527)
Net book amount	152,484	11,557	533	164,574
(Unaudited)				
Six months ended 30 June 2021				
Opening net book amount	**152,484**	**11,557**	**533**	**164,574**
Acquisition of subsidiaries (note 20)	**56,242**	**17,760**	**–**	**74,002**
Amortisation charge (note 7)	**–**	**(5,456)**	**(81)**	**(5,537)**
Closing net book amount	**208,726**	**23,861**	**452**	**233,039**
As at 30 June 2021				
Cost	**208,726**	**29,317**	**3,060**	**241,103**
Accumulated amortisation	**–**	**(5,456)**	**(2,608)**	**(8,064)**
Net book amount	**208,726**	**23,861**	**452**	**233,039**

13 TRADE RECEIVABLES

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Trade receivables (i)		
— related to students fees	**45,900**	16,432
— related to other services	**12,138**	20,927
	58,038	37,359
Provision for impairment	**(8,348)**	(11,362)
	49,690	25,997

13 TRADE RECEIVABLES (continued)

(i) Ageing analysis of the trade receivables

Students of the School are required to pay tuition fees and boarding fees in advance for the upcoming school years, which normally commences in September of the year. The trade receivables represent tuition and boarding fees receivable from students who have not settled the fees on time. There is no significant concentration of credit risk.

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

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Up to 1 year	**41,907**	31,298
1 to 2 years	**14,756**	4,335
2 to 3 years	**1,347**	1,403
Over 3 years	**28**	323
	58,038	37,359

Ageing for trade receivables related to other services is less than 1 year.

Movements in the provision for impairment of trade receivables are as follows:

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
As at the beginning of the period/year	**11,362**	8,971
Provision for receivables impairment (note 7)	**2,904**	7,753
Written-off of uncollectible receivables	**(5,918)**	(5,362)
As at the end of the period/year	**8,348**	11,362

(ii) Fair values of trade receivables

Due to the short-term nature of the trade receivables, their carrying amounts approximated their fair values as at the balance sheet date and were denominated in RMB.

14 OTHER RECEIVABLES AND PREPAYMENTS

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Deposit for campus constructions (i)	**27,755**	16,952
Loans due from third parties (ii)	**18,070**	–
Other receivables	**12,657**	8,385
Government subsidy receivable	**5,000**	5,000
Prepayments to suppliers	**2,337**	3,427
	65,819	33,764

(i) The deposit for campus construction mainly were paid to the government and building contractors and will be refunded to the Group upon certain stage of campus constructions.

(ii) Loans due from third parties were unsecured, interest free and without fixed repayment terms. The majority of loans due from third parties has been settled in July 2021.

The carrying values of other receivables and prepayments approximated their fair values as at the balance sheet date. Other receivables and prepayments were denominated in RMB.

15 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Current assets		
Financial assets at fair value through profit or loss		
— Equity investment, listed (a)	**41,891**	41,592
— Debt investment, unlisted (b)	**–**	4,095
	41,891	45,687

15 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

(a) Equity investment

Movements in equity investment is analysed as follows:

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Securities listed on the Hong Kong Stock Exchange		
At 1 January	**41,592**	–
Additions	**–**	46,955
Disposals	**(117)**	(967)
Fair value gains/(losses) (note 6)	**888**	(754)
Foreign exchange losses	**(472)**	(3,642)
As at the end of period/year	**41,891**	41,592

As at 30 June 2021, equity investment classified as financial assets at fair value through profit or loss represented the Group's equity investment in companies listed on the Hong Kong Stock Exchange, which are quoted in an active market.

(b) Debt investment

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Wealth management products purchased from banks		
At 1 January	**4,095**	–
Additions	**–**	4,000
Disposals	**(4,095)**	–
Fair value gains	**–**	95
As at the end of period/year	**–**	4,095

16 OTHER PAYABLES

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Employee benefit payables	**11,687**	9,311
Payables for purchases of property, plant and equipment	**15,830**	19,946
Payables to suppliers on behalf of students	**6,825**	6,921
Payables to students:		
Prepayments received from students (a)	**–**	3,913
Government subsidies and other payables to students (b)	**27,059**	5,580
Insurance fund from government (c)	**5,335**	5,323
Retention money payables for campus constructions	**2,274**	1,144
Other taxes payable	**7,144**	7,387
Payables for the acquisition of a subsidiary (note 20)	**21,690**	89,800
Dividend payable	**18,824**	–
Other payables and accruals	**10,536**	13,811
	127,204	163,136

(a) The Group purchases books and other materials from suppliers on behalf of students and receives prepayments from students.

(b) The Group receives subsidies from government for distribution to students as scholarship, subsidies or other forms of incentives to students.

(c) The Group receives medical insurance funds from government for payment to students when they apply with related reimbursement supporting.

17 DEFERRED INCOME TAX

The analysis of deferred income tax assets and deferred income tax liabilities is as follows:

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Deferred income tax assets:		
Deferred income tax assets to be recovered within 12 months	**1,037**	1,037

17 DEFERRED INCOME TAX (continued)

The gross movements on the deferred income tax account are as follows:

	Temporary difference in respect of accruals RMB'000	Tax losses RMB'000	Total RMB'000
(Unaudited)			
As at 1 January 2021	350	687	1,037
Charged to the profit or loss	–	–	–
As at 30 June 2021	350	687	1,037

There were no significant unrecognised deferred income tax assets and liabilities as at 30 June 2021 and 31 December 2020.

18 BORROWINGS

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Non-current:		
Long-term bank borrowings, secured	**619,300**	454,500
Long-term bank borrowings, unsecured	**19,000**	12,000
Long-term borrowings from financial institutions, secured	**347,964**	60,326
	986,264	526,826
Current:		
Current portion of long-term bank borrowings, secured	**90,250**	56,110
Current portion of long-term bank borrowings, unsecured	**25,000**	16,000
Current portion of long-term borrowings from financial institutions, secured	**96,153**	15,750
Short-term bank borrowings, secured	**–**	30,000
Short-term bank borrowings, unsecured	**–**	70,000
Short-term borrowings from a financial institution, secured	**3,917**	4,098
	215,320	191,958
Total borrowings	**1,201,584**	718,784

For the six months ended 30 June 2021, the weighted average effective interest rates on bank borrowings were 5.47% (30 June 2020: 5.52%).

18 BORROWINGS (continued)

(a) Details of securities and guarantees to the borrowings

The Group's long-term bank borrowings are obtained in the PRC. RMB709,550,000 (2020: RMB510,610,000) were secured by the pledge of the rights over the tuition fees and boarding fees of the subsidiaries of the Group, of which RMB48,750,000 were also supported by the guarantees from Mr. Huang Yulin and his family members.

The remaining RMB44,000,000 (2020: RMB28,000,000) of long-term bank borrowings were supported by the guarantees from Mr. Huang Yulin and his family members.

The Group's long-term borrowings from financial institutions are obtained in the PRC. All of the long-term borrowings from financial institutions were secured by the pledge of the equipment of the Group's subsidiaries and supported by the guarantees from Mr. Huang Yulin and his family members, of which RMB156,479,000 (2020: RMB75,986,000) were also secured by the pledge of the rights over the tuition fees and boarding fees of the subsidiaries of the Group.

The Group's short-term borrowings from a financial institution are obtained in Hong Kong and were secured by the pledge of the equity investment of the Group.

(b) Other disclosures

(i) Fair values

The carrying amounts for the majority of the borrowings approximated their fair values as they were carried at floating interest rates.

(ii) Repayment periods

The Group's borrowings as at the balance sheet date were repayable as follows:

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Within 1 year	**215,320**	191,958
Between 1 and 2 years	**278,643**	144,899
Between 2 and 5 years	**486,621**	262,927
Over 5 years	**221,000**	119,000
Total	**1,201,584**	718,784

19 DEFERRED REVENUE

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Government grants		
Non-current	**294,497**	16,604
Current	**8,708**	2,459
Total	**303,205**	19,063

The government grants were received from the local government as subsidies to the Group's purchase of property, plant and equipment. They are amortised to the profit or loss on a straight-line basis over the expected useful lives of the related assets.

The movements of the above deferred revenue during the year were as follows:

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
As at 1 January	**19,063**	18,304
Additions	**1,900**	6,170
Acquisition of subsidiaries (note 20)	**284,520**	–
Released to other income (note 5)	**(2,278)**	(5,411)
Closing net book amount	**303,205**	19,063

20 BUSINESS COMBINATION

On 27 April 2021, a subsidiary of the Company, Nanchang Di Guan Education Consultancy Company Limited, entered into an agreement with a third party to acquire 100% of the equity interest in Guizhou Xikai Education Investment Company Limited, which holds 100% ownership of Guizhou Institute. The total purchase consideration was RMB300,000,000, payable in cash, and the identifiable net assets acquired was RMB243,758,000.

Details of the purchase consideration, the identifiable net assets acquired and the resultant goodwill are as follows:

	RMB'000
Purchase consideration:	
Cash paid	278,310
Consideration payable (note 16)	21,690
Total purchase consideration	300,000

Acquisition-related costs amounting to RMB299,806 were excluded from the purchase consideration and were recognised as expenses during the six months ended 30 June 2021.

The identifiable assets and liabilities recognised at the date of acquisition are as follows:

	Fair value RMB'000
Cash and cash equivalents	3,925
Trade receivables	27,353
Other receivables and prepayments	12,036
Prepayment for non-current assets	50
Right-of-use assets	250,600
Property, plant and equipment (note 11)	444,752
Intangible assets — student base (note 12)	17,760
Deferred income (note 19)	(284,520)
Borrowings	(84,898)
Trade and other payables	(135,743)
Contract liabilities	(7,557)
Total identifiable net assets at fair value	243,758

20 BUSINESS COMBINATION (continued)

Goodwill arising on acquisition:

	RMB'000
Purchase consideration	300,000
Less: Fair value of identifiable net assets acquired	(243,758)
Goodwill arising on acquisition (note 12)	56,242

Net cash outflow during the period on the acquisition:

	RMB'000
Consideration paid in cash	278,310
Less: cash and cash equivalent balances acquired	(3,925)
Net outflow of cash — investing activities	274,385

Impact of acquisition on the results of the Group:

The acquired business contributed revenues of RMB12,122,000 and net profit of RMB5,778,000 to the Group for the period from the date of acquisition to 30 June 2021.

21 COMMITMENTS

(a) Capital expenditure commitments

Significant capital expenditure commitments are set out below:

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Contracted but not recognised as liabilities		
— Commitments for acquisition of property, plant and equipment	**462,305**	197,751

22 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 the normal course of business of the Group and at terms negotiated between the Group and the respective related parties.

Related parties of the Group

Name of related parties	Relationship
Mr. Huang Yulin	The Controlling Shareholder, chairman and executive director

In addition to the above, the Group also had transactions with the relatives and affiliated persons of the Controlling Shareholders.

The following is a summary of the significant transactions carried out between the Group and its related parties in the ordinary course of business for the year ended 31 June 2021 and 31 December 2020, and the balances arising from related party transactions as at the respective balance sheet dates.

(a) Transactions with related parties

		30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
(i)	Loans from a related party		
	— Mr. Huang Yulin	**200**	–
(ii)	Guarantees provided by related parties to the Group's bank borrowings:		
	— Mr. Huang Yulin and his family members (note 18(a))	**536,867**	223,295
		537,067	223,295

22 RELATED PARTY TRANSACTIONS (continued)

Related parties of the Group (continued)

(b) Balances with related parties

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Amount due to a related party		
— Mr. Huang Yulin (non-trade)	**2,701**	2,501

The amount due to a related party is unsecured, non-interest bearing and payable on demand.

(c) Key management compensation

Key management includes directors (executive and non-executive), executive officers, and the Company's secretary. The compensation paid or payable to key management for employee services is as follows:

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Salaries and bonuses	**3,275**	7,001
Share-based payments	**1,486**	9,616
Other benefits	**1,468**	2,894
	6,229	19,511

23 CONTINGENT LIABILITIES

As at 30 June 2021, the Group had no significant contingent liability (31 December 2020: Nil).