



中國銀杏教育集團有限公司

China Gingko Education Group Company Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1851



Interim Report

2019

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

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

Independent Non-executive Directors

Mr. Jiang Qian
Mr. Chong Man Hung Jeffrey
Mr. Yuan Jun

Audit Committee

Mr. Chong Man Hung Jeffrey (*Chairman*)
Mr. Jiang Qian
Mr. Yuan Jun

Nomination Committee

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

Remuneration Committee

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

Joint Company Secretaries

Mr. Tian Tao
Mr. Wan Chi Hei

Authorised Representatives

Mr. Tian Tao
Mr. Wan Chi Hei

AUDITOR

PricewaterhouseCoopers

COMPLIANCE ADVISOR

Somerley Capital Limited

PRINCIPAL BANKERS

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

REGISTERED OFFICE

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

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

2 Jinli Zhonglu
Qingyang District
Chengdu City, Sichuan Province
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

31/F., 148 Electric Road
North Point
Hong Kong

PRINCIPAL SHARE REGISTRAR

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor
Services Limited
Shops 1712–1716, 17th Floor
Hopewell Centre
183 Queens Road East
Wan Chai
Hong Kong

INVESTOR RELATIONS

Phone: +852 3619 0955
Email: maple.chen@gingkoeducn.com

COMPANY WEBSITE

<http://www.chinagingkoedu.com>

STOCK CODE

1851

Business Overview

Overview

China Gingko Education Group Company Limited (the “**Company**”, together with its subsidiaries and consolidated affiliated entities, the “**Group**”) is a higher education service provider in Sichuan Province. As at 30 June 2019, approximately 10,200 students were enrolled in Yinxing Hospitality Management College of CUIT (“**Yinxing College**”). The Group is dedicated to offering comprehensive and diversified programmes and curriculum and training talents with practical skills applicable to the modern service industry. The effectiveness of the practical curricula and training programmes is reflected in its high graduate employment rates. For the 2018/2019 school year, 2,497 students were graduated from Yinxing College in June 2019. The initial graduate employment rate of Yinxing College was approximately 92.2%, which we believe will continue to elevate the brand reputation of Yinxing College and help attract the talented.

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

The Schools

The one college and one vocational training school the Group operates are Yinxing College and Chengdu Yinxing Hotel Vocational Skills Training School (“**Yinxing Training School**”). Yinxing College has eight departments and offers in aggregate 25 bachelor’s degree programmes and 22 junior college diploma programmes. As at 30 June 2019, Yinxing Training School had not commenced any business operation.

The number of students enrolled in Yinxing College increased from approximately 9,600 students in 2017/2018 school year to approximately 10,200 students in 2018/2019 school year, representing an increase of 6.3% or approximately 600 students. The number of students enrolled in Yinxing College increased because the Group has increased its marketing efforts, enhanced its reputation, attracted more talents and increased its plan of enrollment.

Management Discussion and Analysis

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 six months ended 30 June			
	2019	2018	Change	Change
	RMB'000	RMB'000	RMB'000	(%)
	(unaudited)	(audited)	Increase/ (decrease)	Increase/ (decrease)
Tuition fees	71,120	67,463	3,657	5.4
Boarding fees	5,404	4,700	704	15.0
Meal catering services fees	5,763	5,900	(137)	(2.3)
Others ⁽¹⁾	1,937	4,275	(2,338)	(54.7)
Total	84,224	82,338	1,886	2.3

Note:

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

Outlook

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

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

In February 2019, the Group entered into a consultancy agreement with the School of Hotel and Tourism Management of The Hong Kong Polytechnic University (the “**SHTM**”). During the six months ended 30 June 2019, SHTM delivered its first interim consultancy report to the Group in respect of the concepts of design, facilities and operations of the education hotel. SHTM had also shared certain case studies with the Group in respect of the interaction between the education hotel and Yinxing College, such as the use of the hotel’s facilities for education purpose. In the second half of 2019, the Group aims to establish a comprehensive curriculum which will focus on practical skills applicable to the hospitality management industry and in connection with the design concepts of the education hotel with reference to the advice from SHTM.

In March 2019, the Group entered into a land use rights grant contract in respect of the grant of a piece of land located in Yibin City, Sichuan Province for construction of a new campus (the “**Nanxi New Campus**”). In May 2019, the Group entered into a construction contract for the construction works of phase I of the Nanxi New Campus (the “**Construction Project**”) which included two stages. As at 30 June 2019, the Group had obtained the land use permit, construction project planning permit and construction permit for the Construction Project. As at the date of this interim report, the Group has obtained the land use right certificate while stage one of the Construction Project, which included the construction of an education hotel (excluding its re-decoration and landscaping), a classroom building, an office building, a canteen and two dormitories, had been completed. Stage two of the Construction Project is undergoing and is expected to be completed before May 2021. With the rapid growth of the private higher education market in the recent years, the Group is of the view that the construction of the Nanxi New Campus will bring a positive impact to the Group in the long run.

Financial Review

Revenue

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

The revenue of the Group increased by approximately 2.3% from approximately RMB82.3 million for the six months ended 30 June 2018 to approximately RMB84.2 million for the six months ended 30 June 2019. This increase was primarily due to the increase in tuition fees and boarding fees, which was primarily attributable to the increase in student enrollment during the school year 2018/2019. The decrease in revenue from research projects and training programmes was primarily attributable to the completion of a one-off training programme by the Group in 2018.

Cost of Sales

Cost of sales increased by approximately 6.5% from RMB40.2 million for the six months ended 30 June 2018 to RMB42.8 million for the six months ended 30 June 2019. The increase was primarily due to the increase in its employee benefit expenses as a result of the increased number of teachers and staff since the second half of 2018.

Gross Profit and Gross Profit Margin

Gross profit of the Group decreased from approximately RMB42.1 million for the six months ended 30 June 2018 to approximately RMB41.4 million for the six months ended 30 June 2019, and the gross profit margin decreased by approximately 2.0% from approximately 51.2% for the six months ended 30 June 2018 to approximately 49.2% for the six months ended 30 June 2019. The primary underlying reasons were (i) the decrease in the revenue contributed by research projects and training programmes, which normally generate higher profit margin, and (ii) the increase of the Group's employee benefit expenses.

Selling Expenses

The Group's selling expenses primarily consist of expenses related to its student recruitment activities. The selling expenses decreased from approximately RMB1.2 million for the six months ended 30 June 2018 to approximately RMB1.0 million for the six months ended 30 June 2019.

Administrative Expenses

The Group's administrative expenses primarily consist of employee benefit expenses, property management fee, office expenses, depreciation and amortisation and certain other administrative expenses. The administrative expenses decreased from approximately RMB20.1 million for the six months ended 30 June 2018 to approximately RMB18.6 million for the six months ended 30 June 2019. The decrease was mainly attributable to the decrease of the expenses in relation to the listing on the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited on 18 January 2019 (the "**Listing**").

Other Income

Other income of the Group increased to approximately RMB0.7 million for the six months ended 30 June 2019 from approximately RMB44,000 for the six months ended 30 June 2018 primarily due to the government subsidies of RMB0.7 million received by the Group during the six months ended 30 June 2019.

Other Gains/Losses — net

The net gains of the Group increased to approximately RMB1.0 million for the six months ended 30 June 2019 from approximately RMB0.7 million for the six months ended 30 June 2018 which was primarily attributable to the increase in exchange gain as a result of the favourable exchange rates between Hong Kong dollars and RMB.

Finance Income

For the six months ended 30 June 2019, the Group's finance income decreased by approximately RMB0.4 million, from approximately RMB0.5 million for the six months ended 30 June 2018 to approximately RMB0.1 million. The decrease for the six months ended 30 June 2019 was mainly attributable to the decrease in the Group's interest income from a related party.

Finance Expenses

For the six months ended 30 June 2019, the Group's finance expenses decreased from RMB2.0 million for the six months ended 30 June 2018 to approximately RMB0.6 million. The decrease for the six months ended 30 June 2019 was mainly attributable to an increase in interest expenses capitalised in qualifying-assets.

Profit Before Income Tax

As a result of the foregoing, the profit before income tax of the Group increased by 9.6% from approximately RMB21.1 million for the six months ended 30 June 2018 to approximately RMB23.1 million for the six months ended 30 June 2019.

Income Tax Expenses

The Group's income tax expenses were approximately RMB0.2 million for the six months ended 30 June 2019 whereas income tax expenses were approximately RMB1.4 million for the six months ended 30 June 2018. The decrease for the six months ended 30 June 2019 was mainly attributable to the decrease in revenue from research projects and training programmes which are subject to corporate income tax in the PRC.

Profit for the Period

As a result of the foregoing, profit of the Group for the six months ended 30 June 2019 increased by 16.8% from approximately RMB19.7 million for the six months ended 30 June 2018 to approximately RMB23.0 million.

Financial Resources Review

Liquidity, Financial Resources and Capital Structure

As at 30 June 2019, the Group's cash and cash equivalents amounted to RMB109.3 million, representing a decrease of approximately 4.8% from RMB114.8 million as at 31 December 2018.

Net cash used in operating activities were RMB43.3 million for the six months ended 30 June 2019, as compared with net cash used in operating activities of RMB80.6 million for the six months ended 30 June 2018. Net cash used in investing activities were RMB111.3 million for the six months ended 30 June 2019, as compared with net cash generated from investing activities of RMB6.8 million for the six months ended 30 June 2018. Net cash generated from financing activities were RMB149.0 million for the six months ended 30 June 2019, as compared with net cash generated from financing activities of RMB90.2 million for the six months ended 30 June 2018.

As at 30 June 2019, the Group's borrowings amounted to RMB115.5 million (31 December 2018: RMB104.6 million), representing secured bank borrowings of RMB70.0 million (31 December 2018: RMB98.5 million) and secured loans from a third party of RMB45.5 million (31 December 2018: unsecured loans from third parties of RMB6.1 million). As at 30 June 2019, the Group's borrowings of RMB89.0 million would mature within 1 year, RMB17.4 million would mature between 1 and 2 years and RMB9.1 million would mature between 2 and 3 years. The Group had banking facilities in an aggregate amount of RMB700.0 million, of which nil was utilised.

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.

Management Discussion and Analysis

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 2018, the Group maintained at net cash position. As at 30 June 2019, the Group's gearing ratio was 1.3%.

As at 30 June 2019, the Group had net current liabilities of RMB15.2 million, as compared with net current liabilities of RMB15.2 million as at 31 December 2018.

Capital Commitments

As at 30 June 2019, the Group had contracted but not provided for capital commitments of approximately RMB566.7 million, which were primarily relating to the investment in the Nanxi New Campus, as compared with the total amount of capital expenditures contracted for but not yet incurred of RMB640.3 million as at 31 December 2018.

Currency Exposure and Management

The majority of the Group's revenue and expenditures are denominated in RMB. As at 30 June 2019, certain bank balances were denominated in RMB and Hong Kong dollars. The Group is exposed to foreign exchange risk with respect mainly to Hong Kong dollars 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 Hong Kong dollars against RMB and will continue to monitor its impact on the performance of the Group and consider adopting prudent measures as appropriate.

Contingent Liabilities

As at 30 June 2019, the Group had no material contingent liabilities.

Pledge of Assets

As at 30 June 2019, RMB7,000,000 had been pledged as a refundable security deposit to secure the loans from an independent third party.

Employees and Remuneration Policy

As at 30 June 2019, the Group had 752 employees, as compared with 693 employees as at 31 December 2018. The increase of the Group's number of employees was mainly attributable to the continuous recruitment of qualified teachers for Yinxing College to enhance its teaching quality. As required by the PRC laws and regulations, the Group participates in various employee social security plans for the employees that are administered by local governments, including, among other things, housing provident fund, pension, medical insurance, social insurance and unemployment insurance. The Board believes that the Group is maintaining a favourable working relationship with its employees, and it has experienced no major labour disputes during the six months ended 30 June 2019.

Material Acquisition or Disposal or Significant Investment

As disclosed in the Company's announcements and circulars dated 14 March 2019, 10 May 2019 and 30 June 2019, the Group acquired the land use rights for a piece of land with a total site area of approximately 333,360 square metres at a total consideration of approximately RMB155 million, and entered into a construction contract for the contract sum of RMB210 million with a contractor to undertake construction works, for establishing the phase I of the Nanxi New Campus.

Save as disclosed above, during the six months ended 30 June 2019, the Group did not have any material acquisitions or disposals of subsidiaries or associated companies and did not have any significant investments.

Corporate Governance and Other Information

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

As at 30 June 2019, the interests or short positions of the Directors or chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) (“SFO”)) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short positions which they were taken or deemed to have under such provisions of the SFO) or which would be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which would be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”), to be notified to the Company and the Stock Exchange, are as follows:

(1) Long position in the Shares of the Company

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

Notes:

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

(2) Long position in the shares of associated corporation

<u>Name of Director</u>	<u>Name of associated corporation</u>	<u>Nature of Interest</u>	<u>Number of Shares</u>	<u>Approximate percentage of Shareholding</u>
Mr. Fang Gongyu	Vast Universe	Beneficial owner	1 ordinary share	100%

Save as disclosed above, as at 30 June 2019, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required: (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken or deemed to have under such provisions of the SFO), (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein, or (c) pursuant to the Model Code to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS

As at 30 June 2019, the following persons (other than the Directors and chief executives of the Company) had or deemed or taken to have an interest and/or short position in the shares or the underlying shares which would fall to be disclosed under the provisions of Division 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company under section 336 of SFO, or who was, directly or indirectly, interested in 5% or more of the issued share capital of the Company:

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

Notes:

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

Save as disclosed above, as at 30 June 2019, so far as the Directors or chief executive of the Company are aware, no other persons (other than a Director or the chief executive of the Company) or entities had any interests or short positions in the Shares or underlying Shares, which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required, pursuant to section 336 of the SFO, to be recorded in the register referred to therein.

MATERIAL ACQUISITIONS OR DISPOSAL OR SIGNIFICANT INVESTMENT

As disclosed in the Company's announcements and circulars dated 14 March 2019, 10 May 2019 and 30 June 2019, the Group acquired the land use rights for a piece of land with a total site area of approximately 333,360 square metres at a total consideration of approximately RMB155 million, and entered into a construction contract for the contract sum of RMB210 million with a contractor to undertake construction works, for establishing the phase I of the Nanxi New Campus.

Save as disclosed above, during the six months ended 30 June 2019, the Group did not have any material acquisitions or disposals of subsidiaries or associated companies and did not have any significant investments.

PURCHASE, SALE AND REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities listed on the Stock Exchange during the period from 18 January 2019 (the "Listing Date") up to 30 June 2019.

CORPORATE GOVERNANCE

The Company is committed to maintaining high standard of corporate governance to safeguard the interests of the shareholders of the Company and to enhance corporate value and responsibility. The Board comprises four executive Directors and three independent non-executive Directors. The Board has adopted the code provisions of the Corporate Governance Code ("**CG Code**") set out in Appendix 14 to the Listing Rules. Since the Listing Date and up to 30 June 2019, the Company has complied with the code provisions under the CG Code, save and except for the deviation to paragraph A.2.1 below.

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

Having made specific enquiry of all the Directors of the Company, all the Directors confirmed that they had strictly complied with the required standards set out in the Model Code throughout the period from the Listing Date up to 30 June 2019.

SHARE OPTION SCHEME

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

INTERIM DIVIDEND

At the meeting of the Board held on 30 August 2019, the Board has resolved not to pay any interim dividend for the six months ended 30 June 2019.

EVENTS AFTER THE PERIOD

On 19 July 2019, Gingko Asset Management Co., Limited (成都銀杏資產管理有限公司) ("**Gingko Asset Management**") entered into a land resumption compensation agreement with Chengdu Pidu District Land Reserve Centre (成都市郫都區土地儲備中心) (the "**Chengdu PDLRC**"), pursuant to which Gingko Asset Management has undertaken to surrender a portion of a parcel of land located at No. 60, Guangchang Road North Second Section, Hongguang Town, Pidu District, Chengdu City, Sichuan Province (四川省成都市郫都區紅光鎮廣場路北二段60號) involving a site area of approximately 5,027.6 square metres to Chengdu PDLRC has a consideration of a cash compensation of approximately RMB6,691,000. For details of the land resumption compensation agreement, please refer to the announcement of the Company dated 19 July 2019.

Save as disclosed in this interim report, there was no other significant subsequent events relevant to the business or financial performance of the Group that come to the attention of the Directors since 30 June 2019.

USE OF PROCEEDS FROM THE LISTING

The Company issued 125,000,000 new Shares (the “**Global Offering**”) at the issue price of HK\$1.44 per Share in the connection with the Listing. The net proceeds after deducting the (i) underwriting commissions and incentive fees, and (ii) other expenses payable by the Group in connection with the Global Offering amounted to approximately HK\$157.8 million (equivalent to approximately RMB136.4 million). The following table sets forth the use of proceeds by the Group as at 30 June 2019:

	Budget	Amount that had been utilised as at 30 June 2019 (RMB'000,000)	Remaining balance as at 30 June 2019
For construction of the Nanxi New Campus	116.0	60.3	55.7
For recruitment of high-caliber teachers and staff	13.6	1.6	12.0
For general business operations and working capital	6.8	2.7	4.1
Total	136.4	64.6	71.8

The unutilised net proceeds are generally placed in licensed financial institutions as short-term deposits. There has been no change to the intended use of net proceeds as previously disclosed in the prospectus of the Company dated 21 December 2018. The proceeds were used and are proposed to be used as and when appropriate based on the Group’s business needs according to the intentions previously disclosed in the prospectus of the Company.

CHANGES TO DIRECTORS’ INFORMATION

The Directors confirm that no information is required to be disclosed pursuant to Rule 13.51B (1) of the Listing Rules.

PUBLIC FLOAT

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, the Company had maintained sufficient public float as required under the Listing Rules from the Listing Date and up to 30 June 2019.

AUDIT COMMITTEE

As at the date of this interim report, the audit committee of the Company (the “**Audit Committee**”) consists of Mr. Chong Man Hung Jeffrey, Mr. Jiang Qian and Mr. Yuan Jun, who are independent non-executive Directors of the Company. The chairman of the Audit Committee is Mr. Chong Man Hung Jeffrey. The unaudited interim condensed consolidated financial information for the six months ended 30 June 2019 of the Company have been reviewed by the Audit Committee.

Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2019
(All amounts expressed in RMB thousands unless otherwise stated)

	Note	Six months ended 30 June 2019 RMB'000 (Unaudited)	Six months ended 30 June 2018 RMB'000 (Audited)
Revenue	6	84,224	82,338
Cost of sales		(42,795)	(40,201)
Gross profit		41,429	42,137
Selling expenses		(972)	(1,195)
Administrative expenses		(18,559)	(20,133)
Other income		680	44
Other gains/(losses) — net		1,002	726
Operating profit	7	23,580	21,579
Finance income	8	133	492
Finance expenses	8	(573)	(1,997)
Finance (expenses)/income — net		(440)	(1,505)
Share of net profit of an associate accounted for using the equity method		—	1,031
Profit before income tax		23,140	21,105
Income tax expenses	9	(163)	(1,427)
Profit for the period		22,977	19,678
Other comprehensive income for the period		—	—
Total comprehensive income for the period		22,977	19,678
Profit and total comprehensive income attributable to owners of the Company		22,977	19,678
Earnings per share for profit attributable to owners of the Company			
Basic and diluted (RMB Yuan)	10	0.05	0.05

The notes on pages 19 to 44 are an integral part of this condensed consolidated interim financial information.

Interim Condensed Consolidated Balance Sheet

As at 30 June 2019

(All amounts expressed in RMB thousands unless otherwise stated)

	Note	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
ASSETS			
Non-current assets			
Prepaid land lease payments	12	71,707	38,734
Property, plant and equipment	13	393,981	379,595
Intangible assets	14	1,201	870
Prepayments	16	61,797	133
		<u>528,686</u>	<u>419,332</u>
Current assets			
Trade and other receivables	15	923	827
Prepayments	16	916	12,566
Cash and cash equivalents		109,251	114,814
		<u>111,090</u>	<u>128,207</u>
Total assets		<u>639,776</u>	<u>547,539</u>
EQUITY			
Share capital	17	4,321	—
Share premium	17	134,042	—
Reserves		67,936	67,936
Retained earnings		280,651	257,674
Total equity		<u>486,950</u>	<u>325,610</u>
LIABILITIES			
Non-current liabilities			
Borrowings	19	26,508	78,500
Current liabilities			
Accruals and other payables	18	31,238	38,987
Amounts due to related parties		5	—
Borrowings	19	89,013	26,148
Contract liabilities	6	5,951	77,534
Current income tax liabilities		111	760
		<u>126,318</u>	<u>143,429</u>
Total liabilities		<u>152,826</u>	<u>221,929</u>
Total equity and liabilities		<u>639,776</u>	<u>547,539</u>

The notes on pages 19 to 44 are an integral part of this condensed consolidated interim financial information.

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2019
(All amounts expressed in RMB thousands unless otherwise stated)

	(Audited)					
	Attributable to owners of the Company					
	Share capital <i>RMB'000</i> <i>(Note 17)</i>	Share premium <i>RMB'000</i> <i>(Note 17)</i>	Capital reserves <i>RMB'000</i>	Statutory surplus reserves <i>RMB'000</i>	Retained earnings <i>RMB'000</i>	Total <i>RMB'000</i>
As at 1 January 2018	—	—	50,000	18,050	232,652	300,702
Profit and total comprehensive income for the period	—	—	—	—	19,678	19,678
As at 30 June 2018	—	—	50,000	18,050	252,330	320,380
	(Unaudited)					
	Attributable to owners of the Company					
	Share capital <i>RMB'000</i> <i>(Note 17)</i>	Share premium <i>RMB'000</i> <i>(Note 17)</i>	Capital reserves <i>RMB'000</i>	Statutory surplus reserves <i>RMB'000</i>	Retained earnings <i>RMB'000</i>	Total <i>RMB'000</i>
As at 1 January 2019	—	—	50,000	17,936	257,674	325,610
Profit and total comprehensive income for the period	—	—	—	—	22,977	22,977
Transactions with owners in their capacity as owners	—	—	—	—	—	—
Issuance of shares by share offer, net of expenses related to issuance of shares	1,080	137,283	—	—	—	138,363
Capitalisation of shares	3,241	(3,241)	—	—	—	—
As at 30 June 2019	4,321	134,042	50,000	17,936	280,651	486,950

The notes on pages 19 to 44 are an integral part of this condensed consolidated interim financial information.

Interim Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2019

(All amounts expressed in RMB thousands unless otherwise stated)

	Note	Six months ended 30 June 2019 RMB'000 (Unaudited)	Six months ended 30 June 2018 RMB'000 (Audited)
Cash flows from operating activities			
Cash generated from operations		(42,623)	(80,680)
Interest received		133	122
Income tax paid		(812)	—
Net cash used in operating activities		(43,302)	(80,558)
Cash flows from investing activities			
Proceeds from government subsidies related to land use rights		149,513	—
Purchases of land use rights		(178,425)	—
Purchases of property, plant and equipment		(81,795)	(20,137)
Purchases of intangible assets		(551)	(97)
Proceeds from disposal of property, plant and equipment		—	2
Dividends from an associate		—	689
Proceeds from disposal of interest in an associate		—	13,602
Proceeds from disposal of a subsidiary, net of cash paid		—	15
Interest received from related parties		—	704
Loans to related parties	21	—	(153,000)
Receipts of repayment of loans to related parties	21	—	165,000
Net cash (used in)/generated from investing activities		(111,258)	6,778
Cash flows from financing activities			
Capital contribution from owners		—	—
Proceeds from bank borrowings		70,000	100,000
Repayment of borrowings from bank		(98,500)	—
Borrowings from related parties	21	—	5,000
Repayment of borrowings from related parties	21	—	(14,100)
Borrowings from third parties		79,100	2,532
Repayment of borrowings from third parties		(39,727)	—
Interest paid		(3,815)	(1,929)
Proceeds from share issuance upon listing		155,575	—
Professional expenses paid in connection with the issuance of new shares during the listing process		(13,636)	(1,260)
Net cash generated from financing activities		148,997	90,243
Net (decrease)/increase in cash and cash equivalents		(5,563)	16,463
Cash and cash equivalents at beginning of the period		114,814	75,965
Cash and cash equivalents at end of the period		109,251	92,428

The notes on pages 19 to 44 are an integral part of this condensed consolidated interim financial information.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2019
(All amounts expressed in RMB thousands unless otherwise stated)

1 General information

The Company was incorporated in the Cayman Islands on 23 March 2018 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is Cricket Square, Hutchins Drive, 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**") is principally engaged in providing private higher education services in the People's Republic of China (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 (the "**Listing**") by way of its initial public offering (the "**IPO**"). Please refer to note 17(b) for details.

This condensed consolidated interim financial information is presented in Renminbi ("**RMB**") and rounded to the nearest thousand yuan, unless otherwise stated. This condensed consolidated interim financial information has been approved for issue by Board of Directors on 30 August 2019.

This condensed consolidated interim financial information has not been audited.

2 Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 June 2019 has been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 "Interim financial reporting". This condensed consolidated interim financial information does not include all the notes of the type normally included in an annual consolidated financial statements. Accordingly, it should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2018, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") except for the adoption of new and amended standards as disclosed in Note 3.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2019

(All amounts expressed in RMB thousands unless otherwise stated)

3 Significant accounting policies

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2018, as described in those annual financial statements.

(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
HK (IFRIC) Interpretation 23	Uncertainty over income tax treatments	1 January 2019
HKFRS 16	Leases	1 January 2019
Amendments to HKFRS 9	Prepayment features with negative compensation	1 January 2019
Amendments to HKAS 19	Plan amendment, curtailment or Settlement	1 January 2019
Amendments to HKAS 28	Long-term interests in associates and joint ventures	1 January 2019

For the six months ended 30 June 2019

(All amounts expressed in RMB thousands unless otherwise stated)

3 Significant accounting policies (Continued)**(a) New and amended standards adopted by the Group** (Continued)**HKFRS 16 Leases**

Under HKFRS 16, lessees are required to recognise a lease liability reflecting future lease payments and a right-of-use asset for all lease contracts in the balance sheet. Lessees will also have to present interest expense on the lease liability and depreciation on the right-of-use asset in the income statement. In comparison with operating leases under HKAS 17, this will change not only the allocation of expenses but also the total amount of expenses recognised for each period of the lease term. The combination of a straight-line depreciation of the right-of-use asset and the effective interest rate method applied to the lease liability will result in a higher total charge to profit or loss in the initial years of the lease, and decreasing expenses during the latter part of the lease term. The new standard has included an optional exemption for certain short-term leases and leases of low-value assets. This exemption can only be applied by lessees. The Group has adopted the optional exemption because all the Group's leases are relate to short-term leases and low value leases, which were recognised on a straight-line basis as expense in profit or loss.

	<i>RMB'000</i>
Operating lease commitments disclosed as at 31 December 2018	152
Less:	
Short-term leases recognised on a straight-line basis as expense	(132)
Low-value leases recognised on a straight-line basis as expense	(20)
	<u>—</u>
Add:	
Reclassification of land use rights	<u>38,734</u>
Right-of-use assets recognised as at 1 January 2019	<u>38,734</u>

The right-of-use assets are presented under the prepaid land lease payments. Please refer to note 12 for details.

As at 30 June 2019, the Group has non-cancellable operating lease commitments of approximately RMB25,000 (note 20(b)). Of these commitments, approximately RMB10,000 relate to short-term leases and RMB15,000 relate to low value leases which will both be recognised on a straight-line basis as expense in profit or loss.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2019

(All amounts expressed in RMB thousands unless otherwise stated)

3 Significant accounting policies (Continued)

(b) New standards and interpretations not yet adopted

As at the date of this condensed consolidated interim financial information, the Hong Kong Institute of Certified Public Accountants has issued the following new standards and amendments relevant to the Group which are not yet effective for accounting periods beginning after 1 January 2019 and have not been early adopted.

		Effective for accounting periods beginning on or after
HKFRS 17	Insurance contracts	1 January 2021
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

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

4 Financial risk management

4.1 Financial risk factors

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

The condensed consolidated interim financial information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2018.

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

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2019

(All amounts expressed in RMB thousands unless otherwise stated)

4 Financial risk management (Continued)

4.2 Liquidity risk

To manage the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Group expects to fund its future cash flow needs through internally generated cash flows from operations and borrowings from the financial institutions. Management believes that there is no significant liquidity risk in view of the expected cash flow from operations and continuing support from banks in the coming twelve months from the balance sheet date of 30 June 2019.

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

	(Unaudited)			
	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 3 years RMB'000	Total RMB'000
As at 30 June 2019				
Borrowings (principal plus interests)	96,318	19,850	9,600	125,768
Accruals and other payables (excluding non-financial liabilities)	27,639	—	—	27,639
Total	123,957	19,850	9,600	153,407
	(Audited)			
	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 3 years RMB'000	Total RMB'000
As at 31 December 2018				
Borrowings (principal plus interests)	31,295	79,266	—	110,561
Accruals and other payables (excluding non-financial liabilities)	32,142	—	—	32,142
Total	63,437	79,266	—	142,703

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2019

(All amounts expressed in RMB thousands unless otherwise stated)

4 Financial risk management (Continued)

4.3 Fair value estimation

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

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

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

5 Critical accounting estimates and judgments

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

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual consolidated financial statements for the year ended 31 December 2018.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2019
(All amounts expressed in RMB thousands unless otherwise stated)

6 Segment information

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

For the purpose of resource allocation and performance assessment, the CODM reviews the overall results and financial position of the Group as a whole prepared based on the same accounting policies set out in the Group's consolidated financial statements for the year ended 31 December 2018. Accordingly, the segment information is aggregated as a single reportable segment. Management of the Group assesses the performance of the reportable segment based on the revenue and gross profit for the period of the Group as presented in the interim condensed consolidated statement of comprehensive income. No analysis of the Group's assets and liabilities is regularly provided to the management of the Group for review.

Revenues during the six months ended 30 June 2019 and 2018 are as follows:

	Six months ended 30 June 2019 RMB'000 (Unaudited)	Six months ended 30 June 2018 RMB'000 (Audited)
Tuition fees	71,120	67,463
Boarding fees	5,404	4,700
Meal catering service fees	5,763	5,900
Others <i>(note (a))</i>	1,937	4,275
	84,224	82,338

(a) Others mainly represent revenue from research projects and training programs.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2019

(All amounts expressed in RMB thousands unless otherwise stated)

6 Segment information (Continued)

Represented by:

	Six months ended 30 June 2019 RMB'000 (Unaudited)	Six months ended 30 June 2018 RMB'000 (Audited)
Recognised over time		
Tuition fees	71,120	67,463
Boarding fees	5,404	4,700
Others — research projects and training programs	1,863	4,236
Recognised at a point in time		
Meal catering service fees	5,763	5,900
Revenue from other source		
Lease income	74	39
	84,224	82,338

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

No customers individually accounted for more than 10% of the Group's revenue for the six months ended 30 June 2019 and 2018.

Contract liabilities

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

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Contract liabilities related to tuition fees	4,441	70,673
Contract liabilities related to boarding fees	1,465	6,861
Others	45	—
	5,951	77,534

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2019
(All amounts expressed in RMB thousands unless otherwise stated)

6 Segment information (Continued)

Contract liabilities (Continued)

(1) Revenue recognised in relation to contract liabilities

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

	Six months ended 30 June 2019 RMB'000 (Unaudited)	Six months ended 30 June 2018 RMB'000 (Audited)
Revenue recognised that was included in the balance of contract liabilities at the beginning of the year		
Tuition fees	70,438	66,627
Boarding fees	5,399	4,700
	75,837	71,327

(2) Unsatisfied contracts

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Expected to be recognised within one year		
Tuition fees	4,441	70,673
Boarding fees	1,465	6,861
Others-research projects and training programs	45	—
	5,951	77,534

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2019

(All amounts expressed in RMB thousands unless otherwise stated)

7 Operating profit

The following items have been charged/(credited) to the operating profit during the six months ended 30 June 2019 and 2018:

	Six months ended 30 June 2019 RMB'000 (Unaudited)	Six months ended 30 June 2018 RMB'000 (Audited)
Employee benefit expenses	29,823	22,452
Depreciation and amortisation	9,833	9,297
Joint tuition support fee (<i>note (a)</i>)	4,945	4,659
Office expenses	3,618	3,951
Canteen purchases	3,358	3,458
Training expenses	44	1,881
Property management fees	83	1,259
Student activities expenses	1,366	1,135
Expenses in relation to the Listing	4,207	10,168
Government subsidies	(680)	—

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

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2019
(All amounts expressed in RMB thousands unless otherwise stated)

8 Finance (expenses)/income — net

	Six months ended 30 June 2019 RMB'000 (Unaudited)	Six months ended 30 June 2018 RMB'000 (Audited)
Finance expenses:		
— Interest expenses on amounts due to related parties <i>(note 21(b))</i>	—	(20)
— Interest expenses on borrowings	(3,945)	(2,081)
	(3,945)	(2,101)
— Amounts capitalised in qualifying assets <i>(note 13(c))</i>	3,372	104
	(573)	(1,997)
Finance income:		
— Interest income on loans to a related party <i>(note 21(b))</i>	—	370
— Bank interest income	133	122
	133	492
Net finance expenses	(440)	(1,505)

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is 7.63% for the six months ended 30 June 2019 (for the six months ended 30 June 2018: 6.18%), which is the interest rate applicable to the Group's borrowings for construction in progress during the period.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2019

(All amounts expressed in RMB thousands unless otherwise stated)

9 Income tax expenses

	Six months ended 30 June 2019 RMB'000 (Unaudited)	Six months ended 30 June 2018 RMB'000 (Audited)
Current tax		
Current tax on profits for the period	163	1,427

(i) Cayman Islands corporate income tax

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

(ii) British Virgin Islands profit tax

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

(iii) Hong Kong profit tax

No provision for Hong Kong profit tax was provided as the Company and the Group did not have assessable profits in Hong Kong during the six months ended 30 June 2019.

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

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

According to the Implementation Rules for the Law for Promoting Private Education, private schools for which the school sponsors do not require reasonable returns are eligible to enjoy the same preferential tax treatment as public schools. The preferential tax treatment policies applicable to private schools requiring reasonable returns are to be separately formulated by the relevant government authorities under the State Council of PRC. During the period and up to the date of approval of this condensed consolidated interim financial information, no regulations have been promulgated by such authorities in this regard. In accordance with the historical tax returns filed to the relevant tax authorities and the tax compliance confirmations obtained before, Yinxing College has been granted corporate income tax exemption for income generated from the provision of formal academic education services. As a result, no income tax expense was recognised for the income from the provision of formal academic education services during the period (for the six months ended 30 June 2018: nil).

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2019
(All amounts expressed in RMB thousands unless otherwise stated)

10 Earnings per share

(a) Basic and diluted earnings per share

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

	Six months ended 30 June 2019 (Unaudited)	Six months ended 30 June 2018 (Audited)
Basic and diluted earnings per share attributable to the ordinary equity holders of the Company (RMB Yuan)	0.05	0.05

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

	Six months ended 30 June 2019 RMB'000 (Unaudited)	Six months ended 30 June 2018 RMB'000 (Audited)
Basic and diluted earnings per share Profit attributable to the ordinary equity holders of the Company used in calculating basic earnings per share:	22,977	19,678

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

	Six months ended 30 June 2019 (Unaudited)	Six months ended 30 June 2018 (Audited)
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share (thousands)	488,260	375,000

11 Dividend

No dividend has been paid or declared by the Group for the six months ended 30 June 2019 and 2018, nor has any dividend been proposed subsequent to 30 June 2019.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2019

(All amounts expressed in RMB thousands unless otherwise stated)

12 Prepaid land lease payments

The Group's interests in land use rights represent land use right payments for land, located in the PRC and held on leases from 40 years to 50 years.

During the six months ended 30 June 2019, Gingko Asset Management Co., Ltd. ("**Gingko Asset Management**"), a consolidated affiliated entity of the Company, entered into certain land use rights grant contracts in respect of the grant of the lands located at Nanxi District, Yibin City, Sichuan Province, the PRC for the construction of a new campus ("**Nanxi New Campus**").

In order to support the Group's establishment of the Nanxi New Campus, the Education and Sports Bureau of Nanxi District of Yibin City issued grants to the Group in the aggregate amount of approximately RMB149,513,000. The Group deducted the government grants in calculating the carrying amount of the asset and recognised the grant in profit or loss over the life of the depreciable asset as a reduced amortisation expense.

	Six months ended 30 June 2019 RMB'000 (Unaudited)	Six months ended 30 June 2018 RMB'000 (Audited)
As at the beginning of the year		
Cost	50,398	50,398
Accumulated amortisation	(11,664)	(10,656)
Net book amount	38,734	39,742
Opening net book amount	38,734	39,742
Additions	33,601	—
Amortisation	(628)	(504)
Closing net book amount	71,707	39,238
As at the end of the year		
Cost	83,999	50,398
Accumulated amortisation	(12,292)	(11,160)
Net book amount	71,707	39,238

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2019

(All amounts expressed in RMB thousands unless otherwise stated)

13 Property, plant and equipment

	(Audited)							Total RMB'000
	Buildings RMB'000	Decoration RMB'000	Electronic equipment RMB'000	Furniture and fixture RMB'000	Vehicles RMB'000	Books RMB'000	Construction in progress RMB'000	
As at 1 January 2018								
Cost	331,076	16,012	18,288	47,775	2,321	4,922	994	421,388
Accumulated depreciation	(42,249)	(2,294)	(15,502)	(29,892)	(1,797)	(2,137)	—	(93,871)
Net book amount	<u>288,827</u>	<u>13,718</u>	<u>2,786</u>	<u>17,883</u>	<u>524</u>	<u>2,785</u>	<u>994</u>	<u>327,517</u>
Six months ended 30 June 2018								
Opening net book amount as at 1 January 2018	288,827	13,718	2,786	17,883	524	2,785	994	327,517
Additions	—	1,923	441	1,605	350	680	12,306	17,305
Disposals	—	—	(4)	—	(9)	—	—	(13)
Depreciation charge	(3,463)	(1,385)	(523)	(2,400)	(123)	(693)	—	(8,587)
Closing net book amount as at 30 June 2018	<u>285,364</u>	<u>14,256</u>	<u>2,700</u>	<u>17,088</u>	<u>742</u>	<u>2,772</u>	<u>13,300</u>	<u>336,222</u>
As at 30 June 2018								
Cost	331,076	17,935	18,605	49,377	2,370	5,602	13,300	438,265
Accumulated depreciation	(45,712)	(3,679)	(15,905)	(32,289)	(1,628)	(2,830)	—	(102,043)
Net book amount	<u>285,364</u>	<u>14,256</u>	<u>2,700</u>	<u>17,088</u>	<u>742</u>	<u>2,772</u>	<u>13,300</u>	<u>336,222</u>

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2019
(All amounts expressed in RMB thousands unless otherwise stated)

13 Property, plant and equipment (Continued)

	(Unaudited)							Total RMB'000
	Buildings RMB'000	Decoration RMB'000	Electronic equipment RMB'000	Furniture and fixture RMB'000	Vehicles RMB'000	Books RMB'000	Construction in progress RMB'000	
As at 1 January 2019								
Cost	331,076	21,945	19,072	49,641	2,501	6,231	60,011	490,477
Accumulated depreciation	(49,173)	(5,225)	(16,385)	(34,704)	(1,772)	(3,623)	—	(110,882)
Net book amount	<u>281,903</u>	<u>16,720</u>	<u>2,687</u>	<u>14,937</u>	<u>729</u>	<u>2,608</u>	<u>60,011</u>	<u>379,595</u>
Six months ended 30 June 2019								
Opening net book amount as at 1 January 2019	281,903	16,720	2,687	14,937	729	2,608	60,011	379,595
Additions	—	—	3,391	293	—	—	19,686	23,370
Disposals	—	—	—	—	—	—	—	—
Depreciation charge	(3,462)	(1,829)	(450)	(2,286)	(86)	(871)	—	(8,984)
Closing net book amount as at 30 June 2019	<u>278,441</u>	<u>14,891</u>	<u>5,628</u>	<u>12,944</u>	<u>643</u>	<u>1,737</u>	<u>79,697</u>	<u>393,981</u>
As at 30 June 2019								
Cost	331,076	21,945	22,463	49,934	2,501	6,231	79,697	513,847
Accumulated depreciation	(52,635)	(7,054)	(16,835)	(36,990)	(1,858)	(4,494)	—	(119,866)
As at 30 June 2019	<u>278,441</u>	<u>14,891</u>	<u>5,628</u>	<u>12,944</u>	<u>643</u>	<u>1,737</u>	<u>79,697</u>	<u>393,981</u>

- (a) Construction-in-progress mainly comprises buildings under construction in the PRC.
- (b) During the six months ended 30 June 2019, the Group capitalised interest on borrowings amounting to approximately RMB3,372,000 (for the six months ended 30 June 2018: approximately RMB104,000) on qualifying assets (note 8).

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2019
(All amounts expressed in RMB thousands unless otherwise stated)

14 Intangible assets

	Computer software RMB'000 (Audited)
As at 1 January 2018	
Cost	4,370
Accumulated amortisation	(3,277)
Net book amount	1,093
Six months ended 30 June 2018	
Opening net book amount as at 1 January 2018	1,093
Additions	97
Amortisation charge	(206)
Closing net book amount as at 30 June 2018	984
As at 30 June 2018	
Cost	4,467
Accumulated amortisation	(3,483)
Net book amount	984
	Computer software RMB'000 (Unaudited)
As at 1 January 2019	
Cost	4,557
Accumulated amortisation	(3,687)
Net book amount	870
Six months ended 30 June 2019	
Opening net book amount as at 1 January 2019	870
Additions	552
Amortisation charge	(221)
Closing net book amount as at 30 June 2019	1,201
As at 30 June 2019	
Cost	5,109
Accumulated amortisation	(3,908)
Net book amount	1,201

Notes to the Condensed Consolidated Interim Financial Information

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(All amounts expressed in RMB thousands unless otherwise stated)

15 Trade and other receivables

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Trade receivables		
— Due from students	2	34
— Due from others	20	—
	22	34
Other receivables		
— Staff advances	514	469
— Others	387	324
	923	827

As at 30 June 2019 and 31 December 2018, the aging analysis of the trade receivables based on the recognition date is as follows:

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Less than 1 year	22	34

As at 30 June 2019 and 31 December 2018, trade receivables of RMB22,000 and RMB34,000 were past due but not impaired. Based on past experience and management's assessment, the overdue amounts can be recovered. The aging analysis of these trade receivables is as follows:

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Less than 1 year	22	34

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(All amounts expressed in RMB thousands unless otherwise stated)

16 Prepayments

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Prepayments for purchases of property, plant and equipment	61,797	133
Prepayments for listing expenses	—	6,156
Prepayments for student related and other expenses	916	1,465
Prepayments for joint tuition support fee	—	4,945
Less: non-current portion of prepayments	(61,797)	(133)
	916	12,566

17 Share capital and share premium

	Number of Ordinary shares	Nominal value of ordinary shares HKD	
Authorised:			
As at 31 December 2018 and 30 June 2019, at HK\$0.01 each	1,000,000,000	10,000,000	
	Number of ordinary shares	Share capital RMB'000	Share premium RMB'000
Issued and paid up:			
At 1 January 2019	10,000	—	—
Shares issued pursuant to Capitalisation Shares (<i>note a</i>)	374,990,000	3,241	(3,241)
New shares issued pursuant to the Share Offer (<i>note b</i>)	125,000,000	1,080	137,283
As at 30 June 2019	500,000,000	4,321	134,042

- (a) By a shareholder's written resolution dated 12 December 2018 and conditional on the share premium account of the Company being credited as a result of issue of new shares pursuant to the proposed offering of the Company's shares, the Company would issue additional 374,990,000 shares ("**Capitalisation Shares**"), credited as fully paid, to the existing shareholders of the Company, by way of capitalisation of HK\$3,749,900 standing to the credit of the Company's share premium account. On 18 January 2019, the Company issued the Capitalisation Shares, credited as fully paid, to the existing shareholders of the Company, by way of capitalisation of HK\$3,749,900 (approximately RMB3,241,000) standing to the credit of the Company's share premium account.
- (b) On 18 January 2019, the shares of the Company were listed on the Stock Exchange. In connection with the listing, 125,000,000 shares ("**Share Offer**") of HK\$0.01 each were issued at the offer price of HK\$1.44 with gross proceeds of HK\$180,000,000 (approximately RMB155,575,000). In the current financial period, approximately RMB1,080,000 was credited to the share capital account and approximately RMB137,283,000 net of expenses related to issuance of shares of approximately RMB17,212,000 was credited to the share premium account.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2019

(All amounts expressed in RMB thousands unless otherwise stated)

18 Accruals and other payables

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Government subsidies payable to students (a)	6,449	1,391
Miscellaneous fees received from students (b)	5,795	8,278
Payables for purchases of property, plant and equipment	228	303
Salary and welfare payables	3,471	6,794
Payables in relation to the Listing	95	11,091
Auditors' remuneration	—	1,000
Other taxes payable	4715	42
Interest payable	400	270
Others	10,085	9,818
	31,238	38,987

- (a) 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.
- (b) The amounts represent the miscellaneous fees received from students which would be paid out by the Group on behalf of the students.
- (c) All accruals and other payables of the Group were denominated in RMB and HKD.
- (d) As at 30 June 2019 and 31 December 2018, the fair values of accruals and other payables approximate their carrying amounts due to their short-term maturities.

Notes to the Condensed Consolidated Interim Financial Information

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(All amounts expressed in RMB thousands unless otherwise stated)

19 Borrowings

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Current:		
— Secured bank borrowings (a)	70,000	20,000
— Secured loans from a third party (b)	19,013	—
— Unsecured loans from third parties	—	6,148
	89,013	26,148
Non-current:		
— Secured bank borrowings	—	78,500
— Secured loans from a third party (b)	26,508	—
Total borrowings	115,521	104,648

- (a) As at 30 June 2019, bank borrowings were secured by corporate guarantees from the Company, Gingko Asset Management, a consolidated affiliated entity of the Company, and Chengdu Yinxing Education Management Co., Ltd. ("**Yinxing Education**"), a wholly-owned subsidiary of the Company.
- (b) As at 30 June 2019, the amounts represent loans from a third party which were secured by a refundable security deposit of RMB7,000,000 and were secured by corporate guarantees from Gingko Asset Management and Yinxing Education.
- (c) The weighted average effective interest rates (per annum) were as follows:

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Bank borrowings	5.64%	6.18%
Loans from third parties	12.50%	7.15%

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For the six months ended 30 June 2019

(All amounts expressed in RMB thousands unless otherwise stated)

19 Borrowings (Continued)

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

	30 June 2019 <i>RMB'000</i> (Unaudited)	31 December 2018 <i>RMB'000</i> (Audited)
Less than 1 year	89,013	26,148
Between 1 and 2 years	17,386	78,500
Between 2 and 3 years	9,122	—
	115,521	104,648

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

(e) The carrying amounts of the borrowings were denominated in the following currencies:

	30 June 2019 <i>RMB'000</i> (Unaudited)	31 December 2018 <i>RMB'000</i> (Audited)
RMB	115,521	98,500
HKD	—	6,148
	115,521	104,648

20 Commitments

(a) Capital commitments

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

	30 June 2019 <i>RMB'000</i> (Unaudited)	31 December 2018 <i>RMB'000</i> (Audited)
Commitments for acquisition of property, plant and equipment	566,704	640,309

As at 30 June 2019, the capital commitments includes investment in the Nanxi New Campus. On 18 May 2018, the Group entered into an agreement with the People's Government of Nanxi District, Yibin City, pursuant to which the Group would invest approximately of RMB600 million to establish the Nanxi New Campus. The actual investment amount would vary according to formal contracts with constructors in the future.

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(All amounts expressed in RMB thousands unless otherwise stated)

20 Commitments (Continued)

(b) Non-cancellable operating leases

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

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
No later than 1 year	20	142
Later than 1 year and no later than 5 years	5	10
Total	25	152

21 Related party transactions

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

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

(a) Names and relationships with related parties

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

Name of related parties	Relationship with the Group
Chengdu Gingko Jin'ge Investment Co., Ltd. (成都銀杏金閣投資有限公司)	A company controlled by the Controlling Shareholder
Chengdu Gingko Jin'ge Catering Corporation (成都銀杏金閣餐飲股份有限公司)	A company controlled by the Controlling Shareholder
Chengdu Gingko Catering Management Co., Ltd. (成都銀杏餐飲管理有限公司)	A company controlled by the Controlling Shareholder
Chengdu Gingko Hotel Management Co., Ltd. (成都銀杏酒店管理有限公司)	A company controlled by the Controlling Shareholder
Chengdu Yinxing Logistics Co., Ltd. (成都銀杏配送有限公司)	A company controlled by the Controlling Shareholder
Chengdu Jinhe Shunxing Enterprise Management Co., Ltd. (成都錦和順興企業管理有限公司)	A company controlled by the Controlling Shareholder

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

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2019

(All amounts expressed in RMB thousands unless otherwise stated)

21 Related party transactions (Continued)

(b) Transactions with related parties

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

	Six months ended 30 June 2019 RMB'000 (Unaudited)	Six months ended 30 June 2018 RMB'000 (Audited)
Loans from related parties		
— Chengdu Gingko Jin'ge Catering Corporation (成都銀杏金閣餐飲股份有限公司)	—	4,000
— Chengdu Gingko Catering Management Co., Ltd. (成都銀杏餐飲管理有限公司)	—	1,000
	—	5,000
Repayment of loans from related parties		
— Chengdu Gingko Jin'ge Catering Corporation (成都銀杏金閣餐飲股份有限公司)	—	11,000
— Chengdu Gingko Catering Management Co., Ltd. (成都銀杏餐飲管理有限公司)	—	1,000
— Chengdu Gingko Jin'ge Investment Co., Ltd. (成都銀杏金閣投資有限公司)	—	2,100
	—	14,100
Loans to related parties		
— Chengdu Yinxing Logistics Co., Ltd. (成都銀杏配送有限公司)	—	70,000
— Chengdu Gingko Jin'ge Catering Corporation (成都銀杏金閣餐飲股份有限公司)	—	39,500
— Chengdu Gingko Catering Management Co., Ltd. (成都銀杏餐飲管理有限公司)	—	42,000
— Chengdu Gingko Jin'ge Investment Co., Ltd. (成都銀杏金閣投資有限公司)	—	1,500
	—	153,000

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For the six months ended 30 June 2019

(All amounts expressed in RMB thousands unless otherwise stated)

21 Related party transactions (Continued)

(b) Transactions with related parties (Continued)

	Six months ended 30 June 2019 RMB'000 (Unaudited)	Six months ended 30 June 2018 RMB'000 (Audited)
Receipts of repayment of loans to related parties		
— Chengdu Yinxing Logistics Co., Ltd. (成都銀杏配送有限公司)	—	70,000
— Chengdu Gingko Jin'ge Catering Corporation (成都銀杏金閣餐飲股份有限公司)	—	39,500
— Chengdu Gingko Catering Management Co., Ltd. (成都銀杏餐飲管理有限公司)	—	54,000
— Chengdu Gingko Jin'ge Investment Co., Ltd. (成都銀杏金閣投資有限公司)	—	1,500
	<u>—</u>	<u>165,000</u>
Interest expenses on loans from a related party		
— Chengdu Gingko Jin'ge Catering Corporation (成都銀杏金閣餐飲股份有限公司)	—	20
Interest income on loans to a related party		
— Chengdu Gingko Catering Management Co., Ltd. (成都銀杏餐飲管理有限公司)	—	370
Purchases of goods and services		
— Chengdu Yinxing Logistics Co., Ltd. (成都銀杏配送有限公司)	—	33
— Chengdu Gingko Catering Management Co., Ltd. (成都銀杏餐飲管理有限公司)	—	301
— Chengdu Gingko Jin'ge Catering Corporation (成都銀杏金閣餐飲股份有限公司)	—	196
— Chengdu Gingko Hotel Management Co., Ltd. (成都銀杏酒店管理有限公司)	5	5
— Chengdu Jinhe Shunxing Enterprise Management Co., Ltd. (成都錦和順興企業管理有限公司)	—	1,672
	<u>5</u>	<u>2,207</u>

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2019

(All amounts expressed in RMB thousands unless otherwise stated)

21 Related party transactions (Continued)

(c) Key management compensation

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

	Six months ended 30 June 2019 RMB'000 (Unaudited)	Six months ended 30 June 2018 RMB'000 (Audited)
Wages, salaries and bonuses	1,073	462
Contributions to pension plans	51	18
Welfare, medical and other expenses	104	37
	1,228	517

22 Contingent liabilities

At 30 June 2019, the Group had no material contingent liabilities (31 December 2018: nil).

23 Events occurring after reporting period

Save as disclosed elsewhere in this condensed consolidated interim financial information, the following significant events took place subsequent to 30 June 2019:

On 19 July 2019, Ginkgo Asset Management entered into a land resumption compensation agreement with Chengdu Pidu District Land Reserve Centre (成都市郫都區土地儲備中心) (“**Chengdu PDLRC**”), pursuant to which Ginkgo Asset Management has undertaken to surrender a portion of a parcel of land located at No. 60, Guangchang Road North Second Section, Hongguang Town, Pidu District, Chengdu City, Sichuan Province (四川省成都市郫都區紅光鎮廣場路北二段60號) involving a site area of approximately 5,027.6 square metres to Chengdu PDLRC in a consideration of a cash compensation of approximately RMB6,691,000. For details of the land resumption compensation agreement, please refer to the announcement of the Company dated 19 July 2019.