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China Education Group Holdings Limited
中國教育集團控股有限公司

(incorporated in the Cayman Islands with limited liability and carrying on business in Hong Kong as "ChinaEdu 中教常春藤")

(Stock Code: 839)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2018

FINANCIAL HIGHLIGHTS

- Group's Revenue increased 65.1% to RMB669.4 million.
- Gross profit rose 69.4% to RMB406.9 million.
- Net profit increased 86.20% to RMB373.1 million.
- Adjusted net profit rose 76.6% to RMB344.5 million.
- Basic earnings per share ("EPS") was 17.11 RMB cents.
- Bank balances and cash was recorded at RMB1,269.4 million with no bank borrowing as of 30 June 2018.

2018 INTERIM RESULTS

The Board is pleased to announce the unaudited condensed consolidated results of the Group for the six months ended 30 June 2018.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2018

	NOTES	Six months ended 30 June 2018 RMB'000 (unaudited)	30 June 2017 RMB'000 (audited)
Continuing operations			
Revenue	3	**669,412**	405,375
Cost of revenue		**(262,497)**	(165,108)
Gross profit		**406,915**	240,267
Other income		**36,829**	17,961
Investment income		**10,130**	9,304
Other gains and losses		**57,589**	4,544
Selling expenses		**(7,857)**	(579)
Administrative expenses		**(117,809)**	(57,424)
Listing expenses		**–**	(10,146)
Finance costs		**(15,109)**	(10,011)
Profit before taxation		**370,688**	193,916
Taxation	4	**2,440**	(903)
Profit and total comprehensive income for the period from continuing operations		**373,128**	193,013
Discontinued operations			
Profit and total comprehensive income for the period from discontinued operations		**–**	7,407
Profit and total comprehensive income for the period	5	**373,128**	200,420
Profit and total comprehensive income for the period attributable to owners of the Company			
– from continuing operations		**345,559**	193,013
– from discontinued operations		**–**	7,419
		345,559	200,432
Profit (loss) and total comprehensive income (expense) for the period attributable to non-controlling interests			
– from continuing operations		**27,569**	–
– from discontinued operations		**–**	(12)
		27,569	(12)
		373,128	200,420
From continuing and discontinued operations			
Earnings per share			
Basic *(RMB cents)*	7	**17.11**	13.36
Diluted *(RMB cents)*		**17.05**	N/A
From continuing operations			
Earnings per share			
Basic *(RMB cents)*	7	**17.11**	12.87
Diluted *(RMB cents)*		**17.05**	N/A

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	NOTES	At 30 June 2018 RMB'000 (unaudited)	At 31 December 2017 RMB'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**3,223,345**	2,638,560
Prepaid lease payments		**63,581**	54,946
Goodwill		**987,810**	325,629
Intangible assets		**905,411**	239,547
Deposits paid for prepaid lease payments		**113,753**	40,496
Deposits paid for acquisition of property, plant and equipment		**4,475**	2,405
Prepayments for acquisition of business		**1,028,006**	–
		6,326,381	3,301,583
CURRENT ASSETS			
Inventories		**527**	254
Trade receivables, deposits, prepayments and other receivables	*8*	**170,658**	71,563
Amounts due from related parties		**6,896**	–
Held for trading investments		**89,978**	3,402
Structured deposits		**–**	50,500
Prepaid lease payments		**1,506**	1,506
Pledged bank deposits		**10,000**	–
Bank balances and cash		**1,269,398**	3,243,144
		1,548,963	3,370,369
CURRENT LIABILITIES			
Deferred income		**17,168**	727,280
Contract liabilities		**436,767**	–
Trade and bills payables	*9*	**12,084**	10,715
Other payables, accrued expenses and provisions		**466,983**	196,908
Amount due to related parties		**40,000**	–
Income tax payable		**12,299**	12,214
Other borrowings		**130,000**	–
		1,115,301	947,117
NET CURRENT ASSETS		**433,662**	2,423,252
TOTAL ASSETS LESS CURRENT LIABILITIES		**6,760,043**	5,724,835

	At 30 June 2018 *RMB'000* (unaudited)	At 31 December 2017 *RMB'000* (audited)
NON-CURRENT LIABILITIES		
Deferred income	**22,621**	25,905
Contract liabilities	**12,666**	–
Other payables	**104,402**	–
Deferred tax liabilities	**226,352**	59,887
	366,041	85,792
	6,394,002	5,639,043
CAPITAL AND RESERVES		
Share capital	**17**	17
Reserves	**6,120,747**	5,639,026
Equity attributable to owners of the Company	**6,120,764**	5,639,043
Non-controlling interests	**273,238**	–
	6,394,002	5,639,043

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2018

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard ("**IAS**") 34 "Interim Financial Reporting" issued by the International Accounting Standards Board as well as with the applicable disclosure requirements of Appendix 16 to the Listing Rules.

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

Other than changes in accounting policies resulting from application of new IFRSs, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2018 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2017.

2. IMPACTS AND CHANGES IN ACCOUNTING POLICIES

The Group has applied IFRS 15 for the first time in the current interim period. IFRS 15 superseded IAS 18 "Revenue", IAS 11 "Construction Contracts" and the related interpretations.

The Group is mainly engaged in the provision of private higher and vocational education in the PRC.

Revenue represents services income from tuition, boarding fee and ancillary services.

The Group has applied IFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 January 2018. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated. Furthermore, in accordance with the transition provisions in IFRS 15, the Group has elected to apply the standard retrospectively only to contracts that are not completed at 1 January 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under IAS 18 "Revenue".

At the date of initial application, included in the total deferred revenue amounting to RMB652,114,000, RMB51,935,000 and RMB10,506,000 are related to the tuition fees, boarding fees and fees for ancillary services received in advance from students. These balances were reclassified to contract liabilities upon application of IFRS 15.

The Group has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9. i.e. applied the classification and measurement requirements (including impairment) retrospectively to financial instruments that have not been derecognised as at 1 January 2018 (date of initial application) and has not applied the requirements to financial instruments that have already been derecognised as at 1 January 2018.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under IAS 39 "Financial Instruments: Recognition and Measurement".

At the date of initial application, the Group no longer applied designation as measured at fair value through profit and loss ("FVTPL") for the structured deposits as these financial assets are required to be measured at FVTPL under IFRS 9. As a result, the fair value of these investments of RMB50,500,000 were reclassified from financial assets designated at FVTPL to financial assets at FVTPL.

Remaining investments are equity securities held for trading which are required to be classified as FVTPL under IFRS 9. There was no impact on the amounts recognised in relation to these assets from the application of IFRS 9.

The Group applies the IFRS 9 simplified approach to measure expected credit loss ("ECL") which uses a lifetime ECL for all trade receivables. To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics such as the status of the students.

Most of the banks which the Group placed deposits at are graded with top credit ratings. Therefore, these investments are considered to be low credit risk investments and the loss allowance is measured on twelve months ECL basis.

Loss allowances for other financial assets at amortised cost mainly comprise of other receivables, amount due from related parties, pledged bank deposits and bank balances and cash other than graded in the top credit rating agencies, are measured on twelve months ECL basis and there had been no significant increase in credit risk since initial recognition.

As at 1 January 2018, no additional credit loss allowance has been recognised against retained profits.

3. REVENUE AND SEGMENT INFORMATION

The Group is mainly engaged in the provision of private higher and vocational education in the PRC.

Revenue represents services income from tuition, boarding fee and ancillary services.

Information reported to the Group's chief operating decision maker ("CODM"), Mr. Yu and Mr. Xie, for the purpose of resource allocation and assessment of segment performance, was focused on a single operating segment, being the operation of private higher education and vocational education. Each category of institution carrying out higher education and vocational education constitutes an operating segment. The services provided and type of customers are similar in each operating segment, and each operating segment are subject to similar regulatory environment. Accordingly, their segment information is aggregated as a single reportable segment which is the same as the condensed consolidated statement of profit or loss and other comprehensive income as disclosed above. No analysis of segment assets or segment liabilities is presented as they are not regularly provided to the CODM.

Revenue from major services

The following is an analysis of the Group's revenue from continuing operations from the major service lines:

	Six months ended	
	30 June 2018	30 June 2017
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Tuition fees recognised over time	**605,229**	368,266
Boarding fees recognised over time	**51,780**	27,388
Ancillary services recognised over time	**12,403**	9,721
	669,412	405,375

4. INCOME TAX EXPENSE (CREDIT)

	Six months ended 30 June 2018 RMB'000 (unaudited)	30 June 2017 RMB'000 (audited)
Continuing operations		
Current tax – Enterprise Income Tax	**853**	903
Deferred tax	**(3,293)**	–
	(2,440)	903

5. PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD

	Six months ended 30 June 2018 RMB'000 (unaudited)	2017 RMB'000 (audited)
Profit and total comprehensive income for the period from continuing operations has been arrived at after (crediting) charging the following items:		
Staff costs, including directors' remuneration		
– salaries and other allowances	**171,547**	88,373
– retirement benefit scheme contributions	**24,789**	19,950
– share-based payments	**30,375**	–
Total staff costs	**226,711**	108,323
Depreciation of property, plant and equipment	**66,397**	57,174
Amortisation of prepaid lease payments	**753**	660
Amortisation of intangible assets	**13,169**	–
Minimum operating lease rental expense in respect of rented premises	**6,656**	4,162

6. DIVIDENDS

No dividends was paid, declared or proposed for ordinary shareholders of the Company during the interim period.

7. EARNINGS PER SHARE

For continuing operations

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	Six months ended	
	30 June 2018	30 June 2017
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Profit for the purpose of calculating basic and diluted earnings per share from continuing operations	**345,559**	193,013

	Six months ended	
	30 June 2018	30 June 2017
	'000	*'000*
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**2,019,756**	1,500,000
Effect of dilutive potential ordinary shares:		
Share options	**5,263**	–
Over-allotment options	**1,365**	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**2,026,384**	N/A

The weighted average number of ordinary shares for the purpose of basic earnings per share has been adjusted for the reorganisation as set out in the prospectus dated 5 December 2017 and the share allotments of 1,500,000,000 shares had been in effect on 1 January 2017.

No diluted earnings per share for the six months ended 30 June 2017 was presented as there were no potential ordinary shares in issue for the six months ended 30 June 2017,

8. TRADE RECEIVABLES

The following is an analysis of trade receivables and receivables from educational bureaus by age, presented based on debit note.

	At 30 June 2018 *RMB'000* **(unaudited)**	At 31 December 2017 *RMB'000* (audited)
0-90 days	**21,642**	21,723
91-120 days	**63**	15,829
121-365 days	**28,253**	–
Over 365 days	**3,633**	8,820
	53,591	46,372

9. TRADE AND BILLS PAYABLES

The credit period granted by suppliers and bills payables on purchase of consumables and provision of services ranged from 30 days to 60 days.

The following is an aged analysis of trade payables presented based on invoice date at end of each reporting period.

	At 30 June 2018 *RMB'000* **(unaudited)**	At 31 December 2017 *RMB'000* (audited)
0-30 days	**3,961**	7,207
31-90 days	**1,517**	53
91-365 days	**3,943**	1,106
Over 365 days	**2,663**	2,349
	12,084	10,715

10. CONTINGENCIES AND COMMITMENTS

As at the end of the interim period, the Group has no contingent liabilities. The Group was committed to acquire some property, plant and equipment and prepaid lease payment amounting RMB393,948,000 (31 December 2017: RMB368,836,000).

In addition, on 29 June 2018, Huajiao Education entered into a framework agreement with Value Partners Private Equity Investment Management (Shen Zhen) Limited (惠理股權投資管理（深圳）有限公司) ("VP Shenzhen"), a subsidiary of Value Partners Group Limited, for the establishment of a fund tentatively named VP-CEG China Education Fund (the "China Education Fund"). The Group will make an initial contribution of RMB250,000,000 to the China Education Fund.

11. ACQUISITIONS OF BUSINESSES

(i) Acquisition of Zhengzhou City Rail Transit School

On 13 March 2018, Junshi Education Consulting (Ganzhou) Co. Ltd. (君時教育諮詢（贛州）有限公司), a consolidated affiliated entity of the Company, entered into an acquisition agreement and a supplemental agreement (the "Zhengzhou Acquisition Agreements") with Mr. Yu Cuntao (the "Zhengzhou Vendor") for the acquisition of 80% equity interest in 樹仁教育管理有限公司("Shu Ren Education"), a limited liability company established under the laws of the PRC and owned the sponsor interest of Zhengzhou City Rail Transit School, at the consideration of RMB855,000,000 (the "Zhengzhou Consideration"). Zhengzhou Consideration comprises RMB120,000,000 ("Zhengzhou Equity Consideration") payable to Zhengzhou Vendor for the transfer of the 80% equity interest in Shu Ren Education and RMB735,000,000 for injection into Shu Ren Education as additional capital. The acquisition was completed on 23 March 2018.

Pursuant to the Zhengzhou Acquisition Agreements, the Zhengzhou Equity Consideration shall be paid by the Group to Zhengzhou Vendor by four installments and Zhengzhou Vendor had agreed to provide a profit guarantee in relation to the financial performance of Zhengzhou City Rail Transit School for each of the three years ending 31 December 2020. The payment of the second, the third and the fourth installments of the Zhengzhou Equity Consideration of RMB20,000,000 each shall be reduced by an amount to be determined by the following formula if the audited profit before tax and excluding the non-operating profit of Zhengzhou City Rail Transit School ("Zhengzhou Actual PBT") for each of the three years ending 31 December 2020 is less than RMB45,000,000, RMB80,000,000 and RMB90,000,000 ("Zhengzhou Guaranteed PBT") for each of the year ending 31 December 2018, 31 December 2019 and 31 December 2020, respectively:

RMB20,000,000 x (1 – (Zhengzhou Actual PBT/Zhengzhou Guaranteed PBT))

(ii) Acquisition of Xi'an Railway Technician College

On 13 March 2018, Shangzhi Education Consulting (Ganzhou) Co. Ltd. (上智教育諮詢（贛州）有限公司), a consolidated affiliated entity of the Company, entered into an acquisition agreement and a supplemental agreement (the "Xi'an Acquisition Agreements") with all the shareholders (the "Xi'an Vendors") of 贛州西鐵教育諮詢有限公司 ("Xitie Education") for the acquisition of 62% equity interest in Xitie Education, a limited liability company established under the laws of the PRC and indirectly owns the sponsor interest of Xi'an Railway Technician College, at the consideration of RMB576,600,000 (the "Xi'an Consideration"). Xi'an Consideration comprises RMB472,170,000 ("Xi'an Equity Consideration") payable to Xi'an Vendors for the transfer of the 62% equity interest in Xitie Education and RMB104,430,000 for injection into Xitie Education as additional capital. The acquisition was completed on 23 March 2018.

Pursuant to the Xi'an Acquisition Agreements, the Xi'an Equity Consideration shall be paid by the Group to Xi'an Vendors by four installments and Xi'an Vendors had agreed to provide guarantee in relation to the future student enrollment or the financial performance of Xi'an Railway Technician College. The payment of the second installment of the Xi'an Equity Consideration of RMB42,480,000 shall be made on the condition that the number of new students of Xi'an Railway Technician College at the end of 30 October 2018 (the spring and fall semesters of the academic year) has attained the agreed target. The payment of the third and the fourth installments of the Xi'an Equity Consideration of RMB100,000,000 each shall be reduced by an amount to be determined by the following formula if the audited profit before tax and excluding the non-operating profit of Xi'an Railway Technician College ("Xi'an Actual PBT") for each of the year ending 31 December 2018 and 31 December 2019 is less than RMB74,000,000 and RMB100,000,000 ("Xi'an Guaranteed PBT") for the year ending 31 December 2018 and 31 December 2019 respectively:

RMB100,000,000 x (1 – (Xi'an Actual PBT/Xi'an Guaranteed PBT))

12. EVENTS AFTER REPORTING PERIOD

Change of financial year-end date

On 3 August 2018, the Board resolved to change the financial year-end date of the Company from 31 December to 31 August. The next financial year-end date of the Group will be 31 August 2018 and the next audited consolidated financial statements of the Group to be published will be in respect of the 8-month period from 1 January 2018 to 31 August 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

We are a leading private higher and vocational education provider in China. As at 30 June 2018, The Group operates two universities and three vocational schools located in four provinces, namely Jiangxi, Guangdong, Henan and Shaanxi, and enrolls students across all provinces in mainland China. During the 2017/2018 academic year, the Group has approximately 121,000 students attending 86 bachelor's degree programmes, 43 junior college diploma programmes, and 129 vocational education programmes. In the academic year of 2017/2018, the disciplines provided by us covered 97.7% of undergraduate students' choices and 91.9% of junior college students' choices in China, respectively.

Growth Strategy

Given the high-barrier of entrance to the higher education sector, we have formulated our merger and acquisition strategy as the key strategy to achieve our growth target. Within six months after Listing, we have consolidated two schools and added about 45,000 students to our student enrollment base. We will continue to explore other merger and acquisition opportunities and to select the ones with good growth potential at reasonable valuation.

Acquisition Completed During The Reporting Period

On 23 March 2018, the Group completed two acquisitions, namely Zhengzhou City Rail Transit School and Xi'an Railway Technician College, to expand its business coverage into the central and the western regions of China. Through welcoming two schools on board, we have expanded our school portfolio from three schools into five schools. At the same time, our student enrollment base has increased by 61.2% from approximately 75,000 students at the time of our initial public offering to approximately 121,000 students. Both acquired schools focus on providing railway-related vocational education to students to equip them for their career development in the growing Chinese railway industry.

Under the guidance and support of the state's macro policies, Chinese rail transit has begun to boom during the 13th Five-Year Plan period. With the rapid development of Chinese high-speed rail, metro, intercity railways, and civil aviation, we envisage that there will be a promising demand for the graduated students of both Zhengzhou City Rail Transit School and Xi'an Railway Technician College in the job market.

Acquisition of Zhengzhou City Rail Transit School

On 23 March 2018, the Group completed the acquisition of 80% equity interest in the sponsorship holding company which owns the entire school sponsor interest of Zhengzhou City Rail Transit School, for a total consideration of RMB855.0 million. The consideration is comprised of RMB120.0 million for the transfer of equity interest and RMB735.0 million for capital injection to reduce the debt of school and to finance its continuous expansion.

Zhengzhou City Rail Transit School was established in 2010 with the approval by Zhengzhou Municipal Education Bureau and has been incorporated into the provincial university entrance program. The school locates in Xinzhen Xincun Industrial Park, Zhengzhou City, Henan Province with site area and gross floor area of approximately 423,000 square meters and over 300,000 square meters, respectively. In the 2017/2018 academic year, Zhengzhou City Rail Transit School has enrolled over 24,000 students. The school provides a variety of urban rail transit programes and has established cooperation with many large cities (such as Beijing, Shanghai, Shenzhen, Guangzhou and Tianjin) to increase the employment opportunities of its graduates.

Acquisition of Xi'an Railway Technician College

On 23 March 2018, the Group completed the acquisition of 62% equity interest in the sponsorship holding company which owns the entire school sponsor interest of Xi'an Railway Technician College, for a total consideration of RMB576.6 million. The consideration is comprised of RMB472.2 million for the transfer of equity interest and RMB104.4 million for capital injection to reduce the debt of school and to finance its continuous expansion.

Xi'an Railway Technician College was founded in 2006 under the former name of 西安數位科技專修學院 and changed its present name to 西安鐵道技師學院 in 2015 with the approval of the Department of Human Resources and Social Security of Shaanxi Province. Xi'an Railway Technician College is a mechanic and technician college that nurtures professional talents for rail transportation. Since its establishment, the school has received significant support from the Department of Human Resources and Social Security Office and the provincial government of Shaanxi Province and has been developed into a prominent incubator for high-skilled talents to cater for the rapid economic growth of central-west region of China. Located in Xi'an, Shaanxi Province, Xi'an Railway Technician College is open to students from all over the country. In the 2017/2018 academic year, the school has enrolled over 20,000 students.

Acquisition In Progress During The Reporting Period

On 14 June 2018, the Group entered into an agreement with an independent third party to acquire 100% ownership of a target company whose principal business is investment in Songtian Company, which in turn owns sponsor interest of the Songtian Schools (Songtian University and Songtian College). As of 30 June 2018, the acquisition is still in progress. However, the management expects the acquisition to be completed by end of 2018.

The Directors believe that the transaction marks the Group's continuous efforts to expand its school network and increase market penetration. The Directors consider that Songtian Schools are located in the economically vibrant Pearl River Delta Economic Zone and will benefit from the economic development of Guangdong-Hong Kong-Macao Greater Bay Area. The Board sees good potential in Songtian Schools to increase student enrollment and the Group will be able to leverage on its competitive advantages to streamline the operation of Songtian Schools and to enhance their financial performance. The Group intends to efficiently integrate Songtian Schools into the Group's school network and implement the Group's centralised management system to improve their operational efficiencies, increase their school sizes, optimise their pricing strategies and as a result improve the profitability of the Group as a whole.

Songtian University

Founded in 2000, Songtian University is a private university (independent college) approved by the Ministry of Education in April 2004 and operated by Songtian Company in collaboration with Guangzhou University. Locates in Guangzhou, Guangdong Province, the PRC, the University conducts unified student recruitment on a national scale. Songtian University has eight faculties and three academic departments and offers full-time undergraduate programmes. In 2017/2018 academic year, Songtian University has more than 8,700 students.

The initial employment rate of Songtian University in 2017 was approximately 95.6% while China's overall initial employment rate for higher education graduates in the same year was approximately 77.0%. Songtian University earned the Award for Guangdong's Most Competitive Independent College in the 30 Years of Reform and Opening-Up (改革開放30周年廣東最具競爭力獨立學院獎) by Guangzhou Daily. Songtian University also won the Guangzhou's Garden Organization title from Guangzhou government for its beautiful landscape.

Songtian College

Founded in 2000, Songtian College is registered as a full-time higher vocational college with the Ministry of Education of the PRC and is established with the approval from People's Government of Guangdong Province. The College locates in Guangzhou, Guangdong Province, the PRC. Songtian College has seven faculties/academic departments and commenced recruiting students in 2007. In 2017/2018 academic year, Songtian College has approximately 3,300 full-time students.

The initial employment rate of Songtian College in 2017 was approximately 98.4% while China's overall initial employment rate for higher education graduates in the same year was approximately 77.0%. According to a report commissioned by Guangdong Department of Education in 2012, Songtian College achieved the highest satisfaction on current employment from graduates among vocational colleges in the province.

Our Schools

As at 30 June 2018, we operate two universities and three vocational schools (30 June 2017: two universities). The following table sets forth certain details of our five schools.

	School	Year Founded	Date Joined the Group	Description
1	Jiangxi University of Technology	1993	December 2007	Has been ranked number one private university in China for nine consecutive years The largest private university in China in terms of student enrollment One of the first few private universities approved by the MOE for establishment in 1999
2	Guangdong Baiyun University	1989	December 2007	Has been ranked number one private university in Guangdong Province for twelve consecutive years One of the first few private universities approved by the MOE for establishment in 1999
3	Baiyun Technician College	1989	August 2017	Has been ranked number one vocational college in Guangdong Province for seven consecutive years The second largest private technician college in China in terms of student enrollment
4	Zhengzhou City Rail Transit School	2010	March 2018	The largest private secondary vocational school in China in terms of student enrollment
5	Xi’an Railway Technician College	2006	March 2018	The largest private technician college in China in terms of student enrollment

Student Enrollment

In the 2017/2018 academic year, the total number of enrolled students of our Group is 121,315, up 61.2% from 2016/2017 academic year's enrollment.

	Academic Year	
	2017/2018	2016/2017
Jiangxi University of Technology	**36,368**	35,982
Guangdong Baiyun University	**26,416**	25,741
Baiyun Technician College	**13,420**	13,532
Zhengzhou City Rail Transit School	**24,476**	N/A*
Xi'an Railway Technician College	**20,635**	N/A*
Total	**121,315**	75,255

* *Zhangzhou City Rail Transit School and Xi'an Railway Technician College were not yet our operating schools in the academic year 2016/2017.*

Tuition Fees and Boarding Fees

In general, we plan to increase our tuition fees between 0% and 10% among various programmes on annual basis. The tuition fee increase is determined by our school management teams subject to the market conditions.

	Listed tuition fees in academic year		Boarding fees in academic year	
	2017/2018	2016/2017	**2017/2018**	2016/2017
	RMB	*RMB*	***RMB***	*RMB*
Jiangxi University of Technology				
Bachelor's degree programmes	**15,000 - 20,000**	14,000 - 18,000	**1,600 - 2,000**	1,480 - 1,680
Junior college diploma programmes	**12,500 - 14,000**	11,300 - 12,500	**1,600 - 2,000**	1,480 - 1,680
Continuing education programmes	**5,000**	7,300 - 7,800	**N/A**	N/A
Guangdong Baiyun University				
Bachelor's degree programmes	**19,000 - 28,000**	19,000 - 26,000	**1,500**	1,500
Junior college diploma programmes	**30,000**	30,000	**1,500**	1,500
Continuing education programmes	**3,000 - 6,000**	3,000 - 6,000	**N/A**	N/A
Baiyun Technician College				
Post-secondary vocational diploma programmes	**11,500 - 14,000**	11,500 - 12,000	**1,500**	1,500
Secondary vocational diploma programmes	**11,000 - 13,500**	11,000 - 11,500	**1,500**	1,500
Technician diploma programmes	**12,500**	12,500	**1,500**	1,500

	Listed tuition fees in academic year		Boarding fees in academic year	
	2017/2018	2016/2017	**2017/2018**	2016/2017
	RMB	*RMB*	***RMB***	*RMB*
Zhengzhou City Rail Transit School				
Secondary vocational diploma programmes	**7,300**	N/A*	**1,000**	N/A*
Xi'an Railway Technician College				
Technician diploma programmes	**9,800 - 16,000**	N/A*	**1,000**	N/A*

* *Zhengzhou City Rail Transit School and Xi'an Railway Technician College were not yet our operating schools in the academic year 2016/2017.*

OUTLOOK

In China today, there are over 700 private higher education institutions, including private universities, private junior colleges, and independent colleges, and thousands of private vocational schools. Most of these private higher education institutions and private vocational schools are owned and operated independently. Hence, the ownership and operation of these institutions and schools are scattered. This translates into huge potentials for merger and acquisition opportunities.

On 10 August 2018, the Ministry of Justice of the People's Republic of China issued Draft Amendments on the Implementation Rules for the Law for Promoting Private Education (the "Proposed Implementation") (《中華人民共和國民辦教育促進法實施條例(修訂草案)(送審稿)》) to seek views and comments on the proposed changes. The key objectives of the Proposed Implementation are to foster the steady growth and healthy development of the private education in China. We believe the Proposed Implementation is beneficial and favorable to the development of the private higher education sector. Based on our preliminary review of the current draft, we expect more private higher education institutions, particularly the independent colleges, are willing to sell. According to the current draft of the Proposed Implementation, the public education institutions are prohibited to use their brand name to make profits. Hence, the public institutions can no longer allow the independent schools attaching to them and paying them management fees. The independent schools need to be separated from the public institutions.

However, given the current draft of Proposed Implementation is subject to amend or change, we will assess the development of the Proposed Implementation from time to time and to adjust our corporate strategies if necessary.

Mergers and Acquisitions

We have established a strong merger and acquisition team based in Shanghai, Guangzhou and Shenzhen. The team is composed of experienced professionals, including private equity fund managers, accounting, financial, legal, transaction strategies and educational consulting professionals, etc. The team has reviewed over 110 potential merger and acquisition targets since its establishment in 2017. Presently, the team is performing due diligent works on a number of targets at different stages.

Entering Into A Framework Agreement For The Establishment of China Education Fund

On 29 June 2018, the Group entered into the framework agreement with VP Shenzhen, a subsidiary of Value Partners Group Limited, for the establishment of the China Education Fund, with a targeted AUM of RMB5 billion. The Group (and/or its affiliates and nominee(s) and Value Partners (and/or its subsidiary(ies)) will make an initial contribution of RMB250 million and RMB370 million respectively to the China Education Fund. It is expected that Huajiao Education (or its nominee) and VP Shenzhen are to be the co-general partners of the China Education Fund.

The Directors believe that the Group's cooperation with Value Partners, a leading investment fund house in Asia, will enhance the performance of the China Education Fund by combining the Group's experience in private higher and vocational education in China and the investment expertise of Value Partners.

Development of New Campus

The construction work of the new campus of Guangdong Baiyun University in Zhongluotan, Guangzhou, Guangdong Province, has been proceeding as planned. With a site area of 489,000 square meters, the development is divided into two phases with the first phase to be completed in 2019. The first phase will provide a student capacity of 8,000 while the second phase will accommodate 18,000 students when it is completed in 2021.

FINANCIAL REVIEW

Revenue

The Group's revenue reached approximately RMB669.4 million for the six months ended 30 June 2018, up 65.1% as compared to the same period of last year. The significant increase in revenue was mainly driven by the inclusion of three vocational schools, namely Baiyun Technician College, Zhengzhou City Rail Transit School and Xi'an Railway Technician College. Baiyun Technician College acquisition was completed on 14 August 2017 while both Zhengzhou City Rail Transit School and Xi'an Railway Technician College acquisitions were completed on 23 March 2018. Of the approximately RMB669.4 million revenue recognised, the three vocational schools contributed approximately RMB213.6 million, while the two universities accounted for approximately RMB455.8 million, representing a steady growth of 12.4%.

A breakdown of revenue recognised over time is shown below:

	Six months ended	
	30 June 2018	30 June 2017
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Tuition fees	**605,229**	368,266
Boarding fees	**51,780**	27,388
Ancillary services	**12,403**	9,721
Total	**669,412**	405,375

Tuition fees attributed 90.4% of the revenue. In which, Boarding fees and Ancillary services made up 7.7% and 1.9% of revenue, respectively.

Cost of Revenue

The cost of revenue increased from approximately RMB165.1 million for the six months ended 30 June 2017 to approximately RMB262.5 million for the six months ended 30 June 2018, representing a 59.0% increase. Of the approximately RMB262.5 million cost of revenue incurred, vocational schools accounted for approximately RMB92.0 million while the universities represented approximately RMB170.5 million. Excluding the impact of the three new schools, the cost of revenue increased by 3.3% which showed improvement on controlling of the direct cost of revenue.

Gross Profit and Gross Profit Margin

For the six months ended 30 June 2018, the Group recorded a gross profit of approximately RMB406.9 million, increased by 69.4% compare to the same period of last year. Likewise, gross profit margin has improved from 59.3% in first six months of 2017 to 60.8% for the first six months of 2018.

Other Gains and Losses

The other gains and losses were recorded at about RMB57.6 million for the six months ended 30 June 2018, up 12.7 times from the same period of last year. Such significant increase was mainly due to the exchange gain of RMB59.0 million, a result of the depreciating Renminbi against US dollars.

Selling Expenses

The significant increase of selling expenses incurred for the six months ended 30 June 2018 was mainly related to the increase in marketing and student recruitment expenses of the schools. The two universities incurred RMB4.2 million while the three vocational schools reported a total selling expense of RMB3.7 million.

Administrative Expenses

For the six months ended 30 June 2018, the Group incurred a total administrative expenses of approximately RMB117.8 million, a 105.2% increase as compared to the same period of last year. Such increase was primarily due to share option expense approximately RMB30.4 million, the inclusion of the administrative expenses of three vocational schools, totaling at RMB19.0 million, as well as those of Huajiao Education and Hong Kong Offices, totaling at RMB13.0 million.

Finance Costs

All the bank loans of the Group were fully settled before 31 December 2017. The finance costs of RMB15.1 million for the six months ended 30 June 2018 represented the interest expense incurred by Zhengzhou City Rail Transit School. We expect to settle all the debts of Zhengzhou City Rail Transit School by the end of 2018.

Net Profit and Net Profit Margin

Net profit increased from approximately RMB200.4 million for six months ended 30 June 2017 to approximately RMB373.1 million for the six months ended 30 June 2018, representing a 86.2% increase. Likewise, the net profit margin was widened from 49.4% to 55.7%. For the six months ended 30 June 2018, the net profit margin of the two universities improved to 56.3% while the three vocational schools reached a net profit margin of 48.0%.

Property, Plant and Equipment

Property, plant and equipment as at 30 June 2018 increased by 22% to approximately RMB3,223.3 million from 31 December 2017. Increase in property, plant and equipment was mainly due to the inclusion of Zhengzhou City Rail Transit School and Xi'an Railway Technician College.

Prepayments for Acquisition of Business

The prepayments represent the amounts made for the acquisition of Songtian University and Songtian College which was announced on 14 June 2018.

Bank Balances and Cash

Including structure deposits and pledged bank deposits, the total bank balances and cash was decreased from approximately RMB3,293.6 million as at 31 December 2017 to approximately RMB1,279.4 million as at 30 June 2018. Most of the cash was used for school acquisitions on proposed acquisitions.

Capital Expenditure

Our capital expenditures for the six months ended 30 June 2018 were approximately RMB55.0 million and were primarily related to maintaining and upgrading the existing school premises, and construction of new buildings.

Liquidity, Financial Resources and Gearing Ratio

As at 30 June 2018, the Group had bank balances and cash (including structure deposits and pledged bank deposits) of approximately RMB1,279.4 million (31 December 2017: RMB3,293.6 million) with no bank borrowing (31 December 2017: Nil).

As at 30 June 2018, the gearing ratio, which is calculated on the basis of total borrowing and total equity of the Group, was 2.0% (31 December 2017: Nil).

Foreign Exchange Risk Management

The majority of the Group's revenue and expenditures are denominated in Renminbi, the functional currency of the Company, except that certain expenditures are denominated in Hong Kong dollars. The Group also has certain foreign currency bank balances and other payables denominated in Hong Kong dollars and US dollars, which would expose the Group to foreign exchange risk. The Group did not use any financial instruments for hedging purposes. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure when the need arises.

Charges on the Group's Assets

There was no material charge on the Group's assets as at 30 June 2018 and 31 December 2017.

Contingent Liabilities

As at 30 June 2018 and 31 December 2017, the Group did not provide any guarantee in respect of bank borrowing facilities made available to any member of the Group.

SIGNIFICANT EVENTS AFTER REPORTING PERIOD

Change of Financial Year-End Date

On 3 August 2018, the Board resolved to change the financial year-end date of the Group from 31 December to 31 August. The next financial year-end date of the Group will be 31 August 2018 and the next audited consolidated financial statements of the Group to be published will be in respect of the 8-month period from 1 January 2018 to 31 August 2018.

The change is to align the financial year-end date of the Group with the academic year of the schools operated by the Group in the PRC, which ends in August each year. The Board considers that the change will facilitate the preparation of the consolidated financial statements of the Group and to better reflect the operational results of the Group for the financial year.

USE OF NET PROCEEDS FROM THE COMPANY'S INITIAL PUBLIC OFFERING

The Group issued 520,202,000 new Shares (after exercising the over-allotment option in January 2018) at the issue price of HK$6.45 per Share in connection with the Listing. The net proceeds after deducting underwriting commission and issuing expenses incurred from the Listing is amounted to approximately RMB2,725.7 million. As at 30 June 2018, the Company has utilised the net proceeds of approximately RMB1,910.7 million and the net proceeds have been applied in the manner as set out in the section headed "Future Plans and Use of Proceeds" of the Company's prospectus dated 5 December 2017. The unutilised net proceeds are placed in licensed financial institutions as short-term deposits.

The following sets forth a summary of the utilization of the net proceeds from Company's initial public offering as at 30 June 2018:

Purpose	**Percentage to total amount**	**Net proceeds (including those from exercise of over-allotment option) after deducting underwriting commission and issuing expenses incurred from the Listing**	**Utilised amount**	**Unutilised amount**
		RMB (million)	*RMB (million)*	*RMB (million)*
Acquisition of or cooperation with other universities both domestically and abroad	59.50%	1,621.8	1,621.8	–
New campus development	26.90%	733.2	32.0	701.2
Repayment of certain portion of bank loans	8.00%	218.1	218.1	–
Working capital supplement	2.40%	65.4	30.6	34.8
Establishing teacher and staff training centre	1.10%	30.0	0.3	29.7
Research and development	1.10%	30.0	0.1	29.9
Provision of scholarships	0.50%	13.6	–	13.6
Maintenance, renovation and upgrading of existing schools	0.50%	13.6	7.8	5.8
	100%	**2,725.7**	1,910.7	815.0

EMPLOYEES AND REMUNERATION POLICIES

Remuneration

As of 30 June 2018, the Group had 6,275 employees (30 June 2017: 3,784).

Remuneration policy of our schools is formulated under the guidance of the PRC law and is also based on the industry characteristics as well as various market factors. Staff congress (majority schools of the Group), president's office, and Board of Directors together approve the compensation range. Our member schools determine their respective compensation standards based on the employment by function (teachers, teaching assistants, administrative personnel and workers, etc.) and position (entry-level, team lead, and manager, etc.). Some of our member schools pay fixed annual salary to senior management and top talents such as directors, deans/department heads, administrative leads, and professors. Schools participate in social insurance plans (pension, medical, unemployment, work injury and maternity insurance) under the guidance of relevant national, provincial, and municipalities policies and provide a variety of benefits for employees. For example, Jiangxi University of Technology participates in enterprise annuity for employees plan and Zhengzhou City Rail Transit School pays commercial insurance for its retired employees, etc.

Recruitment

We strictly follow the *PRC Labor Law*, *Labor Contract Law*, *Employment Promotion Law*, *Labor Dispute Mediation and Arbitration Law* as well as provincial and local labor laws and regulations (of where the operating schools locate and operate) in our recruitment process. We prohibit discrimination of staff by age, sex, race, nationality, religion or disability, ensuring everyone has equal employment opportunities and respects.

Schools hire talents based on business development and operational needs, as well as candidate's integrity and professionalism. Our talent selection policy does not only focus on professional knowledge, experience, and relevant qualification, but also on candidate's morality, professional ethics and discipline. Our schools carry out their recruitment works based on the *Teacher and Employee Manual* and the *Methods for Implementing Teachers' Recruitment Work*, and continuously to improve and refine their recruitment processes. School staff recruitment procedures/cycle can be summarized as follows: pre-hiring advertisement, resume screening, interview invitation, HR interview, professional qualification assessment, employer business assessment, departmental and school senior management interview, background investigation, conditional employment offer, physical examination, and formal employment offer. All candidates with employment offer will have to sign the employment contract no later than one month since the first day report to work, and we stipulate the probation period according to law. Near the end of the probation period, HR department will work with the candidates' respective departments to conduct comprehensive assessments on new employees' performance and personality fit during the probation period, to decide whether we should officially offer the position as scheduled or ahead of the schedule, or terminate the employment.

We actively attract talents through contacting the target colleges, participating in talent recruitment fairs and industry conferences, and encouraging our staff to take advantage of social media to refer and recommend talented candidates to join us. In addition, we provide pre-employment and on-the-job trainings such as assigning coaches (experienced teachers) for newly hired teachers to ensure they have faster and easier transitions and integrations.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2018 (2017: Nil).

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 June 2018, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE PRACTICES

The Company has applied the principles as set out in the CG Code. During the six months ended 30 June 2018, the Company has complied with all the code provisions as set out in the CG Code.

The Board believes that good corporate governance is essential in enhancing the confidence of the Shareholders, potential investors and business partners and is consistent with the Board's pursuit of value creation for the Shareholders. The Company is committed to enhancing its corporate governance practices appropriate to the conduct and the growth of its business and to reviewing such practices from time to time to ensure that the Company complies with statutory and professional standards and align with the latest development.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as the Group's code of conduct regarding Directors' securities transactions. Specific enquiry has been made by the Company with all Directors and the Directors have confirmed that they have complied with the Model Code throughout the six months ended 30 June 2018.

AUDIT COMMITTEE AND REVIEW OF CONSOLIDATED FINANCIAL INFORMATION

The Audit Committee consists of three independent non-executive Directors, namely Dr. Rui Meng (Chairman), Dr. Gerard A. Postiglione and Dr. Wu Kin Bing. The main duties of the Audit Committee are to assist the Board in providing an independent review of the completeness, accuracy and fairness of the financial information of the Group, as well as the efficiency and effectiveness of the Group's operations and internal controls. The Audit Committee has reviewed the unaudited consolidated financial statements of the Group for the six months ended 30 June 2018, including the accounting principles and practices adopted by the Group.

Deloitte Touche Tohmatsu, the Company's auditor, had carried out review of the unaudited interim results of the Group for the six months ended 30 June 2018 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 HKICPA.

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.chinaeducation.hk). The interim report of the Company for the six months ended 30 June 2018 will be dispatched to the Shareholders and made available on the same websites in due course.

DEFINITIONS

"affiliate"	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Audit Committee"	the audit committee of the Board
"Baiyun Technician College"	Guangzhou Baiyun Senior Technical School of Business and Technology (Guangzhou Baiyun Technician College of Business and Technology) (廣州白雲工商高級技工學校(廣州市白雲工商技師學院)), one of our PRC operating schools
"Board"	the board of directors of the Company
"CG Code"	Corporate Governance Code contained in Appendix 14 to the Listing Rules
"China" or "PRC"	the People's Republic of China and for the purposes of this document only, except where the context requires otherwise, references to China or the PRC exclude Hong Kong, Macau and Taiwan
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
"Company", "our Company", "the Company"	China Education Group Holdings Limited (中國教育集團控股有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
"connected person(s)"	has the meaning ascribed to it under the Listing Rules

"connected transaction(s)"	has the meaning ascribed to it under the Listing Rules
"consolidated affiliated entities" or "consolidated affiliated entity"	the entities we control through the Contractual Arrangements, namely Huafang Education, Lihe Education, and our PRC operating schools and their respective subsidiaries
"Contractual Arrangements"	the series of contractual arrangements entered into by, among others, the Company, WFOE, Mr. Yu, Mr. Xie, Huafang Education, Lihe Education, our PRC operating schools and our consolidated affiliated entities
"controlling shareholders"	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to Mr. Yu, Mr. Xie and each of them shall be referred to as a controlling shareholder.
"Director(s)"	the director(s) of the Company
"Group", "our Group", "the Group", "we", "us", or "our"	the Company, its subsidiaries and its consolidated affiliated entities from time to time
"Guangdong Baiyun University"	Guangdong Baiyun University (廣東白雲學院), one of our PRC operating schools
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the People's Republic of China
"Hong Kong dollars" or "HK dollars" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Huafang Education"	Ganzhou Huafang Education Consulting Company Limited (贛州市華方教育諮詢有限公司), one of our consolidated affiliated entities
"Huajiao Education"	Huajiao Education Technology (Jiangxi) Company Limited (華教教育科技(江西)有限公司), a wholly-owned subsidiary of the Company
"IFRS"	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
"Independent Third Party(ies)"	any entity(ies) or persons who is not a connected person of the Company within the meaning ascribed thereto under the Listing Rules

"INED"	independent non-executive directors
"Jiangxi University of Technology"	Jiangxi University of Technology (江西科技學院), one of our PRC operating schools
"Lihe Education"	Lihe Education Consulting (Ganzhou) Company Limited (禮和教育諮詢（贛州）有限公司), one of our consolidated affiliated entities
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange on the Listing Date
"Listing Date"	15 December 2017, the date on which the shares were listed and on which dealings in the shares were first permitted to take place on the Main Board of the Stock Exchange
"Listing Rules"	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules
"Mr. Xie"	Mr. Xie Ketao (謝可滔), an executive director, co-chairman of the Company and a controlling shareholder of the Company
"Mr. Yu"	Mr. Yu Guo (于果), an executive director, co-chairman of the Company and a controlling shareholder of the Company
"PRC Operating Schools"	Jiangxi University of Technology, Guangdong Baiyun University, Baiyun Technician College, Zhengzhou City Rail Transit School and Xi'an Railway Technician College
"RMB" or "Renminbi"	Renminbi, the lawful currency of China
"Shareholder(s)"	holder(s) of our Share(s)
"Shares"	ordinary shares in our Company of par value HK$0.00001 each
"Songtian College"	Guangzhou Songtian Polytechnic College (廣州松田職業學院), a polytechnic college located in Guangzhou, the PRC
"Songtian University"	Guangzhou University Songtian College (廣州大學松田學院), a university located in Guangzhou, the PRC
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

"subsidiary(ies)"	has the meaning ascribed thereto in section 15 of the Companies Ordinance
"substantial shareholder"	has the meaning ascribed to it in the Listing Rules
"US dollars", "U.S. dollars" or "US$"	United States dollars, the lawful currency of the United States
"Xi'an Railway Technician College"	Xi'an Railway Technician College (西安鐵道技師學院), one of our PRC operating schools
"Youxin Education"	Youxin Education Consulting (Guangzhou) Co., Ltd. (有信教育諮詢(廣州)有限公司), one of our consolidated affiliated entities
"Zhengzhou City Rail Transit School"	Zhengzhou City Rail Transit School (鄭州城軌交通中等專業學校), one of our PRC operating schools
"%"	per cent

The English names of the PRC entities (including schools), PRC laws or regulations, and the PRC governmental authorities referred to in this announcement are merely translations from their Chinese names and are for identification purposes. If there is any inconsistency, the Chinese names shall prevail.

By order of the Board
China Education Group Holdings Limited
Yu Guo **Xie Ketao**
Co-Chairmen

Hong Kong, 23 August 2018

As at the date of this announcement, the executive directors of the Company are Mr. Yu Guo, Mr. Xie Ketao, Dr. Yu Kai and Ms. Xie Shaohua, and the independent non-executive directors of the Company are Dr. Gerard A. Postiglione, Dr. Rui Meng and Dr. Wu Kin Bing.