



# 中國科培教育集團有限公司

## China Kepei Education Group Limited

(Incorporated in the Cayman Islands with limited liability)  
(於開曼群島註冊成立的有限公司)

Stock Code 股份代號 : 1890

# 2021

INTERIM REPORT  
中期報告



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# Company Profile



China Kepei Education Group Limited (the “Company”), together with its subsidiaries (collectively referred to as the “Group”, “we”, “our” or “us”), is a leading provider of private higher education services in China focusing on profession-oriented education. As of 30 June 2021, we had an aggregate of 104,696 students enrolled at the schools we operated and consolidated, namely, Guangdong Polytechnic College, Zhaoqing Science and Technology Secondary Vocational School\* (肇慶市科技中等職業學校) (“Zhaoqing School”), Harbin Institute of Petroleum\* (哈爾濱石油學院) and Huaibei Polytechnic College.

We are committed to providing students with high-quality profession-oriented education and helping them to meet the growing and changing market demands. We are primarily focused on engineering majors in order to better capture the local employment demands, balance with economics, management, education and art majors to offer well-rounded education services. We endeavor to provide students with various profession-oriented training and internship opportunities in collaboration with research institutions and enterprises, through which we foster practical skills and market competitiveness of our students.

Through over 21 years of operating private higher education in China, we believe that we have established a strong reputation, which helps us attract high-quality students and teachers and pave the way for our success. We intend to maintain and strengthen our market position in the private higher education industry in China.

\* denotes English translation of the name of a Chinese company or entity and is provided for identification purpose only

\*\* a school year generally starts from 1 September of each calendar year to 31 August of the following calendar year



# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

Mr. Ye Nianqiao (*Chairman and Chief Executive Officer*)

Dr. Zhang Xiangwei

Mr. Zha Donghui

Ms. Li Yan

Mr. Ye Xun

### Non-executive Director

Mr. Wang Chuanwu

### Independent Non-executive Directors

Dr. Xu Ming

Dr. Deng Feiqi

Dr. Li Xiaolu (*resigned on 2 August 2021*)

Mr. Lu Chao (*appointed on 2 August 2021*)

## AUDIT COMMITTEE

Dr. Xu Ming (*Chairman*)

Mr. Wang Chuanwu

Dr. Deng Feiqi

## REMUNERATION COMMITTEE

Dr. Deng Feiqi (*Chairman*)

Mr. Zha Donghui

Dr. Li Xiaolu (*resigned on 2 August 2021*)

Mr. Lu Chao (*appointed on 2 August 2021*)

## NOMINATION COMMITTEE

Mr. Ye Nianqiao (*Chairman*)

Dr. Deng Feiqi

Dr. Li Xiaolu (*resigned on 2 August 2021*)

Mr. Lu Chao (*appointed on 2 August 2021*)

## JOINT COMPANY SECRETARIES

Ms. Li Yan

Ms. Leung Suet Wing (*resigned on 15 July 2021*)

Mr. Lee Kwok Fai Kenneth (*appointed on 15 July 2021*)

## AUTHORIZED REPRESENTATIVES

Mr. Ye Nianqiao

Ms. Leung Suet Wing (*resigned on 15 July 2021*)

Mr. Lee Kwok Fai Kenneth (*appointed on 15 July 2021*)

## REGISTERED OFFICE

Maples Corporate Services Limited

P.O. Box 309, Ugland House

Grand Cayman, KY1-1104

Cayman Islands

## HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

Qifu Road

Gaoyao District

Zhaoqing City

Guangdong Province

the PRC

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

31/F, Tower Two, Times Square

1 Matheson Street

Causeway Bay

Hong Kong

## CAYMAN ISLANDS SHARE REGISTRAR AND TRANSFER OFFICE

Maples Fund Services (Cayman) Limited

P.O. Box 1093, Boundary Hall

Cricket Square

Grand Cayman, KY1-1102

Cayman Islands

## Corporate Information



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Computershare Hong Kong Investor Services Limited  
Shops 1712-1716  
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183 Queen's Road East  
Wanchai  
Hong Kong

### LEGAL ADVISORS

*As to Hong Kong law:*

Fangda Partners  
26/F, One Exchange Square  
8 Connaught Place  
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Hong Kong

*As to PRC law:*

Commerce & Finance Law Offices  
12-14th Floor, China World Office 2  
No. 1 Jianguomenwai Avenue  
Chaoyang District, Beijing  
the PRC

*As to Cayman Islands law:*

Maples and Calder (Hong Kong) LLP  
53rd Floor, The Center  
99 Queen's Road  
Central  
Hong Kong

### AUDITOR

Ernst & Young  
*Certified Public Accountants*  
Registered Public Interest Entity Auditor  
27/F, One Taikoo Place  
979 King's Road  
Quarry Bay  
Hong Kong

### PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited

### INVESTOR RELATIONS

Mr. Zheng Chaoran  
Investor Relations Director  
Email: [ir@kepeieducation.com](mailto:ir@kepeieducation.com)

### STOCK CODE

1890

### COMPANY'S WEBSITE

[www.chinakepeiedu.com](http://www.chinakepeiedu.com)



# Financial Highlight

	For six months ended 30 June			Percentage
	2021	2020	Change	Change
	RMB'000	RMB'000	RMB'000	(%)
Revenue	<b>634,222</b>	418,920	215,302	+51.4
Gross profit	<b>451,688</b>	309,459	142,229	+46.0
Profit for the period	<b>402,768</b>	320,568	82,200	+25.6
Adjusted EBITDA*	<b>499,056</b>	352,367	146,689	+41.6
Core net profit**	<b>420,270</b>	311,335	108,935	+35.0

\* Adjusted EBITDA is defined as to earnings before interest, income tax expenses, depreciation and amortization after adjusting for the item which is not indicative of the Group's operating performance.

\*\* Core net profit was derived from the profit for the period after adjusting for the items which are not indicative of the Group's operational performance. Please refer to the section of "Financial Review" in this report for details of the reconciliation of the profit for the period to the core net profit of the Group.

	As of 30 June		Change	Percentage
	2021	2020		Change
Number of students enrolled	<b>104,696</b>	81,291	23,405	+28.8

# Management Discussion and Analysis



## BUSINESS OVERVIEW

The Group is a leading provider of private higher education services in China focusing on profession-oriented education. As of 30 June 2021, the Group had an aggregate of 104,696 students enrolled at the schools we operated, namely, Guangdong Polytechnic College, Zhaoqing School, Harbin Institute of Petroleum and Huaibei Polytechnic College.

### Market Position

With over 21 years of experience in operating higher education institutions in China, the Group is a leading provider of private higher education services in China. According to the market research, Guangdong Polytechnic College ranked the first among the private higher education institutions (excluding independent colleges) in South China in terms of the number of newly admitted students and student enrollment. Zhaoqing School ranked the first in terms of student enrollment among the private specialized secondary schools in Guangdong Province.

The Group is committed to providing students with high-quality profession-oriented education and helping them to meet the growing and changing market demands. The Group is primarily focused on engineering majors in order to better capture local employment demands balanced with economics, management, education and art majors to offer well-rounded education services. It endeavors to provide students with various profession-oriented training and internship opportunities in collaboration with research institutions and enterprises, which fosters practical skills and market competitiveness of the students.

### Completion of Acquisition of Harbin Institute of Petroleum

On 29 March 2021, Tibet Kepei Information Technology Co., Ltd.\* (西藏科培信息科技有限公司) (“Tibet Kepei”) and Harbin Institute of Petroleum entered into the Harbin Institute of Petroleum Structured Contracts (as defined in the announcement of the Company dated 29 March 2021), of which the terms and conditions therein are the same as the existing Structured Contracts in all material aspects, pursuant to which Harbin Institute of Petroleum will become an entity controlled by the Company, and its financial results was consolidated into the accounts of the Group. For more details, please refer to the announcement of the Company dated 29 March 2021.



## Management Discussion and Analysis

### Acquisition of Huaibei Polytechnic College

On 29 March 2021, Zhaoqing Kepei Education Investment Development Co., Ltd.\* (肇慶市科培教育投資開發有限公司) (“Zhaoqing Kepei”) entered into the equity transfer agreements with Zhaoqing Gaoyao District Xincheng Education Investment Development Company Limited\* (肇慶高要區信誠教育投資開發有限公司) and Zhaoqing Gaoyao District Deshang Education Investment Development Company Limited\* (肇慶高要區德尚教育投資開發有限公司) to purchase an aggregate of 55% equity interest in Huaibei Kepei Education Investment Development Company Limited (淮北科培教育投資開發有限公司) (“Huaibei Kepei”), the sole sponsor of Huaibei Polytechnic College, in the aggregate amount of RMB197,340,000 (equivalent to approximately HK\$234,222,846). Zhaoqing Kepei will hold 100% equity interest in Huaibei Kepei upon completion of the acquisition. Huaibei Polytechnic College is expected to commence operation in September 2021. With the acquisition of Huaibei Polytechnic College, the Group will be able to further promote its market position in the Yangtze River Delta in the PRC, thereby generating optimal synergy effect among the schools under the Group.

### The Schools Operated by the Group

*Guangdong Polytechnic College:* A degree-granting undergraduate-level education institution established in 2005 which offers undergraduate, junior college and adult education programs. As of 30 June 2021, it has a total of 85,528 students enrolled, consisting of 29,047 undergraduate students, 6,287 junior college students and 50,194 adult college students. It offers 33 undergraduate majors and 26 junior college majors, in a wide range of subject areas. Its core majors include computer science and technology, electrical engineering and automation, electronic information engineering and mechanical design;

*Zhaoqing School:* A secondary vocational school established in 2000 which provides secondary vocational education in 12 majors, including automobile servicing, electronic commerce and electromechanical technology application. As of 30 June 2021, it has a total of 8,504 students enrolled;

*Harbin Institute of Petroleum:* A degree-granting undergraduate-level education institution established in 2003 and was consolidated by the Company since April 2021. It offers undergraduate and adult education programs. As of 30 June 2021, it has a total of 10,664 students, including 9,726 undergraduate students and 938 adult college students. It offers 32 undergraduate majors in a wide range of subject areas. Its core majors include mechatronic engineering, computer science and technology, petroleum engineering and electronic information engineering; and

*Huaibei Polytechnic College:* A degree-granting undergraduate-level education institution established in 2003, formerly known as Huaibei Normal University Information College, and was approved by the Ministry of Education for conversion in June 2021 as a private regular undergraduate institution, namely Huaibei Polytechnic College. It offers 11 undergraduate majors in a wide range of subject areas such as electronic and information engineering and e-commerce. Huaibei Polytechnic College will commence operation in the new campus in September 2021.

## Management Discussion and Analysis



### Revenue

For the six months ended 30 June 2021, the Group experienced revenue growth at its schools, which was in line with the expansion of its business and student enrollment. Revenue increased from RMB418.9 million for the six months ended 30 June 2020 to RMB634.2 million for the six months ended 30 June 2021. The Group typically charges students fees comprising tuition fees, boarding fees and other education service fees. Tuition fees remained as the major revenue, accounting for approximately 92.8% of the total revenue of the Group for the six months ended 30 June 2021.

The table below summarises the amount of revenue generated from tuition fees, boarding fees and other education service fees charged by Guangdong Polytechnic College, Harbin Institute of Petroleum and Zhaoqing School (the “PRC Schools”) for the periods indicated:

	For six months ended 30 June			Percentage
	2021	2020	Change	Change
	RMB'000	RMB'000	RMB'000	(%)
Tuition fees				
Undergraduate program	<b>442,147</b>	281,034	161,113	+57.3
Junior college program	<b>59,128</b>	60,230	(1,102)	(1.8)
Adult college program	<b>46,958</b>	35,237	11,721	+33.3
Secondary vocational education	<b>40,173</b>	34,587	5,586	+16.2
<b>Total tuition fees</b>	<b>588,406</b>	411,088	177,318	+43.1
Boarding fees	<b>40,445</b>	5,162	35,283	+683.5
Other education service fees	<b>5,371</b>	2,670	2,701	+101.2
<b>Total</b>	<b>634,222</b>	418,920	215,302	+51.4



## Management Discussion and Analysis

The increase of the total revenue of the Group for the six months ended 30 June 2021 was mainly due to the increase of the Group's student enrollment and average tuition fee. The boarding fees increased significantly mainly because the students did not return to the campus in the first half of 2020 due to the impact of COVID-19 and the PRC Schools refunded the boarding fees of RMB26 million to the students during the six months ended 30 June 2020.

The Group will increase the tuition fee and boarding fee standard for certain programs in the 2021/2022 school year. The following table sets out the tuition fee information for the schools for the school years indicated:

School	Tuition Fees/ School Year		Boarding Fees/ School Year	
	2021/2022	2020/2021	2021/2022	2020/2021
	RMB	RMB	RMB	RMB
Guangdong Polytechnic College				
– Undergraduate program	<b>29,800</b>	26,800	<b>1,800-6,000</b>	1,800-6,000
– Junior college program	<b>18,800</b>	18,800	<b>1,800-6,000</b>	1,800-6,000
– On-campus adult college program	<b>8,000-18,000</b>	7,400-16,800	<b>1,800-2,000</b>	1,800-2,000
– Off-campus adult college program	<b>680-980</b>	680-980	<b>N/A</b>	N/A
Zhaoqing School				
– Secondary vocational education	<b>8,400-12,400</b>	8,000-12,400	<b>1,500</b>	1,380
Harbin Institute of Petroleum				
– Undergraduate program	<b>20,800-24,800</b>	19,800-21,800	<b>1,500</b>	1,500
– Off-campus adult college program	<b>1,400-2,000</b>	1,400-2,000	<b>N/A</b>	N/A
Huaibei Polytechnic College				
– Undergraduate program	<b>19,800</b>	N/A	<b>1,800</b>	N/A

*Notes:*

- (1) Tuition fees and boarding fees shown above only apply to newly enrolled students in the relevant school years.
- (2) The tuition fees range excluded the "2+2" undergraduate and junior college program offered by Guangdong Polytechnic College, which was generally charged higher than the ordinary program.

## Management Discussion and Analysis



### Student Enrollment

The following table sets out information relating to the student enrollment for the schools of the Group as at the date indicated:

	Numbers of Students Enrolled		Change	Percentage Change (%)
	As of 30 June 2021	2020		
Guangdong Polytechnic College				
Undergraduate program	<b>29,047</b>	23,823	5,224	+21.9
Junior college program	<b>6,287</b>	6,833	(546)	(8.0)
On-campus adult college program	<b>6,794</b>	4,783	2,011	+42.0
Off-campus adult college program	<b>43,400</b>	28,877	14,523	+50.3
<b>Subtotal</b>	<b>85,528</b>	64,316	21,212	+33.0
Zhaoqing School				
Secondary vocational program	<b>8,504</b>	7,609	895	+11.8
Harbin Institute of Petroleum				
Undergraduate program	<b>9,726</b>	9,366	360	+3.8
Off-campus adult college program	<b>938</b>	N/A	N/A	N/A
<b>Subtotal</b>	<b>10,664</b>	9,366	1,298	+13.9
<b>Total</b>	<b>104,696</b>	81,291	23,405	+28.8

The student enrollment information was based on the records as of 30 June 2021. As of 30 June 2021, the total number of enrolled students of the Group was 104,696, representing an increase of 28.8% from the enrolled students as of 30 June 2020.



## Management Discussion and Analysis

### School Utilisation Rate

School utilisation rate is calculated by boarding student enrollment for a particular school year divided by school capacity for such school year. The school capacity is calculated by the number of beds available in student dormitories.

	School Capacity		School Utilisation Rate	
	As at 30 June		As at 30 June	
	2021	2020	2021	2020
Guangdong Polytechnic College	<b>34,386</b>	34,386	<b>94.5%</b>	77.3%
Zhaoqing School	<b>8,116</b>	8,116	<b>93.2%</b>	83.2%
Harbin Institute of Petroleum	<b>9,800</b>	9,440	<b>99.2%</b>	99.2%
<b>Total</b>	<b>52,302</b>	51,942	<b>95.2%</b>	82.2%

In order to meet the strong increase of organic growth, the Group will increase the capacity of Gaoyao campus of Guangdong Polytechnic College by around 3,000 students in the third quarter of 2021.

# Management Discussion and Analysis



## Future Plans

In strengthening the Group's position as a leading provider of private higher education focusing on profession-oriented education, the Group plans to pursue the following business strategies:

### (i) Expand the Group's school network through strategic mergers and acquisitions

The Group has launched three acquisitions of private regular undergraduate colleges since the listing of the Company (the "Listing") and extend its school network to North China and East China. In the future, the Group will explore more acquisitions opportunities in both private regular undergraduate colleges and independent colleges with attractive growth potential. The Group expects more high quality colleges to join its school network in the future.

In terms of geographical coverage, the Group will explore expansion opportunities in South China and Southwest China, where there are a relative scarcity of higher education resources, as well as other areas in China with market potential.

The management team of the Group will leverage its extensive experience to further increase competitiveness in student admission and graduate employment, and thus receive higher tuition fees and achieve business growth. The Group aims to enhance education quality by implementing its profession-oriented teaching method and market-oriented major and curriculum offering to the acquired schools. With respect to graduate employment, the Group plans to share its employment information and resources as well as extensive school-enterprise relationships with newly acquired schools. The Group will also implement centralised management over its entire school network, optimise pricing strategy and lower the operating costs of newly acquired schools.

### (ii) Increase the capacity of the schools

Guangdong Province attracted migrant workers from across China and has been the province with largest net population inflow over the past five years. The lower gross enrolment rate of higher education and large population inflow in Guangdong Province will provide more room for the growth of new enrolments in higher education in the future. The Group plans to further expand the capacity in Gaoyao campus of Guangdong Polytechnic College. The construction of the dormitories in the Gaoyao campus with a capacity of around 3,000 students is expected to be completed in the third quarter of 2021.



## Management Discussion and Analysis

### FINANCIAL REVIEW

#### Revenue

Revenue represents the value of services rendered during the six months ended 30 June 2021. The Group mainly derives revenue from tuition fees and boarding fees of its schools collected from students. Revenue increased by RMB215.3 million, or 51.4%, from RMB418.9 million for the six months ended 30 June 2020 to RMB634.2 million for the six months ended 30 June 2021. This increase was primarily the result of: (i) revenue from tuition fees increasing by RMB177.3 million, or 43.1%, from RMB411.1 million for the six months ended 30 June 2020 to RMB588.4 million for the six months ended 30 June 2021; and (ii) revenue from boarding fees increased by RMB35.2 million, or 683.5%, from RMB5.2 million for the six months ended 30 June 2020 to RMB40.4 million for the six months ended 30 June 2021. The tuition fees increased mainly because: (i) the increase in the number of student enrolments and average tuition fees of Guangdong Polytechnic College and Zhaoqing School; and (ii) the consolidation of the financial results of Harbin Institute of Petroleum acquired by the Group since April 2021. The boarding fees increased significantly mainly because the students did not return to the campus in the first half of 2020 due to the impact of COVID-19 and the PRC Schools refunded the boarding fees of RMB26 million to the students during the six months ended 30 June 2020.

#### Cost of Sales

Cost of sales consists primarily of staff costs, depreciation and amortisation, utilities, teaching supplies, cost of cooperative education, student study and practice fees, office expenses, training expenses, student subsidies, travel and transportation expenses, cost of repairs, property management fees and other costs. Cost of sales increased by RMB73.0 million, or 66.8%, from RMB109.5 million for the six months ended 30 June 2020 to RMB182.5 million for the six months ended 30 June 2021. This increase was primarily the result of: (i) increase in staff costs primarily as a result of the increase in the number of teachers and increased salaries and benefits payable to the Group's teachers; and (ii) the consolidation of the financial results of Harbin Institute of Petroleum acquired by the Group since April 2021.

#### Gross Profit and Gross Profit Margin

Gross profit increased by RMB142.2 million, or 46.0% from RMB309.5 million for the six months ended 30 June 2020 to RMB451.7 million for the six months ended 30 June 2021, which was in line with the growth of the Group's business. Gross profit margin decreased from 73.9% for the six months ended 30 June 2020 to 71.2% for the six months ended 30 June 2021, which was mainly due to consolidation of Harbin Institute of Petroleum with a lower gross profit margin.

# Management Discussion and Analysis



## Other Income and Gains

Other income and gains primarily consist of government grants, interest income from bank deposits, gain on remeasurement of previously existing interest of an associate, rental income from lease of campus properties and venues to independent third parties, management service income, dividend income and gains relating to change in fair value of financial asset. Other income and gains decreased by RMB22.9 million, or 36.6%, from RMB62.6 million for the six months ended 30 June 2020 to RMB39.7 million for the six months ended 30 June 2021. This decrease was primarily due to: (i) the decrease of RMB26.8 million in the management service income from Harbin Institute of Petroleum because the Group did not recognize the management service income after consolidating the financial results of the school in April 2021; (ii) the increase of RMB12.4 million in gain on remeasurement of the previously existing interest of an associate in relation to the acquisition of further interest in Huaibei Kepei; and (iii) the decrease of RMB9.2 million in exchange gain recognized for the six months ended 30 June 2021 resulting from the appreciation of Renminbi ("RMB") against US Dollar ("USD") in relation to the Group's deposits denominated in USD.

## Selling and Distribution Expenses

Selling and distribution expenses primarily consist of advertising expenses, student admission expenses and business entertainment expenses. Selling and distribution expenses increased by RMB0.9 million, or 40.9%, from RMB2.2 million for the six months ended 30 June 2020 to RMB3.1 million for the six months ended 30 June 2021, which was mainly because of the consolidation of financial results of Harbin Institute of Petroleum during the six months ended 30 June 2021.

## Administrative Expenses

Administrative expenses primarily consist of the administrative staff salaries, share-based payment expenses under restricted share award scheme, office-related expenses, depreciation of office buildings and equipment and travel expenses. Administrative expenses increased by RMB26.2 million, or 61.6%, from RMB42.5 million for the six months ended 30 June 2020 to RMB68.7 million for the six months ended 30 June 2021. This increase was primarily due to the increase of share-based payment expenses of RMB25.0 million during the six months ended 30 June 2021 due to the adoption of the restricted share award scheme in June 2020.

## Finance Costs

Finance costs primarily consist of the interest expenses for the interest-bearing bank and other borrowings and lease liabilities. Due to the increased average interest-bearing bank and other borrowings during the six months ended 30 June 2021, the finance costs of the Group significantly increased by RMB16.6 million compared to that of the six months ended 30 June 2020.



## Management Discussion and Analysis

### Core Net Profit

Core net profit was derived from the profit for the period after adjusting the expenses related to the share-based payments under restricted share award scheme, gain on remeasurement of the previously existing interest of an associate, additional depreciation and amortisation due to the fair value adjustments to the acquired identifiable assets and foreign exchange gain or expenses, which are not indicative of the Group's operational performance. This is not a Hong Kong Financial Reporting Standards ("HKFRSs") measure. The Group presents this item because the Group considers it an important supplemental measure of the Group's operational performance used by the Group's management as well as analysts or investors. The following table reconciles from profit for the period to core net profit for both financial periods:

	For six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Profit for the period	402,768	320,568
Add:		
Additional depreciation and amortisation due to the fair value adjustments to the acquired identifiable assets	4,580	–
Share-based payments under restricted share award scheme	24,982	–
Foreign exchange loss	373	–
Less:		
Gain on remeasurement of the previously existing interest of an associate	12,433	–
Foreign exchange gain	–	9,233
<b>Core net profit</b>	<b>420,270</b>	<b>311,335</b>

Core net profit increased by RMB109.0 million, or 35.0%, from RMB311.3 million for the six months ended 30 June 2020 to RMB420.3 million for the six months ended 30 June 2021.

### Capital Expenditures

Capital expenditures during the six months ended 30 June 2021 primarily related to the maintaining and upgrading existing school premises and purchasing additional educational facilities and equipment. For the six months ended 30 June 2021, the Group's capital expenditures were RMB183.2 million.

# Management Discussion and Analysis



## Liquidity and Financial Resources

The Group's primary uses cash to fund its working capital requirements, purchase of property, plant and equipment and loan repayment and related interest expenses. As at the date of this report, the Group has funded its operations principally with the cash generated from its operations, bank and other borrowings and net proceeds from the Listing. In the future, the Group believes that its liquidity requirements will be satisfied with a combination of cash flows generated from its operating activities, bank loans, other borrowings and other funds raised from the capital markets from time to time. As of 30 June 2021, the Group had cash and cash equivalents of RMB1,397.1 million.

The balance of interest-bearing bank and other borrowings as at 30 June 2021 was RMB1,455.4 million. The interest-bearing bank and other borrowings of RMB839.2 million are repayable within a year. The Group had adequate liquidity to meet its daily management and capital expenditure requirements and control internal operating cash flows.

## Capital Structure

The Group's financial department is responsible for its financial risk management which operates according to policies implemented and approved by the senior management. As at 30 June 2021, all the interest-bearing bank and other borrowings were denominated in RMB, while cash and cash equivalents were primarily held in RMB, Hong Kong dollar ("HKD") and USD. The Group plans to maintain an appropriate mix of financial equity and debt to ensure an efficient capital structure. The outstanding balances of interest-bearing bank and other borrowings as at 30 June 2021 were at fixed interest rates for loans denominated in RMB.

## Significant Investments, Acquisitions and Disposals

Save as disclosed in this report, there were no significant investments held by the Company as at 30 June 2021, nor other material acquisitions and disposals of subsidiaries, associated companies or joint ventures by the Company.

## Future Plan for Material Investments and Capital Assets

Save as disclosed in this report, the Group did not have other plans for material investments and capital assets as at 30 June 2021.

## Gearing Ratio

The gearing ratio of the Group, which was calculated as total interest-bearing bank and other borrowings divided by total equity as at the end of the relevant financial year/period, increased from approximately 16.6% as at 31 December 2020 to 43.0% as at 30 June 2021, primarily due to the increase in the Group's total interest-bearing bank and other borrowings.



## Management Discussion and Analysis

### Foreign Exchange Risk Management

The functional currency of the Company is RMB. The majority of the Group's revenue and expenditures are denominated in RMB. As at 30 June 2021, certain bank balances were denominated in HKD and USD. During the six months ended 30 June 2021, the Group did not experience any significant difficulties in or impacts on its operations or liquidity due to fluctuations in currency exchange rates. The directors of the Company (the "Directors") believe that the Group has sufficient foreign exchange to meet its own foreign exchange requirements and will adopt practical and effective measures to prevent exposure to exchange rate risk. The Group did not enter into any financial instrument for hedging purpose.

### Contingent Liabilities

As at 30 June 2021, the Group did not have any significant contingent liabilities, guarantees or any litigations or claims of material importance, pending or threatened (as at 31 December 2020: nil).

### Pledge of Assets

As at 30 June 2021, certain of the Group's furniture and fixtures, and electronic devices with a net carrying amount of approximately RMB124.5 million (as at 31 December 2020: RMB156.2 million) were pledged to secure interest-bearing bank and other borrowings.

### Employees and Remuneration Policy

As at 30 June 2021, the Group had 3,413 employees (as at 30 June 2020: 2,273 employees).

The remuneration policy and package of the Group's employees are periodically reviewed in accordance with industry practice and results performance of the Group. The Group provides external and internal training programs to its employees. The Group participates in various employee social security plans for its employees that are administered by local governments, including housing, pension, medical insurance, occupational injury insurance, maternity insurance and unemployment insurance.

The total remuneration cost incurred by the Group for the six months ended 30 June 2021 was RMB108.4 million (for the six months ended 30 June 2020: RMB61.4 million).

### Events After the Reporting Period

On 15 July 2021, Zhaoqing Kepei, Maanshan Fengzhi Education Technology Co., Ltd.\* (馬鞍山豐志教育科技有限公司), Shenzhen Sunwin Intelligent Co., Ltd. (深圳市賽為智能股份有限公司), Maanshan College (馬鞍山學院) and Mr. Zhou Yong entered into a sponsorship transfer agreement, pursuant to which the Company will acquire the 100% sponsorship interest in Maanshan College. For more details, please refer to the announcement of the Company dated 15 July 2021.

# Corporate Governance and Other Information



## CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the shareholders of the Company and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code and the Corporate Governance Report (the “CG Code”) contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) as its own code of corporate governance.

The Company has complied with all applicable code provisions under the CG Code during the six months ended 30 June 2021, save and except for the deviation from code provision A.2.1 of the CG Code as follows:

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Ye Nianqiao (“Mr. Ye”) is the chairman (the “Chairman”) and chief executive officer (the “CEO”) of the Company. Mr. Ye is the founder of the Group and has been responsible for managing the operation and overall strategic planning of the Group since its establishment. The Directors believe that vesting the roles of both the Chairman and the CEO in Mr. Ye is beneficial to the business outlook and management of the Group and can ensure consistent leadership within the Group for a more effective and efficient overall strategic planning for the Group. After considering all the corporate governance measures that have been taken, the Board considers that the balance of power and authority will not be impaired by the present arrangement and the current structure will enable the Company to make and implement decisions more promptly and effectively. Thus, the Company does not separate the roles of Chairman and CEO. The Board will continue to review and consider separating the roles of Chairman and CEO of the Company when appropriate after taking into account of the then overall circumstances of the Group. The Company will also continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

## MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the “Model Code for Securities Transactions by Directors of Listed Issuer” (the “Model Code”) as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions of the Directors. Having made specific enquiry of all the Directors, each of the Directors has confirmed that he/she has complied with the required standard as set out in the Model Code during the six months ended 30 June 2021.



## Corporate Governance and Other Information

### INTERIM DIVIDEND

The Board does not recommend any interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: nil).

### AUDIT COMMITTEE

The Board has established an audit committee (the “Audit Committee”), which comprises three members, including two independent non-executive Directors namely Dr. Xu Ming (chairman) and Dr. Deng Feiqi and one non-executive Director namely Mr. Wang Chuanwu. The primary duties of the Audit Committee are to review and supervise the Company’s financial reporting system, internal control system and risk management system.

The Audit Committee, together with the Board, has reviewed the unaudited interim condensed consolidated results of the Group for the six months ended 30 June 2021 and was of the opinion that the interim results and interim report had been prepared in accordance with the relevant accounting standards and that adequate disclosures had been made in accordance with the requirements of the Listing Rules.

### CHANGES TO DIRECTORS’ INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of Directors are set out below during the Reporting Period and up to the date of this interim report:

- (i) Dr. Li Xiaolu has resigned as an independent non-executive Director, a member of the remuneration committee of the Company (the “Remuneration Committee”) and a member of the nomination committee of the Company (the “Nomination Committee”) with effect from 2 August 2021.
- (ii) Mr. Lu Chao has been appointed as an independent non-executive Director, a member of the Remuneration Committee and a member of the Nomination Committee with effect from 2 August 2021.

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

## Corporate Governance and Other Information



### PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 June 2021, neither the Company nor its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

### USE OF NET PROCEEDS FROM LISTING

The Company issued 354,132,000 new shares (after exercising the over-allotment option in February 2019) with par value of USD0.00001 at the issue price of HK\$2.48 per share in connection with the Listing. The net proceeds after deducting underwriting commission and issuing expenses incurred from the Listing were approximately HK\$792.3 million (equivalent to approximately RMB686.8 million).

The following sets forth a summary of the utilisation of the net proceeds:

Purpose	Percentage to total amount	Net proceeds RMB (million)	Utilised amount	Unutilised amount	Expected timeline for utilizing the unutilized net proceeds
			(at 30 June 2021)	(at 30 June 2021)	
			RMB (million)	RMB (million)	
Acquire additional schools	44.9%	308.4	308.4	-	N/A
Expand the existing schools owned or operated by the Group	37.6%	258.2	258.2	-	N/A
Repay loans from third-party financial institutions	7.5%	51.5	51.5	-	N/A
Fund the working capital and general corporate purposes	10.0%	68.7	68.7	-	N/A
Total	100.0%	686.8	686.8	-	

The net proceeds from the Listing have been fully utilised in accordance with the purposes set out in the prospectus of the Company dated 15 January 2019.



## Corporate Governance and Other Information

### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2021, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap 571) (the "SFO") which have been 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 were taken or deemed to have taken under such provisions of the SFO), or which were recorded in the register required to be kept pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Model Code were as follows:

Name of Director or chief executive	Capacity/ Nature of Interest	Number of Shares <sup>(2)</sup>	Number of Underlying Shares <sup>(3)</sup>	Approximate Percentage of Shareholding in the Company <sup>(1)</sup>
Ye Nianqiao	Founder of a discretionary trust <sup>(4)</sup>	675,000,000 (L)	–	33.49%
	Interest of spouse <sup>(5)</sup>	375,000,000 (L)	–	18.61%
Ye Xun	Founder of a discretionary trust <sup>(6)</sup>	300,000,000 (L)	–	14.89%
	Beneficial owner	–	700,000 (L)	0.03%
Ye Nianjiu	Founder of a discretionary trust <sup>(7)</sup>	150,000,000 (L)	–	7.44%
	Beneficial owner	–	800,000 (L)	0.04%
Zhang Xiangwei	Beneficial owner	–	2,000,000 (L)	0.10%
Zha Donghui	Beneficial owner	–	1,200,000 (L)	0.06%
Li Yan	Beneficial owner	–	1,000,000 (L)	0.05%
Wang Chuanwu	Beneficial owner	–	800,000 (L)	0.04%
Xu Ming	Beneficial owner	–	400,000 (L)	0.02%

## Corporate Governance and Other Information



### Notes:

1. As at 30 June 2021, the total number of issued shares is 2,015,248,667 shares.
2. The letter “L” denoted the person’s long position in the shares.
3. Interests in restricted shares granted pursuant to the restricted share award scheme.
4. Qiaoge Company Limited is wholly-owned by Ye Liya Limited, which is in turn wholly-owned by a trust, the trustee of which is Cantrust (Far East) Limited. The trust is a discretionary trust set up by Mr. Ye Nianqiao as founder who can influence how the trustee exercises his discretion. Qiaoge Company Limited is accustomed to act in accordance with the directions of Mr. Ye Nianqiao. By virtue of Part XV of the SFO, Mr. Ye Nianqiao is deemed to be interested in the shares held by Qiaoge Company Limited.
5. Mr. Ye Nianqiao is the husband of Ms. Shu Liping. By virtue of Part XV of the SFO, Mr. Ye Nianqiao is deemed to be interested in the shares indirectly held by Ms. Shu Liping through Shuye Company Limited. Shuye Company Limited is beneficially and wholly-owned by Ms. Shu Liping through Shu Feiya Limited, which is in turn wholly owned by a discretionary trust set up by Ms. Shu Liping as founder who can influence how the trustee exercises her discretion. Shuye Company Limited is accustomed to act in accordance with the directions of Ms. Shu Liping.
6. Chenye Company Limited is wholly-owned by Ye Kasi Limited, which is in turn wholly-owned by a discretionary trust set up by Mr. Ye Xun as founder who can influence how the trustee exercises his discretion. Chenye Company Limited is accustomed to act in accordance with the directions of Mr. Ye Xun. By virtue of Part XV of the SFO, Mr. Ye Xun is deemed to be interested in the shares held by Chenye Company Limited.
7. Weixin Company Limited is wholly-owned by Huanleye Limited, which is in turn wholly-owned by a discretionary trust set up by Mr. Ye Nianjiu as founder who can influence how the trustee exercises his discretion. Weixin Company Limited is accustomed to act in accordance with the directions of Mr. Ye Nianjiu. By virtue of Part XV of the SFO, Mr. Ye Nianjiu is deemed to be interested in the shares held by Weixin Company Limited.

Save as disclosed above, as at 30 June 2021, none of the Directors or the chief executive of the Company had or was deemed to have any interest or short position in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required 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 were taken or deemed to have under such provisions of the SFO), or required to be recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## DIRECTORS’ RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this report, at no time during the six months ended 30 June 2021 was the Company or any of its subsidiaries, a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.



## Corporate Governance and Other Information

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2021, to the best knowledge of the Directors, the following persons (other than the Directors or chief executive of the Company) had an interest or a short position in the shares or underlying shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of Shareholder	Nature of Interest	Number of Shares <sup>(2)</sup>	Approximate Percentage of Shareholding in the Company <sup>(1)</sup>
Cantrust (Far East) Limited	Trustee <sup>(3)</sup>	675,000,000 (L)	33.49%
Ye Liya Limited	Interest in a controlled corporation <sup>(3)</sup>	675,000,000 (L)	33.49%
Qiaoge Company Limited	Beneficial owner <sup>(3)</sup>	675,000,000 (L)	33.49%
Shu Liping	Founder of a discretionary trust <sup>(4)</sup>	375,000,000 (L)	18.61%
	Interest of spouse <sup>(4)</sup>	675,000,000 (L)	33.49%
Cantrust (Far East) Limited	Trustee <sup>(4)</sup>	375,000,000 (L)	18.61%
Shu Feiya Limited	Interest in a controlled corporation <sup>(4)</sup>	375,000,000 (L)	18.61%
Shuye Company Limited	Beneficial owner <sup>(4)</sup>	375,000,000 (L)	18.61%
Cantrust (Far East) Limited	Trustee <sup>(5)</sup>	300,000,000 (L)	14.89%
Ye Kasi Limited	Interest in a controlled corporation <sup>(5)</sup>	300,000,000 (L)	14.89%
Chenye Company Limited	Beneficial owner <sup>(5)</sup>	300,000,000 (L)	14.89%
Cantrust (Far East) Limited	Trustee <sup>(6)</sup>	150,000,000 (L)	7.44%
Huanleye Limited	Interest in a controlled corporation <sup>(6)</sup>	150,000,000 (L)	7.44%
Weixin Company Limited	Beneficial owner <sup>(6)</sup>	150,000,000 (L)	7.44%
SKYLINE MIRACLE LIMITED	Beneficial owner <sup>(7)</sup>	146,666,667 (L)	7.28%
Gabriel Li	Interest in a controlled corporation <sup>(7)</sup>	146,666,667 (L)	7.28%
Lam Lai Ming	Interest in a controlled corporation <sup>(7)</sup>	146,666,667 (L)	7.28%
AREO HOLDINGS LIMITED	Interest in a controlled corporation <sup>(7)</sup>	146,666,667 (L)	7.28%
ORCHID ASIA V GROUP, LIMITED	Interest in a controlled corporation <sup>(7)</sup>	136,400,000 (L)	6.77%
ORCHID ASIA V GROUP MANAGEMENT, LIMITED	Interest in a controlled corporation <sup>(7)</sup>	136,400,000 (L)	6.77%
ORCHID ASIA VII GP, LIMITED	Interest in a controlled corporation <sup>(7)</sup>	136,400,000 (L)	6.77%
OAVII HOLDINGS, L.P.	Interest in a controlled corporation <sup>(7)</sup>	136,400,000 (L)	6.77%
ORCHID ASIA VII, L.P.	Interest in a controlled corporation <sup>(7)</sup>	136,400,000 (L)	6.77%

## Corporate Governance and Other Information



### Notes:

1. As at 30 June 2021, the total number of issued shares is 2,015,248,667 shares.
2. The letter “L” denoted the person’s long position in the shares.
3. Qiaoge Company Limited is wholly-owned by Ye Liya Limited, which is in turn wholly-owned by a trust, the trustee of which is Cantrust (Far East) Limited. The trust is a discretionary trust set up by Mr. Ye Nianqiao as founder who can influence how the trustee exercises his discretion. Qiaoge Company Limited is accustomed to act in accordance with the directions of Mr. Ye Nianqiao. By virtue of Part XV of the SFO, Mr. Ye Nianqiao is deemed to be interested in the shares held by Qiaoge Company Limited.
4. Shuye Company Limited is wholly-owned by Shu Feiya Limited, which is in turn wholly owned by a discretionary trust set up by Ms. Shu Liping as founder who can influence how the trustee exercises her discretion. Shuye Company Limited is accustomed to act in accordance with the directions of Ms. Shu Liping. By virtue of Part XV of the SFO, Ms. Shu Liping is deemed to be interested in the shares held by Shuye Company Limited. Mr. Ye Nianqiao is the husband of Ms. Shu Liping. By virtue of Part XV of the SFO, Ms. Shu Liping is deemed to be interested in the shares indirectly held by Mr. Ye Nianqiao through Qiaoge Company Limited.
5. Chenye Company Limited is wholly-owned by Ye Kasi Limited, which is in turn wholly-owned by a discretionary trust set up by Mr. Ye Xun as founder who can influence how the trustee exercises his discretion. Chenye Company Limited is accustomed to act in accordance with the directions of Mr. Ye Xun. By virtue of Part XV of the SFO, Mr. Ye Xun is deemed to be interested in the shares held by Chenye Company Limited.
6. Weixin Company Limited is wholly-owned by Huanleye Limited, which is in turn wholly-owned by a discretionary trust set up by Mr. Ye Nianjiu as founder who can influence how the trustee exercises his discretion. Weixin Company Limited is accustomed to act in accordance with the directions of Mr. Ye Nianjiu. By virtue of Part XV of the SFO, Mr. Ye Nianjiu is deemed to be interested in the shares held by Weixin Company Limited.
7. Skyline Miracle Limited, was beneficially owned by Orchid Asia VII, L.P. as to 93% and Orchid Asia VII Co-Investment, Limited as to 7%. Orchid Asia VII, L.P. was wholly controlled by OAVII Holdings, L.P. (in its capacity as general partner of Orchid Asia VII, L.P.), which was in turn wholly controlled by Orchid Asia VII GP, Limited (in its capacity as general partner of OAVII Holdings, L.P.), which was in turn wholly owned by Orchid Asia V Group Management, Limited, which was in turn wholly owned by Orchid Asia V Group, Limited, which was in turn wholly owned by Areo Holdings Limited. Areo Holdings Limited was wholly owned by Ms. Lam Lai Ming. Areo Holdings Limited was also controlled by Mr. Gabriel Li by virtue of his directorship therein. Accordingly, Ms. Lam Lai Ming and Mr. Gabriel Li were taken to be interested in the Conversion Shares in which Areo Holdings Limited was interested by virtue of Part XV of the SFO.

Save as disclosed above, as at 30 June 2021, the Directors are not aware of any other person (other than the Directors or chief executive of the Company) who had an interest or short position in the shares or underlying shares which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required pursuant to section 336 of the SFO, to be entered in the register referred to therein.



## Corporate Governance and Other Information

### SHARE OPTION SCHEME

The Company has adopted a share option scheme on 10 January 2019 (the “Share Option Scheme”), under which the Company may issue options to purchase up to a total of 200,000,066 Shares to the Directors, senior management and employees. The Share Option Scheme is valid and effective for a period of ten years commencing on 10 January 2019.

From 10 January 2019 (date of the adoption of the Share Option Scheme) to 30 June 2021, no option under the Share Option Scheme has been granted, exercised, cancelled and lapsed.

### RESTRICTED SHARE AWARD SCHEME

The Company has adopted a restricted share award scheme (the “Restricted Share Award Scheme”) on 22 June 2020 to (i) recognize and reward the selected participants for their past contributions to the Company and provide them with the opportunities to acquire the interests in the Company; (ii) provide incentives for the selected participants to continuously make substantial contributions for the long-term growth of the Company in the future; (iii) attract and retain talented participants who may be beneficial to the growth and development of the Company; (iv) further align the interests of the selected participants with the shareholders through ownership of shares by the selected participants, so as to bring more efficient and long lasting returns to the Company, the shareholders and the selected participants and to promote the realization of the strategic objectives of the Company; and (v) establish an operating performance-oriented long-term incentive mechanism for the Company. The Restricted Share Award Scheme became effective on 22 June 2020. Subject to earlier termination by the Board, the Restricted Share Award Scheme shall be valid and effective for a period of five years from the adoption date. The maximum number of shares which can be awarded under the Restricted Share Award Scheme and to a selected participant are limited to 2% of the issued share capital of the Company as at the adoption date.

The Company shall comply with the relevant Listing Rules when granting the restricted shares. If awards are made to the directors or substantial shareholders of the Group, such awards shall constitute connected transaction under Chapter 14A of the Listing Rules and the Company shall comply with the relevant requirements under the Listing Rules.

## Corporate Governance and Other Information



The table below shows details of the restricted shares granted under the Restricted Share Award Scheme during the Reporting Period:

	Date of Grant	Number of Restricted Shares					Outstanding as at 30 June 2021	Vesting Period
		Outstanding as at 1 January 2021	Granted during the Reporting Period	Vested during the Reporting Period	Forfeited during the Reporting Period	Outstanding as at 30 June 2021		
<b>Directors</b>								
Dr. Zhang Xiangwei	14 August 2020	2,000,000	-	-	-	2,000,000	3 years	
Mr. Zha Donghui	14 August 2020	1,200,000	-	-	-	1,200,000	3 years	
Ms. Li Yan	14 August 2020	1,000,000	-	-	-	1,000,000	3 years	
Mr. Ye Xun	14 August 2020	700,000	-	-	-	700,000	3 years	
Mr. Wang Chuanwu	14 August 2020	800,000	-	-	-	800,000	3 years	
Dr. Xu Ming	14 August 2020	400,000	-	-	-	400,000	3 years	
<b>Directors of the Subsidiary</b>								
Mr. Ye Nianjiu	14 August 2020	800,000	-	-	-	800,000	3 years	
Ms. Wang Yi Ning	14 August 2020	800,000	-	-	-	800,000	3 years	
Mr. Zhang Dongsheng	14 August 2020	700,000	-	-	-	700,000	3 years	
Ms. Chai Weisi (Former director)	14 August 2020	650,000	-	-	-	650,000	3 years	
Ms. Liu Xiangping	14 August 2020	650,000	-	-	-	650,000	3 years	
Mr. Zhang Zongshan (Former director)	14 August 2020	650,000	-	-	-	650,000	3 years	
Mr. Li Huiyou (Former director)	14 August 2020	400,000	-	-	-	400,000	3 years	
Mr. Tan Jinxing (Former director)	14 August 2020	400,000	-	-	-	400,000	3 years	
<b>Sub-total</b>		<b>11,150,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,150,000</b>		
<b>Employees in aggregate</b>								
7 employees	22 June 2020	3,300,000	-	-	-	3,300,000	3 years	
<b>Sub-total</b>		<b>3,300,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,300,000</b>		
<b>Total</b>		<b>14,450,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,450,000</b>		



## Corporate Governance and Other Information

As at 30 June 2021, no restricted shares has been granted under the Restricted Share Award Scheme and 25,565,973 restricted shares remaining in the pool, representing approximately 1.27% of the total issued share capital as at the date of this interim report. The remaining life of the Restricted Share Award Scheme was around three years and nine months as at the date of this interim report.

Details of the purpose and movement of the restricted shares granted during the Reporting Period are set out under note 12 to the unaudited interim condensed consolidated financial statements in this interim report. For more details of the Restricted Share Award Scheme, please refer to the Company's announcement dated 22 June 2020.

# Unaudited Interim Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2021

	Notes	Six months ended 30 June	
		2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
REVENUE	4	<b>634,222</b>	418,920
Cost of sales		<b>(182,534)</b>	(109,461)
Gross profit		<b>451,688</b>	309,459
Other income and gains	4	<b>39,681</b>	62,561
Selling and distribution expenses		<b>(3,052)</b>	(2,176)
Administrative expenses		<b>(68,744)</b>	(42,539)
Other expenses		<b>(525)</b>	–
Finance costs		<b>(18,448)</b>	(1,849)
Share of losses of:			
A joint venture		<b>(421)</b>	(304)
An associate		<b>(2,676)</b>	(664)
PROFIT BEFORE TAX	5	<b>397,503</b>	324,488
Income tax credit/(expense)	6	<b>5,265</b>	(3,920)
PROFIT FOR THE PERIOD		<b>402,768</b>	320,568
Attributable to:			
Owners of the parent		<b>402,768</b>	320,568
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	8		
Basic			
– For profit for the period		<b>0.2013</b>	0.1602
Diluted			
– For profit for the period		<b>0.2005</b>	0.1602

# Unaudited Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2021

	Six months ended 30 June	
	2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
PROFIT FOR THE PERIOD	<b>402,768</b>	320,568
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:		
Equity investment designated at fair value through other comprehensive income:		
Changes in fair value	<b>(25,916)</b>	(2,582)
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods	<b>(25,916)</b>	(2,582)
OTHER COMPREHENSIVE LOSS FOR THE PERIOD	<b>(25,916)</b>	(2,582)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<b>376,852</b>	317,986
Attributable to:		
Owners of the parent	<b>376,852</b>	317,986

# Unaudited Interim Condensed Consolidated Statement of Financial Position

30 June 2021

	Notes	30 June 2021 (Unaudited) RMB'000	31 December 2020 (Audited) RMB'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	9	2,790,003	1,712,392
Right-of-use assets		773,080	201,483
Goodwill		692,121	–
Other intangible assets		399,751	–
Investment in a joint venture		–	2,052
Investment in an associate		–	136,243
An equity investment designated at fair value through other comprehensive income		19,954	45,870
Prepayments for non-current assets		107,445	454,885
Deferred tax assets		11,008	4,762
<b>Total non-current assets</b>		<b>4,793,362</b>	2,557,687
<b>CURRENT ASSETS</b>			
Inventories		95	–
Trade receivables	10	42,103	34,128
Prepayments, other receivables and other assets		90,831	212,221
Financial assets at fair value through profit or loss		63,701	59,833
Amounts due from an associate	16(c)	–	158,329
Time deposits		–	100,000
Cash and cash equivalents		1,397,135	1,294,204
<b>Total current assets</b>		<b>1,593,865</b>	1,858,715
<b>CURRENT LIABILITIES</b>			
Contract liabilities	4	44,143	524,366
Other payables and accruals		1,289,763	170,406
Dividend payable	7	199,715	–
Interest-bearing bank and other borrowings		839,163	265,015
Lease liabilities		1,654	1,609
Tax payable		3,831	2,850
Deferred income		1,513	996
<b>Total current liabilities</b>		<b>2,379,782</b>	965,242
<b>NET CURRENT (LIABILITIES)/ASSETS</b>		<b>(785,917)</b>	893,473
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>4,007,445</b>	3,451,160

# Unaudited Interim Condensed Consolidated Statement of Financial Position (continued)

30 June 2021

	Note	30 June 2021 (Unaudited) RMB'000	31 December 2020 (Audited) RMB'000
TOTAL ASSETS LESS CURRENT LIABILITIES		<b>4,007,445</b>	3,451,160
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		<b>616,267</b>	262,258
Lease liabilities		<b>6,597</b>	7,434
Deferred income		<b>8,735</b>	7,741
Total non-current liabilities		<b>631,599</b>	277,433
Net assets		<b>3,375,846</b>	3,173,727
EQUITY			
Equity attributable to owners of the parent			
Share capital	11	<b>137</b>	137
Reserves		<b>3,375,709</b>	3,173,590
Total equity		<b>3,375,846</b>	3,173,727

# Unaudited Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2021

	Attributable to owners of the parent								
	Share capital	Shares held for the restricted share award scheme	Capital reserve – share premium	Capital reserve – others	Statutory and other surplus reserves	Restricted share award reserve	Fair value reserve	Retained profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	Note 11	Note 12				Note 12			
At 1 January 2021 (audited)	137	(82,326)	771,153	14,231	639,038	19,048	7,415	1,805,031	3,173,727
Profit for the period	-	-	-	-	-	-	-	402,768	402,768
Other comprehensive loss for the period:									
Change in fair value of an equity investment at fair value through other comprehensive income	-	-	-	-	-	-	(25,916)	-	(25,916)
Total comprehensive income for the period	-	-	-	-	-	-	(25,916)	402,768	376,852
Final 2020 dividend declared	-	-	(199,715)	-	-	-	-	-	(199,715)
Equity-settled restricted share award scheme	-	-	-	-	-	24,982	-	-	24,982
Transfer from retained profits	-	-	-	-	99,170	-	-	(99,170)	-
At 30 June 2021 (unaudited)	137	(82,326)*	571,438*	14,231*	738,208*	44,030*	(18,501)*	2,108,629*	3,375,846

\* These reserve accounts comprise the consolidated reserves of RMB3,375,709,000 in the unaudited interim condensed consolidated statement of financial position as at 30 June 2021.

## Unaudited Interim Condensed Consolidated Statement of Changes in Equity (continued)

For the six months ended 30 June 2021

	Attributable to owners of the parent						Total RMB'000
	Share capital RMB'000 Note 11	Capital reserve – share premium RMB'000	Capital reserve – others RMB'000	Statutory and other surplus reserves RMB'000	Fair value reserve RMB'000	Retained profits RMB'000	
At 1 January 2020 (audited)	136	872,069	14,231	492,569	24,198	1,386,710	2,789,913
Profit for the period	–	–	–	–	–	320,568	320,568
Other comprehensive loss for the period: Change in fair value of equity investments at fair value through other comprehensive income	–	–	–	–	(2,582)	–	(2,582)
Total comprehensive (loss)/income for the period	–	–	–	–	(2,582)	320,568	317,986
Final 2019 dividend declared	–	(183,205)	–	–	–	–	(183,205)
Transfer from retained profits	–	–	–	73,674	–	(73,674)	–
At 30 June 2020 (unaudited)	136	688,864*	14,231*	566,243*	21,616*	1,633,604*	2,924,694

\* These reserve accounts comprise the consolidated reserves of RMB2,924,558,000 in the unaudited interim condensed consolidated statement of financial position as at 30 June 2020.

# Unaudited Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2021

	Notes	Six months ended 30 June	
		2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		<b>397,503</b>	324,488
Adjustments for:			
Finance costs		<b>18,448</b>	1,849
Exchange difference, net	5	<b>373</b>	(9,233)
Share of losses of a joint venture and an associate		<b>3,097</b>	968
Gain on remeasurement of the previously existing interest of an associate	4	<b>(12,433)</b>	–
Loss on remeasurement of the previously existing interest of a joint venture	5	<b>142</b>	–
Bank interest income	4	<b>(6,585)</b>	(7,256)
Interest income on loans to an associate	4	<b>(3,231)</b>	(1,517)
Interest expense on other borrowings	4	<b>3,231</b>	1,517
Dividend income from an equity investment designated at fair value through other comprehensive	4	<b>(830)</b>	(1,180)
Fair value gain, net:			
Financial assets at fair value through profit or loss	4	<b>(3,868)</b>	(6,527)
Government grants related to asset released	4	<b>(664)</b>	(404)
Depreciation of property, plant and equipment	5	<b>51,048</b>	36,023
Depreciation of right-of-use assets	5	<b>4,391</b>	3,160
Amortisation of other intangible assets	5	<b>4,899</b>	–
Write back of expected credit losses of trade receivables	5	<b>(243)</b>	(137)
Gain on disposal of items of property, plant and equipment	5	<b>–</b>	(29)
Equity-settled restricted share award expense		<b>24,982</b>	–
		<b>480,260</b>	341,722
Decrease in inventories		<b>343</b>	–
Increase in trade receivables		<b>(6,065)</b>	(3,898)
Increase in prepayments, other receivables and other assets		<b>(36,849)</b>	(25,329)
(Decrease)/increase in other payables and accruals		<b>(33,570)</b>	5,358
Decrease in contract liabilities		<b>(555,787)</b>	(375,521)
Cash used in operations		<b>(151,668)</b>	(57,668)
Bank interest received		<b>6,354</b>	9,215
Net cash flows used in operating activities		<b>(145,314)</b>	(48,453)

## Unaudited Interim Condensed Consolidated Statement of Cash Flows (continued)

For the six months ended 30 June 2021

	Note	Six months ended 30 June	
		2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received from financial assets at fair value through profit or loss		–	1,360
Dividend received from an equity investment designated at fair value through other comprehensive		<b>830</b>	1,180
Advances for acquisition of subsidiaries		<b>(100,000)</b>	(450,000)
Acquisition of subsidiaries	13	<b>(182,824)</b>	–
Deposits paid for acquisition		–	(100,000)
Advances of loans to an associate		–	(150,000)
Increase in an amount due to a third party		<b>2,002</b>	–
Purchases of items of property, plant and equipment		<b>(183,247)</b>	(71,681)
Proceeds from disposal of items of property, plant and equipment		<b>2</b>	41
Capital injection in an associate		–	(200)
Receipt of government grants		–	9,775
Proceeds from disposal of financial assets at fair value through profit or loss		–	271,000
Decrease in time deposits		<b>100,000</b>	–
<b>Net cash flows used in investing activities</b>		<b>(363,237)</b>	(488,525)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
New bank and other borrowings		<b>779,832</b>	284,000
Repayments of bank loans and other borrowings		<b>(150,000)</b>	–
Interest paid		<b>(17,185)</b>	(4,179)
Principal portion of lease payments		<b>(792)</b>	(666)
<b>Net cash flows from financing activities</b>		<b>611,855</b>	279,155
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents at beginning of period		<b>1,294,204</b>	1,111,749
Effect of foreign exchange rate changes, net		<b>(373)</b>	9,233
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>		<b>1,397,135</b>	863,159
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents as stated in the statement of financial position and in the statement of cash flows		<b>1,397,135</b>	863,159

# Notes to Unaudited Interim Condensed Consolidated Financial Statements

30 June 2021

## 1. CORPORATE AND GROUP INFORMATION

China Kepei Education Group Limited (the “Company”) was incorporated in the Cayman Islands on 24 August 2017 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of the registered office of the Company is P.O. Box 309, Uglan House, Grand Cayman, KY1-1104, Cayman Islands. The Company was listed on the Main Board of the Stock Exchange of Hong Kong Limited on 25 January 2019.

The principal activity of the Company is investment holding. During the period, the Company and its subsidiaries (collectively referred to as the “Group”) were principally engaged in providing private higher education services in the People’s Republic of China (the “PRC”).

## 2.1 BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements for the six months ended 30 June 2021 have been prepared in accordance with HKAS 34 *Interim Financial Reporting*. The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements as at 31 December 2020.

The Group has prepared the financial statements on the basis that it will continue to operate as a going concern. The Group recorded net current liabilities of RMB785,917,000 as at 30 June 2021. Included therein were the contract liabilities of RMB44,143,000 as at 30 June 2021, which will be settled by education services provided by the Group rather than settled by cash. In view of the net current liabilities position, the directors of the Company (the “Directors”) have given careful consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern and meet its liabilities as and when they fall due in the foreseeable future.

Taking into account the financial resources available to the Group, including the internally generated funds from operation and existence of unutilised loan facilities of RMB707,376,000 from reputable financial institutions as at 30 June 2021 and the ability of management in adjusting the pace of its operation expansion, the Directors consider that there are no material uncertainties that may cast significant doubt over going concern assumption. They have formed a judgement that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

The unaudited interim condensed consolidated financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand except when otherwise indicated.

## 2.2 CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's financial statements.

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	<i>Interest Rate Benchmark Reform – Phase 2</i>
Amendment to HKFRS 16	<i>Covid-19-Related Rent Concessions</i>

The nature of the revised HKFRSs are described below:

- (a) Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate ("RFR"). The phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy.
- (b) Amendment to HKFRS 16 issued in April 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted.

These amendments had no impact on the unaudited interim condensed consolidated financial statements of the Group.

# Notes to Unaudited Interim Condensed Consolidated Financial Statements

30 June 2021

## 3. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the provision of private higher education services in the PRC.

HKFRS 8 *Operating Segments* requires operating segments to be identified on the basis of internal reporting about components of the Group that are regularly reviewed by the chief operating decision-maker in order to allocate resources to segments and to assess their performance. The information reported to the Directors, who are the chief operating decision makers, for the purpose of resource allocation and assessment of performance does not contain discrete operating segment financial information and the directors review the financial results of the Group as a whole. Therefore, no further information about the operating segment is presented.

### **Geographical information**

During the period, the Group operated within one geographical segment because all of its revenue was generated in the PRC and majority of its long-term assets/capital expenditures were located/incurred in the PRC. Accordingly, no geographical segment information is presented.

### **Information about major customers**

No revenue from services provided to a single customer accounted to 10% or more of the total revenue of the Group during the period.

# Notes to Unaudited Interim Condensed Consolidated Financial Statements

30 June 2021

## 4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue, other income and gains is as follows:

	Notes	Six months ended 30 June	
		2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
<u>Revenue</u>			
<i>Revenue from contracts with customers</i>			
Tuition fees	(a)	<b>588,406</b>	411,088
Boarding fees	(a)	<b>40,445</b>	5,162
Other education service fees	(b)	<b>5,371</b>	2,670
		<b>634,222</b>	418,920
<u>Other income and gains</u>			
Management service income	(c)	<b>5,189</b>	31,962
Bank interest income		<b>6,585</b>	7,256
Interest income on loans to an associate	(d)	<b>3,231</b>	1,517
Interest expense on other borrowings	(d)	<b>(3,231)</b>	(1,517)
Dividend income from an equity investment designated at fair value through other comprehensive income		<b>830</b>	1,180
Gain on remeasurement of the previously existing interest of an associate	(e)	<b>12,433</b>	–
Rental income		<b>6,905</b>	5,399
Government grants			
Related to assets		<b>664</b>	404
Related to income		<b>3,207</b>	571
Fair value gains, net			
Financial assets at fair value through profit or loss		<b>3,868</b>	6,527
Exchange gain, net		–	9,233
Gain on disposal of items of property, plant and equipment		–	29
		<b>39,681</b>	62,561

# Notes to Unaudited Interim Condensed Consolidated Financial Statements

30 June 2021

## 4. REVENUE, OTHER INCOME AND GAINS (continued)

- (a) During the period, tuition fees and boarding fees mainly represented income received from the provision of education and boarding services to the students, which was recognised over time, i.e. the academic year, of the services rendered.
- (b) During the period, other education service fees mainly represented income received from the provision of other education services including training service to the students, which was amortised over time, i.e. the training periods of the services rendered.
- (c) Pursuant to the share management agreement in relation to the acquisition of Harbin Institute of Petroleum (哈爾濱石油學院), the entire management of Harbin Institute of Petroleum shall be entrusted to a subsidiary of the Company with effect from the effective date of the entrustment until the completion of acquisition. In consideration for the management services provided by the subsidiaries of the Company, the Group shall be entitled to management service income during the term of the share management agreement. On 29 March 2021, the Group completed the acquisition of Harbin Institute of Petroleum and terminated the share management agreement, and consolidated the financial result of the school into the Group after then.
- (d) During the period, pursuant to an agreement entered into between the Group and Huaibei Kepei Education Investment development Company Limited (淮北科培教育投資開發有限公司) ("Huaibei Kepei"), Huaibei Kepei would reimburse the interest expenses incurred by the Group in respect of certain other borrowings before the Group obtained control of Huaibei Kepei.
- (e) During the period, the Group recognised gains in profit or loss as a result of remeasuring the existing interest from its equity-accounted amount at the date of obtaining control to its acquisition-date fair value.

### Contract liabilities

The Group receives tuition and boarding fees from students in advance prior to the beginning of each academic year. The performance obligation is satisfied proportionately over the relevant period of the applicable program. The students are entitled to refund of the payment in relation to the proportionate service not yet provided.

Significant changes in the contract liability balances during the period/year are as follows:

	<b>Six months ended 30 June 2021 (Unaudited) RMB'000</b>	Year ended 31 December 2020 (Audited) RMB'000
At the beginning of the period/year	<b>524,366</b>	411,870
Revenue recognised that was included in the balance of contract liabilities at the beginning of the period/year	<b>(524,366)</b>	(400,084)
Increases due to cash received, excluding amounts recognised as revenue during the period/year	<b>44,143</b>	524,366
Transfer to refund liabilities	<b>-</b>	(11,786)
At the end of the period/year	<b>44,143</b>	524,366

## 4. REVENUE, OTHER INCOME AND GAINS (continued)

### Contract liabilities (continued)

#### Revenue recognised in relation to contract liabilities

The following table shows the amounts of revenue recognised in the current period that were included in the contract liabilities at the beginning of the reporting period:

	Six months ended 30 June	
	2021	2020
	(Unaudited) RMB'000	(Unaudited) RMB'000
Revenue recognised that was included in the balance of contract liabilities at the beginning of the period		
Tuition fees	484,901	382,295
Boarding fees	39,465	17,789
	<b>524,366</b>	400,084

### Unsatisfied performance obligations

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 30 June 2021 are as follows:

	30 June	31 December
	2021	2020
	(Unaudited) RMB'000	(Audited) RMB'000
Expected to be recognised within one year		
Tuition fees	41,806	484,901
Boarding fees	2,337	39,465
	<b>44,143</b>	524,366

The amounts of transaction prices associated with unsatisfied or partially unsatisfied performance obligations do not include variable consideration which is constrained.

There were no contract assets at the end of the reporting period recognised in the unaudited interim condensed consolidated statement of financial position.

# Notes to Unaudited Interim Condensed Consolidated Financial Statements

30 June 2021

## 5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Six months ended 30 June	
	2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
Employee benefit expense (excluding directors' and chief executive's remuneration):		
Wages and salaries	<b>94,257</b>	55,347
Pension scheme contributions	<b>11,939</b>	3,869
Equity-settled restricted share award expenses	<b>14,435</b>	–
	<b>120,631</b>	59,216
Depreciation of property, plant and equipment	<b>51,048</b>	36,023
Depreciation of right-of-use assets	<b>4,391</b>	3,160
Amortisation of other intangible assets	<b>4,899</b>	–
Write back of impairment of trade receivables*	<b>(243)</b>	(137)
Gain on remeasurement of the previously existing interest of an associate	4 <b>(12,433)</b>	–
Loss on remeasurement of the previously existing interest of a joint venture	<b>142</b>	–
Gain on disposal of items of property, plant and equipment	–	(29)
Auditor's remuneration	<b>2,000</b>	1,200
Exchange differences, net**	<b>373</b>	(9,233)
Fair value gain, net:		
Financial assets at fair value through profit or loss	4 <b>(3,868)</b>	(6,527)
Dividend income from an equity investment at fair value through other comprehensive income	4 <b>(830)</b>	(1,180)
Bank interest income	4 <b>(6,585)</b>	(7,256)

\* The write back of expected credit losses of trade receivables is included in administrative expenses in the unaudited interim condensed consolidated statement of profit or loss.

\*\* The exchange gain is included in other income and gains and exchange loss is included in other expenses in the unaudited interim condensed consolidated statement of profit or loss.

## 6. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

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 not subject to income tax.

Huanan Education Group Limited, the Company's directly held subsidiary, was incorporated in the British Virgin Islands ("BVI") as an exempted company with limited liability under the BVI Companies Act and accordingly is not subject to income tax.

China Kepei Education (Hong Kong) Limited, a subsidiary incorporated in Hong Kong, is subject to income tax at the rate of 16.5%. No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the period.

According to the Implementation Rules for the Law for Promoting Private Education (the "Implementation Rules"), private schools, whether requiring reasonable returns or not, may enjoy preferential tax treatments. Private schools of which the sponsors do not require reasonable returns are eligible to enjoy the same preferential tax treatment as public schools. As a result, private schools providing academic qualification education services are eligible to enjoy the income tax exemption treatment if the sponsors of such schools do not require reasonable returns.

The sponsor of Guangdong Polytechnic College and Harbin Institute of Petroleum do not require reasonable returns and therefore Guangdong Polytechnic College and Harbin Institute of Petroleum have applied the corporate income tax exemption treatment since their establishment in accordance with the historical tax returns filed with the relevant tax authorities.

The sponsor of Zhaoqing School requires reasonable returns. The Implementation Rules provide that the relevant authorities under the State Council may introduce preferential tax treatments and related policies applicable to private schools requiring reasonable returns. During the period, no separate policies, regulations or rules have been introduced by the authorities in this regard. In accordance with the historical tax returns filed with the relevant tax authorities, Zhaoqing School has applied the preferential tax treatments since its establishment.

As a result, no income tax expense was recognised for the PRC Schools during the period.

Pursuant to the PRC Corporate Income Tax Law and the respective regulations, the Group's non-school subsidiaries which operate in Mainland China are generally subject to Corporate Income Tax ("CIT") at a rate of 25% on the taxable income.

# Notes to Unaudited Interim Condensed Consolidated Financial Statements

30 June 2021

## 6. INCOME TAX (continued)

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries or jurisdictions in which the Group operates.

	Six months ended 30 June	
	2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
Current – Mainland China		
Charge for the period	981	3,920
Deferred	(6,246)	–
Total tax (credit)/charge for the period	(5,265)	3,920

## 7. DIVIDENDS

	Six months ended 30 June	
	2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
Final dividend declared – HK\$0.12 per ordinary share (six months ended 30 June 2020: HK\$0.10)	199,715	183,205

A final dividend of HK\$0.12 per share in respect of the year ended 31 December 2020 has been proposed by the board of directors and was approved by the shareholders at the annual general meeting of the Company on 4 June 2021 (six months ended 30 June 2020: RMB183,205,000).

## 8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent, and the adjusted weighted average number of ordinary shares of 2,000,798,667 (six months ended 30 June 2020: 2,000,798,667) in issue during the period, which reflects the ordinary shares held for the restricted share award scheme (the “Restricted Shares”) of the Company (the “Restricted Share Award Scheme”) during the period.

The calculation of the diluted earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings per share are based on:

	<b>Six months ended 30 June</b>	
	<b>2021</b>	2020
	<b>(Unaudited)</b>	(Unaudited)
	<b>RMB'000</b>	RMB'000
<u>Earnings</u>		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation	<b>402,768</b>	320,568

## Notes to Unaudited Interim Condensed Consolidated Financial Statements

30 June 2021

### 8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (continued)

	Number of shares	
	Six months ended 30 June	
	2021	2020
<u>Shares</u>		
Weighted average number of ordinary shares in issue during the period	<b>2,015,248,667</b>	2,000,798,667
Weighted average number of ordinary shares held for the Restricted Share Award Scheme	<b>(14,450,000)</b>	–
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	<b>2,000,798,667</b>	2,000,798,667
Effect of dilution-weighted average number of ordinary shares: Restricted Shares under the Restricted Share Award Scheme (note 12)	<b>8,272,197</b>	–
Weighted average number of ordinary shares in issue during the period used in the diluted earnings per share calculations	<b>2,009,070,864</b>	2,000,798,667

### 9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2021, the Group acquired assets at a cost of RMB148,021,000 (six months ended 30 June 2020: RMB131,952,000), excluding property, plant and equipment acquired through a business combination disclosed in note 13 to the unaudited interim condensed consolidated financial statements.

Assets with a net book value of RMB2,000 were disposed of by the Group during the six months ended 30 June 2021 (six months ended 30 June 2020: RMB12,000), resulting in no net disposal gain or loss (six months ended 30 June 2020, net gain: RMB12,000).

# Notes to Unaudited Interim Condensed Consolidated Financial Statements

30 June 2021

## 10. TRADE RECEIVABLES

An ageing analysis of the trade receivables as at the end of the reporting period, based on the transaction date and net of loss allowance, is as follows:

	<b>30 June 2021 (Unaudited) RMB'000</b>	31 December 2020 (Audited) RMB'000
Within 1 year	<b>30,758</b>	24,051
1 to 2 years	<b>6,485</b>	5,453
2 to 3 years	<b>2,834</b>	2,496
Over 3 years	<b>2,026</b>	2,128
	<b>42,103</b>	34,128

## 11. SHARE CAPITAL

	<b>30 June 2021 (Unaudited) RMB'000</b>	31 December 2020 (Audited) RMB'000
<b>Issued and fully paid:</b>		
2,015,248,667 shares as at 30 June 2021 (31 December 2020: 2,015,248,667 ordinary shares)	<b>137</b>	137

## 12. RESTRICTED SHARE AWARD SCHEME

The Company operates the Restricted Share Award Scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Restricted Share Award Scheme include the Company's directors, including independent non-executive directors, and other employees of the Group. The Restricted Share Award Scheme was adopted by the board of Directors (the "Board") upon recommendation from the remuneration committee on 22 June 2020 (the "Adoption Date") and shall be valid and effective for a period of 5 years commencing on the Adoption Date.

Pursuant to the Restricted Share Award Scheme, the Restricted Shares will be satisfied by (i) existing shares to be acquired by the Trustee on or off the market; and/or (ii) new shares to be allotted and issued by the Company to the Trustee. The total number of the Restricted Shares underlying all grants to be made pursuant to the Restricted Share Award Scheme shall not exceed 2% of the number of issued shares as at the Adoption Date; and the maximum number of the Restricted Shares which may be awarded to any one selected participant shall not exceed 1% of the number of issued shares as at the Adoption Date.

Upon the adoption of the Restricted Share Award Scheme, the Company appointed an independent third party trustee for the administration of the Restricted Share Award Scheme pursuant to the Scheme Rules.

The Board may, at its sole discretion, determine which eligible participant(s) shall be entitled to receive grants of the Restricted Shares under the Restricted Share Award Scheme, together with the number of shares to which each selected eligible participant shall be entitled, and make the relevant grant of the Restricted Shares to the selected eligible participants under the Restricted Share Award Scheme, subject to such conditions as the Board may deem appropriate at its discretion.

The Company shall (i) issue and allot shares to the Trustee under the general or specific mandates granted or to be granted by the shareholders at the general meetings from time to time; and/or (ii) transfer to the Trustee the necessary funds and instruct the Trustee to acquire shares through on-market or off-market transactions at the prevailing market price or at price within a specified price range, so as to satisfy the award. The Restricted Shares will be held in trust for the selected eligible participants until the end of each vesting period. When the selected eligible participant has satisfied all vesting conditions specified by the Board at the time of making the award and become entitled to the Restricted Shares, the Trustee shall transfer the relevant Restricted Shares to that selected eligible participant.

On 22 June 2020, the Board has approved, subject to acceptance of the selected eligible participants (the "Grantees") and other conditions, the grant of an aggregate of 14,450,000 Restricted Shares to the Grantees, of which (i) 3,300,000 Restricted Shares are granted to 7 employees of the Company; and (ii) 11,150,000 Restricted Shares are proposed to be granted to 6 Directors and 8 current and former directors of the subsidiaries.

## 12. RESTRICTED SHARE AWARD SCHEME (continued)

On 14 August 2020, the proposal of granting the Restricted Shares to 6 Directors and 8 current and former directors of the subsidiaries has been approved in the extraordinary general meeting of the Company.

On 26 August 2020, 14,450,000 shares were issued by the Company to the Trustee, representing approximately 0.72% of the number of issued shares as at that date and approximately 0.72% of the enlarged issued shares after the said issue.

Neither the selected eligible participants nor the Trustee may exercise any of the voting rights in respect of any Restricted Shares that have not yet been vested.

During the six months ended 30 June 2021, a restricted share award expense of RMB24,982,000 (six months ended 30 June 2020: nil) was recognised in the unaudited interim condensed consolidated statement of profit or loss.

At the date of approval of the unaudited interim condensed financial statements, 5,780,000 Restricted Shares held by the Trustee have been awarded to the eligible participants.

## 13. BUSINESS COMBINATION

### (a) Acquisition of Harbin Institute of Petroleum

As detailed in the Company's announcement on 13 January 2020, the Group entered into a shareholders' agreement (the "Agreement") in relation to indirectly acquire 100% school sponsor's interest in Harbin Institute of Petroleum and a share management agreement in relation to be entrusted the management of Harbin Institute of Petroleum before the completion of acquisition.

For the purpose of acquisition, Ganzhou Xuteng Enterprise Management Co., Ltd. (贛州序騰企業管理有限公司) was set up on 7 July 2020 by the seller to undertake the 100% equity interests of Harbin Huarui Industrial Co., Ltd. (哈爾濱華瑞實業有限公司), which is the sole sponsor of Harbin Institute of Petroleum. Ganzhou Xuteng Enterprise Management Co., Ltd., Harbin Huarui Industrial Co., Ltd. and Harbin Institute of Petroleum were collectively referred as the Acquired Group.

On 29 March 2021, the acquisition was completed. The purchase consideration for the acquisition was in the form of cash of RMB1,450,000,000, with RMB450,000,000 paid in 2020 and RMB300,000,000 paid in April 2021.

# Notes to Unaudited Interim Condensed Consolidated Financial Statements

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## 13. BUSINESS COMBINATION (continued)

### (a) Acquisition of Harbin Institute of Petroleum (continued)

The fair values of the identifiable assets and liabilities of the Acquired Group as at the date of acquisition were as follows:

	Fair Value recognised on acquisition (Unaudited) RMB'000
Property, plant and equipment (provisional)*	491,954
Right-of-use assets (provisional)*	254,789
Other intangible assets (provisional)*	169,361
Trade receivables	1,667
Prepayments, other receivables and other assets	25,442
Inventory	438
Cash and cash equivalents	114,743
Contract liabilities	(75,564)
Other payables and accruals	(222,068)
Deferred income	(2,176)
<b>Total identifiable net assets at fair value</b>	<b>758,586</b>
<b>Goodwill on acquisition (provisional)*</b>	<b>691,414</b>
<b>Satisfied by cash</b>	<b>1,450,000</b>

\* The valuation of properties acquired had not been completed by the date the unaudited interim condensed consolidated financial statements were approved for issue by the Board of Directors. Thus, property, plant and equipment, right-of-use assets and other intangible assets may need to be subsequently adjusted, with a corresponding adjustment to goodwill prior to 31 March 2022 (one year after the transaction).

The fair values of trade receivables and other receivables as at the date of acquisition amounted to RMB1,667,000 and RMB25,442,000, respectively. The gross contractual amounts of trade receivables and other receivables were RMB1,667,000 and RMB25,442,000, respectively, of which no other receivables is expected to be uncollectible.

## 13. BUSINESS COMBINATION (continued)

### (a) Acquisition of Harbin Institute of Petroleum (continued)

The goodwill recognised is primarily attributed to the expected synergies and other benefits from combining the assets and activities of the Acquired Group with those of the Group. The goodwill recognised is not deductible for income tax purposes.

Since the acquisition, the Acquired Group contributed RMB68,589,000 to the Group's revenue and RMB45,647,000 to the unaudited interim condensed consolidated profit for the six months ended 30 June 2021.

Had the combination taken place at the beginning of the period, the revenue of the Group and the profit of the Group for the period would have been RMB658,052,000 and RMB391,026,000, respectively.

### (b) Acquisition of Huaibei Kepei

Before 29 March 2021, the Group hold 45% equity interest in Huaibei Kepei and treated it as an association. As detailed in the Company's announcement on 29 March 2021, the Group entered into an equity transfer agreement to further acquire the remaining 55% equity interest in Huaibei Kepei at a consideration of RMB197,340,000 in the form of cash, with RMB100,000,000 paid in 2020 as a deposit.

According to the announcement of the the Ministry of Education of the PRC ("MOE"), the sponsorship interest in Huaibei Normal University Information College (淮北師範大學信息學院, "HNU Information College"), an independent college in Huaibei, Anhui Province, the PRC, will be jointly held by Huaibei Kepei and Huaibei Normal University upon obtaining the relevant approvals. Further, HNU Information College will be converted from an independent college (獨立學院) into an independently established private regular undergraduate institution (民辦普通本科院校), namely, Huaibei Polytechnic College, subject to, among others, the grant of the necessary approvals by the MOE. Huaibei Polytechnic College will commence operation in September 2021.

# Notes to Unaudited Interim Condensed Consolidated Financial Statements

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## 13. BUSINESS COMBINATION (continued)

### (b) Acquisition of Huaibei Kepei (continued)

The fair values of the identifiable assets and liabilities of Huaibei Kepei as at the date of acquisition were as follows:

	Fair Value recognised on acquisition (Unaudited) RMB'000
Property, plant and equipment (provisional)*	487,214
Right-of-use assets (provisional)*	321,200
Other intangible assets (provisional)*	235,212
Prepayments, other receivables and other assets	9,732
Cash and cash equivalents	2,329
Other payables and accruals	(414,434)
Interest-bearing bank and other borrowings	(298,325)
<b>Total identifiable net assets at fair value</b>	<b>342,928</b>
<b>Goodwill on acquisition (provisional)*</b>	<b>412</b>
	<b>343,340</b>
Satisfied by	
Cash	197,340
Investment in an associate	146,000
	<b>343,340</b>

\* The valuation of properties acquired had not been completed by the date the unaudited interim condensed consolidated financial statements were approved for issue by the Board of Directors. Thus, property, plant and equipment, right-of-use assets and other intangible assets may need to be subsequently adjusted, with a corresponding adjustment to goodwill prior to 31 March 2022 (one year after the transaction).

The fair values of other receivables as at the date of acquisition approximated to its contract amounts.

No transaction cost incurred for this acquisition.

Since the acquisition, Huaibei Kepei had no contribution to the Group's revenue and contributed loss of RMB3,727,000 to the unaudited interim condensed consolidated statement of profit or loss for the six months ended 30 June 2021.

## 13. BUSINESS COMBINATION (continued)

### (b) Acquisition of Huaibei Kepei (continued)

Had the combination taken place at the beginning of the period, the revenue of the Group and the profit of the Group for the period would have been RMB634,222,000 and RMB397,848,000, respectively.

### (c) Acquisition of Research Institute of Intelligent Manufacturing (Zhaoqing Gaoyao) Co., Ltd.

Group hold 49% equity interest in Research Institute of Intelligent Manufacturing (Zhaoqing Gaoyao) Co., Ltd. ("Research Institute") and treated it as a joint venture. On 31 May 2021, the Group entered into an equity transfer agreement to further acquire the remaining 51% equity interest in Research Institute at a consideration of RMB1,550,000 in the form of cash, which was all paid in 2021.

The fair values of the identifiable assets and liabilities of Research Institute as at the date of acquisition were as follows:

	Fair Value recognised on acquisition (Unaudited) RMB'000
Property, plant and equipment	1,472
Prepayments, other receivables and other assets	38
Cash and cash equivalents	1,654
Other payables and accruals	(420)
<b>Total identifiable net assets at fair value</b>	<b>2,744</b>
Goodwill on acquisition	295
	<b>3,039</b>
Satisfied by	
Cash	1,550
Investment in a joint venture	1,489
	<b>3,039</b>

The fair values of other receivables as at the date of acquisition approximated to its contract amounts.

No transaction cost incurred for this acquisition.

# Notes to Unaudited Interim Condensed Consolidated Financial Statements

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## 13. BUSINESS COMBINATION (continued)

### (c) Acquisition of Research Institute of Intelligent Manufacturing (Zhaoqing Gaoyao) Co., Ltd. (continued)

Since the acquisition, Research Institute had no contribution to the Group's revenue and contributed loss of RMB585,000 to the unaudited interim condensed consolidated statement of profit or loss for the six months ended 30 June 2021.

Had the combination taken place at the beginning of the period, the revenue of the Group and the profit of the Group for the period would have been RMB634,222,000 and RMB399,703,000, respectively.

### (d) An analysis of the cash flows in respect of the acquisition of the subsidiaries is as follows:

	Six months ended 30 June 2021			
	Acquisition of Harbin Institute of Petroleum (Unaudited) RMB'000	Acquisition of Huaibei Kepei (Unaudited) RMB'000	Acquisition of Research Institute (Unaudited) RMB'000	Total (Unaudited) RMB'000
Cash consideration	(1,450,000)	(197,340)	(1,550)	(1,648,890)
Advances for acquisition of subsidiaries in prior year	450,000	100,000	–	550,000
Payable for acquisition of subsidiaries	700,000	97,340	–	797,340
Cash and bank balances acquired	114,743	2,329	1,654	118,726
Net outflow of cash and cash equivalents included in cash flows from investing activities	(185,257)	2,329	104	(182,824)

## 14. CONTINGENT LIABILITIES

As at 30 June 2021, the Group did not have any significant contingent liabilities, guarantees or any litigations or claims of material importance, pending or threatened (31 December 2020: nil).

# Notes to Unaudited Interim Condensed Consolidated Financial Statements

30 June 2021

## 15.COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	<b>30 June 2021 (Unaudited) RMB'000</b>	31 December 2020 (Audited) RMB'000
Contracted, but not provided for:		
Buildings	<b>68,993</b>	57,256
Acquisition of subsidiaries	<b>450,000</b>	1,000,000
	<b>518,993</b>	1,057,256

## 16.RELATED PARTY TRANSACTIONS

The Directors are of the view that the following company is a related party that had material transactions or balance with the Group during the period.

### (a) Name and relationship of a related party

<b>Name</b>	<b>Relationship</b>
Huaibei Kepei	An associate of the Group before 31 March 2021 and a subsidiary of the Group after 1 April 2021

(b) In addition to the transactions detailed elsewhere in this financial statements, the Group had the following transactions with Huaibei Kepei during the period:

	<b>Six months ended 30 June 2021 (Unaudited) RMB'000</b>	2020 (Unaudited) RMB'000
Loans to Huaibei Kepei	-	150,000
Interest income on loans to Huaibei Kepei	<b>3,231</b>	1,517

The loans to Huaibei Kepei is unsecured, at an effective interest rate of 8.69% with no fixed terms of repayment.

# Notes to Unaudited Interim Condensed Consolidated Financial Statements

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## 16. RELATED PARTY TRANSACTIONS (continued)

### (c) Amounts due from an associate

	<b>30 June 2021 (Unaudited) RMB'000</b>	31 December 2020 (Audited) RMB'000
Huaibei Kepei	–	158,329

The amounts due from Huaibei Kepei was unsecured, interest-bearing and had no fixed terms of repayment.

### (d) Compensation of key management personnel of the Group:

	<b>Six months ended 30 June</b>	
	<b>2021 (Unaudited) RMB'000</b>	2020 (Unaudited) RMB'000
Salaries, allowances and benefits in kind	<b>1,549</b>	4,229
Pension scheme contributions	<b>24</b>	170
Equity-settled restricted share award expense	<b>19,278</b>	–
	<b>20,851</b>	4,399

## 17. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

As at 30 June 2021, the carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

Management has assessed that the fair values of trade receivables, cash and cash equivalents, financial assets included in prepayments, other receivables and other assets, financial assets at fair value through profit or loss, financial liabilities included in other payables and accruals and the current portion of interest-bearing bank and other borrowings and lease liabilities approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At each reporting period, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values of those financial assets measured at fair value:

The fair values of a listed equity investment and a fund are based on quoted market prices.

The Group invests in unlisted investments, which represent wealth management products issued by banks. The Group has estimated the fair value of these unlisted investments by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

The fair values of the non-current interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank and other borrowings as at 30 June 2021 was assessed to be insignificant.

# Notes to Unaudited Interim Condensed Consolidated Financial Statements

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## 17. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

### Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

#### Assets measured at fair value:

##### As at 30 June 2021

	Fair value measurement using			Total (Unaudited) RMB'000
	Quoted prices in active markets (Level 1) (Unaudited) RMB'000	Significant observable inputs (Level 2) (Unaudited) RMB'000	Significant unobservable inputs (Level 3) (Unaudited) RMB'000	
An equity investment designated at fair value through other comprehensive income	19,954	-	-	19,954
Financial assets at fair value through profit or loss	63,701	-	-	63,701
	83,655	-	-	83,655

##### As at 31 December 2020

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
An equity investment designated at fair value through other comprehensive income	45,870	-	-	45,870
Financial assets at fair value through profit or loss	59,833	-	-	59,833
	105,703	-	-	105,703

## 17. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

### Fair value hierarchy (continued)

#### Assets measured at fair value: (continued)

The movements in fair value measurements within Level 3 during the period were as follows:

#### *Unlisted investments – wealth management product*

	<b>2021</b> <b>(Unaudited)</b> <b>RMB'000</b>	2020 (Unaudited) RMB'000
At 1 January	–	271,966
Total gains recognised in the statement of profit or loss included in other income and gains	–	394
Purchases	–	–
Disposals	–	(272,360)
At 30 June	–	–

#### Liabilities for which fair values are disclosed:

#### As at 30 June 2021

	Fair value measurement using			Total (Unaudited) RMB'000
	Quoted prices in active markets (Level 1) (Unaudited) RMB'000	Significant observable inputs (Level 2) (Unaudited) RMB'000	Significant unobservable inputs (Level 3) (Unaudited) RMB'000	
Non-current interest-bearing bank and other borrowings	–	616,267	–	616,267

# Notes to Unaudited Interim Condensed Consolidated Financial Statements

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## 17. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

### Fair value hierarchy (continued)

Liabilities for which fair values are disclosed: (continued)

As at 31 December 2020

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Non-current interest-bearing bank and other borrowings	–	262,258	–	262,258

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (six months ended 30 June 2020: Nil).



**中國科培教育集團有限公司**  
**China Kepei Education Group Limited**