



**中國銀杏教育集團有限公司**

**China Ginkgo Education Group Company Limited**

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1851

# 2022 Interim Report



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# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

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

### Independent Non-executive Directors

Mr. Jiang Qian  
Mr. Yuan Jun  
Mr. Wong Chi Keung

### Audit Committee

Mr. Wong Chi Keung (*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

### Company Secretary

Ms. Leung Ho Yee

### Authorised Representatives

Mr. Tian Tao  
Ms. Leung Ho Yee

## AUDITOR

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

## 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 PEOPLE'S REPUBLIC OF CHINA

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**

Boardroom Share Registrars (HK) Limited  
Room 2103B, 21/F  
148 Electric Road  
North Point  
Hong Kong  
(with effect from 1 May 2022)

## **INVESTOR RELATIONS**

Phone: +852 3598 8991  
Email: investorrelations@gingkoeducn.com

## **COMPANY WEBSITE**

<http://www.chinagingkoedu.com>

## **LISTING INFORMATION**

### **Place of Listing**

The Main Board of The Stock Exchange of Hong Kong Limited

### **Stock Code**

1851

# Management Discussion and Analysis

## 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 and vocational training service provider in Sichuan Province of the People’s Republic of China (the “**PRC**”). The enrollment of Gingko College of Hospitality Management (“**Yinxing College**”) for 2021/2022 school year is approximately 14,900 students, as compared with the enrollment of approximately 12,300 students for 2020/2021 school year. 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 2021/2022 school year, 2,941 students were graduated from Yinxing College in June 2022, represented an increase of 11.9% when compared with 2020/2021 school year.

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\* (成都銀杏酒店職業技能培訓學校) (“**Yinxing Training School**”). Yinxing College has eight departments and offers in aggregate 27 bachelor’s degree programmes and 27 junior college diploma programmes.

The number of students enrolled in Yinxing College increased from approximately 12,300 students in 2020/2021 school year to approximately 14,900 students in 2021/2022 school year, representing an increase of 21.1% or approximately 2,600 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.

\* For identification purpose only

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 periods indicated:

	<b>Total income for the six months ended 30 June</b>			
	<b>2022</b> <i>RMB'000</i> <b>(Unaudited)</b>	2021 <i>RMB'000</i> (Unaudited)	Change <i>RMB'000</i> Increase/ (Decrease)	Change (%) Increase/ (Decrease)
Tuition fees	<b>116,774</b>	92,586	24,188	26.1%
Boarding fees	<b>9,778</b>	6,983	2,795	40.0%
Meal catering services fees	<b>3,448</b>	4,646	(1,198)	(25.8%)
Others <sup>(1)</sup>	<b>4,109</b>	4,413	(304)	(6.9%)
<b>Total</b>	<b>134,109</b>	108,628	25,481	23.5%

Note:

- (1) Others mainly represent revenue from research projects, training programmes and vocational training, 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 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 and Yinxing Training School to further develop training programmes to diversify its source of income.

### Construction of New Campus

In March 2019, the Group has entered into a land use rights grant contract in respect of the grant of a piece of land with site area of 333,360 square metres located in Yibin City, Sichuan Province. The land is planned to be used for the construction of the Nanxi New Campus, including an educational hotel.

In May 2019, the Group entered into a construction contract for the construction works of phase one of the Nanxi New Campus (the “**Construction Project**”). The Construction Project mainly encompasses the construction of educational hotels, classroom buildings, a canteen, dormitories and other facilities. As at 30 June 2022, most parts of the Construction Project were completed and put into services, including an educational hotel, a classroom building, a canteen, four dormitories, a basketball court and a badminton court.

### Expansion of Yinxing College

During the six months ended 30 June 2022 (the “**Reporting Period**”), the Group is in the process of construction of an expansion of Yinxing College in Chengdu. The construction consists of one training building, two dormitories, one canteen and other facilities with a total gross floor area of approximately 41,000 square meters. The construction is expected to be completed and the facilities to be in used in the new academic year in 2022.

## 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 Group’s revenue for the Reporting Period amounted to approximately Renminbi (“**RMB**”)134.1 million (for the six months ended 30 June 2021 (the “**Previous Period**”): RMB108.6 million), representing an increase of approximately RMB25.5 million or approximately 23.5%. Such increase was primarily due to the fact that: (i) tuition fees during the Reporting Period amounted to approximately RMB116.8 million (Previous Period: RMB92.6 million), representing an increase of approximately RMB24.2 million or approximately 26.1% because of more students admitted for the 2021/2022 school year; and (ii) boarding fees during the Reporting Period amounted to approximately RMB9.8 million (Previous Period: RMB7.0 million), representing an increase of approximately RMB2.8 million or approximately 40.0% because of more students admitted for the 2021/2022 school year and an increase in average boarding fee.

### Cost of Sales

The Group’s cost of sales for the Reporting Period amounted to approximately RMB54.5 million (Previous Period: RMB55.3 million), representing a decrease of approximately RMB0.8 million or approximately 1.5%. The decrease in cost of sales was primarily due to i) lower student subsidies, ii) lower joint tuition fee paid to Chengdu University of Information Technology (“**CUIT**”) as the Group is not required to pay such fee for newly enrolled students from 2020/2021 onwards and iii) outsourcing canteen operation to third parties so as to achieve a better cost optimization management.

### **Gross Profit and Gross Profit Margin**

The Group's gross profit for the Reporting Period amounted to RMB79.6 million (Previous Period: RMB53.3 million), representing an increase of approximately RMB26.3 million or approximately 49.3%. The Group's gross profit margin during the Reporting Period was approximately 59.4%, representing an increase of approximately 21.0% as compared with the gross profit margin of 49.1% in the Previous Period. Such increase was mainly due to the combined effect of the increase in the revenue and the decrease in cost of sales 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 RMB1.4 million (Previous Period: RMB1.7 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 RMB22.6 million (Previous Period: RMB23.1 million), which remain relatively stable as compared with the Previous Period.

### **Other Income**

The Group's other income during the Reporting Period amounted to approximately RMB1.7 million (Previous Period: RMB0.5 million). Such increase was primarily due to the government subsidy amounted to RMB1.0 million received during the Reporting Period.

### **Other Gains/(Losses) – net**

During the Reporting Period, the Group's net other gains/(losses) amounted to approximately RMB2.3 million (Previous Period: (RMB0.7 million)), such increase was primarily attributed to a RMB2.5 million foreign exchange gains for the Reporting Period.

### **Finance Expenses – net**

During the Reporting Period, the Group's net finance expenses amounted to approximately RMB7.4 million (Previous Period: RMB5.3 million). Such increase was mainly attributable to the increase in the Group borrowing and the decrease in interest expenses capitalised in qualifying assets.

### **Income Tax Expenses**

The Group's income tax expenses for the Reporting Period amounted to approximately RMB0.4 million (Previous Period: RMB0.3 million).

### **Profit for the Period**

As a result of the foregoing, the Group's profit increased by approximately 127.4% from approximately RMB22.8 million for the Previous Period to approximately RMB51.8 million for the Reporting Period.

### Financial Resources Review

#### Liquidity, Financial Resources and Capital Structure

As at 30 June 2022, the Group's cash and cash equivalents amounted to RMB90.1 million (2021: RMB156.3 million), representing a decrease of approximately RMB66.2 million.

Net cash used in operating activities were RMB53.8 million for the Reporting Period, as compared with net cash used in operating activities of RMB72.3 million for the Previous Period. Net cash used in investing activities were RMB72.5 million for the Reporting Period, as compared with net cash used in investing activities of RMB22.4 million for the Previous Period. Net cash generated from financing activities were RMB57.8 million for the Reporting Period, as compared with net cash generated from financing activities of RMB23.3 million for the Previous Period.

As at 30 June 2022, the Group's borrowings amounted to approximately RMB462.1 million (31 December 2021: RMB388.3 million), representing secured bank borrowings of RMB344.4 million (31 December 2021: RMB320.0 million) and secured loans from financial institution of RMB117.7 million (31 December 2021: RMB68.3 million). As at 30 June 2022, the Group's borrowings of RMB146.3 million (31 December 2021: RMB75.1 million) would mature within 1 year, RMB92.1 million (31 December 2021: RMB73.4 million) would mature between 1 and 2 years, RMB200.5 million (31 December 2021: RMB193.4 million) would mature between 2 and 5 years and RMB23.2 million (31 December 2021: RMB46.4 million) would mature over 5 years. The Group's borrowings were denominated in RMB and carried at floating interest rates as at 30 June 2022.

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 30 June 2022, the Group's gearing ratio was 61.7% (31 December 2021: 42.1%).

As at 30 June 2022, the Group had net current liabilities of RMB158.4 million, as compared with net current liabilities of RMB152.8 million as at 31 December 2021 which was primarily attributable to the combined effect of the increase in short-term borrowings and the decrease of cash and cash equivalents as well as the recognition of revenue during the Reporting Period in respect of the contract liabilities received from students last year.

#### 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 during the Reporting Period.

### Future Plan for Material Investments and Capital Assets

Save as disclosed in the announcement of the Company published on 5 November 2021 and this interim report, the Group did not have other plans for material investments and capital assets during the Reporting Period and up to the date of this interim report. The expected source of funding of the construction of expansion of Yinxing College will be funded by the Group's internal resources and/or borrowings.

### Capital Commitments

As at 30 June 2022, the Group had contracted but not provided for capital commitments of approximately RMB102.8 million, which were primarily relating to the expansion construction in the Yinxing College, as compared with the total amount of capital expenditures contracted for but not yet incurred of RMB142.4 million as at 31 December 2021.

### Currency Exposure and Management

The majority of the Group's revenue and expenditures are denominated in RMB. As at 30 June 2022, certain bank balances were denominated in RMB, United States dollars ("USD") and Hong Kong Dollars ("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 30 June 2022, the Group had no material contingent liabilities.

### Pledge of Assets

As at 30 June 2022, RMB20.0 million had been pledged as a refundable security deposit and RMB184.6 million of property, plant and equipment had been pledged to secure the loans from financial institution.

As at 30 June 2022, RMB196.2 million of construction in progress and buildings, RMB3.7 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 RMB294.4 million.

### Employees and Remuneration Policy

As at 30 June 2022, the Group had 858 employees, as compared with 881 employees as at 31 December 2021. 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 the board (the "Board") of directors of the Company (the "Directors") 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 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 Reporting Period.

## 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 2022, 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 The Stock Exchange of Hong Kong Limited (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**”) as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”), to be notified to the Company and the Stock Exchange, are as follows:

#### (1) Long position in the shares of the Company (the “Shares”)

Name of Director	Nature of Interest	Number of Shares	Approximate percentage of Shareholding (Note 3)
Mr. Fang Gongyu (Note 1)	Interest in a controlled corporation	366,562,500	73.3%
Mr. Tian Tao (Note 2)	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.
- (3) The percentages are calculated on the basis of 500,000,000 Shares in issue as of 30 June 2022.

**(2) Long position in the shares of associated corporation**

<b>Name of Director</b>	<b>Name of Associated Corporation</b>	<b>Nature of Interest</b>	<b>Number of Shares</b>	<b>Percentage of Shareholding</b>
Mr. Fang	Vast Universe	Beneficial owner	1 ordinary share	100%

Save as disclosed above, as at 30 June 2022, 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 2022, 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:

<b>Name</b>	<b>Capacity</b>	<b>Number of Shares (Note 1)</b>	<b>Approximate Percentage of Shareholding (Note 4)</b>
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%

## Corporate Governance and Other Information

### 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 Inns 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.
- (4) The percentages are calculated on the basis of 500,000,000 Shares in issue as of 30 June 2022.

Save as disclosed above, as at 30 June 2022, 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.

Save as disclosed above, as at 30 June 2022, none of the Directors was a director or employee of a company which had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

## PURCHASE, SALE OR 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 Reporting Period.

## 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. For the Reporting Period, the Company has complied with the code provisions under the CG Code, save and except for the deviation to paragraph C.2.1 of the CG Code below.

Paragraph C.2.1 of the CG Code stipulates that the roles of chairman (the “**Chairman**”) and chief executive officer (the “**CEO**”) should be separate and should not be performed by the same individual (the “**Requirement**”). During the beginning of the Reporting Period, the Chairman and CEO were 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 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. During the Reporting Period, Mr. Fang has resigned as the CEO and remains as an executive Director and the Chairman, effective from 4 February 2022. With effect from the same day, Dr. Ma Yi has been appointed as the CEO. Following the change of CEO, the Company has complied with the Requirement and all the CG Code provisions. 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.

### MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Board has adopted the Model Code 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 18 January 2019.

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

### SHARE OPTION SCHEME

On 12 December 2018, the shareholders approved and conditionally adopted the share option scheme (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 2022 and no options were exercised or cancelled or lapsed during the Reporting Period.

### INTERIM DIVIDEND

At the meeting of the Board held on 26 August 2022, the Board has resolved not to pay any interim dividend for the six months ended 30 June 2022.

### EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this interim report, there was no other significant subsequent event relevant to the business or financial performance of the Group that has come to the attention of the Directors since 30 June 2022 up to the date of this interim report.

### 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 for the Reporting Period.

### AUDIT COMMITTEE

As at the date of this interim report, the audit committee of the Company (the "**Audit Committee**") consists of Mr. Wong Chi Keung, Mr. Jiang Qian and Mr. Yuan Jun, who are independent non-executive Directors. The chairman of the Audit Committee is Mr. Wong Chi Keung. The unaudited interim condensed consolidated financial information for the Reporting Period of the Company have been reviewed by the Audit Committee.

# Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2022  
(All amounts expressed in RMB thousands unless otherwise stated)

	Notes	Six months ended 30 June 2022 RMB'000 (Unaudited)	Six months ended 30 June 2021 RMB'000 (Unaudited)
Revenue	7	134,109	108,628
Cost of sales		(54,467)	(55,290)
<b>Gross profit</b>		<b>79,642</b>	53,338
Selling expenses		(1,396)	(1,700)
Administrative expenses		(22,644)	(23,086)
Other income		1,714	496
Other gains/(losses) – net		2,252	(740)
<b>Operating profit</b>	8	<b>59,568</b>	28,308
Finance income	9	147	98
Finance expenses	9	(7,546)	(5,369)
Finance expenses – net		(7,399)	(5,271)
<b>Profit before income tax</b>		<b>52,169</b>	23,037
Income tax expenses	10	(389)	(263)
<b>Profit for the period</b>		<b>51,780</b>	22,774
<b>Total comprehensive income for the period</b>		<b>51,780</b>	22,774
<b>Profit and total comprehensive income attributable to owners of the Company</b>		<b>51,780</b>	22,774
<b>Earnings per share for profit attributable to owners of the Company</b>			
Basic and diluted earnings per share (RMB Yuan)	11	0.10	0.05

The above interim condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

# Interim Condensed Consolidated Balance Sheet

As at 30 June 2022

(All amounts expressed in RMB thousands unless otherwise stated)

	Notes	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Right-of-use assets	13	67,535	68,776
Property, plant and equipment	14	1,021,804	961,342
Intangible assets	15	1,418	1,459
Prepayments	17	2,354	4,142
		<u>1,093,111</u>	<u>1,035,719</u>
<b>Current assets</b>			
Inventories		337	355
Trade and other receivables	16	5,075	5,206
Prepayments	17	2,368	4,005
Cash and cash equivalents		90,071	156,305
		<u>97,851</u>	<u>165,871</u>
<b>Total assets</b>		<u><b>1,190,962</b></u>	<u>1,201,590</u>
<b>EQUITY</b>			
Share capital		4,321	4,321
Share premium		134,042	134,042
Reserves		67,558	67,558
Retained earnings		397,521	345,741
<b>Total equity</b>		<u><b>603,442</b></u>	<u>551,662</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	19	315,841	313,271
Lease liabilities	13	362	655
Deferred government grants		15,022	17,322
		<u>331,225</u>	<u>331,248</u>
<b>Current liabilities</b>			
Accruals and other payables	18	103,476	111,768
Amounts due to a related party		5	–
Borrowings	19	146,263	75,075
Lease liabilities	13	567	661
Contract liabilities	7	5,054	130,281
Current income tax liabilities		930	895
		<u>256,295</u>	<u>318,680</u>
<b>Total liabilities</b>		<u><b>587,520</b></u>	<u>649,928</u>
<b>Total equity and liabilities</b>		<u><b>1,190,962</b></u>	<u>1,201,590</u>

The above interim condensed consolidated balance sheet should be read in conjunction with the accompanying notes.

# Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2022  
(All amounts expressed in RMB thousands unless otherwise stated)

(Unaudited)  
Attributable to owners of the Company

	Share capital <i>RMB'000</i>	Share premium <i>RMB'000</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>
<b>As at 1 January 2021</b>	4,321	134,042	50,000	19,286	305,330	512,979
Profit and total comprehensive income for the period	–	–	–	–	22,774	22,774
<b>As at 30 June 2021</b>	4,321	134,042	50,000	19,286	328,104	535,753

(Unaudited)  
Attributable to owners of the Company

	Share capital <i>RMB'000</i>	Share premium <i>RMB'000</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>
<b>As at 1 January 2022</b>	4,321	134,042	50,000	17,558	345,741	551,662
Profit and total comprehensive income for the period	–	–	–	–	51,780	51,780
<b>As at 30 June 2022</b>	4,321	134,042	50,000	17,558	397,521	603,442

The above interim condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

# Interim Condensed Consolidated Statement of Cash Flow

For the six months ended 30 June 2022  
(All amounts expressed in RMB thousands unless otherwise stated)

	<b>Six months ended 30 June 2022 RMB'000 (Unaudited)</b>	Six months ended 30 June 2021 RMB'000 (Unaudited)
<b>Cash flows from operating activities</b>		
Cash used in operations	(53,625)	(72,302)
Interest received	147	98
Income tax paid	(354)	(82)
<b>Net cash used in operating activities</b>	<u>(53,832)</u>	<u>(72,286)</u>
<b>Cash flows from investing activities</b>		
Purchases of land use rights	-	(785)
Purchases of property, plant and equipment	(72,307)	(21,318)
Purchases of intangible assets	(177)	(265)
Proceeds from disposal of property, plant and equipment	-	1
<b>Net cash used in investing activities</b>	<u>(72,484)</u>	<u>(22,367)</u>
<b>Cash flows from financing activities</b>		
Proceeds from bank borrowings	50,000	-
Repayment of bank borrowings	(25,600)	-
Proceeds from third parties' borrowings	56,750	49,460
Repayment of third parties' borrowings	(7,392)	(12,756)
Interest paid	(15,543)	(12,955)
Lease payments for right-of-use assets excluding land use rights	(385)	(485)
<b>Net cash generated from financing activities</b>	<u>57,830</u>	<u>23,264</u>
<b>Net decrease in cash and cash equivalents</b>	<b>(68,486)</b>	<b>(71,389)</b>
Cash and cash equivalents at beginning of the period	156,305	152,528
Effects of exchange rate changes on cash and cash equivalents	2,252	(747)
<b>Cash and cash equivalents at end of the period</b>	<u><b>90,071</b></u>	<u><b>80,392</b></u>

The above interim condensed consolidated statement of cash flow should be read in conjunction with the accompanying notes.

# Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2022  
(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 Act, 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 the Group is principally engaged in providing private higher education services in the PRC.

The ultimate controlling shareholder of the Company is Mr. Fang (the "**Controlling Shareholder**"), 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 since 18 January 2019 by way of its initial public offering.

This condensed consolidated interim financial information is presented in RMB and rounded to the nearest thousand yuan, unless otherwise stated. This condensed consolidated interim financial information has been approved for issue by the Board on 26 August 2022.

This condensed consolidated interim financial information has not been audited.

## 2 Basis of preparation

This condensed consolidated interim financial information for the Reporting Period 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 2021, 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 2022

(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 2021, as described in those annual financial statements.

#### (a) New and amended standards adopted by the Group

A number of amended standards became applicable for the Reporting Period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

		<b>Effective for accounting periods beginning on or after</b>
HKAS 16 (Amendments)	Property, Plant and Equipment: Proceeds before intended use	1 January 2022
HKAS 37 (Amendments)	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
HKAS 3 (Amendments)	Reference to the Conceptual Framework	1 January 2022
AG 5 (Revised)	Merger Accounting for Common Control Combinations	1 January 2022
Annual Improvements to HKFRS Standards 2018 – 2020		1 January 2022

For the six months ended 30 June 2022  
(All amounts expressed in RMB thousands unless otherwise stated)

### 3 Significant accounting policies (Continued)

- (b) The following new standards, new interpretations and amendments to standards and interpretations have been issued but are not effective for the financial year beginning on 1 January 2022 and have not been early adopted by the Group:

		<b>Effective for accounting periods beginning on or after</b>
HKAS 17	Insurance contracts	1 January 2023
HKAS 8 (Amendments)	Definition of Accounting Estimates	1 January 2023
HKAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1 January 2023
HK Int 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2023
HKAS 1 and HKFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies	1 January 2023
HKFRS 10 and HKAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The Group is assessing the full impact of the new standards, new interpretations and amendments to standards and interpretations.

## 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 does 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 2021.

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 2022

(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. The Group's current liabilities included contracted liabilities with total amount of RMB5,054,000 as at 30 June 2022 which will not required future cash outflows. Excluding this non-financial liabilities, the Group had net current liabilities of RMB158,444,000 as at 30 June 2022. 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 2022.

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)				Total RMB'000
	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	
<b>As at 30 June 2022</b>					
Borrowings (principal plus interests)	175,548	111,684	223,688	23,554	534,474
Accruals and other payables (excluding non-financial liabilities)	100,088	–	–	–	100,088
Amounts due to a related party	5	–	–	–	5
Lease liabilities	591	463	–	–	1,054
<b>Total</b>	<b>276,232</b>	<b>112,147</b>	<b>223,688</b>	<b>23,554</b>	<b>635,621</b>
	(Audited)				Total RMB'000
	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	
<b>As at 31 December 2021</b>					
Borrowings (principal plus interests)	102,875	93,658	222,901	47,894	467,328
Accruals and other payables (excluding non-financial liabilities)	103,073	–	–	–	103,073
Lease liabilities	677	582	147	–	1,406
<b>Total</b>	<b>206,625</b>	<b>94,240</b>	<b>223,048</b>	<b>47,894</b>	<b>571,807</b>

For the six months ended 30 June 2022  
(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, lease liability 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 2021.

### 6 Segment information

The Group is principally engaged in provision of private higher education services and operation of an educational hotel 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 2021. Accordingly, the Group's operating and reportable segments for segment reporting purpose are as follows during the Reporting Period:

- i. the "higher education" engages in provision of higher education and related services in the PRC; and
- ii. the "hotel operation" engages in provision of hotel operations and management services in the PRC.

## Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2022

(All amounts expressed in RMB thousands unless otherwise stated)

### 6 Segment information (Continued)

For the purposes of monitoring segment performances and allocating resources between segments, segment operating profit represents the operating profit earned by each segment. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

Assets dedicated to a particular segment's operations are included in that segment's assets. No analysis of segment liabilities is presented as they are not regularly provided to the CODM.

The segment information provided to the CODM for the reportable segments for the period ended 30 June 2022 and 2021 are as follows:

	Higher education RMB'000 (Unaudited)	Hotel operation RMB'000 (Unaudited)	Unallocated RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
<b>For six months ended 30 June 2022</b>				
Revenue	133,323	786	–	134,109
<b>Segment operating profit/(loss)</b>	<u>66,042</u>	<u>(4,191)</u>	<u>(2,283)</u>	<u>59,568</u>
Finance expenses – net	(7,113)	(221)	(65)	(7,399)
<b>Profit/(loss) before income tax</b>	<u>58,929</u>	<u>(4,412)</u>	<u>(2,348)</u>	<u>52,169</u>
Income tax expenses				<u>(389)</u>
<b>Profit for the period</b>				<u>51,780</u>
<b>As at 30 June 2022</b>				
Segment assets	950,749	200,876	39,337	1,190,962
<b>Other segment information</b>				
<b>For six months ended 30 June 2022</b>				
Capital expenditures	72,552	508	–	73,060
Depreciation and amortisation	15,982	777	1,289	18,048

## Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2022  
(All amounts expressed in RMB thousands unless otherwise stated)

### 6 Segment information (Continued)

	Higher education <i>RMB'000</i> (Unaudited)	Hotel operation <i>RMB'000</i> (Unaudited)	Unallocated <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
<b>For six months ended 30 June 2021</b>				
Revenue	108,215	413	–	108,628
<b>Segment operating profit/(loss)</b>	<u>38,412</u>	<u>(5,142)</u>	<u>(4,962)</u>	<u>28,308</u>
Finance expenses – net	(4,767)	(280)	(224)	(5,271)
<b>Profit/(loss) before income tax</b>	<u>33,645</u>	<u>(5,422)</u>	<u>(5,186)</u>	<u>23,037</u>
Income tax expenses				<u>(263)</u>
<b>Profit for the period</b>				<u>22,774</u>
<b>As at 30 June 2021</b>				
Segment assets	859,347	202,643	47,095	1,109,085
<b>Other segment information</b>				
<b>For six months ended 30 June 2021</b>				
Capital expenditures	72,365	695	–	73,060
Depreciation and amortisation	14,121	815	1,513	16,449

## Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2022  
(All amounts expressed in RMB thousands unless otherwise stated)

### 7 Revenue

Revenues during the six months ended 30 June 2022 and 2021 are as follows:

	<b>Six months ended 30 June 2022 RMB'000 (Unaudited)</b>	Six months ended 30 June 2021 RMB'000 (Unaudited)
Tuition fees	<b>116,774</b>	92,586
Boarding fees	<b>9,778</b>	6,983
Meal catering service fees	<b>3,448</b>	4,646
Others ( <i>note (a)</i> )	<b>4,109</b>	4,413
	<b>134,109</b>	108,628

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

Revenue represented by:

	<b>Six months ended 30 June 2022 RMB'000 (Unaudited)</b>	Six months ended 30 June 2021 RMB'000 (Unaudited)
<b>Recognised over time</b>		
Tuition fees	<b>116,774</b>	92,586
Boarding fees	<b>9,778</b>	6,983
Others	<b>4,109</b>	4,413
<b>Recognised at a point in time</b>		
Meal catering service fees	<b>3,448</b>	4,646
	<b>134,109</b>	108,628

No customers individually accounted for more than 10% of the Group's revenue for the six months ended 30 June 2022 and 2021.

## Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2022  
(All amounts expressed in RMB thousands unless otherwise stated)

### 7 Revenue (Continued)

#### Contract liabilities

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

	<b>As at 30 June 2022 RMB'000 (Unaudited)</b>	As at 31 December 2021 RMB'000 (Audited)
Contract liabilities related to tuition fees	1,121	116,927
Contract liabilities related to boarding fees	1,430	11,215
Others	2,503	2,139
	<b>5,054</b>	<b>130,281</b>

#### (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.

	<b>Six months ended 30 June 2022 RMB'000 (Unaudited)</b>	Six months ended 30 June 2021 RMB'000 (Unaudited)
<b>Revenue recognised that was included in the balance of contract liabilities at the beginning of the year</b>		
Tuition fees	116,021	91,600
Boarding fees	8,690	6,983
Others	1,881	623
	<b>126,592</b>	<b>99,206</b>

#### (2) Unsatisfied contracts

	<b>As at 30 June 2022 RMB'000 (Unaudited)</b>	As at 31 December 2021 RMB'000 (Audited)
<b>Expected to be recognised within one year</b>		
Tuition fees	1,121	116,927
Boarding fees	1,430	11,215
Others	2,503	2,139
	<b>5,054</b>	<b>130,281</b>

## Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2022

(All amounts expressed in RMB thousands unless otherwise stated)

### 8 Operating profit

The following items have been charged/(credited) to the operating profit during the six months ended 30 June 2022 and 2021:

	<b>Six months ended 30 June 2022 RMB'000 (Unaudited)</b>	Six months ended 30 June 2021 RMB'000 (Unaudited)
Employee benefit expenses	<b>43,547</b>	38,835
Depreciation and amortization ( <i>note 13, 14 and 15</i> )	<b>18,048</b>	16,449
Office expenses	<b>4,831</b>	5,284
Joint tuition support fee ( <i>note (a)</i> )	<b>3,395</b>	4,151
Canteen purchases	<b>1,336</b>	2,142
Professional fees	<b>851</b>	2,712
Student activities expenses	<b>640</b>	967
Government subsidies	<b>(1,035)</b>	–

- (a) The Group entered into an agreement with 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 College. Such fees have been charged to “cost of sales” in this interim condensed consolidated statement of comprehensive income.

During the year ended 31 December 2020, the Group successfully completed the application for termination of the cooperation with CUIT and conversion of Yinxing College into a regular private higher education institution. The Group does not need to pay a joint tuition support fee to CUIT for the tuition fees from the students who are newly enrolled from 2020-2021 academic year onward.

## Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2022  
(All amounts expressed in RMB thousands unless otherwise stated)

### 9 Finance expenses – net

	<b>Six months ended 30 June 2022 RMB'000 (Unaudited)</b>	Six months ended 30 June 2021 RMB'000 (Unaudited)
Finance expenses:		
– Interest expenses on borrowings	<b>(15,986)</b>	(13,990)
– Interest expenses on lease liabilities ( <i>note 13</i> )	<b>(16)</b>	(24)
	<b>(16,002)</b>	(14,014)
– Amounts capitalised in qualifying assets ( <i>note 14(b)</i> )	<b>8,456</b>	8,645
	<b>(7,546)</b>	(5,369)
Finance income:		
– Bank interest income	<b>147</b>	98
Net finance expenses	<b>(7,399)</b>	(5,271)

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is 7.9% for the Reporting Period (Previous Period: 7.1%), which is the weighted average interest rate applicable to the Group's borrowings for construction in progress during the period.

### 10 Income tax expenses

	<b>Six months ended 30 June 2022 RMB'000 (Unaudited)</b>	Six months ended 30 June 2021 RMB'000 (Unaudited)
Current tax		
Current tax on profits for the period	<b>389</b>	263

#### (i) Cayman Islands corporate income tax

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

## Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2022

(All amounts expressed in RMB thousands unless otherwise stated)

### 10 Income tax expenses (Continued)

#### (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 profit 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 Reporting Period.

#### (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 Reporting Period (Previous Period: nil).

#### (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% for both the Reporting Period and Previous Period 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.

## Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2022  
(All amounts expressed in RMB thousands unless otherwise stated)

### 11 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 Reporting Period.

	<b>Six months ended 30 June 2022 (Unaudited)</b>	Six months ended 30 June 2021 (Unaudited)
Basic and diluted earnings per share attributable to the ordinary equity holders of the Company (RMB Yuan)	<b>0.10</b>	0.05

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

	<b>Six months ended 30 June 2022 RMB'000 (Unaudited)</b>	Six months ended 30 June 2021 RMB'000 (Unaudited)
Basic and diluted earnings per share Profit attributable to the ordinary equity holders of the Company used in calculating basic earnings per share	<b>51,780</b>	22,774

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

	<b>Six months ended 30 June 2022 (Unaudited)</b>	Six months ended 30 June 2021 (Unaudited)
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share (thousands)	<b>500,000</b>	500,000

### 12 Dividend

No dividend has been paid or declared by the Group during the six months ended 30 June 2022 and 2021, nor has any dividend been proposed subsequent to 30 June 2022.

## Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2022  
(All amounts expressed in RMB thousands unless otherwise stated)

### 13 Right-of-use assets

	<b>As at 30 June 2022 RMB'000 (Unaudited)</b>	As at 31 December 2021 RMB'000 (Audited)
Right-of-use assets		
– Land use rights	<b>66,613</b>	67,480
– Buildings	<b>922</b>	1,296
	<b>67,535</b>	68,776
Lease liabilities		
– Current	<b>567</b>	661
– Non-current	<b>362</b>	655
	<b>929</b>	1,316

As at 30 June 2022, land use rights with an aggregate carrying amount of approximately RMB3,686,000 (31 December 2021: approximately RMB3,736,000) was pledged to secure bank borrowings of RMB294,400,000 (note 19(a)).

The interim condensed consolidated statement of comprehensive income shows the following amounts relating to leases:

	<b>Six months ended 30 June 2022 RMB'000 (Unaudited)</b>	Six months ended 30 June 2021 RMB'000 (Unaudited)
<b>Depreciation charge of right-of-use assets</b>		
– Land use rights	<b>867</b>	901
– Buildings	<b>295</b>	482
	<b>1,162</b>	1,383
Interest expenses ( <i>note 9</i> )	<b>16</b>	24
Expenses relating to leases of low-value assets	<b>5</b>	5
	<b>21</b>	29

The total cash payment for leases during the Reporting Period was approximately RMB385,000.

## Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2022  
(All amounts expressed in RMB thousands unless otherwise stated)

### 14 Property, plant and equipment

	(Unaudited)							Total RMB'000
	Buildings RMB'000	Decoration RMB'000	Electronic equipment RMB'000	Furniture and fixtures RMB'000	Vehicles RMB'000	Books RMB'000	Construction in progress RMB'000	
<b>As at 1 January 2021</b>								
Cost	610,759	26,308	29,042	68,750	3,069	9,394	331,746	1,079,068
Accumulated depreciation	(67,770)	(13,020)	(19,643)	(45,897)	(2,156)	(7,175)	-	(155,661)
Net book amount	<u>542,989</u>	<u>13,288</u>	<u>9,399</u>	<u>22,853</u>	<u>913</u>	<u>2,219</u>	<u>331,746</u>	<u>923,407</u>
<b>Six months ended 30 June 2021</b>								
Opening net book amount as at 1 January 2021	542,989	13,288	9,399	22,853	913	2,219	331,746	923,407
Additions	-	3,089	440	5,638	-	24	19,862	29,053
Depreciation charge	(6,670)	(2,263)	(1,254)	(3,792)	(141)	(734)	-	(14,854)
Closing net book amount	<u>536,319</u>	<u>14,114</u>	<u>8,585</u>	<u>24,699</u>	<u>772</u>	<u>1,509</u>	<u>351,608</u>	<u>937,606</u>
<b>As at 30 June 2021</b>								
Cost	610,759	29,397	29,441	74,425	3,069	9,418	351,608	1,108,117
Accumulated depreciation	(74,440)	(15,283)	(20,856)	(49,726)	(2,297)	(7,909)	-	(170,511)
Net book amount	<u>536,319</u>	<u>14,114</u>	<u>8,585</u>	<u>24,699</u>	<u>772</u>	<u>1,509</u>	<u>351,608</u>	<u>937,606</u>

## Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2022  
(All amounts expressed in RMB thousands unless otherwise stated)

### 14 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	
<b>As at 1 January 2022</b>								
Cost	713,737	29,880	35,730	78,460	3,380	9,510	275,050	1,145,747
Accumulated depreciation	(82,608)	(17,644)	(21,255)	(51,934)	(2,433)	(8,531)	-	(184,405)
Net book amount	<u>631,129</u>	<u>12,236</u>	<u>14,475</u>	<u>26,526</u>	<u>947</u>	<u>979</u>	<u>275,050</u>	<u>961,342</u>
<b>Six months ended 30 June 2022</b>								
Opening net book amount as at 1 January 2022	631,129	12,236	14,475	26,526	947	979	275,050	961,342
Additions	-	4,604	800	1,580	62	3,726	68,664	79,436
Transfers	39,966	-	-	-	-	-	(39,966)	-
Deductions of government grants relating to assets	(2,301)	-	-	-	-	-	-	(2,301)
Disposals	-	-	-	(1)	(4)	-	-	(5)
Depreciation charge	(7,912)	(2,329)	(1,921)	(3,820)	(170)	(516)	-	(16,668)
Closing net book amount	<u>660,882</u>	<u>14,511</u>	<u>13,354</u>	<u>24,285</u>	<u>835</u>	<u>4,189</u>	<u>303,748</u>	<u>1,021,804</u>
<b>As at 30 June 2022</b>								
Cost	751,402	34,484	36,530	79,992	3,319	13,236	303,748	1,222,711
Accumulated depreciation	(90,520)	(19,973)	(23,176)	(55,707)	(2,484)	(9,047)	-	(200,907)
Net book amount	<u>660,882</u>	<u>14,511</u>	<u>13,354</u>	<u>24,285</u>	<u>835</u>	<u>4,189</u>	<u>303,748</u>	<u>1,021,804</u>

- (a) Construction-in-progress mainly comprises buildings under construction in the PRC.
- (b) During the Reporting Period, the Group capitalised interest on borrowings amounting to approximately RMB8,456,000 (Previous Period: approximately RMB8,645,000) on qualifying assets (note 9).
- (c) As at 30 June 2022, construction in progress with an aggregate carrying amount of approximately RMB196,244,000 (31 December 2021: approximately RMB191,419,000) was pledged to secure bank borrowings of RMB294,400,000 (note 19(a)).

## Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2022  
(All amounts expressed in RMB thousands unless otherwise stated)

### 15 Intangible assets

	Computer software RMB'000 (Unaudited)
<b>As at 1 January 2021</b>	
Cost	5,865
Accumulated amortisation	(4,583)
Net book amount	<u>1,282</u>
<b>Six months ended 30 June 2021</b>	
Opening net book amount as at 1 January 2021	1,282
Additions	265
Amortisation charge	(212)
Closing net book amount as at 30 June 2021	<u>1,335</u>
<b>As at 30 June 2021</b>	
Cost	6,131
Accumulated amortisation	(4,796)
Net book amount	<u>1,335</u>
	<b>Computer software RMB'000 (Unaudited)</b>
<b>As at 1 January 2022</b>	
Cost	<b>6,114</b>
Accumulated amortisation	<b>(4,655)</b>
Net book amount	<b><u>1,459</u></b>
<b>Six months ended 30 June 2022</b>	
Opening net book amount as at 1 January 2022	<b>1,459</b>
Additions	<b>177</b>
Amortisation charge	<b>(218)</b>
Closing net book amount as at 30 June 2022	<b><u>1,418</u></b>
<b>As at 30 June 2022</b>	
Cost	<b>6,291</b>
Accumulated amortisation	<b>(4,873)</b>
Net book amount	<b><u>1,418</u></b>

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### 16 Trade and other receivables

	<b>As at 30 June 2022 RMB'000 (Unaudited)</b>	As at 31 December 2021 RMB'000 (Audited)
<b>Trade receivables</b>		
– Due from students	51	146
– Due from others	<u>354</u>	<u>94</u>
	<b><u>405</u></b>	<b><u>240</u></b>
<b>Other receivables</b>		
– Deposit	2,220	2,619
– Others	<u>2,450</u>	<u>2,347</u>
	<b><u>4,670</u></b>	<b><u>4,966</u></b>
	<b><u>5,075</u></b>	<b><u>5,206</u></b>

As at 30 June 2022 and 31 December 2021, the aging analysis of the trade receivables based on the recognition date is as follows:

	<b>As at 30 June 2022 RMB'000 (Unaudited)</b>	As at 31 December 2021 RMB'000 (Audited)
Less than 1 year	<b><u>405</u></b>	<b><u>240</u></b>

As at 30 June 2022 and 31 December 2021, trade receivables of RMB405,000 and RMB240,000 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. The aging analysis of these trade receivables is as follows:

	<b>As at 30 June 2022 RMB'000 (Unaudited)</b>	As at 31 December 2021 RMB'000 (Audited)
Less than 1 year	<b><u>405</u></b>	<b><u>240</u></b>

## Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2022  
(All amounts expressed in RMB thousands unless otherwise stated)

### 17 Prepayments

	<b>As at 30 June 2022 RMB'000 (Unaudited)</b>	As at 31 December 2021 RMB'000 (Audited)
Prepayments for purchases of property, plant and equipment	2,354	4,142
Prepayments for student related and other expenses	2,368	610
Prepayments for joint tuition support fee	–	3,395
Less: non-current portion of prepayments	<u>(2,354)</u>	<u>(4,142)</u>
	<b>2,368</b>	<b>4,005</b>

### 18 Accruals and other payables

	<b>As at 30 June 2022 RMB'000 (Unaudited)</b>	As at 31 December 2021 RMB'000 (Audited)
Payables for purchases of property, plant and equipment	63,430	66,545
Miscellaneous fees received from students ( <i>note (a)</i> )	11,740	18,121
Government subsidies payable to students ( <i>note (b)</i> )	9,130	2,430
Accrued expenses	4,417	5,070
Other taxes payable	2,339	1,807
Interest payable	1,145	702
Salary and welfare payables	1,049	6,888
Auditors' remuneration payable	–	980
Others	<u>10,226</u>	<u>9,225</u>
	<b>103,476</b>	<b>111,768</b>

- (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 and HKD.
- (d) As at 30 June 2022 and 31 December 2021, 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

	<b>As at 30 June 2022 RMB'000 (Unaudited)</b>	As at 31 December 2021 RMB'000 (Audited)
<b>Current:</b>		
– Secured bank borrowings ( <i>note (a)</i> )	<b>101,200</b>	51,200
– Secured loans from financial institutions ( <i>note (b)</i> )	<b>45,063</b>	23,875
	<b>146,263</b>	75,075
<b>Non-current:</b>		
– Secured bank borrowings ( <i>note (a)</i> )	<b>243,200</b>	268,800
– Secured loans from financial institutions ( <i>note (b)</i> )	<b>72,641</b>	44,471
	<b>315,841</b>	313,271
<b>Total borrowings</b>	<b>462,104</b>	388,346

- (a) As at 30 June 2022, bank borrowings of RMB294,400,000 (31 December 2021: RMB320,000,000) were obtained in the PRC and secured by the pledge of the Group's land use rights with a net book value of approximately RMB3,686,000 (31 December 2021: RMB3,736,000) (*note 13(a)*), construction in progress and buildings with an aggregate amount of approximately RMB196,244,000 (31 December 2021: RMB191,419,000) (*note 14(c)*) and corporate guarantees from the Company and Yinxing Education, and pledged with right over the tuition fees and boarding fees.

As at 30 June 2022, bank borrowings of RMB50,000,000 were secured by the corporate guarantees from the Company and Chengdu Gingko Asset Management Co., Ltd..

- (b) As at 30 June 2022, the Group's long-term borrowings from financial institutions totalling RMB117,704,000 (31 December 2021: RMB68,346,000) were obtained in the PRC and secured by the pledge of the Group's property, plant and equipment, amounting to RMB184,565,000 (31 December 2021: RMB119,565,000), and were supported by corporate guarantees from the Company and Gingko Asset Management (31 December 2021: the Company and Gingko Asset Management). The borrowings balances were presented net of the security deposits provided to the financial institutions amounting to RMB19,990,000 (31 December 2021: RMB12,540,000).

- (c) The weighted average effective interest rates (per annum) were as follows:

	<b>As at 30 June 2022 RMB'000 (Unaudited)</b>	As at 31 December 2021 RMB'000 (Audited)
Bank borrowings	<b>7.45%</b>	5.89%
Loans from financial institutions	<b>8.79%</b>	8.52%

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For the six months ended 30 June 2022  
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### 19 Borrowings (Continued)

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

	<b>As at 30 June 2022 RMB'000 (Unaudited)</b>	As at 31 December 2021 RMB'000 (Audited)
Less than 1 year	146,263	75,075
Between 1 and 2 years	92,139	73,432
Between 2 and 5 years	200,502	193,439
Over 5 years	23,200	46,400
	<b>462,104</b>	388,346

(e) The carrying amounts of the borrowings were denominated in RMB.

(f) 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.

### 20 Commitments

#### (a) Capital commitments

As at 30 June 2022 and 31 December 2021, the details of the capital expenditure contracted but not provided for in the consolidated financial information are as follows:

	<b>As at 30 June 2022 RMB'000 (Unaudited)</b>	As at 31 December 2021 RMB'000 (Audited)
Property, plant and equipment	102,779	142,401

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For the six months ended 30 June 2022  
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### 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 low value operating leases as follows:

	<b>As at 30 June 2022 RMB'000 (Unaudited)</b>	As at 31 December 2021 RMB'000 (Audited)
No later than 1 year	10	10
Later than 1 year and no later than 5 years	5	10
<b>Total</b>	<b>15</b>	<b>20</b>

### 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) Name and relationship with a related party

The following company is a related party of the Group that had balances and/or transactions with the Group during the period.

<b>Name of related party</b>	<b>Relationship with the Group</b>
Chengdu Gingko Hotel Management Co., Ltd.* (成都银杏酒店管理有限公司)	A company controlled by the Controlling Shareholder

\* The entity does not have official English name and its Chinese name has been translated into English, for reference only, by its directors on a best effort basis.

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For the six months ended 30 June 2022  
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### 21 Related party transactions (Continued)

#### (b) Transactions with a related party

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 a related party.

	<b>Six months ended 30 June 2022 RMB'000 (Unaudited)</b>	Six months ended 30 June 2021 RMB'000 (Unaudited)
Purchases of goods and services – Chengdu Gingko Hotel Management Co., Ltd. (成都银杏酒店管理有限公司)	<u>5</u>	<u>5</u>

#### (c) Key management compensation

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

	<b>Six months ended 30 June 2022 RMB'000 (Unaudited)</b>	Six months ended 30 June 2021 RMB'000 (Unaudited)
Wages, salaries and bonuses	<b>1,151</b>	1,190
Contributions to pension plans	<b>104</b>	122
Welfare, medical and other expenses	<b>176</b>	203
	<u><b>1,431</b></u>	<u>1,515</u>

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For the six months ended 30 June 2022  
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### 21 Related party transactions (Continued)

#### (d) Balances with a related party

##### *Amounts due to a related party*

	<b>As at 30 June 2022 RMB'000 (Unaudited)</b>	As at 31 December 2021 RMB'000 (Audited)
Trade:		
– Chengdu Gingko Hotel Management Co., Ltd. (成都银杏酒店管理有限公司)	<b>5</b>	–

### 22 Contingent liabilities

As at 30 June 2022, the Group had no material contingent liabilities (31 December 2021: nil).

### 23 Events occurring after reporting period

Subsequent to 30 June 2022 and up to the date of this financial information, the Group had no material subsequent events which have not been reflected in the interim financial information.