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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)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2024

The board (the “**Board**”) of directors (the “**Directors**”) of China Gingko Education Group Company Limited (the “**Company**”, together with its subsidiaries and consolidated affiliated entities, the “**Group**”) is pleased to announce the audited consolidated results of the Group for the year ended 31 December 2024 (the “**Reporting Period**”), together with the comparative figures for the year ended 31 December 2023 as below.

	For the school year	
	2024/2025	2023/2024
Student enrollment	20,745	20,728
	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Revenue	372,687	354,862
Gross profit	209,963	213,110
Profit for the year	153,207	148,032
Earnings per share (<i>RMB Yuan</i>)	0.31	0.30

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31 December	
		2024	2023
	Note	RMB'000	RMB'000
Revenue	4	372,687	354,862
Cost of sales		<u>(162,724)</u>	<u>(141,752)</u>
Gross profit		209,963	213,110
Selling expenses		(2,831)	(3,500)
Administrative expenses		(56,451)	(52,850)
Other income	5	3,994	5,196
Other gains – net	6	<u>795</u>	<u>1,447</u>
Operating profit		155,470	163,403
Finance income		1,842	974
Finance expenses		<u>(3,480)</u>	<u>(15,615)</u>
Finance expenses – net		<u>(1,638)</u>	<u>(14,641)</u>
Profit before income tax		153,832	148,762
Income tax expenses	7	<u>(625)</u>	<u>(730)</u>
Profit for the year, all attributable to shareholders of the Company		<u>153,207</u>	<u>148,032</u>
Other comprehensive income for the year		<u>–</u>	<u>–</u>
Total comprehensive income for the year, all attributable to shareholders of the Company		<u>153,207</u>	<u>148,032</u>
Earnings per share for profit attributable to shareholders of the Company			
Basic and diluted earnings per share (<i>RMB Yuan</i>)	8	<u>0.31</u>	<u>0.30</u>

CONSOLIDATED BALANCE SHEET

		As at 31 December	
		2024	2023
	Note	RMB'000	RMB'000
ASSETS			
Non-current assets			
Right-of-use assets		63,468	64,160
Property, plant and equipment		1,236,249	1,156,047
Intangible assets		2,935	2,019
Prepayments		734	12,644
		<u>1,303,386</u>	<u>1,234,870</u>
Current assets			
Inventories		1,158	1,246
Trade and other receivables	10	8,551	6,401
Prepayments		1,625	1,168
Cash and cash equivalents		271,723	215,713
		<u>283,057</u>	<u>224,528</u>
Total assets		<u>1,586,443</u>	<u>1,459,398</u>
EQUITY			
Share capital		4,321	4,321
Share premium		134,042	134,042
Reserves		112,108	95,981
Retained earnings		687,438	550,358
Total equity		<u>937,909</u>	<u>784,702</u>

		As at 31 December	
		2024	2023
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
LIABILITIES			
Non-current liabilities			
Borrowings		189,790	269,790
Lease liabilities		663	–
Deferred government grants		544	11,931
		<u>190,997</u>	<u>281,721</u>
Current liabilities			
Accruals and other payables	<i>11</i>	134,236	123,728
Borrowings		120,000	70,000
Lease liabilities		556	161
Contract liabilities	<i>4</i>	202,241	198,569
Current income tax liabilities		504	517
		<u>457,537</u>	<u>392,975</u>
Total liabilities		<u>648,534</u>	<u>674,696</u>
Total equity and liabilities		<u>1,586,443</u>	<u>1,459,398</u>

NOTES TO THE ANNUAL RESULTS

1 GENERAL INFORMATION

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

The Company is an investment holding company and its subsidiaries and consolidated affiliated entities (collectively referred to as the “**Group**”) are principally engaged in providing private higher education services in the People's Republic of China (the “**PRC**”). The Group currently operates one higher education school, namely Gingko College of Hospitality Management (formerly known as Yinxing Hospitality Management College of Chengdu University of Information Technology) (“**Yinxing College**”). The Yinxing College has two campuses, each in Chengdu and Yibin of Sichuan Province, the PRC.

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

The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 18 January 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 AND CHANGE IN ACCOUNTING POLICIES AND DISCLOSURES

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

Consolidate of subsidiaries controlled through Contractual Arrangements

In preparation for the initial public offering of the shares of the Company on the Main Board of the Stock Exchange in 2019, the Group underwent a reorganisation (the “**Reorganisation**”), as part of which, a wholly-owned subsidiary of the Company, Chengdu Yinxing Education Management Co., Ltd. (“**Yinxing Education**”), has entered into a series of contractual agreements (the “**Contractual Agreements**”) with Chengdu Gingko Asset Management Co., Ltd. (“**Gingko Asset Management**”), Yinxing College and Chengdu Yinxing Hotel Vocational Skills Training School (“**Yinxing Training School**”) (collectively the “**Consolidated Affiliated Entities**”) and their respective shareholders, including Mr. Fang and Mr. Tian, on 14 June 2018, which enable Yinxing Education and the Group to:

- exercise effective financial and operational control over the Consolidated Affiliated Entities;
- exercise equity voting rights of the Consolidated Affiliated Entities;
- receive substantially all of the economic interest returns generated by the Consolidated Affiliated Entities in consideration for the corporate management and educational management consultancy services, as well as technical and business support services provided by Yinxing Education. Such services include development, design, upgrade and ordinary maintenance on educational software and website; design on college course and major; compilation and selection and/or recommendation on college course materials; recruitment and training supporting on teachers and other employees; admission and enrollment supporting services; public relation services; market research and development services; management and marketing consulting and related services; and other additional services as the parties may mutually agree from time to time;
- obtain an irrevocable and exclusive right to purchase all of equity interests in the Consolidated Affiliated Entities from the respective equity holders at nil consideration or a minimum purchase price permitted under PRC laws and regulations. Yinxing Education may exercise such options at any time until it has acquired all equity interests in and/or all assets of the Consolidated Affiliated Entities permitted under the PRC laws and regulations. In addition, the Consolidated Affiliated Entities are not allowed to sell, transfer, or dispose any assets, or make any distributions to their equity holders without prior consent of Yinxing Education; and
- obtain a pledge over the entire equity interest of the Consolidated Affiliated Entities from their equity holders to secure performance of the obligations of the Consolidated Affiliated Entities under the Contractual Arrangements.

The Group does not have any equity interest in the Consolidated Affiliated Entities. However, as a result of the Contractual Arrangements, the Group has rights to exercise power over the Consolidated Affiliated Entities, has exposure, or rights to variable returns from its involvement with the Consolidated Affiliated Entities, and has ability to affect those returns through its power over the Consolidated Affiliated Entities. Consequently, the Company regards the Consolidated Affiliated Entities as controlled structure entities under HKFRSs and consolidated these entities as its indirect subsidiaries in the consolidated financial statements of the Group.

Nevertheless, the Contractual Arrangements may not be as effective as direct legal ownership in providing the Group direct control over the Consolidated Affiliated Entities, due to the uncertainties presented by the PRC legal system to impede the Group's beneficiary rights of the results, assets and liabilities of the Consolidated Affiliated Entities. The directors, based on the advice of its legal counsel, consider that the Contractual Arrangements among the Consolidated Affiliated Entities and their equity shareholders are in compliance with the relevant PRC laws and regulations and are legally enforceable.

2.2 Changes in accounting policies

(a) New and amended standards adopted by the Group

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

		Effective for accounting periods beginning on or after
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1 January 2024
HKAS 1 (Amendments)	Non-current Liabilities with Covenants	1 January 2024
HKAS 16 (Amendments)	Lease Liability in Sale and Leaseback	1 January 2024
HKAS 7 and HKFRS 7 (Amendments)	Supplier Finance Arrangements	1 January 2024

(b) New standards and interpretations not yet adopted

As at the date of these consolidated financial statements, the HKICPA has issued the following new standards and amendments relevant to the Group which are not yet effective for accounting periods beginning on 1 January 2025 and have not been early adopted.

		Effective for accounting periods beginning on or after
HKAS 21 (Amendments)	Lack of Exchangeability	1 January 2025
HKFRS 9 and HKFRS 7 (Amendments)	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Annual Improvements Project	Annual Improvements to HKFRS Accounting Standards-Volumes 11	1 January 2026
HKFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027

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

3 SEGMENT INFORMATION

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

For the purpose of resource allocation and performance assessment, the CODM reviews the overall results and financial position of the Group as a whole prepared based on the accounting policies set out in the Group's consolidated financial statements for the year ended 31 December 2024. The segment information is aggregated as a single reportable segment during the year ended 31 December 2024, which is different from prior year ended 31 December 2023. In order to align the segment review with the restructured internal management and reporting structure, the segment information of comparative period has also been 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 Reporting Period of the Group as presented in the consolidated statement of comprehensive income.

4 REVENUE AND CONTRACT LIABILITIES

(a) Revenue

Revenue during the years ended 31 December 2024 and 2023 are as follows:

	Year ended 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Tuition fees	325,181	303,394
Boarding fees	27,148	24,862
Meal catering service fees	3,546	7,119
Revenue from hotel operation	3,198	4,919
Others (i)	13,614	14,568
	<u>372,687</u>	<u>354,862</u>

- (i) Others mainly represent revenue from other education and vocational training programs.

Revenue represented by:

	Year ended 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Recognised over time		
Tuition fees	325,181	303,394
Boarding fees	27,148	24,862
Hotel revenue from room rental	1,708	2,959
Others	13,614	14,568
Recognised at a point in time		
Meal catering service fees	3,546	7,119
Hotel revenue from food and beverage sales	1,490	1,960
	<u>372,687</u>	<u>354,862</u>

No customers individually accounted for more than 10% of the Group's revenue for the years ended 31 December 2024 and 2023.

(b) Contract liabilities

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

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Contract liabilities related to tuition fees	182,077	178,325
Contract liabilities related to boarding fees	18,534	17,462
Others	1,630	2,782
	202,241	198,569

(1) Revenue recognised in relation to contract liabilities

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

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Revenue recognised that was included in the balance of contract liabilities at the beginning of the year		
Tuition fees	177,929	158,802
Boarding fees	17,451	15,441
Others	2,467	1,404
	197,847	175,647

(2) Unsatisfied contracts

The contract liabilities of the Group represent the unsatisfied contracts of the Group, and are expected to be satisfied as revenue within one year.

(c) Revenue recognition accounting policy

Tuition and boarding fees are generally received in advance prior to the beginning of each academic year, and are initially recorded as contract liabilities. Tuition and boarding fees are recognised proportionately over the terms of the applicable program or the beneficial period for the students, where applicable. The portion of tuition and boarding payments received from students but not earned is recorded as contract liabilities. Amounts which will be earned within one year is reflected as a current liability, and those which will be earned beyond one year is reflected as a non-current liability.

Hotel revenue from room rental is recognised over time during the period of stay for the hotel guests.

Revenue from other education and vocational training programs are recognised proportionately over the terms of the applicable projects or programs, where applicable.

Revenue from meal catering service provided at the on-campus canteens and hotel revenue from food and beverage sales is recognised at a point in time when control of the goods has transferred, being when the goods are accepted by the customers.

5 OTHER INCOME

	Year ended 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Service income of school-enterprise cooperation projects	2,954	1,515
Government subsidies	724	3,545
Others	316	136
	<u>3,994</u>	<u>5,196</u>

Government subsidies mainly represent unconditional subsidies from government for school operations.

6 OTHER GAINS – NET

	Year ended 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Net loss on disposal of property, plant and equipment	(7)	(70)
Foreign exchange gains – net	275	1,245
Others	527	272
	<u>795</u>	<u>1,447</u>

7 INCOME TAX EXPENSES

	Year ended 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Current tax		
Current tax on profits for the year	625	730

The taxation on the Group's profit before income tax differs from the theoretical amount that would arise using the taxation rate of PRC, the principal place of the Group's operations, as follows:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Profit before income tax	<u>153,832</u>	<u>148,762</u>
Tax calculated at a taxation rate of 25% or relevant domestic tax rate applicable to profits in the respective countries	39,583	38,044
Tax effects of tuition net income not subject to tax (iv)	(39,915)	(38,421)
Tax effects of amounts which are not deductible in calculating taxable income	426	509
Utilisation of previously unrecognised tax losses	(38)	(3)
Tax losses for which no deferred tax asset has been recognised	<u>569</u>	<u>601</u>
Income tax expenses	<u><u>625</u></u>	<u><u>730</u></u>

(i) Cayman Islands corporate income tax

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

(ii) British Virgin Islands profit tax

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

(iii) Hong Kong profit tax

No provision for Hong Kong profit tax was provided as the Company and the Group did not have assessable profits in Hong Kong during the year ended 31 December 2024.

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

CIT is provided on assessable profits of entities incorporated in the PRC. Pursuant to the CIT Law, the CIT was 25% during the year.

According to the Implementation Rules for the Law for Promoting Private Education, private schools for which the school sponsors do not require reasonable returns are eligible to enjoy the same preferential tax treatment as public schools. The preferential tax treatment policies applicable to private schools requiring reasonable returns are to be separately formulated by the relevant government authorities under the State Council of the PRC. As at the date of this announcement, no regulations have been promulgated by such authorities in this regard, Yinxing College has not yet registered as for profit private schools or non-profit private schools and remains as private non-enterprise units. In accordance with the historical tax returns filed to the relevant tax authorities, the tax compliance confirmations and the Group's external legal advisor's comments on the preferential tax treatments obtained, Yinxing College has been granted corporate income tax exemption for

income generated from the provision of formal academic education services. As a result, no income tax expense was recognised for the income from the provision of formal academic education services during the year (2023: nil). In the event Yinxing College electing to register as for-profit private schools, Yinxing College may be subject to corporate income tax at a rate of 25% in respect of service fees they receive from the provision of academic educational services going forward, if they do not enjoy any preferential tax treatment.

(v) PRC withholding income tax

The profits of subsidiaries of the Group in the PRC are subject to PRC withholding income tax at a rate of 10% (2023: 10%) upon the distribution of such profits to the foreign investors in Hong Kong. Deferred income tax liabilities have not been provided for in this regard since it is not expected that dividends will be distributed from the Group's subsidiaries in the PRC to foreign investors in the foreseeable future. In the opinion of the Directors, such remaining earnings will be retained in Mainland China for the expansion of the Group's operation.

(vi) Tax losses

Deferred income tax assets were recognised for losses carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred income tax assets of approximately RMB6,552,000 (2023: RMB6,246,000) as at 31 December 2024 in respect of losses amounting to approximately RMB26,207,000 (2023: RMB24,984,000).

The amount of tax losses of the groups entities will expire in the following years:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Subsidiaries in the PRC:		
2024	–	1,052
2025	4,837	4,837
2026	8,220	8,220
2027	8,470	8,470
2028	2,405	2,405
2029	2,275	–
	<u>26,207</u>	<u>24,984</u>

The tax loss of subsidiaries in the PRC can be carried forward for five years, while the tax loss of the subsidiaries in Hong Kong can be carried forward perpetually.

8 EARNINGS PER SHARE

(a) Basic and diluted earnings per share

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

	Year ended 31 December	
	2024	2023
Profit attributable to the ordinary equity holders of the Company used in calculating basic earnings per share (<i>RMB'000</i>)	153,207	148,032
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share (<i>thousands</i>)	500,000	500,000
Basic and diluted earnings per share attributable to the ordinary equity holders of the Company (<i>RMB Yuan</i>)	<u>0.31</u>	<u>0.30</u>

As at 31 December 2024, diluted earnings per share presented is the same as the basic earnings per share as there was no potentially dilutive ordinary share outstanding.

9 DIVIDEND

No dividend has been paid or declared by the Group for the years ended 31 December 2024 and 2023, nor has any dividend been proposed subsequent to 31 December 2024.

10 TRADE AND OTHER RECEIVABLES

	As at 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables		
– Due from students	1,106	1,088
– Due from others	<u>719</u>	<u>543</u>
	<u>1,825</u>	<u>1,631</u>
Other receivables		
– Deposits	2,142	2,160
– Others	<u>4,584</u>	<u>2,610</u>
	<u>6,726</u>	<u>4,770</u>
	<u>8,551</u>	<u>6,401</u>

As at 31 December 2024 and 2023, the ageing analysis of the trade receivables based on the recognition date were as follows:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Less than 1 year	1,825	1,631

As at 31 December 2024 and 2023, trade receivables of RMB1,825,000 and RMB1,631,000 were past due but not impaired. These primarily relate to a number of independent students, and based on past experience and management's assessment, the overdue amounts can be recovered.

11 ACCRUALS AND OTHER PAYABLES

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Payables for purchases of property, plant and equipment	62,643	53,826
Miscellaneous fees received from students (<i>note (a)</i>)	27,959	28,596
Other taxes payable	10,024	6,415
Salaries and welfare payable	8,305	7,616
Accrued expenses	6,918	9,737
Government subsidies payable to students (<i>note (b)</i>)	4,307	2,533
Auditor's remuneration payable	1,300	1,580
Others	12,780	13,425
	134,236	123,728

- (a) The amounts represent the miscellaneous fees received from students which would be paid out by the Group on behalf of the students.
- (b) The amounts represent the subsidies received from the government which would be paid out to students by the Group on behalf of the government authorities.
- (c) All accruals and other payables of the Group were denominated in RMB or Hong Kong Dollars ("HKD").
- (d) As at 31 December 2024 and 2023, the fair values of accruals and other payables approximate their carrying amounts due to their short-term maturities.

12 COMMITMENTS

(a) Capital commitments

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

	As at 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Property, plant and equipment	17,737	43,452

(b) Non-cancellable operating leases

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

	As at 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
No later than 1 year	10	10
Later than 1 year and no later than 5 years	10	20
Total	20	30

MANAGEMENT DISCUSSION AND ANALYSIS

Business Overview

Overview

The Group is a higher education and vocational training service provider in Sichuan Province, the PRC, dedicated to offering comprehensive and diversified programmes and curricula to students, with the aim of nurturing talents with practical skills applicable in the modern service industry. For the 2024/2025 school year, the total number of students enrolled at Yinxing College was 20,745 (2023/2024: 20,728). In terms of graduates, approximately 5,397 students were graduated in June 2024 (2023: 4,572), representing an increase of 18.0% when compared with the 2022/2023 school year. The continuous growth in student numbers, together with the high graduate employment rate in the regions where we operate, demonstrate the appeal of the Group's extensive programmes coverage and growing brand reputation to both students and the market. The expanding student base, meanwhile, will continue to elevate the brand reputation of Yinxing College, attract talents and generate organic growth in student enrollment.

With education background and work/placement experiences becoming one of the key differentiators in the job market in China, it is believed that market demand for talents with practical experiences and readily applicable skills will continue to grow, especially for sector such as hospitality which requires significant hands-on experiences. In light of this, being a higher education and vocational training service provider focusing on the hospitality sector, the Group is well-positioned to capture the relevant growth opportunities in China.

The Schools

The Group operates one school, namely, the Yinxing College, in Sichuan Province, the PRC. The Yinxing College is divided into two campuses, namely Chengdu campus and Yibin campus. As at 31 December 2024, the Yinxing College had 10 departments (31 December 2023: 8), offering an aggregate of 29 bachelor's degree programmes (31 December 2023: 30) and 24 junior college diploma programmes (31 December 2023: 24).

The following table sets forth the enrollment statistics of Yinxing College for the 2023/2024 and 2024/2025 school years:

	Student enrollment for the school year ^(Note)		
	2024/2025	2023/2024	Change (%) Increase/ (Decrease)
Bachelor's degree programme	18,809	18,318	2.7%
Junior college diploma programme	1,936	2,410	(19.7)%
Total	20,745	20,728	0%

Note: Despite that our school year typically ends on 31 August, the Group presents student enrollment statistics as at 31 December for the 2023/2024 and 2024/2025 school years.

The number of students enrolled in Yinxing College increased as a result of its growing reputation, increasing marketing efforts as well as improving planning over enrollment.

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

	Total income for the year ended 31 December			
	2024	2023	Change	Change (%)
	RMB'000	RMB'000	RMB'000	
			Increase/ (Decrease)	Increase/ (Decrease)
Tuition fees	325,181	303,394	21,787	7.2%
Boarding fees	27,148	24,862	2,286	9.2%
Meal catering services fees	3,546	7,119	(3,573)	(50.2)%
Revenue from hotel operation	3,198	4,919	(1,721)	(35.0)%
Others ^(Note)	13,614	14,568	(954)	(6.5)%
Total	372,687	354,862	17,825	5.0%

Note: Others mainly represent revenue from other education and vocational training programs.

Outlook

Supported by its expanding enrollment network and proven track record in delivering premium private higher education, the Group remains cautiously optimistic about its future development. Going forward, the Group is committed to becoming the leader and standard-setter in hospitality education in the PRC, by pursuing the following strategies:

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

Expansion of Yinxing College

On 29 May 2023, the Group entered into a construction contract for the construction works of the expansion of Nanxi Campus (the “**Expansion Project**”). The Expansion Project mainly encompasses the construction of one student dormitory and other ancillary facilities with the total gross floor area of approximately 20,715.36 square meters. Please refer to the Company’s announcements dated 5 June 2023 and 13 June 2023 for further details. The Expansion Project was completed and the facilities were in use in the new academic year in 2024.

Financial Review

Revenue

Revenue represents the value of services rendered during the Reporting Period. The Group derives revenue primarily from tuition fees, boarding fees and meal catering services fees collected from students enrolled in Yinxing College.

The Group's revenue for the Reporting Period amounted to approximately RMB372.7 million (2023: RMB354.9 million), representing an increase of approximately 5.0%. Such increase was primarily due to the fact that: (i) tuition fees during the Reporting Period amounted to approximately RMB325.2 million (2023: RMB303.4 million), representing an increase of approximately 7.2% and (ii) boarding fees during the Reporting Period amounted to approximately RMB27.1 million (2023: RMB24.9 million), representing an increase of approximately 8.8%. The increment was attributable to the increase of student admission for the 2024/2025 school year and increase in average tuition fees and boarding fees.

Cost of Sales

Cost of sales primarily consists of salaries and benefits for the Group's school personnel, depreciation and amortisation, heating costs, training expenses, maintenance costs, teaching expenses and utilities, as well as property management cost, cleaning and greenery fees, travel expenses, office expenses, student activity costs and others.

The Group's cost of sales for the Reporting Period amounted to approximately RMB162.7 million (2023: RMB141.8 million), representing an increase of approximately 14.7%. The Group has implemented cost control measures during the Reporting Period.

Gross Profit and Gross Profit Margin

The Group's gross profit for the Reporting Period amounted to approximately RMB210.0 million (2023: RMB213.1 million). The Group's gross profit margin during the Reporting Period was approximately 56.3% (2023: 60.0%). Such decrease was primarily due to increase in the cost of sales over the increase in the revenue from tuition fee and boarding fee during the Reporting Period.

Selling Expenses

The Group's selling expenses primarily consist of expenses related to relevant publicity of our College, including student recruitment activities and promotional and advertising expenses. During the Reporting Period, the Group's selling expenses amounted to approximately RMB2.8 million (2023: RMB3.5 million).

Administrative Expenses

The Group's administrative expenses primarily consist of employee benefit expenses, property management fee, office expenses, depreciation and amortisation, professional and business consultancy fees and certain other administrative expenses. During the Reporting Period, the Group's administrative expenses amounted to approximately RMB56.5 million (2023: RMB52.9 million).

Other Income

The Group's other income during the Reporting Period amounted to approximately RMB4.0 million (2023: RMB5.2 million). Government subsidy amounted RMB0.7 million (2023: RMB3.5 million) was received during the Reporting Period.

Other Gains – net

The Group's net other gains for the Reporting Period amounted to approximately RMB0.8 million (2023: RMB1.4 million), such decrease was primarily attributable to a decrease in foreign exchange gains for the Reporting Period.

Finance Expenses – net

The Group's net finance expenses for the Reporting Period amounted to approximately RMB1.6 million (2023: RMB14.6 million). Such decrease was mainly attributable to the decrease in the new Group borrowing and the increase in interest expenses capitalised in qualifying assets.

Income Tax Expenses

The Group's income tax expenses for the Reporting Period amounted to approximately RMB0.6 million (2023: RMB0.7 million).

Profit for the Year

As a result of the combined effects of the above revenue, costs and expenses, the Group's profit increased by approximately 3.5% to approximately RMB153.2 million for the Reporting Period (2023: RMB148.0 million).

Financial Resources Review

Liquidity, Financial Resources and Capital Structure

As at 31 December 2024, the Group's cash and cash equivalents amounted to approximately RMB271.7 million (2023: RMB215.7 million), representing an increase of approximately 26.0%.

During the Reporting Period, the Group generated cash from operating activities primarily from tuition fees, boarding fees and meal catering service fees. Cash flows from operating activities have reflected (i) profit before income tax; (ii) movements in working capital; and (iii) other cash items consisting of income tax paid and interest received. Investing activities

outflows comprised primarily purchases of property, plant and equipment and intangible assets of approximately RMB108.2 million. Financing activities inflows primarily included proceeds from bank borrowings of approximately RMB40.0 million. Financing activities outflows primarily included repayment of bank and other borrowings of approximately RMB70.0 million and interest payments of approximately RMB11.2 million.

As a result, net cash generated from operating activities were approximately RMB205.7 million in 2024 (2023: RMB237.4 million). Net cash used in investing activities were approximately RMB108.2 million in 2024 (2023: RMB141.0 million). Net cash used in financing activities were approximately RMB41.8 million in 2024 (2023: RMB81.8 million).

As at 31 December 2024, the Group's borrowings amounted to approximately RMB309.8 million (2023: RMB339.8 million), representing secured bank borrowings of approximately RMB309.8 million (2023: RMB339.8 million). As at 31 December 2024, the Group's borrowings of approximately RMB120.0 million (2023: RMB70.0 million) would mature within 1 year, approximately RMB80.0 million (2023: RMB80.0 million) would mature between 1 and 2 years, approximately RMB109.8 million (2023: RMB189.8 million) would mature between 2 and 5 years and no borrowing (2023: nil) would mature over 5 years. The Group's borrowings were denominated in RMB and carried at floating interest rates as at 31 December 2024 and 2023.

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

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total debt less cash and cash equivalents. As at 31 December 2024, the Group's gearing ratio was 4.1% (2023: 15.8%). The decrease was primarily due to the decrease in the Group's borrowings in total and increase in cash and cash equivalents.

As at 31 December 2024, the Group had net current liabilities of approximately RMB174.5 million (2023: RMB168.4 million), representing an increase of approximately 3.6% which was primarily attributable to the increase in cash and cash equivalents. Taking into account of the contract liabilities of approximately RMB202.2 million (2023: RMB198.6 million), which generally will not result in cash outflows in the future, the surplus of the net working capital would be approximately RMB27.7 million (2023: RMB30.2 million).

Significant Investment, Material Acquisition and Disposal of Subsidiaries and Associated Companies

There was no significant investment, material acquisition and disposal of subsidiaries and associated companies by the Group during the Reporting Period.

Future Plan for Material Investments and Capital Assets

Save as disclosed herein, the Group did not have other plans for material investments and capital assets.

Capital Commitments

As at 31 December 2024, the Group had contracted but not provided for capital commitments of approximately RMB17.7 million, which were primarily relating to property, plant and equipment (2023: RMB43.5 million).

Currency Exposure and Management

The Group primarily operates its business in the PRC. The majority of the Group's revenue and expenditures are denominated in RMB. As at 31 December 2024, certain bank balances were denominated in RMB, United States dollars ("USD") and HKD. The Group is exposed to foreign exchange risk with respect mainly to USD and HKD which may affect the Group's performance. The Group currently does not have any foreign currency hedging policies. The management is aware of the possible exchange risk exposure due to the continuing exchange rate fluctuation of USD and HKD against RMB and will continue to monitor its impact on the performance of the Group and consider adopting prudent measures as appropriate.

Contingent Liabilities

As at 31 December 2024, the Group had no material contingent liabilities.

Pledge of Assets

As at 31 December 2024, RMB200.0 million of construction in progress and buildings, RMB3.4 million of land use rights and right over the tuition fees and boarding fees had been pledged as security to secure the bank borrowings of RMB269.8 million.

Employees and Remuneration Policy

As at 31 December 2024, the Group had 1,106 employees (31 December 2023: 960 employees). Remuneration of the Group's employees includes basic salaries, allowances, bonus and other employee benefits, and is determined with reference to their experience, qualifications and general market conditions. The emolument policy for the employees of the Group is set up by the Board on the basis of their merit, qualification and competence. As required by the PRC laws and regulations, the Group participates in various employee social security plans for the employees that are administered by local governments, including, among other things, housing provident fund, pension, medical insurance, social insurance, unemployment insurance and mandatory provident fund schemes. The Board believes that the Group is maintaining a favourable working relationship with its employees, and it has experienced no major labor disputes during the Reporting Period.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Annual General Meeting

The annual general meeting of the Company (the “AGM”) will be held on 20 June 2025 (Friday). A notice convening the AGM will be published on the websites of the Company and the Stock Exchange and dispatched to the shareholders of the Company in the manner required by the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) in due course.

Final Dividend

At the meeting of the Board held on 28 March 2025, the Board has resolved not to recommend the payment of any final dividend for the year ended 31 December 2024 (2023: nil), and intends to reinvest its profits in the Expansion Project and the Group's business expansion.

Book Closure Periods

For the purposes of ascertaining the members' eligibility to attend and vote at the AGM, the Company's register of members will be closed during the following period:

- Latest time to lodge transfers documents for registration 4:30 p.m. on 13 June 2025 (Friday)
- Closure of register of members 16 June 2025 (Monday) to 19 June 2025 (Thursday)

To be eligible to attend and vote at the AGM, all duly stamped instruments of transfers, accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar in Hong Kong, namely Boardroom Share Registrars (HK) Limited, Room 2103B, 21/F., 148 Electric Road, North Point, Hong Kong not later than the latest time as stated above.

Corporate Governance

The Company is committed to maintaining high standard of corporate governance to safeguard the interests of the shareholders of the Company and to enhance corporate value and responsibility. The Board comprises four executive Directors and three independent non-executive Directors. The Company had complied with all of the mandatory disclosure requirements and the code provisions as set out in the section headed "Part 2 – Principles of good corporate governance, code provisions and recommended best practices" of the Corporate Governance Code ("**CG Code**") under Appendix C1 to the Listing Rules. Throughout the Reporting Period, the Company has complied with the code provisions under the CG Code in force during the Reporting Period, save and except for the deviation to paragraph C.2.1 of the CG Code as stated below.

Paragraph C.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. During the Reporting Period, the chairman (the "**Chairman**") and chief executive officer (the "**CEO**") of the Company were held by Mr. Fang who has extensive experience in the industry. The Board believes that Mr. Fang can provide the Company with strong and consistent leadership and allows for effective and efficient planning and implementation of business decisions and strategies. The Board also considered that the structure of vesting the roles of chairman and chief executive officer in the same person will not impair the balance of power and authority between the Board and the management of the Company. The Board reviewed this structure from time to time to ensure appropriate and timely action to meet changing circumstances.

The Board will continue to review and monitor the practices of the Company for the purpose of complying with the CG Code and maintaining a high standard of corporate governance practices of the Company.

Further information of the corporate governance practice of the Company will be set out in the corporate governance report in the annual report of the Company for the Reporting Period.

Corporate Social Responsibility & Environmental Matters

While the Company endeavours to promote business development and strive for greater rewards for our stakeholders, it acknowledges its corporate social responsibility to share some burden in building the society where our business has been established and thrived.

Purchase, Sale and Redemption of Shares

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's securities listed on the Stock Exchange during the Reporting Period.

Events after the Reporting Period

Subsequent to 31 December 2024 and up to the date of this announcement, the Group had no material events affecting the Group which have occurred since the end of the Reporting Period that has come to the attention of the Directors.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as its code of conduct for the dealings in securities transactions by the Directors.

Having made specific enquiry of all the Directors of the Company, all the Directors have confirmed that they have strictly complied with the required standards set out in the Model Code throughout the Reporting Period.

Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Directors have confirmed that the Company has maintained sufficient public float as required under the Listing Rules during the Reporting Period and up to the date of this announcement.

Audit Committee

The Company has established the audit committee (the “**Audit Committee**”) with written terms of reference in compliance with Rule 3.22 of the Listing Rules and the CG Code. As of the date of this announcement, the Audit Committee consists of three members, namely Mr. Wong Chi Keung, Mr. Jiang Qian and Mr. Yuan Jun, who are all independent non-executive Directors of the Company. The chairman of the Audit Committee is Mr. Wong Chi Keung who has the appropriate professional qualifications or related financial management expertise as

required under Rule 3.10(2) of the Listing Rules. The annual results for the Reporting Period of the Company have been reviewed by the Audit Committee. The Audit Committee has also reviewed the accounting policies and practices adopted by the Company and discussed risk management and internal control with senior management members.

Scope of Work for Annual Results Announcement by Auditors

The figures in respect of the preliminary announcement of the Group's results for the Reporting Period have been agreed with the Group's auditor, PricewaterhouseCoopers ("PwC"), to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PwC in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PwC on the preliminary announcement.

Publication of Annual Results and Annual Report

This annual results announcement is published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.chinagingkoedu.com>). The annual report of the Company for the Reporting Period containing all the information required by the Listing Rules will be despatched to shareholders of the Company and made available for review on the same websites in due course.

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

Hong Kong, 28 March 2025

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