

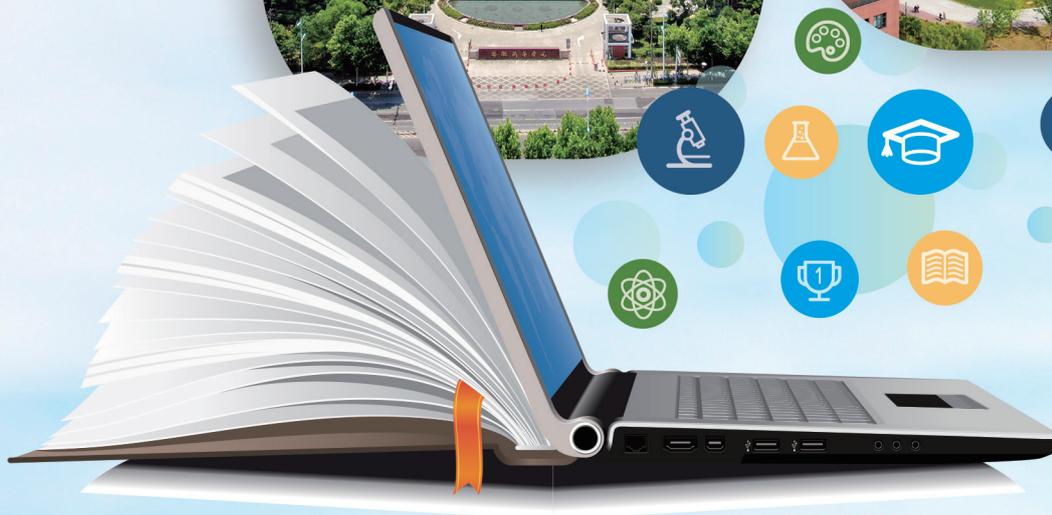
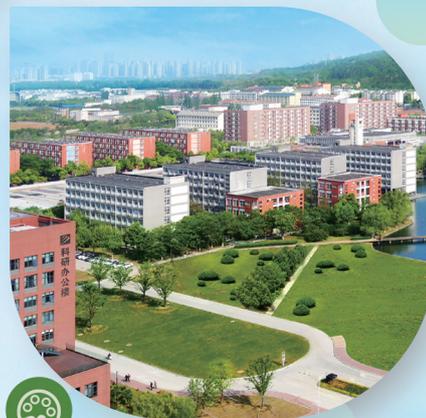
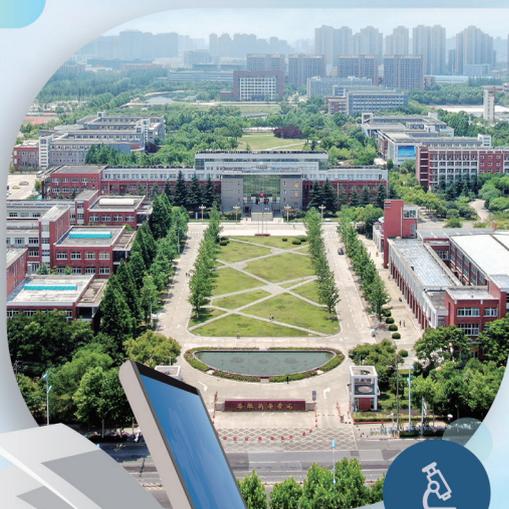
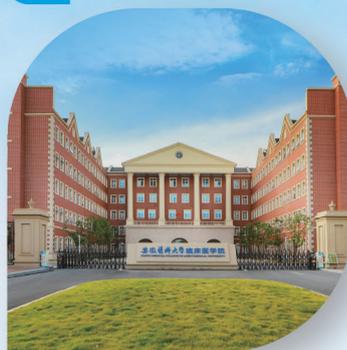
CHINA XINHUA EDUCATION GROUP LIMITED

中國新華教育集團有限公司

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

Stock Code 股份代號 : 02779

**INTERIM
REPORT**
中期報告
2021



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Non-executive Director

Mr. Wu Junbao (吳俊保) (*Chairman*)

Executive Directors

Mr. Zhang Ming (張明)

Mr. Lu Zhen (陸真)

Mr. Wang Yongkai (王永凱)

Independent Non-executive Directors

Mr. Jiang Min (蔣敏)

Mr. Yang Zhanjun

Mr. Chau Kwok Keung (鄒國強)

AUDIT COMMITTEE

Mr. Chau Kwok Keung (鄒國強) (*Chairman*)

Mr. Wu Junbao (吳俊保)

Mr. Jiang Min (蔣敏)

REMUNERATION COMMITTEE

Mr. Jiang Min (蔣敏) (*Chairman*)

Mr. Wu Junbao (吳俊保)

Mr. Yang Zhanjun

NOMINATION COMMITTEE

Mr. Wu Junbao (吳俊保) (*Chairman*)

Mr. Jiang Min (蔣敏)

Mr. Yang Zhanjun

COMPANY SECRETARY

Mr. Wong Yu Kit (黃儒傑)

AUTHORISED REPRESENTATIVES

Mr. Wang Yongkai (王永凱)

Mr. Wong Yu Kit (黃儒傑)

REGISTERED OFFICE

Cricket Square

Hutchins Drive, P. O. Box 2681

Grand Cayman, KY1-1111

Cayman Islands

HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

No. 555 Wangjiangxi Road

Hefei City, Anhui Province, PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

40th Floor, Dah Sing Financial Centre

No. 248 Queen's Road East

Wanchai, Hong Kong

LEGAL ADVISORS AS TO HONG KONG LAW

Morgan, Lewis & Bockius

Suites 1902-09, 19th Floor

Edinburgh Tower

The Landmark

15 Queen's Road Central

Hong Kong

AUDITORS

KPMG

Public Interest Entity Auditor registered in accordance with the Financial Reporting Council Ordinance

Certified Public Accountants

8th Floor, Prince's Building

10 Chater Road

Central, Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited

Cricket Square

Hutchins Drive, P. O. Box 2681

Grand Cayman, KY1-1111

Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited

Shops 1712-1716, 17th Floor, Hopewell Centre

183 Queen's Road East

Wanchai, Hong Kong

PRINCIPAL BANKERS

Agricultural Bank of China

Hefei Science and Technology Rural Commercial Bank

Huishang Bank

Hangzhou Bank

Industrial and Commercial Bank of China

COMPANY WEBSITE

<http://www.chinaxhedu.com>

STOCK CODE

02779

HIGHLIGHTS



	Six months ended 30 June		Percentage change
	2021 RMB'000	2020 RMB'000	
Adjusted revenue ⁽¹⁾	398,312	331,254	+20.2%
Revenue	290,014	244,819	+18.5%
Gross profit	206,105	173,939	+18.5%
Profit for the period	207,692	152,727	+36.0%
Adjusted net profit ⁽²⁾	205,151	180,285	+13.8%

	As at 30 June 2021	As at 30 June 2020	Percentage change
Student enrollment	48,554	43,923	+10.54%

Notes:

- (1) The adjusted revenue consists of the revenue of the Group plus the revenue of the School of Clinical Medicine and Hongshan College. This is not an International Financial Reporting Standards (“IFRSs”) measure. For details, please refer to the section headed “Management Discussion and Analysis – Financial Review” in this interim report.
- (2) The Group defines the adjusted net profit as the profit for the period after adjusting for those items which are not indicative of the Group’s operating performances. This is not an IFRSs measure. For details, please refer to the section headed “Management Discussion and Analysis – Financial Review” in this interim report.

MANAGEMENT DISCUSSION AND ANALYSIS



BUSINESS OVERVIEW

The Group is a leading private higher education group in China. We are the largest private higher education provider in the Yangtze River Delta, as measured by the total student enrollment. As at 30 June 2021, the student enrollment of the Group was approximately 48,554, representing an increase of approximately 10.5% compared to the same period last year.

We are committed to providing high-quality application-oriented formal education services to our students, including formal university education and secondary vocational education covering various mainstream subjects and areas of employment. Through continuous and efficient market research, we strive to design comprehensive and diversified courses to meet employers' preferences and labor market demands. Meanwhile, we actively adjust our major offerings, continuously optimize our teaching conditions by improving our tangible and intangible infrastructure, optimize the educational environment, and strengthen strategic cooperation with various private enterprises and public institutions, in order to help our students acquire useful skills and seek good employment opportunities. As a whole, our graduate employment rate is higher than the average graduate employment rate in the province and city where we operate. The high employment rate will further consolidate our reputation, improve our image in the industry, and enable our schools to attract more talented students. With professional and high-quality education, the Group has continuously made outstanding contributions for students and their families, employers and economic and social development.

BUSINESS REVIEW AND OPERATION UPDATE

Our Schools

As at 30 June 2021, the Group invested and operated four education institutions, namely (i) Xinhua University, a private university for formal education; (ii) Xinhua School, a private secondary vocational school; (iii) School of Clinical Medicine, a college jointly operated by the Group and Anhui Medical University* (安徽醫科大學); and (iv) Hongshan College, a college jointly operated by the Group and Nanjing University of Finance and Economics* (南京財經大學).

Xinhua University

Founded in 2000, Xinhua University is a formal university-level education institution, which provides undergraduate education, junior college education and continuing education focusing on applied sciences, and is one of the first Fifty National Higher Education Institutions with Typical Experience in Graduate Employment* (全國畢業生就業典型經驗50所高校), the Application-Oriented High-level University Construction Unit in Anhui Province* (安徽省應用型高水準大學建設單位) and Project Construction Unit with the Right to Grant Master's Degree* (碩士學位授予權立項建設單位).

As at 30 June 2021, Xinhua University had 11 subordinate colleges, offering a total of 82 majors for full-time higher education, including 60 undergraduate majors and 22 junior college majors. In addition, the university also provides the continuing education program to students in the society. The approved undergraduate enrollment plan of the university for the 2021/2022 school year was 7,070, representing a year-on-year increase of 10.5%. Xinhua University ranks the first among the private formal higher education institutions in the Yangtze River Delta, as measured by the student enrollment.

MANAGEMENT DISCUSSION AND ANALYSIS



School of Clinical Medicine

School of Clinical Medicine is an independent college approved by the Ministry of Education to train full-time undergraduate students. It offers eleven undergraduate majors, while its major offerings focus on majors such as clinical medicine, pharmacy and nursing. During the 2021/2022 school year, midwifery major was added. The approved undergraduate (including the top-up degree) enrollment plan in the 2021/2022 school year representing a year-on-year increase of 44.8%.

Meanwhile, School of Clinical Medicine additionally enrolled students in two provinces, namely Chongqing and Jiangxi. The number of student enrollment reached 2,831 for the 2020/2021 school year, representing a year-on-year increase of 61.7%. As students have had a strong will to apply for admission to School of Clinical Medicine since our operation, its lowest admission mark for science was the highest among schools of the same type in Anhui Province for consecutive years, and its admission rate was also the highest among schools of the same type in Anhui Province.

The conversion and the construction of the new campus were processed smoothly. The main building of the new campus project (Phase I) was almost completed and the new campus will be officially put into use in the 2021/2022 school year and satisfy the relevant requirements on the conversion to independent colleges. For the purposes of constructing the second phase of the new campus, on 7 May 2021, the School of Clinical Medicine and the Hefei Natural Resources and Planning Bureau entered into an agreement to acquire the land use rights of the lands with a total area of approximately 287.32 mu for the second phase of the new campus. For details, please refer to the announcement of the Company dated 7 May 2021 and the supplemental announcement of the Company dated 17 May 2021, respectively.

Hongshan College

Hongshan College is an independent college approved by the Ministry of Education to train full-time undergraduate students. It offers 15 undergraduate majors, while its major offerings focus on economic management, with literature and law characteristics.

The conversion and the construction of the new campus are progressing efficiently. As a two-level key project in Jiangsu and Nanjing, the new campus is constructed smoothly, the main building of the new campus project (Phase I) has been completed and has entered into the final stage of interior decoration and equipment installation, the new campus will be officially put into use after the approval of the competent authority, and satisfy the relevant requirements on the conversion to independent colleges.

Xinhua School

As a secondary vocational school, Xinhua School, which was awarded as National Key Secondary Vocational School* (國家級重點中等職業學校), Model School for School-Enterprise Cooperation in Hefei* (合肥市校企合作示範校), and Experimental School for Moral Education Innovation in Hefei* (合肥市德育創新實驗學校), provides career-oriented general secondary vocational program with deep integration of school and enterprise, undergraduate oriented secondary vocational education program, and five-year junior college oriented secondary vocational education program. All students of Xinhua School take full-time courses. As at 30 June 2021, Xinhua School offered 16 majors, with 6,093 full-time students, representing a year-on-year increase of approximately 8.19%. Xinhua School actively promotes the integration of industry and education, comprehensively promotes management innovation and connotation development, reforms the talent training model and curriculum system, and strengthens practical teaching and skills training. Xinhua School has successively launched a new model of cooperation with well-known enterprises inside and outside the province that includes the co-construction of training rooms, sharing of teachers, and shared management.

MANAGEMENT DISCUSSION AND ANALYSIS



Student Enrollment

	As at 30 June 2021	As at 30 June 2020
Xinhua University		
Full-time student enrollment	23,681	23,442
Continuing education	6,004	4,044
Subtotal	29,685	27,486
School of Clinical Medicine		
Full-time student enrollment	2,831	1,751
Hongshan College		
Full-time student enrollment	9,945	9,054
Xinhua School		
Full-time student enrollment	6,093	5,632
Total number of full-time students	42,550	39,879
Total number of students enrolled	48,554	43,923

Tuition fees and boarding fees

	Tuition fees (RMB)		Boarding fees (RMB)	
	2021/2022 school year	2020/2021 school year	2021/2022 school year	2020/2021 school year
Xinhua University				
Four-year undergraduate program	21,800-26,800	19,800-23,800	1,800-2,500	1,500-2,000
Three-year junior college program	10,700-13,000	10,700-12,000	1,800-2,500	1,500-2,000
Continuing education program	2,400-16,000	2,400-6,000	1,800-2,500	1,500-2,000
School of Clinical Medicine				
Four-year undergraduate program	14,520-17,280	13,200-15,900	1,200-1,500	1,000
Five-year undergraduate program	17,280	15,900	1,200-1,500	1,000
Hongshan College				
Four-year undergraduate program	14,000	14,000	800-1,500	800-1,500
Xinhua School				
General secondary vocational program	9,000-16,000	9,000-16,000	1,500-2,000	1,500-2,000
Undergraduate oriented secondary vocational program	11,400	11,400	1,500-2,000	1,500-2,000
Five-year secondary vocational program	11,400	11,400	1,500-2,000	1,500-2,000



MANAGEMENT DISCUSSION AND ANALYSIS

OPERATION UPDATE AND HIGHLIGHTS

- The quota has continued to increase, and the enrolled student structure has been further optimized.** In the 2021/2022 school year, the undergraduate plans reached 11,330, representing a year-on-year increase of approximately 5.2%. The student structure has been further optimized, and the number of undergraduates accounts for approximately 77.7% of the total number of full-time students enrollment.
- The new campuses were constructed smoothly, and the independent colleges conversion were scheduled.** According to the spirit of The Opinions on the Establishment of Colleges and Universities During the “14th Five-Year” Plan Period* (《關於「十四五」時期高等學校設置工作的意見》) published by the Ministry of Education and the Implementation Plan for Accelerating the Promotion of Conversion of Independent Colleges* (關於加快推進獨立學院轉設工作的實施方案), the two independent colleges of the Group were accelerating the construction of new campuses and continued to promote various conversion: (i) with an area of approximately 185 thousand sq.m., the new campus (Phase I) of the School of Clinical Medicine will increase the capacity of the school by 5,000 students after completion; and (ii) with an area of approximately 235 thousand sq.m., the new campus (Phase I) of Hongshan College will increase the capacity of the school by 9,000 students after completion. The successive completion of the new campuses will bring about a considerable capacity for the arrangements and development of the Group in the Yangtze River Delta in the future. The Group believes that the successful conversion of independent colleges will contribute to increasing the number of enrolled students of the Group and the revenue level of its schools and further expanding the school influence.
- Connotation construction was strengthened continuously, and the high level operating schools brought about concrete results.** According to the positioning of high level university in applied sciences, the Group deepened the connotation construction, innovated talent cultivation methods and improved the quality of talent cultivation, thus making landmark achievements: (i) 7 bachelor degree programmes of Xinhua University of the Group were selected as first-class undergraduate major construction sites, with 2 bachelor degree programmes, namely communication engineering and financial management, included in the list of national-level first-class bachelor degree programmes (national “financial majors”), and 5 bachelor degree programmes, namely software engineering, civil engineering, pharmacy, logistics management and animation included in the list of provincial-level first-class bachelor degree programmes, 6 courses were recognized as the provincial-level first-class undergraduate courses, and were recommended as national first-class courses; (ii) Xinhua University actively cooperated with JD.com, Gathering Stars* (聚星超媒) and Yonyou Seentao* (用友新道) and other well-known enterprises, in consideration of local economic and social development, and its advantages of disciplines and majors, so as to build a modern industrial college which integrates talent cultivation, scientific research, technological innovation, enterprise service, student entrepreneurship, etc. Accordingly, the Group will explore an effective mechanism to connect the industry chain, the innovation chain and the education chain, establish a new mechanism for sharing information, talents, technologies and material resources, improve the collaborative education mechanism for the integration of production and education, innovate the mechanism for evaluation and employment of part-time teachers from enterprises, build a mechanism for linking the development of higher education and industrial clusters, and continuously optimize the structure of majors and enhance the school vitality, 2 new programs under school-enterprise cooperation, namely journalism and e-commerce, were offered to create a new education platform that integrates talent training, scientific research, technological innovation, enterprise service and student entrepreneurship; and (iii) the School of Clinical Medicine cooperates with Nanjing Tongren Hospital* (南京同仁醫院) and many other hospitals to provide students with high-quality medical education resources while continuing to serve the development of local health care.

MANAGEMENT DISCUSSION AND ANALYSIS



FUTURE PROSPECTS

1 **New Development Opportunities for Private Colleges and Universities arising out of the Gradual Implementation of Favourable Policy**

The Group has always been aiming to cultivate high-quality application-oriented talents with solid academic ability, innovative spirit, international vision and development potential. We believe that the implementation of the above policies and other related measures will help advantageous higher education groups expand their school size and improve their school quality through independent teaching and scientific research innovation as well as software and hardware construction, and effectively give full play to the advantages and features of private higher education.

In April 2021, the New Implementation Rules was officially revised and promulgated, and the New Implementation Rules encouraged the development of private schools with vocational education. The Opinions on the Establishment of Colleges and Universities During the “14th Five-Year” Plan Period* (《關於「十四五」時期高等學校設置工作的意見》) published by the Ministry of Education emphasized that the conversion of independent colleges should be regarded as an important task in the establishment of colleges and universities, and the conversion should be promoted properly and rapidly under the principle of “one policy for one school”, in a stable and orderly manner. Meanwhile, the easier requirements on the average land area per student, the school building area and the ratio of students to teachers, and the 2-year period for improving the school conditions, significantly support the conversion of independent colleges. The above policies bring new opportunities for the Group’s development. We believe that the implementation of relevant policies will help further give full play to the advantages and characteristics of private higher education, form a new development model meeting market demand, and further contribute to the kinetic energy for the development of high-quality private colleges and universities.

Benefiting from aforementioned policy, the Group will, based on its high-quality resources and rich experience in the education industry and its position to cultivate high-end application-oriented talents, seize the policy opportunities, strengthen the integration of industry and education and school-enterprise cooperation, and further expand its school network and student enrollment by acquiring high-quality schools.

2 **Actively promote the external development strategy to comprehensively expand the school network and the size of schools of the Group**

The national “14th Five-Year” Plan indicates that during the “14th Five-Year” Plan period from 2021 to 2025, the gross enrollment rate of higher education will increase to 60%. With the support under important national strategies, the spread of higher education in China is accelerating, and there is large room for the large-scale development of higher education. We believe that the further spread of higher education in China will continue to stimulate the creation of new sources of growth, which will facilitate the expansion of school networks and arrangement optimization by high-quality private higher education institutions through investment, mergers and acquisitions.

Our mergers and acquisitions will focus on the following two aspects: (1) long-term investment opportunities arising from the conversion of high-quality independent colleges; and (2) high-quality private colleges and universities located in regions highly attractive for talents or with a low gross enrollment rate in higher education. We believe that with our rich experience in running schools, abundant capital reserves and excellent brand reputation, we will be able to acquire higher-quality targets in future investments, mergers and acquisitions, and carry out the implementation through the best acquisition scheme, so that there will be a continuous and rapid growth in the sizes of schools of the Group and its profitability.

MANAGEMENT DISCUSSION AND ANALYSIS



3 Continue to enhance endogenous development momentum and continue to improve endogenous growth space

With the continuous expansion of the school size, the Group will pay more attention to improving the quality of connotation construction. On the one hand, in line with the development of emerging industries and the transformation and upgrade of traditional industries, the Group will continuously optimize its arrangements for professional programs, and serve the national and local economic and social development; and will strengthen school-enterprise cooperation to build modern industrial colleges, and train more outstanding talents for industrial enterprises. On the other hand, the Group will continuously improve the school standards and conditions, and meet diversified and high-quality needs of students, with higher-level education and teaching facilities, stronger faculty and better living conditions, thus providing greater room for the expansion of educational service projects.

We will persist in high-quality development, continuously meet the needs of the people for more types and higher-quality selective education, and continuously establish the competitiveness and influence of the Group in the higher education sector, thus creating room for continuous growth in tuition and boarding fees, and continuously expanding the school size.

FINANCIAL REVIEW

Revenue

The Group's revenue increased by 18.5% from RMB244.8 million for the six months ended 30 June 2020 to RMB290.0 million for the Reporting Period. This increase was mainly due to the increase in the number of students.

Adjusted revenue

The adjusted revenue consists of the revenue of the Group plus the revenue of the School of Clinical Medicine and Hongshan College. This is not an IFRSs measure. The Group has presented this item because the Group considers it is 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 shows adjusted revenue of the Group for the periods presented below:

	30 June 2021 RMB' 000	30 June 2020 RMB' 000
Revenue	290,014	244,819
Add:		
Revenue of the School of Clinical Medicine and Hongshan College	108,298	86,435
Adjusted revenue	398,312	331,254

Other Income

Other income primarily consists of rental and property management income, service income, interest income and gain on operation of the School of Clinical Medicine and Hongshan College. Other income slightly increased by 0.6% from RMB48.2 million for the six months ended 30 June 2020 to RMB48.5 million for the Reporting Period, primarily due to the combined effect of increase in rental and property management income and service income as well as the decrease in interest income.

MANAGEMENT DISCUSSION AND ANALYSIS



Cost of Sales

Cost of sales primarily consists of salaries and benefits paid to our teaching staff, depreciation and amortization, cost of education-related activities, cost of repairs and student-related costs. Our cost of sales increased by 18.4% from RMB70.9 million for the six months ended 30 June 2020 to RMB83.9 million for the Reporting Period, primarily due to the expansion of the school scale and the continuous increase in teaching investment.

Gross Profit

Our gross profit increased by 18.5% from RMB173.9 million for the six months ended 30 June 2020 to RMB206.1 million for the Reporting Period, primarily due to the combined effect of the continuous improvement in our management level and the scale effect brought by the resource integration, which was in line with the growth of our business.

Selling and Distribution Costs

Selling and distribution costs primarily consist of student admission expenses, salaries and benefits paid to our sales staff, amortization and depreciation, and advertising expenses. Selling and distribution costs increased by 78.1% from RMB2.4 million for the six months ended 30 June 2020 to RMB4.4 million for the Reporting Period, compared with the previous period, mainly due to the restoration of the Group's normal teaching order, related promotion and enrollment activities were carried out in an orderly manner.

Administrative Expenses

Administrative expenses primarily consist of salaries and benefits paid to administrative staff, depreciation and amortization, and consultancy expenses. Administrative expenses decrease by 45.0% from RMB6.5 million for the six months ended 30 June 2020 to RMB3.4 million for the Reporting Period, primarily due to the decrease in share-based payment expenses and foreign exchange loss.

Finance Costs

Finance costs primarily consist of interest expenses on loans and borrowings and increased from RMB4.4 million for the six months ended 30 June 2020 to RMB7.7 million for the Reporting Period, mainly due to the increase in the interest period during the Reporting Period compared with the same period last year.

Profit before Taxation

The Group recognized a profit of RMB208.2 million before income tax for the Reporting Period, representing an increase of 36.3% as compared with a profit of RMB152.8 million before income tax for the six months ended 30 June 2020, due to the combined effect of gross profit growth and administrative expenses decrease.

Income Tax

The Group's income tax increased from RMB30,000 for the six months ended 30 June 2020 to RMB460,000 for the Reporting Period, primarily due to the increase in taxable income.

Profit for the Reporting Period

As a result of the combined effects of the above income, costs and expenses, the Group recorded a profit of RMB207.7 million during the Reporting Period, representing an increase of 36.0% as compared with the RMB152.7 million for the six months ended 30 June 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

**Adjusted net profit**

Adjusted net profit was derived from the Profit for the period after adjusting the foreign exchange gain or loss and the share-based payment expense, which are not indicative of the Group's operating performances (as presented in the table below). This is not an IFRSs measure. The Group has presented this item because the Group considers it is 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 shows profit and adjusted net profit of the Group for the periods presented below:

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Profit for the period	207,692	152,727
Add:		
Foreign exchange (gain)/loss	(9,905)	11,226
Share-based payment expenses	7,364	16,332
Adjusted net profit	205,151	180,285

Working Capital and Source of Capital

The Group's cash is mainly used to satisfy the needs of working capital and purchase of property, plant and equipment. During the Reporting Period, the Group has funded for operations primarily with cash generated from operations and loans and borrowings. The Board believes that the need for working capital can be met by the cash flow generated from operating activities, bank loans and other borrowings, and other funds raised at the capital market from time to time in the future. As at 30 June 2021, the Group recorded cash and cash equivalents of RMB487.9 million (31 December 2020: RMB736.3 million).

Net Current Assets

As at 30 June 2021, the Group recorded net current assets of RMB1,880.6 million, representing an increase of 40.7% as compared with the RMB1,336.7 million as at 31 December 2020, which was primarily attributable to the decrease in the contract liabilities balance and the increase of other receivable balance.

Capital Expenditures

Capital expenditures consist of purchase or construction cost of property and equipment, prepayment of land lease outlay and other intangible assets. Since the School of Clinical Medicine and Hongshan College have not yet been consolidated, capital expenditures do not consist the scope of the two schools mentioned above. During the Reporting Period, the Group's capital expenditures were RMB14.7 million (30 June 2020: RMB25.6 million). The Group's capital expenditures for the Reporting Period are primarily related to the construction of buildings and school facilities and the purchase of equipment and software. The Group has funded these capital expenditures primarily with cash generated from operations.

Bank Loans and Other Borrowings

The bank loans and loan from related party of the Group amounted to RMB555.2 million as at 30 June 2021.



MANAGEMENT DISCUSSION AND ANALYSIS

Contingent Liabilities, Guarantees and Litigation

As at 30 June 2021, the Group did not have any unrecorded significant contingent liabilities, guarantees and any litigation against it.

Gearing Ratio

The gearing ratio of the Group, which was calculated as total liabilities divided by total assets, increased from 21% as at 31 December 2020 to 22% as at 30 June 2021, primarily because the combined effect of the increase in dividends payable and borrowings as well as the decrease in contractual liabilities of the Group's tuition and boarding fees during the Reporting Period.

Future Plan for Material Investments and Capital Assets

The Group did not have any other plans for material investments and capital assets as at the date of this interim report.

Material Acquisition and Disposal of Subsidiaries and Associated Companies

There was no material acquisition and disposal of subsidiaries and associated companies by the Company during the Reporting Period.

Significant Investment Held by the Group

During the Reporting Period, there was no significant investment held by the Group.

Foreign Exchange Risk Management

The Group's functional currency is RMB, as most revenues and expenditures are denominated in RMB. As at 30 June 2021, balances of several banks were denominated in USD or HKD. So far, the Group has not entered into any financial instruments used for hedging purpose, and the management will continue paying attention to foreign exchange risk, and will consider hedging against significant foreign currency risks by using financial instruments when necessary.

Pledge of Assets

As at 30 June 2021, no assets of the Group were pledged.

Human Resources

As at 30 June 2021, the Group has approximately 1,942 employees. In accordance with the applicable laws and regulations, the Group has attended the employee social security programs managed by local governments, including housing, retirement pension, medical insurance, maternity insurance and unemployment insurance. The Board believes that the Group is maintaining a favorable working relationship with our employees, and we have experienced no major labor disputes during the Reporting Period.

Off-Balance Sheet Commitments and Arrangements

During the Reporting Period, the Group has not conducted any off-balance sheet transaction.

Events After the Reporting Period

There was no event which has occurred after the six months ended 30 June 2021 and up to the date of this interim report that would cause material impact on the Group.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the Reporting Period.

OTHER INFORMATION

USE OF NET PROCEEDS FROM LISTING

Net proceeds from the Listing (after deducting underwriting fees and related expenses) and the over-allotment option exercised on 18 April 2018 amounted to approximately RMB1,038.0 million which was intended to be applied in the manner as set out in the section headed “Future Plans and Use of Proceeds” of the Prospectus.

As at 30 June 2021, a total amount of HK\$123.7 million out of the net proceeds had been used by the Group according to the allocation set out in the Prospectus. The following sets forth a summary of the utilization of the net proceeds as at 30 June 2021:

Purpose	Percentage of total amount	Net proceeds (HK\$ million)	Unutilized	Utilized	Unutilized	Expected
			amount during the six months ended 31 December 2020 (HK\$ million)	amount during the Reporting Period (HK\$ million)	amount as at 30 June 2021 (HK\$ million)	timeframe for full utilisation ⁽¹⁾
Acquire other schools to expand our school network, acquire undergraduate colleges that can grant bachelor's degrees and entities that own educational assets or institutions	53%	657.1	141.2	0	141.2	2021-2022
Improve our school facilities and educational equipment	35%	433.9	329	116.6	212.4	2021-2023
Strengthen our market position and enhance our brand recognition	2%	24.8	24.8	1.5	23.3	2021-2023
Fund our working capital and general corporate purposes	10%	124	26.2	5.6	20.6	2021-2023
Total	100%	1,239.8	521.2	123.7	397.5	

(1) The expected timeline for the application of the unutilised net proceeds is subject to uncertainties brought by the international macro-environment and the unprecedented COVID-19 pandemic on the prevailing and future market conditions and business developments and in need. In view of the significant effects to the economy and business environment, we shall update and re-visit our plan continuously.

CHANGES TO INFORMATION IN RESPECT OF DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in the information of our Directors since the publication of the annual report of the Company for the year ended 31 December 2020 are as below:

Mr. Chau Kwok Keung (“Mr. Chau”), an independent non-executive Director

- Mr. Chau joined as a chief financial officer in September 2020 and was appointed as an executive director in December 2020 of BetterLife Holding Limited, a company listed on the Stock Exchange (Stock Code: 6909);
- Mr. Chau resigned as an independent non-executive director and the chairperson of the audit committee of Forward Fashion (International) Holdings Company Limited, a company listed on the Stock Exchange (Stock Code: 2528), with effect from 27 August 2021; and
- Mr. Chau was proposed to be an independent non-executive director of Suzhou Basecare Medical Corporation Limited, a company listed on the Stock Exchange (Stock Code: 2170), subject to the approval on the 2021 first extraordinary general meeting.

Save for the information disclosed above, the Company is not aware of other changes in the Directors' information which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.



OTHER INFORMATION

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

As at 30 June 2021, the interests and short positions of the Directors and the 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 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 the Model Code were as follows:

(i) Interest in the Company

Name	Capacity/nature of interest	Number of shares	Long/short position	Approximate percentage of shareholding in the Company (%)
Mr. Wu Junbao ⁽¹⁾	Interest in a controlled corporation	1,152,618,879	Long position	71.65

Note:

- (1) Mr. Wu Junbao is the sole shareholder of Wu Junbao Company Limited (吳俊保有限公司) ("WJB Company") and he is therefore deemed to be interested in the Shares held by WJB Company.

(ii) Interest in associated corporation

Xinhua Group

Name	Capacity/nature of interest	Amount of registered share capital	Long/short position	Approximate percentage of interest in Xinhua Group (%)
Mr. Wu Junbao	Beneficial owner	RMB100,000,000	Long position	95.70

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 taken 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.

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 being a Director or chief executive of the Company) had interests or short positions 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 as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name	Capacity/Nature of interest	Number of shares	Long/short position	Approximate percentage of shareholding in the Company (%)
WJB Company	Beneficial owner	1,152,618,879	Long position	71.65

Save as disclosed above, as at 30 June 2021, the Directors and the chief executive of the Company were not aware of any persons (who were not Directors or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares of the Company 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.

SHARE OPTION SCHEME

The Company has adopted the Share Option Scheme on 8 March 2018 ("Adoption Date") for the purpose of giving the eligible persons an opportunity to have a personal stake in the Company and help motivate them to optimize their future contributions to the Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain on-going relationships with such eligible persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group, and additionally in the case of Executives (as defined below), to enable the Group to attract and retain individuals with experience and ability and/or to reward them for their past contributions.

Eligible persons include (a) any executive director of, manager of, or other employee holding an executive, managerial, supervisory or similar position in any member of our Group ("Executive"), any proposed employee, any full-time or part-time employee, or a person for the time being seconded to work full-time or part-time for any member of our Group; (b) a director or proposed director (including an independent non-executive director) of any member of our Group; (c) a direct or indirect shareholder of any member of our Group; (d) a supplier that provides goods or services to any member of our Group; (e) a customer, consultant, business or joint venture partner, franchisee, contractor, agent or representative of any member of our Group; (f) a person or entity that provides design, research, development or other support or any advisory, consultancy, professional or other services to any member of our Group; and (g) an associate of any of the persons referred to in paragraphs (a) to (f) above.

The maximum number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes of the Group shall not in aggregate exceed 10% of the Shares in issue as at the Listing Date, i.e. 160,000,000 Shares. As at the date of this report, the total number of Shares available for issue under the Share Option Scheme is 92,100,000 Shares, representing approximately 5.73% of the total issued share capital of the Company.



OTHER INFORMATION

No option may be granted to any one person such that the total number of Shares issued and to be issued upon exercise of options granted and to be granted to that person in any 12-month period exceeds 1% of the Company's issued share capital from time to time. Where any further grant of options to such an eligible person would result in the Shares issued and to be issued upon exercise of all options granted and to be granted to such eligible person (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the Shares in issue, such further grant shall be separately approved by the Shareholders in general meeting with such eligible person and his close associates (or his associates if such eligible person is a connected person) abstaining from voting.

The Board shall be entitled at any time within 10 years from the Adoption Date to offer the grant of an option to any eligible person as the Board may in its absolute discretion select to subscribe at the subscription price for such number of Shares as the Board may (subject to the terms of the Share Option Scheme) determine (provided the same shall be a board lot for dealing in the Shares on the Stock Exchange or an integral multiple thereof). Subject to such terms and conditions as the Board may determine (including such terms and conditions in relation to their vesting, exercise or otherwise), there is no minimum period for which an option must be held before it can be exercised and no performance target which need to be achieved by the grantee before the option can be exercised.

An offer of the grant of an option shall remain open for acceptance by the eligible person concerned for a period of 28 days from the offer date provided that no such grant of an option may be accepted after the expiry of the effective period of the Share Option Scheme. An option shall be deemed to have been granted and accepted by the eligible person and to have taken effect when the duplicate offer letter comprising acceptance of the offer of the option duly signed by the grantee together with a remittance in favor of the Company of HK\$1.00 by way of consideration for the grant thereof is received by the Company on or before the date upon which an offer of an option must be accepted by the relevant eligible person, being a date no later than 28 days after the offer date.

The subscription price in respect of any particular option shall be such price as the Board may in its absolute discretion determine at the time of grant of the relevant option (and shall be stated in the letter containing the offer of the grant of the option) but the subscription price shall not be less than whichever is the highest of: (a) the nominal value of a Share; (b) the closing price of a Share as stated in the Stock Exchange's daily quotations sheet on the offer date; and (c) the average closing price of a Share as stated in the Stock Exchange's daily quotations sheets for the 5 business days (as defined in the Listing Rules) immediately preceding the offer date.

The Share Option Scheme shall be valid and effective for a period of 10 years from the date on which it becomes unconditional, after which no further options will be granted or offered but the provisions of the Share Option Scheme shall remain in force and effect in all other respects. All options granted prior to such expiry and not then exercised shall continue to be valid and exercisable subject to and in accordance with the Share Option Scheme. The remaining life of the Share Option Scheme is around 6 years and 7 months.

OTHER INFORMATION

Details of the movement of share options granted under the Share Option Scheme during the Reporting Period are as follows:

Category and name of participant	Date of grant	Exercise price per Share	Outstanding as at 1 January 2021	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled/ Lapsed during the Reporting Period	Outstanding as at 30 June 2021
Director							
Zhang Ming	30 April 2019 ⁽¹⁾	HK\$2.69	15,000,000	–	–	–	15,000,000
Lu Zhen	15 July 2019 ⁽²⁾	HK\$2.82	6,000,000	–	–	–	6,000,000
Wang Yongkai	15 July 2019 ⁽²⁾	HK\$2.82	6,000,000	–	–	–	6,000,000
Employees	15 July 2019 ⁽²⁾⁽³⁾	HK\$2.82	40,900,000	–	–	–	40,900,000

Notes:

- (1) Share options granted shall vest in accordance with the timetable below, each with an exercise period commencing from the relevant vesting date and ending on the expiration date of five years after the relevant vesting date:

Vesting date	Percentage of share options to vest
30 April 2020	20% of the total number of share options granted
30 April 2021	20% of the total number of share options granted
30 April 2022	20% of the total number of share options granted
30 April 2023	20% of the total number of share options granted
30 April 2024	20% of the total number of share options granted

- (2) Among the 52,900,000 share options granted on 15 July 2019, 33,000,000 share options (including share options granted to Lu Zhen and Wang Yongkai (the "Group A Share Options") shall vest in accordance with the timetable below with an exercise period commencing from the relevant vesting date and ending on the expiration date of five years after the relevant vesting date:

Vesting date	Percentage of share options to vest
15 July 2020	25% of the total number of the Group A Share Options granted
15 July 2021	25% of the total number of the Group A Share Options granted
15 July 2022	25% of the total number of the Group A Share Options granted
15 July 2023	25% of the total number of the Group A Share Options granted

- (3) Among the 52,900,000 share options granted on 15 July 2019, 1,500,000 share options (the "Group B Share Options") shall vest in accordance with the timetable below with an exercise period commencing from the relevant vesting date and ending on the expiration date of five years after the relevant vesting date:

Vesting date	Percentage of share options to vest
15 July 2020	30% of the total number of the Group B Share Options granted
15 July 2021	30% of the total number of the Group B Share Options granted
15 July 2022	40% of the total number of the Group B Share Options granted

Among the 52,900,000 Share Options granted on 15 July 2019, 15,200,000 Share Options (the "Group C Share Options") shall vest in accordance with the timetable below with an exercise period commencing from the relevant vesting date and ending on the expiration date of five years after the relevant vesting date:

Vesting date	Percentage of share options to vest
15 July 2020	50% of the total number of the Group C Share Options granted
15 July 2021	50% of the total number of the Group C Share Options granted



OTHER INFORMATION

Among the 52,900,000 share options granted on 15 July 2019, 1,200,000 share options (the “Group D Share Options”) shall vest in accordance with the timetable below with an exercise period commencing from the relevant vesting date and ending on the expiration date of five years after the relevant vesting date:

Vesting date	Percentage of share options to vest
15 July 2020	100% of the total number of the Group D Share Options granted

Among the 52,900,000 share options granted on 15 July 2019, 2,000,000 share options shall vest on the date of grant with an exercise period commencing from the date of grant and ending on the expiration date of five years after the date of grant.

Other than disclosed above, no other share options were granted, exercised, lapsed or cancelled during the Reporting Period.

STRUCTURED CONTRACTS

Please refer to the section headed “Structured Contracts” in the Prospectus for details. During the Reporting Period, the Board has reviewed the overall performance of the Structured Contracts (as defined in the Prospectus) and believed that the Group has complied with the Structured Contracts in all material respects.

Qualification Requirement

The foreign investor in a Sino-foreign joint venture private school offering higher education must be a foreign educational institution with relevant qualification and high quality of education (the “Qualification Requirement”). Foreign portion of the total investment in a Sino-foreign joint venture private school should be below 50% and the establishment of these schools is subject to approval of education authorities at the provincial or national level. We are committed to working towards meeting the Qualification Requirement. We have adopted a specific plan and had taken concrete steps which the Company believes are meaningful endeavors to demonstrate compliance with the Qualification Requirement. Please also refer to the section headed “Structured Contracts” in the Prospectus and the annual report of the Company for the year ended 31 December 2020 for the Group’s efforts and actions undertaken to comply with the Qualification Requirement.

Foreign Investment Law

The “Law of the People’s Republic of China on Foreign Investment” (“Foreign Investment Law”) was passed and promulgated in the National People’s Congress, and became effective on 1 January 2020. The Foreign Investment Law defines foreign investment as an investment activity conducted directly or indirectly by a foreign investor, and enumerates the situations that should be deemed as foreign investment. At the same time, the Foreign Investment Law stipulates that any foreign investment activities are granted with the pre-establishment national treatment and shall follow the negative list management system. Foreign investors shall not invest in areas that are prohibited in the Negative List for the Access of Foreign Investment (“Negative List”). Foreign investors shall meet the conditions stipulated in the Negative List in order to invest in to the areas that are categorized by the Negative List as restricted category. Foreign investors shall follow the same principle as domestic investment in order to invest in areas that are not on the Negative List. There are no provisions in the Foreign Investment Law that explicitly mention the “actual control” or the “contractual arrangements”. Nevertheless, further laws and regulations on the above-mentioned are not ruled out. Therefore, there are still uncertainties on whether the structure under the contractual arrangements will be included in the scope of foreign investment supervision in the future, and on the supervision framework if it is included in the scope of supervision. As at the date of this report, the Foreign Investment Law has not been amended and the Company’s operations have not been affected by the Foreign Investment Law. The Company will closely monitor the development of the Foreign Investment Law and the related laws and regulations.

OTHER INFORMATION



PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries, purchased, sold or redeemed any listed securities of the Company during the Reporting Period.

REVIEW OF INTERIM REPORT

The independent auditors of the Company, namely, KPMG, have carried out a review of the unaudited consolidated interim financial statements for the Reporting Period in accordance with the Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

The audit committee of the Company (the “Audit Committee”) has jointly reviewed with the management and the independent auditors of the Company, the accounting principles and policies adopted by the Company and discussed internal control and financial reporting matters (including the review of the interim report for the Reporting Period) of the Group. The Audit Committee considered that the interim report is in compliance with the applicable accounting standards, laws and regulations, and the Company has made appropriate disclosures thereof.

CORPORATE GOVERNANCE CODE

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 CG Code as its own code of corporate governance. The Company has complied with all applicable code provisions under the CG Code during the Reporting Period. The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its own code of conduct regarding directors’ securities transactions from the Listing Date. Having made specific enquiries of all the Directors, each of the Directors has confirmed that he has complied with the Model Code during the Reporting Period.

AUDITOR'S INDEPENDENT REVIEW REPORT TO THE BOARD OF DIRECTORS



INTRODUCTION

We have reviewed the interim financial report set out on pages 21 to 38 which comprises the consolidated statement of financial position of China Xinhua Education Group Limited (the “Company”) and its subsidiaries (together, the “Group”) as of 30 June 2021 and the related consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity and condensed consolidated cash flow statement for the six month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and International Accounting Standard 34, *Interim financial reporting*, issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of the interim financial report in accordance with International Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2021 is not prepared, in all material respects, in accordance with International Accounting Standard 34, *Interim financial reporting*.

KPMG

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

30 August 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 30 June 2021 – unaudited



	Note	Six months ended 30 June	
		2021 RMB'000	2020 RMB'000
Revenue	3	290,014	244,819
Cost of sales		(83,909)	(70,880)
Gross profit		206,105	173,939
Other income	4	48,514	48,170
Selling and distribution costs		(4,362)	(2,449)
Administrative expenses		(34,406)	(62,511)
Profit from operations		215,851	157,149
Finance costs	5(a)	(7,699)	(4,392)
Profit before taxation	5	208,152	152,757
Income tax	6	(460)	(30)
Profit for the period		207,692	152,727
Other comprehensive income for the period (after tax and reclassification adjustments)			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of financial statements of the Company		(10,723)	21,497
Other comprehensive income for the period		(10,723)	21,497
Total comprehensive income for the period		196,969	174,224
Earnings per share			
Basic and diluted (RMB cents)	7	12.9	9.5

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2021 – unaudited



	Note	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Non-current assets			
Property, plant and equipment		520,198	533,591
Right-of-use assets		81,485	82,764
Intangible assets		204,853	205,715
Other non-current assets	8	660,000	660,000
Long-term bank time deposits	12	39,000	268,000
		1,505,536	1,750,070
Current assets			
Trade receivables	9	2,578	2,752
Prepayments, deposits and other receivables	10	1,773,652	906,992
Financial assets measured at fair value through profit or loss	11	–	154,557
Cash and cash equivalents	12	487,891	736,278
		2,264,121	1,800,579
Current liabilities			
Loans and borrowings	13	97,020	50,020
Contract liabilities	14	21,743	267,987
Other payables	15	261,497	141,941
Current taxation		3,296	3,972
		383,556	463,920
Net current assets		1,880,565	1,336,659
Total assets less current liabilities		3,386,101	3,086,729
Non-current liabilities			
Loans and borrowings	13	458,168	265,960



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2021 – unaudited

	<i>Note</i>	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
NET ASSETS		2,927,933	2,820,769
Equity			
Share capital		12,952	12,952
Reserves	16	2,914,981	2,807,817
TOTAL EQUITY		2,927,933	2,820,769

Approved and authorised for issue by the board of directors on 30 August 2021.

Zhen Lu
Directors

Yongkai Wang
Directors

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2021 – unaudited



	Attributable to equity shareholders of the Company						
	Share capital	Share premium	Capital reserves	Statutory reserves	Exchange reserves	Retained earnings	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2020	12,952	945,910	127,580	347,602	116,130	1,068,106	2,618,280
Changes in equity for the six months ended 30 June 2020:							
Profit for the period	-	-	-	-	-	152,727	152,727
Other comprehensive income	-	-	-	-	21,497	-	21,497
Total comprehensive income	-	-	-	-	21,497	152,727	174,224
Dividends approved in respect of the previous year	16(a)	(81,335)	-	-	-	-	(81,335)
Equity settled share-based transactions	16(b)	-	16,331	-	-	-	16,331
Balance at 30 June 2020 and 1 July 2020	12,952	864,575	143,911	347,602	137,627	1,220,833	2,727,500
Changes in equity for the six months ended 31 December 2020:							
Profit for the period	-	-	-	-	-	172,566	172,566
Other comprehensive income	-	-	-	-	(87,712)	-	(87,712)
Total comprehensive income	-	-	-	-	(87,712)	172,566	84,854
Equity settled share-based transactions	-	-	8,415	-	-	-	8,415
Appropriation to reserves	-	-	-	75,797	-	(75,797)	-
Balance at 31 December 2020	12,952	864,575	152,326	423,399	49,915	1,317,602	2,820,769



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2021 – unaudited

	Note	Attributable to equity shareholders of the Company						Total equity
		Share capital	Share premium	Capital reserves	Statutory reserves	Exchange reserves	Retained earnings	
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Balance at 1 January 2021		12,952	864,575	152,326	423,399	49,915	1,317,602	2,820,769
Changes in equity for the six months ended 30 June 2021:								
Profit for the period		-	-	-	-	-	207,692	207,692
Other comprehensive income		-	-	-	-	(10,723)	-	(10,723)
Total comprehensive income		-	-	-	-	(10,723)	207,692	196,969
Dividends approved in respect of the previous year	16(a)	-	(97,169)	-	-	-	-	(97,169)
Equity settled share-based transactions	16(b)	-	-	7,364	-	-	-	7,364
Balance at 30 June 2021		12,952	767,406	159,690	423,399	39,192	1,525,294	2,927,933

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

for the six months ended 30 June 2021 – unaudited



	Note	Six months ended 30 June	
		2021 RMB'000	2020 RMB'000
Operating activities			
Cash used in operations		(30,653)	(140,856)
Income tax paid		(1,136)	(1,519)
Net cash used in operating activities		(31,789)	(142,375)
Investing activities			
Payment for the purchase of property, plant and equipment		(14,678)	(25,605)
Payment for the purchase of intangible assets		(1,870)	(195)
Return of prepayment for investments		35,324	1,000
Payment for purchase of financial assets measured at fair value through profit or loss		–	(154,286)
Payment for school investments		(694,599)	–
Redemption of bank time deposits		259,000	–
Payment for purchase of bank time deposits		(20,000)	–
Net cash used in investing activities		(436,823)	(179,086)
Financing activities			
Proceeds from bank loans		547,208	336,000
Repayment of bank loans		(308,000)	(305,000)
Borrowing costs paid		(7,767)	(4,588)
Net cash generated from financing activities		231,441	26,412
Net decrease in cash and cash equivalents		(237,171)	(295,049)
Cash and cash equivalents at 1 January		726,278	1,382,996
Effect of foreign exchanges rates changes		(1,216)	13,091
Cash and cash equivalents at 30 June		487,891	1,101,038

The notes on pages 27 to 38 form part of this interim financial report.



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

1 BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard (IAS) 34, *Interim financial reporting*, issued by the International Accounting Standards Board. It was authorised for issue on 30 August 2021.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2020 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2021 annual financial statements. Details of any changes in accounting policies are set out in Note 2.

The preparation of the interim financial report in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2020 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with IFRSs.

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). KPMG’s independent review report to the Board of Directors is included on page 20.

The financial information relating to the financial year ended 31 December 2020 that is included in the interim financial report as comparative information does not constitute the Company’s annual consolidated financial statements for that financial year but is derived from those financial statements. Further information relating to these financial statements for the year ended 31 December 2020 are available from the Company’s registered office. The auditors have expressed an unqualified opinion on these financial statements in their report dated 26 March 2021.

2 CHANGES IN ACCOUNTING POLICIES

The International Accounting Standards Board (“IASB”) has issued the following amendments to IFRSs that are first effective for the current accounting period of the Group:

- Amendment to IFRS 16, *Covid-19-related rent concessions beyond 30 June 2021*
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, Interest rate benchmark reform – phase 2

None of these developments has had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented in this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT



3 REVENUE AND SEGMENT REPORTING

(a) Revenue

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Revenue from contracts with customers within the scope of IFRS 15		
Tuition fees	264,507	234,818
Boarding fees	25,507	10,001
Total	290,014	244,819

Revenue represents the value of service rendered during the reporting period. No service provided to a single customer exceeds 10% or more of the total revenue of the Group during the reporting period.

The Group has applied the practical expedient in paragraph 121 of IFRS 15 to its tuition and boarding fees received by university and school such that the Group does not include information about revenue that the Group will be entitled to when it satisfied the remaining performance obligations for tuition and boarding fees received by university and school that had an original expected duration of one year or less.

(b) Segment Reporting

IFRS 8, Operating Segments, requires identification and disclosure of operating segment information based on internal financial reports that are regularly reviewed by the Group's chief operating decision maker for the purpose of resources allocation and performance assessment. On this basis, the Group has determined that it only has one operating segment which is the provision of education services.



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

4 OTHER INCOME

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Rental and property management income	11,059	8,212
Service income	7,069	2,205
Government grants (i)	178	173
Interest income on financial assets measured at amortised cost	5,920	12,970
Gain on operation of the School of Clinical Medicine and Hongshan College (ii)	23,815	24,602
Others	473	8
	48,514	48,170

- (i) Government grants mainly represent the grants from the local government for the purpose of compensating the operating expenses arising from the schools' teaching activities, scientific researches and expenditures on facilities.
- (ii) On 20 November 2017, the Group entered into a formal agreement with Anhui Medical University for a term of three years to jointly operate the School of Clinical Medicine with the eventual goal of converting the School of Clinical Medicine into a school owned and operated solely by the Group. According to the agreement, the Group is entitled to the tuition fees relating to those students admitted in the 2018-2019 school year and thereafter is responsible for the operation costs of the campus before the conversion.

On 29 April 2019, the Group entered into agreements with Nanjing University of Finance and Economics and Nanjing University of Finance and Economics Education Development Foundation, pursuant to which the Group would jointly operate Hongshan College of Nanjing University of Finance and Economics ("Hongshan College") with Nanjing University of Finance and Economics with the eventual goal of converting Hongshan College into a school owned and operated solely by the Group. According to the agreement, the Group is entitled to the tuition fees of Hongshan College from the 2019-2020 school year and thereafter is responsible for the operation costs of the campus before the conversion.

The amount represents the recognized revenue less the operation costs of the School of Clinical Medicine and Hongshan College during the reporting period. After the conversion, the operation results of the School of Clinical Medicine and Hongshan College will be consolidated into the Group.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT



5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
(a) Finance costs		
Interest expense on loans and borrowings	7,699	4,392
(b) Staff costs		
Salaries, wages and other benefits	68,619	56,223
Contributions to defined contribution retirement plan (i)	3,954	1,407
Equity settled share-based payment expenses	7,364	16,331
	79,937	73,961

- (i) Employees of the Group's People's Republic of China ("PRC") subsidiaries are required to participate in a defined contribution retirement scheme administered and operated by the local municipal government. The Group's PRC subsidiaries contribute funds which are calculated on certain percentages of the average employee salary as agreed by the local municipal government to the scheme to fund the retirement benefits of the employees.

The Group has no other material obligation for the payment of retirement benefits associated with the scheme beyond the annual contributions described above.

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
(c) Other items		
Depreciation of owned property, plant and equipment	27,243	28,070
Amortisation of intangible assets	2,733	2,055
Depreciation of right-of-use assets	1,279	1,279
Auditors' remuneration	1,252	1,550

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT



6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Current tax		
Provision for PRC income tax for the period	460	30

- (i) 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.
- (ii) 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.
- (iii) Pursuant to the PRC Income Tax Law and the respective regulations, the companies of the Group which operate in Mainland China are subject to Corporate Income Tax ("CIT") at a rate of 25% on its taxable income.
- (iv) According to the Implementation Rules for the Law for Promoting Private Education (the "Implementation Rules"), private schools, when not requiring reasonable returns, may enjoy preferential tax treatment. Private schools for which the school sponsors do not require reasonable returns are eligible to enjoy the same preferential tax treatment as public schools. The 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 reporting period and up to the date of this report, no separate policies, regulations or rules have been introduced by the tax authorities in this regard. In accordance with the historical tax returns filed to the relevant tax authorities and the confirmation obtained therefrom, the Group's schools which do not require reasonable returns did not pay corporate income tax for the income from provision of formal educational services. As a result, no income tax expense for the income from provision of formal educational services was recognised for the Group's schools for the six months ended 30 June 2021.

7 EARNINGS PER SHARE

The calculation of basic earnings per share for the six months ended 30 June 2021 is based on the profit attributable to shareholders of the Company for the six months ended 30 June 2021 of RMB207,692,000 (30 June 2020: RMB152,727,000) and the weighted average number of ordinary shares of 1,608,583,000 in issue (30 June 2020: 1,608,583,000).

The share options granted on 30 April 2019 and 15 July 2019 (see Note 16(b)) do not give rise to any dilution effect on the Company's earnings per share and there were no dilutive potential ordinary shares throughout the six months ended 30 June 2021 and 30 June 2020, and therefore, the basic and diluted earnings per share are the same.

8 OTHER NON-CURRENT ASSETS

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
	Prepayment for investments	660,000

As at 30 June 2021 and 31 December 2020, the prepayment for investments represents the down-payment for the acquisition of Hongshan College.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT



9 TRADE RECEIVABLES

As of the end of the reporting period, an ageing analysis of the Group's trade receivables, based on the transaction date, is as follows:

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Within 1 year	2,578	2,752

No allowance for doubtful debts was made as of the end of the reporting period.

10 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Prepayments and deposits	203,460	205,638
Other receivables	1,570,192	701,354
	1,773,652	906,992

As at 30 June 2021, prepayment and deposits mainly comprise the balance due from Hongshan College with the amount of RMB200,000,000, and other receivables mainly comprise the balance due from the School of Clinical Medicine with the amount of RMB726,604,000 and the balance due from Hongshan College with the amount of RMB682,491,000.

11 FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Unlisted equity security	-	154,557

On 12 March 2020, the Group entered into an investment agreement with an unlisted education group, pursuant to which the Group agreed to make an investment of RMB154 million as consideration to subscribe 5.714% equity interest in the unlisted education group.

On 28 June 2021, the Group disposed this unlisted equity security to an independent third party at a consideration of RMB154 million.



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

12 LONG-TERM BANK TIME DEPOSITS, CASH AND CASH EQUIVALENTS

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Long-term bank time deposit	39,000	268,000
Cash and bank balances		
– Bank time deposit	–	10,000
– Cash and cash equivalents	487,891	726,278
Total	487,891	736,278

The interest rate on bank time deposits as at 30 June 2021 was 3.70% and 4.18% per annum.

13 LOANS AND BORROWINGS

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Unsecured bank loans:		
Within 1 year or on demand	97,020	50,020
After 1 year but within 2 years	50,020	50,020
After 2 years but within 5 years	151,650	150,060
After 5 years	59,290	65,880
	260,960	265,960
Loan from related party:		
After 2 years but within 5 years	197,208	–
	555,188	315,980

As at 30 June 2021, the unsecured bank loans carried interest at annual rates of 4.35% and 4.70%.

In June 2021, the Group entered into a loan agreement with its related party WJB Company with an annual interest rate of 2.00%.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT



14 CONTRACT LIABILITIES

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Tuition fees	13,577	240,306
Boarding fees	8,166	27,681
	21,743	267,987

15 OTHER PAYABLES

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Payable to suppliers	16,192	53,936
Miscellaneous expenses received from students (i)	23,868	27,638
Accrued staff costs	15,892	23,057
Accrued expenses	4,322	6,656
Dividends Payable	96,774	–
Interest payable	390	458
Others	104,059	30,196
	261,497	141,941

(i) the amount represents miscellaneous expenses received from students which will be paid out on behalf of students.

All other payables are expected to be settled within one year.

16 CAPITAL, RESERVES AND DIVIDENDS

(a) **Dividends payable to equity shareholders attributable to the previous financial year, approved during the interim period**

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Final dividend in respect of the previous financial year, approved during the following interim period, of HK\$7.23 cents per ordinary share (2020: HK\$5.53 cents)	97,169	81,335



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

16 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(b) Equity settled share-based transactions

On 30 April 2019, 15,000,000 share options were granted to Mr. Zhang Ming, an executive Director, under the Company's employee share option scheme, with an exercise price of HK\$2.69 per share. Each option gives the holder the right to subscribe for one ordinary share of the Company.

On 15 July 2019, 52,900,000 share options to subscribe for the ordinary shares of HK\$0.01 each in the share capital of the Company were granted to certain employees, including two executive directors Lu Zhen and Wang Yongkai, with an exercise price of HK\$2.82 per share.

No share options were exercised during the six months ended 30 June 2021 (2020: nil).

(c) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure on the basis of a debt-to-asset ratio. This ratio is calculated as total liabilities divided by total assets.

The debt-to-asset ratios at 30 June 2021 and 31 December 2020 were as follows:

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Total liabilities	841,724	729,880
Total assets	3,769,657	3,550,649
Debt-to-asset ratios	22%	21%

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT



17 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(a) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 input i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

The Group has a team headed by the finance manager performing valuation or engage 3rd party appraiser performing valuation for wealth management products and unlisted equity securities which are categorized into Level 3 of the fair value hierarchy. The team or 3rd party appraiser report directly to the head of finance department. A valuation report with analysis of changes in fair value measurement is prepared at each interim and annual reporting date and is reviewed and approved by the head of finance department. Discussion of the valuation process and results with the head of finance department and the directors is held twice a year, to coincide with the reporting dates.

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Level 3 – unlisted equity securities	–	154,557

The fair value of unlisted equity securities is determined using the price/earnings ratios of comparable listed companies adjusted for lack of marketability discount. The fair value measurement is negatively correlated to the discount for lack of marketability.

The fair value of share options granted to employees is recognized as an employee cost with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date using the binomial model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

17 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

(a) Financial assets and liabilities measured at fair value (Continued)

During the six months ended 30 June 2021, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2020: nil). The movements during the period in the balance of these Level 3 fair value measurements was as follows:

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Unlisted equity securities:		
At beginning of the period/year	154,557	–
Payment for purchases	–	154,286
Changes in fair value recognised in profit or loss during the period	–	271
Dispose of equity securities	(154,557)	–
At ending of the period/year	–	154,557

For financial instruments in Level 3, prices are determined using valuation methodologies such as discounted cash flow models and other similar techniques. Determinations to classify fair value measures within Level 3 of the valuation hierarchy are generally based on the significance of the unobservable inputs to the overall fair value measurement.

The gains arising from the remeasurement of the financial instrument is presented in the “Other income” line item in the consolidated statement of profit or loss and other comprehensive income.

(b) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group’s financial instruments carried at cost or amortized cost are not materially different from their fair values as at 30 June 2021 and 31 December 2020 due to short-term maturity of these instruments.

18 COMMITMENTS

Capital commitments of the Group in respect of plant, property and equipment and land use rights outstanding at 30 June 2021 and 31 December 2020 not provided for in the consolidated financial statements were as follows:

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Authorised but not contracted for	654,010	1,036,352

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT



19 MATERIAL RELATED PARTY TRANSACTIONS

During the reporting period, the directors are of the view that the following companies and persons are related parties of the Group:

Name of party	Relationship
Wu Junbao	Controlling Shareholder
WJB Company	The immediate parent of the Company
Anhui New East Cuisine Education Institute (“New East Cuisine”) 安徽新東方烹飪專修學院	Fellow subsidiary
Xinhua Computer College (“Xinhua Computer”) 新華電腦專修學院	Fellow subsidiary

Note: The English translation of these entities is for reference only. The official names of the entities established in the PRC are in Chinese.

(a) Significant related party transactions

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Rental fee charged by related parties	3,792	3,600
Service fee charged by related parties	244	395
Loan from a related party	197,208	–

As at 30 June 2021, the Group's interest-bearing bank loan with the amount of RMB307,980,000 (2020: RMB315,980,000) was guaranteed by the controlling shareholder Mr. Wu Junbao.

DEFINITION



In this report, unless the context otherwise requires, the following expressions shall have the following meanings:

“associate(s)”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“CG Code”	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
“China” or “PRC”	the People’s Republic of China excluding for the purpose of this report, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Company”	China Xinhua Education Group Limited, an exempted company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company, its subsidiaries and consolidated affiliated entities
“HK\$” or “HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hongshan College”	Hongshan College of Nanjing University of Finance and Economics* (南京財經大學紅山學院), an independent college established in 1999 and currently jointly operated by the Group and Nanjing University of Finance and Economics* (南京財經大學)
“IFRSs”	the International Financial Reporting Standard(s)
“Listing”	the listing of the shares on the main board of the Stock Exchange on 26 March 2018
“Listing Date”	26 March 2018, the date on which the Company’s Shares are listed and from which dealings therein are permitted to take place on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“New Implementation Rules”	the Implementation Rules for the Law for Promoting Private Education
“Prospectus”	the prospectus of the Company dated 14 March 2018



DEFINITION

“Reporting Period”	the six months ended 30 June 2021
“RMB” or “Renminbi”	Renminbi, the lawful currency for the time being of the PRC
“School of Clinical Medicine”	School of Clinical Medicine of Anhui Medical University* (安徽醫科大學臨床醫學院), an independent college established in 2003 and currently jointly operated by the Group and Anhui Medical University as further described in “Business – Planned Additional Schools – School of Clinical Medicine” in the Prospectus and the annual reports of the Company for the year ended 31 December 2018, 2019 and 2020
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended and supplemented from time to time
“Share Option Scheme”	the share option scheme conditionally adopted by our Company on 8 March 2018
“Shareholder(s)”	holder(s) of the Share(s)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of our Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“USD” or “US\$”	United States dollars, the lawful currency of the United States
“Xinhua Group”	Anhui Xinhua Group Investment Co., Ltd* (安徽新華集團投資有限公司), (previously known as Anhui Xinhua Investment Co., Ltd.* (安徽新華投資有限公司)), a limited liability company established under the laws of the PRC on 1 September 1999. It is the school sponsor of Xinhua University and Xinhua School, and a consolidated affiliated entity of the Company
“Xinhua School”	Anhui Xinhua School* (安徽新華學校), a private formal secondary vocational school that obtained approval from the Anhui Education Department for its establishment on 11 April 2002, of which the school sponsor’s interest is wholly owned by Xinhua Group. It is a consolidated affiliated entity of the Company
“Xinhua University”	Anhui Xinhua University* (安徽新華學院), a private formal higher education institution whose predecessor is Anhui Xinhua Vocational College* (安徽新華職業學院) which obtained approval from The People’s Government of Anhui Province* (安徽省人民政府) for its establishment on 18 June 2020, of which school sponsor’s interest is wholly owned by Xinhua Group. It is a consolidated affiliated entity of the Company
“Yangtze River Delta”	comprises Jiangsu Province, Zhejiang Province, Anhui Province and Shanghai in the PRC
“%”	percent

* The English translation of company names in Chinese is for identification purposes only. If there is any inconsistency between the Chinese names of entities or enterprises established in China and their English translations, the Chinese names shall prevail



CHINA XINHUA EDUCATION GROUP LIMITED
中國新華教育集團有限公司

