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China Gingko Education Group Company Limited

中國銀杏教育集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1851)

PROFIT WARNING

This announcement is made by China Gingko Education Group Company Limited (the “**Company**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors (the “**Board**”) of the Company hereby informs the shareholders of the Company and potential investors that, based on the preliminary review of the unaudited consolidated management accounts of the Group for the year ended 31 December 2020 (the “**Reporting Period**”) and other information currently available to the Company, as compared to the corresponding period in 2019, the Group is expected to record a decrease in net profit of approximately 40%-50% for the Reporting Period.

Compared with the corresponding period in 2019, the Group expects there were increase in revenue and gross profits of approximately 5%-10% and 10%-15% for the Reporting Period respectively as a result from the increase in the total number of students in Yinxiang College. The expected decrease of net profit was primarily due to the decrease in other net gains as a result of the decrease in a one-off income from the disposal of land use right in 2019 and the increase in exchange losses arising from the depreciation of United States Dollars against Renminbi during the Reporting Period. Furthermore, there were increase in selling expenses and administrative expenses for the Reporting Period when compared with the corresponding period in 2019. It was primarily due to (i) the increase in selling expenses for promotion and student recruitment; (ii) the increase in staff costs due to the increase in headcount during the Reporting Period to support the Group’s business expansion; (iii) the increase in depreciation of the Group’s property, plant and equipment as a result of the partially completion of the construction of new campus located in Nanxi District, Yibin City, Sichuan Province (the “**Nanxi New Campus**”) and the additions of the related plant and equipment; and (iv) the increase in office expenses for the operation of the Nanxi New Campus. The Group’s finance expenses were also increased for the Reporting Period when compared with the corresponding period in 2019 as a result of the increase in bank and other borrowings during the second half of 2019 and 2020 respectively.

The Company is still in the process of finalising the annual results of the Group for the Reporting Period. The information contained in this announcement is only based on a preliminary review of the unaudited consolidated management accounts of the Group and other information currently available to the Board, which has not been confirmed or audited by the Company's auditors and is subject to possible adjustments arising from further review. The annual results of the Group for the Reporting Period may be different to the information referred in this announcement. Further details of the Group's financial results and performance will be disclosed in the Company's announcement of annual results for the Reporting Period, which is expected to be published by the end of March 2021.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

By Order of the Board
China Gingko Education Group Company Limited
Fang Gongyu
Chairman

Hong Kong, 15 March 2021

As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Fang Gongyu, Mr. Tian Tao, Ms. Yu Yuan and Mr. Ma Xiaoming, and three independent non-executive Directors, namely Mr. Jiang Qian, Mr. Wong Chi Keung and Mr. Yuan Jun.