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China Gingko Education Group Company Limited

中國銀杏教育集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1851)

PROFIT WARNING

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

The board of directors (the “**Board**”) of the Company hereby informs the shareholders of the Company and potential investors that, based on the preliminary review of the unaudited consolidated management accounts of the Group for the year ended 31 December 2019 and other information currently available to the Company, as compared to the corresponding period in 2018, the Group is expected to record an increase in net profit of approximately 25% to 35% but decrease of approximately 25% to 35% in adjusted net profit for the year ended 31 December 2019.

The adjusted net profit represents profit for the year excluding the effects of the expenses related to the listing of the Company’s shares on the Main Board of the Stock Exchange (the “**Listing**”) and the gain of disposal of land use rights.

Compared with the corresponding period in 2018, the Group expects a continued increase in revenue for the year ended 31 December 2019. The expected decrease of adjusted net profit is primarily due to (i) the increase in staff costs due to the increase in headcount during 2019 to support the Group’s business expansion; (ii) the increase in depreciation of the Group’s property, plant and equipment as a result of the completed construction of the student dormitories and the additions of property, plant and equipment; (iii) the increase in professional fees incurred subsequent to the Listing; (iv) the increase in amortisation of the Group’s prepaid land lease payments as a result of the acquisition of the land use rights for the construction of the new campus located in Nanxi District, Yibin City, Sichuan Province

(the “**Nanxi New Campus**”); and (v) the increase in operating costs incurred for preparation of the initial operation of the Nanxi New Campus which led to an increase in the Group’s costs of sales and administrative expenses for the year ended 31 December 2019 when compared with the corresponding period in 2018 respectively.

The Company is still in the process of finalising the annual results of the Group for the year ended 31 December 2019. The information contained in this announcement is only based on a preliminary review of the unaudited consolidated management accounts of the Group and other information currently available to the Board, which has not been confirmed or audited by the Company’s auditors and is subject to possible adjustments arising from further review. The annual results of the Group for the year ended 31 December 2019 may be different to the information referred in this announcement. Further details of the Group’s financial results and performance will be disclosed in the Company’s announcement of annual results for the year ended 31 December 2019, which is expected to be published by the end of March 2020.

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

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

Hong Kong, 12 March 2020

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