中國華南職業教育集團有限公司

SOUTH CHINA VOCATIONAL EDUCATION GROUP COMPANY LIMITED

中期報告2021

2021 INTERIM REPORT

(Incorporated in the Cayman Islands with limited liability)

STOCK CODE
6913.HK

Contents

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. He Huishan
Ms. He Huifen
Ms. He Huifang
Mr. Lao Hansheng

Independent Non-executive Directors

Mr. Luo Pan
Mr. Yeh Zhe-Wei
Mr. Ma Shuchao

JOINT COMPANY SECRETARIES

Mr. Wang Tao
Ms. Lau Jeanie

AUTHORISED REPRESENTATIVES

Mr. Lao Hansheng
Mr. Wang Tao

AUDIT COMMITTEE

Mr. Luo Pan *(Chairman)*
Mr. Yeh Zhe-Wei
Mr. Ma Shuchao

REMUNERATION COMMITTEE

Mr. Yeh Zhe-Wei *(Chairman)*
Mr. Luo Pan
Mr. Lao Hansheng

NOMINATION COMMITTEE

Mr. He Huishan *(Chairman)*
Mr. Luo Pan
Mr. Yeh Zhe-Wei

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

COMPLIANCE ADVISOR

Somerley Capital Limited
20/F, China Building
29 Queen's Road Central
Hong Kong

CORPORATE HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

No. 492 Da Guan Zhong Road
Tianhe District
Guangzhou
Guangdong Province
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

40th Floor, Dah Sing Financial Centre
No. 248 Queen's Road East
Wanchai
Hong Kong

REGISTERED OFFICE

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Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

CAYMAN ISLANDS 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 SHARE REGISTRAR

Tricor Investor Services Limited
Level 54
Hopewell Centre
183 Queen's Road East
Hong Kong

AUDITOR

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

STOCK CODE

06913

COMPANY WEBSITE

www.scvedugroup.com

BUSINESS REVIEW

South China Vocational Education Group Company Limited (the "Company") together with its subsidiaries (collectively referred to as the "Group") is the largest private formal vocational education service provider in the Greater Bay Area and the fifth largest private formal vocational education service provider in China in terms of full-time student enrollment in the 2019/2020 school year, accounting for approximately 5.8% and 0.5% of the market share in the Greater Bay Area and China in terms of student enrollment in the year, respectively, according to the Frost & Sullivan Report.

During the six months ended 30 June 2021 (the "Reporting Period"), the Group operated two schools in the Greater Bay Area, namely, Guangdong Lingnan Institute of Technology* (廣東嶺南職業技術學院) ("Lingnan Institute of Technology") and Guangdong Lingnan Modern Technician College* (廣東嶺南現代技師學院) ("Lingnan Modern Technician College").

Key Operating Business

The Group's Lingnan Institute of Technology was established in May 2002 to provide diploma education and vocational training and its Lingnan Modern Technician College was established in July 2005 to provide vocational education and training.

Lingnan Institute of Technology

Lingnan Institute of Technology is a private vocational education institution that has two campuses, one of which is located in Guangzhou, Guangdong Province (the "Guangzhou Campus"), and the other is located in Qingyuan, Guangdong Province (the "Qingyuan Campus"). As at 30 June 2021, Lingnan Institute of Technology had 12 secondary colleges and offered over 45 majors in a wide range of disciplines, including but not limited to, electronic engineering technology, e-commerce, computer network technology, cloud computing technology and application, health management and pharmaceutical production technology.

Lingnan Modern Technician College

Lingnan Modern Technician College is a private vocational education institution located in Guangzhou and that provides vocational education and training in various industries for students. As at 30 June 2021, Lingnan Modern Technician College had seven departments and offered over 25 majors, including, advertising design, computer network application, computer program design, digital media application and cross-border e-commerce.

Ancillary Education Services

The Group also generates revenue from certain ancillary education services, which primarily comprise of continuing education programs and other education services. Other education services primarily consist of test preparation and training services the Group provides to the students of its schools for occupational skills appraisal and professional qualification and certificates. These educational services are referred as the Group's "Ancillary Education Services".

Business Operating Data

The aggregate number of full-time students enrolled at the Group's schools amounted to 27,033 for the 2020/2021 school year. For the Reporting Period, the average tuition fee of Lingnan Institute of Technology and Lingnan Modern Technician College amounted to RMB16,275 and RMB11,948, respectively, and the average boarding fee of these two schools amounted to RMB1,746 and RMB1,479, respectively.

OUTLOOK

Favorable Policy Environment for Vocational Education

At a national conference on vocational education held in April 2021, important instructions were delivered by Xi Jinping, general secretary of the Communist Party of China (CPC) Central Committee, Chinese President and chairman of the Central Military Commission, on the development of vocational education that vocational education has a promising future and great potential as China journeys toward socialist modernisation. It was emphasised that the more efforts will be made to optimise the positioning of vocational education, to promote integration between industry and education and cooperation between schools and enterprises, to reform training and schooling modes as well as management and support mechanisms, to promote bachelor-level vocational education and bring about a number of quality vocational education institutions and programs, to promote the integration of vocational education and regular education, to improve the adaptability of vocational education and speed up the development of the modern vocational education system so as to cultivate more high-quality technical professionals.

In May 2021, the State Council promulgated the "Regulations for the Implementation of the Private Education Promotion Law of the People's Republic of China", pursuant to which, various policies have been introduced to encourage the development vocational education, such as "public schools implementing vocational education can attract the capital, technology, management and other elements of enterprises to establish or participate in the establishment of for-profit private schools that implement vocational education" and "enterprises are encouraged to establish or participate in the establishment of private schools that implement vocational education in various forms, such as sole proprietorship, joint venture and cooperation".

In June 2021, the Vocational Education Law of the People's Republic of China (Revised Draft) (the "Revised Draft") was submitted to the 29th meeting of the Standing Committee of the 13th National People's Congress for consideration and public opinions were solicited thereon. The Revised Draft provides that vocational education and regular education are of the same importance. Besides, the country encourages the government and social organisations to participate in vocational education and the establishment of vocational education systems, and also gives support to the eligible enterprises or social organisations implementing vocational education according to regulations.

The vocational education business engaged in by the Group is in line with the direction of encouragement and support of national policies and has a great potential for future development.

Deepening the Development in the Guangdong-Hong Kong-Macau Greater Bay Area to Provide High-Caliber Talents for the Greater Bay Area Continuously

The Guangdong-Hong Kong-Macau Greater Bay Area has become one of the key economic growth drivers in China. According to relevant statistics, the Greater Bay Area occupied less than 1% of China's land area yet contributed 11.7% nominal GDP in 2019. With the economic transformation and the population aging, the Greater Bay Area will need more and more skilled talents in emerging industries and major health-related industries.

Based on the two existing schools, the Group will continue to expand its school network and vocational education market in the Guangdong-Hong Kong-Macao Greater Bay Area, including formal and non-formal vocational training market, to gradually improve its market share and consolidate its position as a leading vocational education service provider in the Greater Bay Area.

"Three Driving Forces" for Sustainable Business Development

The Group will improve its results performance through the following three aspects:

1) *Promoting endogenous growth of formal vocational education*

   The expansion and upgrade of Lingnan Institute of Technology will continue. Supported by the policy encouraging the establishment of undergraduate level vocational education, it will firstly focus on the establishment of certain undergraduate programs and then gradually develop into an undergraduate level vocational and technical college as a whole. In July 2021, the Guangdong Industry-Education Integration Demonstration Park (Qingyuan) project of Lingnan Institute of Technology was incorporated into the key construction project plan of Guangdong Province by Guangdong Provincial Development and Reform Commission, being the only demonstrative industry-education integration park project included in the provincial key construction project in Guangdong Province. Further, Lingnan Modern Technician College will proactively identify new venues in the Greater Bay Area for its new branches or new independent colleges, expanding its network of secondary vocational schools.

2) *Expanding school networks by mergers and acquisitions*

In addition to robust endogenous growth, the Group will also strive to expand its school networks by means of mergers and acquisitions. For the target of mergers and acquisitions, the Group will give priority to high-quality undergraduate schools, secondary vocational schools and institutions providing non-formal vocational training in the Guangdong-Hong Kong-Macao Greater Bay Area. Acquisition of existing schools will not only help the Group expand its scale, but is also conducive to the generation of synergies with its existing schools, thereby identifying more business opportunities and materialising more values.

3) *Expanding ancillary education business*

The Group will proactively expand the ancillary education business, including the adult continuing education program, trainings on vocational qualification level examination, and training tasks for government institutions and industry associations. Lingnan Modern Technician College owned by the Group is among the list of the first batch of 2021 social training evaluation organisations for vocational qualification level accreditation in Guangdong Province announced by the Human Resources and Social Security Department of Guangdong Province in July 2021, and has been approved for the accreditation for eight vocational skills, thus laying a foundation for the Group's expansion of the vocational qualification level accreditation business.

FINANCIAL REVIEW

Revenue

Revenue represents the value of services rendered during the Reporting Period. The Group's revenue is consisted of tuition fees, boarding fees and other education service fees.

The Group's revenue increased by approximately 21.3% from approximately RMB235.8 million for the six months ended 30 June 2020 to approximately RMB286.0 million for the Reporting Period. The increase was primarily due to (i) an increase in tuition fees and boarding fees as a result of the increase in total full-time student enrollment, the average tuition fees and boarding fees during the Reporting Period; (ii) an increase in continuing education programs during the Reporting Period; and (iii) an increase in boarding fees as the Group refunded boarding fees in the spring semester of the 2019/2020 school year as required by the relevant education authority due to the COVID-19 outbreak during the six months ended 30 June 2020.

Cost of sales

Cost of sales consists primarily of (i) staff costs; (ii) depreciation of property, plant and equipment; (iii) depreciation of right-of-use assets; (iv) amortisation of other intangible assets; (v) cost of cooperative education; (vi) utilities; (vii) teaching expenditures; and (viii) office expenses.

The Group's cost of sales increased by approximately 29.2% from approximately RMB111.9 million for the six months ended 30 June 2020 to approximately RMB144.6 million for the Reporting Period. The increase was primarily due to (i) an increase in staff costs as a result of an increase of the total number of teaching staff and their average salary levels and bonuses during the Reporting Period; and (ii) an increase in the operation costs from the newly added education service program for veterans under the adult education business segment.

Gross profit and gross profit margin

The Group's gross profit increased by approximately 14.1% from approximately RMB123.9 million for the six months ended 30 June 2020 to approximately RMB141.4 million for the Reporting Period, and the Group's gross profit margin decreased from approximately 52.6% to approximately 49.4%. The decrease of gross profit margin was mainly due to (i) an increase in student studying and practicing fees and teaching expenditure, as less costs were incurred during the six months ended 30 June 2020 with temporary shut down of school campuses in the spring semester of the 2019/2020 school year as a result of the COVID-19 outbreak; (ii) an increase in staff costs as a result of an increase of the total number of teaching staff and their average salary levels and bonuses; and (iii) an increase in depreciation and amortisation cost in line with the expansion of the Group's school operating scale during the Reporting Period.

Other income and gains

Other income and gains consist primarily of (i) bank interest income; (ii) rental income; (iii) training income; (iv) government grants; (v) brand licensing income; and (vi) gain on disposal of items of property, plant and equipment.

The Group's other income and gains increased by approximately 62.4% from approximately RMB33.5 million for the six months ended 30 June 2020 to approximately RMB54.4 million for the Reporting Period. The increase was primarily due to (i) an increase of RMB8.2 million in rental income as rent per annum was increased as agreed between the Group with the relevant lessees; and (ii) an increase of RMB8.9 million in gains from disposal items of property, plant and equipment as the Group disposed of certain properties during the Reporting Period.

Selling and distribution expenses

Selling and distribution expenses refer to costs incurred for the purpose of marketing and student recruitment, including staff costs, advertising expenses, admission expenses, office expenses and others.

The Group's selling and distribution expenses increased by approximately 15.1% from approximately RMB7.3 million for the six months ended 30 June 2020 to approximately RMB8.4 million for the Reporting Period. The increase was primarily due to an increase in staff costs as a result of an increase in average salary levels and bonuses of the marketing staff during the Reporting Period.

Administrative expenses

Administrative expenses primarily consist of (i) staff costs and welfare; (ii) depreciation and amortisation; (iii) office expenses; (iv) consulting expenses; and (v) listing expense.

The Group's administrative expenses increased by approximately 36.5% from approximately RMB28.5 million for the six months ended 30 June 2020 to approximately RMB38.9 million for the Reporting Period. The increase was primarily due to (i) an increase in staff costs for administrative staff as a result of an increase in their average salary levels and bonuses during the Reporting Period; (ii) an increase in the overall administrative expenses of the Group's schools as school campuses were temporarily shut down in the spring semester of the 2019/2020 school year; and (iii) an increase of RMB4.6 million in listing expenses.

Other expenses

Other expenses consist primarily of (i) cost for rental income; and (ii) cost for training income.

The Group's other expenses increased by approximately 50.7% from approximately RMB6.9 million for the six months ended 30 June 2020 to approximately RMB10.4 million for the Reporting Period. The increase was primarily due to an increase of RMB3.9 million training cost with expansion of the Group's training services during the Reporting Period.

Finance costs

Finance costs primarily consist of the interest expenses for the bank and other borrowings and lease liabilities.

The Group's finance costs increased by approximately 9.3% from approximately RMB8.6 million for the six months ended 30 June 2020 to approximately RMB9.4 million for the Reporting Period. The increase was primarily due to the accelerated recognition of the remaining unamortised prepaid interest expenses due to the early repayment of certain bank and other borrowings during the Reporting Period.

Profit for the period

As a result of the above factors, profit for the period of the Group increased by approximately 22.3% from approximately RMB103.4 million for the six months ended 30 June 2020 to approximately RMB126.5 million for the Reporting Period.

Adjusted net profit

The Group defines its adjusted net profit as its profit for the period after adjusting for those items which are not indicative of the Group's operating performances (as presented in the table below). This is not a HKFRSs measure. The Group has presented this item because the Group considers it an important supplemental measure of the Group's operational performance used by the Group's management as well as analysts or investors. The following table 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
	(Unaudited)	(Unaudited)
Profit for the period	**126,530**	103,448
Add:		
Listing expenses	**7,774**	3,149
Less:		
Gain on disposal of subsidiaries	**–**	2,463
Adjusted net profit	**134,304**	104,134

Adjusted net profit for the Reporting Period increased by approximately RMB30.2 million or approximately 29.0% as compared with the corresponding period in 2020. Adjusted net profit margin increased from approximately 44.2% for the six months ended 30 June 2020 to approximately 47.0% for the Reporting Period.

FINANCIAL AND LIQUIDITY POSITION

Current assets and current liabilities

As at 30 June 2021, the Group had net current liabilities of approximately RMB107.4 million, decreased by approximately 40.8% from RMB181.3 million as at 31 December 2020. The Group had net current liabilities as at such date primarily because (i) the Group used a large amount of cash to finance the expansion of its school facilities at Qingyuan Campus. The capital expenditures and prepayments, which are recorded as non-current assets were partially financed by non-current liabilities, such as long-term interest bearing bank and other borrowings, and by current liabilities, such as contract liabilities, short-term interest-bearing bank and other borrowings; and (ii) the Group had large amounts of current liabilities, such as other payables and accruals as it incurred large amounts of payables for purchases of property, plant and equipment as a result of the continued improvement of its school facilities and teaching equipment.

The Group's current assets as at 30 June 2021 decreased by RMB149.7 million to approximately RMB206.9 million from approximately RMB356.6 million as at 31 December 2020. The decrease in current assets was primarily attributable to (i) an decrease in bank deposit as a result of repayment of bank and other borrowings during the Reporting Period; and (ii) an increase in the payment for daily operation costs during the Reporting Period.

The Group's current liabilities decreased by RMB223.5 million from approximately RMB537.9 million as at 31 December 2020 to approximately RMB314.4 million as at 30 June 2021, mainly reflecting: (i) a decrease of approximately RMB147.4 million in contract liabilities as at 30 June 2021 along with the education service provided; (ii) payment settlement of RMB77.4 million for the acquisition of non-controlling interests of a subsidiary during the Reporting Period; and (iii) a decrease of approximately RMB6.3 million in current interest-bearing bank and other borrowings as at 30 June 2021.

Liquidity and Financial Resources

Interest-bearing bank and other borrowings primarily consisted of short-term working capital loans to supplement its working capital and finance its expenditure and long-term project loans for the continuous development of its school buildings and facilities.

The Group's interest-bearing bank and other borrowings amounted to approximately RMB299.2 million as at 30 June 2021, dominated in RMB. The interest-bearing bank and other borrowings of RMB90.9 million are repayable within a year. The Group had adequate liquidity to meet its daily management and capital expenditure requirements and control internal operating cash flows. As at 30 June 2021, the Group's interest-bearing bank and other borrowings bore effective interest rates ranging from 5.2% to 8.5% per annum. All of the Group's interest-bearing bank and other borrowings are at fixed interest rate.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of internally generated cash flows from operations and bank and other borrowings. The Group regularly assesses its major funding positions to ensure that it has adequate financial resources in meeting its financial obligations. In the future, the Group believes that its liquidity requirements will be satisfied with a combination of cash flows generated from its operating activities and bank and other borrowings from time to time. As at 30 June 2021, the Group had cash and cash equivalents of RMB123.8 million, denominated in RMB.

Financial Assets at Fair Value Through Profit or Loss

During the Reporting Period, the Group invested in wealth management products issued by banks in China. These wealth management products primarily include (i) principal-guaranteed financial products with floating returns and (ii) principal unprotected financial products with floating returns. The Group made investments in these wealth management products as part of its cash management strategy in order to obtain higher yields than it would typically receive from regular bank deposits. These wealth management products the Group invested in during the Reporting Period were denominated in RMB, generally have maturity within three months and can be redeemed by the Group on any business day upon maturity. The expected yield rate of these wealth management products ranged from 1.50% to 3.50% per annum.

The Group's wealth management products decreased by approximately 35.6% from approximately RMB20.2 million as at 31 December 2020 to approximately RMB13.0 million as at 30 June 2021. The decrease was primarily because the Group withdrew the investments for daily operation.

Contingent liabilities and Guarantees

As at 30 June 2021, the Group did not have any unrecorded significant contingent liabilities, guarantees or any material litigation against any member of the Group (31 December 2020: nil).

Pledge of assets

As at 30 June 2021, no assets of the Group were pledged to secure bank loans and other borrowings (31 December 2020: nil).

Foreign exchange exposure

All of the Group's revenue and the majority of its expenditures are denominated in RMB. As at 30 June 2021, all of the Group's bank balances were denominated in RMB. The Group currently does not have any foreign currency hedging policies. The management will continue to assess the Group's foreign exchange risk exposure and consider adopting prudent measures as appropriate.

Gearing ratio

The gearing ratio, which is calculated by using total interest-bearing bank and other borrowings divided by total equity, decreased to approximately 29.6% as at 30 June 2021 from approximately 43.0% as at 31 December 2020, mainly due to a decrease of the Group's interest-bearing bank and other borrowings.

EMPLOYMENT, REMUNERATION POLICY AND TRAINING

As at 30 June 2021, the Group had a total of 1,113 employees. Employees of the Group are remunerated based on their performance, experience and prevailing industry practices, with all compensation policies and packages reviewed on a regular basis. The remuneration of the Group's employees includes salaries and allowances. As required by the PRC laws and regulations, the Group participates in various employee social security plans for its employees that are administered by local governments, including housing, pension, medical insurance, maternity insurance and unemployment insurance.

The Group also emphasises employee trainings and career development, and invest in the education and training programs for its employees with the purpose of upgrading their knowledge on the latest trends and developments of the industry.

SIGNIFICANT INVESTMENTS HELD

The Group did no hold any significant investments during the Report Period.

FUTURE PLAN FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As at the date of this report, save as disclosed in the section headed "Future Plans and Use of Proceeds" in the prospectus of the Company dated 30 June 2021 (the "Prospectus"), the Group did not have any existing plan to acquire other material investments or capital assets.

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

The shares of the Company (the "Shares") were not listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") as at 30 June 2021. Accordingly, Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance ("SFO"), Chapter 571 of the Laws of Hong Kong, and Section 352 of the SFO were not applicable to the Company as at 30 June 2021. As at the date of this report, the interests and short positions of the directors (the "Director(s)") and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), as notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

Long Position in the Shares of the Company

Name of Director	Nature of interest	Number of shares held	Position	Approximate percentage of shareholding in the Company as at the date of this report(1)
Mr. He Huishan	Interest in a controlled corporation(2)(3)	620,000,000	Long	46.48%
Ms. He Huifen	Interest in a controlled corporation(4)	190,000,000	Long	14.24%
Ms. He Huifang	Interest in a controlled corporation(5)	190,000,000	Long	14.24%

Notes:

(1) Based on the number of issued Shares as at the date of this report, being, 1,334,000,000 Shares.

(2) Zhihui Guang Limited ("Zhihui Guang") is owned as to 51% by Mr. He Huishan and 49% by Ms. Zhou Lanqing, respectively. Ms. Zhou Lanqing is the spouse of Mr. He Huishan. Mr. He Huishan is therefore deemed to be interested in the Shares held by Zhihui Guang by virtue of the SFO, being 570,000,000 Shares.

(3) Mr. He Huishan is the sole shareholder of Good Booming Limited ("Good Booming"). Mr. He Huishan is therefore deemed to be interested in the Shares held by Good Booming by virtue of the SFO, being 50,000,000 Shares.

(4) Ms. He Huifen is the sole shareholder of China Foreign Education Limited ("China Foreign Education"). Ms. He Huifen is therefore deemed to be interested in the Shares held by China Foreign Education by virtue of the SFO, being 190,000,000 Shares.

(5) Ms. He Huifang is the sole shareholder of Fangyuan International Education Investment Limited ("Fangyuan Education"). Ms. He Huifang is therefore deemed to be interested in the Shares held by Fangyuan Education by virtue of the SFO, being 190,000,000 Shares.

Long Position in the Shares of the Associated Companies

Long Position in the Shares of Guangzhou Lingnan Education Group Co., Ltd. (廣州嶺南教育集團有限公司)

Name of Director	Nature of interest	Number of shares held	Position	Approximate percentage of shareholding in the associated company as at the date of this report(1)
Mr. He Huishan	Beneficial owner	18,000,000	Long	60.00%
Ms. He Huifen	Beneficial owner	6,000,000	Long	20.00%
Ms. He Huifang	Beneficial owner	6,000,000	Long	20.00%

Note:

(1) Based on the number of issued shares of Guangzhou Lingnan Education Group Co., Ltd. as at the date of this report, being, 30,000,000 shares.

Save as disclosed above, as at the date of this report, neither the Directors nor the chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were 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 or short positions which they were taken or deemed to have under such provisions of the SFO); (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

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

The Shares were not listed on the Stock Exchange as at 30 June 2021. Accordingly, Divisions 2 and 3 of Part XV of the SFO and Section 336 of the SFO were not applicable to the Company as at 30 June 2021. As at the date of this report, so far as is known to the Directors, the following persons (other than Directors or chief executive of the Company) or corporations who had interest or short positions in the shares and underlying shares of the Company which were required to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under Section 336 of the SFO were as follows:

Name of substantial shareholder	Nature of interest	Number of shares held	Position	Approximate percentage of shareholding in the Company as at date of this report[1]
Zhihui Guang	Beneficial owner[2]	570,000,000	Long	42.73%
Ms. Zhou Lanqing	Interest in a controlled corporation[2]	570,000,000	Long	42.73%
	Spouse interest[2][3]	50,000,000	Long	3.75%
China Foreign Education	Beneficial owner[4]	190,000,000	Long	14.24%
Mr. Han Liqing	Spouse interest[4]	190,000,000	Long	14.24%
Fangyuan Education	Beneficial owner[5]	190,000,000	Long	14.24%
Mr. Du Wenyu	Spouse interest[5]	190,000,000	Long	14.24%

Notes:

(1) Based on the number of issued Shares as at date of this report, being, 1,334,000,000 Shares.

(2) Zhihui Guang is owned as to 51% by Mr. He Huishan and 49% by Ms. Zhou Lanqing, respectively. Ms. Zhou Lanqing is the spouse of Mr. He Huishan. Ms. Zhou Lanqing is therefore deemed to be interested in the Shares held by Zhihui Guang by virtue of the SFO, being 570,000,000 Shares.

(3) Mr. He Huishan is the sole shareholder of Good Booming. Ms. Zhou Lanqing is the spouse of Mr. He Huishan. Ms. Zhou Lanqing is therefore deemed to be interested in the Shares held by Good Booming by virtue of the SFO, being 50,000,000 Shares.

(4) Ms. He Huifen is the sole shareholder of China Foreign Education. Mr. Han Liqing is the spouse of Ms. He Huifen. Mr. Han Liqing is therefore deemed to be interested in the Shares held by China Foreign Education by virtue of the SFO, being 190,000,000 Shares.

(5) Ms. He Huifang is the sole shareholder of Fangyuan Education. Mr. Du Wenyu is the spouse of Ms. He Huifang. Mr. Du Wenyu is therefore deemed to be interested in the Shares held by Fangyuan Education by virtue of the SFO, being 190,000,000 Shares.

Save as disclosed above, as at the date of this report, the Directors are not aware of any other person (other than Directors or chief executive of the Company) or corporation having an interest or short position in the shares and underlying shares of the Company which would require to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

SHARE OPTION SCHEME

The share option scheme of the Company (the "Scheme") was conditionally approved by a written resolution of the then shareholders of the Company on 23 June 2021 and adopted by a resolution of the Board on 23 June 2021.

For the period from the date of the adoption of the Scheme to the date of this report, no options were granted, outstanding, exercised, cancelled or lapsed under the Scheme.

As at the date of this interim report, the maximum number of shares which may be issued upon exercise of all options to be granted under the Scheme shall not in aggregate exceed 133,400,000 Shares, representing approximately 10% of the total issued shares of the Company as at the date of listing on 13 July 2021 (the "Listing Date").

EVENTS AFTER THE REPORTING PERIOD

(a) On 13 July 2021, pursuant to an written resolution of the shareholders of the Company, the Directors were authorised to capitalise the amount of HK$9,990,000 to pay up in full at par 999,000,000 shares for allotment and issue to the shareholders of the Company whose names appear on the register of members of the Company prior to the Global Offering (as defined below) on a pro rata basis.

(b) The shares of the Company were listed on the Stock Exchange on the Listing Date by way of a global offering of its ordinary shares (the "Global Offering"). Pursuant to the Global Offering, 334,000,000 Shares (25% of the then total number of shares of the Company of 1,334,000,000) were issued to the public at a price of HK$1.59 per share. Immediately following the completion of the capitalisation issue of 999,000,000 Shares and the Global Offering, the authorised share capital of the Company was HK$100,000,000 divided into 10,000,000,000 shares of HK$0.01 each.

USE OF PROCEEDS FROM THE COMPANY'S INITIAL PUBLIC OFFERING

The net proceeds from the Global Offering, after deducting underwriting commission and other expenses, were approximately HK$448.6 million.

The following table sets forth a summary of the utilisation of the net proceeds from the Global Offering:

Purpose		Net proceeds HK$' Million	Utilised amount as at the date of this report HK$' Million	Unutilised amount as at the date of this report HK$' Million	Expected timeline
Further increase student capacity of our schools with an aim to upgrade Lingnan Institute of Technology from an associate college to a vocational university					
– Acquiring additional land of approximately 400,200 sq.m.	55.0%	246.7	–	246.7	2021-2023
– Constructing additional teaching and administrative facilities and purchasing teaching equipment	12.0%	53.8	–	53.8	2021
– Constructing an industry and education integrated industrial park	3.0%	13.5	–	13.5	2021-2022
Acquire other schools and educational service providers to expand our school network	20.0%	89.7	–	89.7	2022
Working capital	10.0%	44.9	–	44.9	2021-2022
Total	100.0%	448.6	–	448.6	

As at the date of this report, there was no change in the intended use of net proceeds and the expected timeline as previously disclosed in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

DIVIDEND

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the period from the Listing Date to the date of this report.

MATERIAL ACQUISITIONS AND DISPOSALS

Save as disclosed in the section headed "Management Discussion and Analysis" above in this report and the Prospectus, the Group did not have any other material acquisitions or disposals of subsidiaries, associates and joint ventures during the Reporting Period.

CORPORATE GOVERNANCE CODE

During the period from the Listing Date to the date of this report, the Company has complied with all code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as the code of conduct governing Directors' securities transactions. The Company confirms that, having made specific enquiries of all the Directors, each of them has complied with the required standard as set out in the Model Code during the period from the Listing Date to the date of this report.

AUDIT COMMITTEE AND REVIEW OF INTERIM FINANCIAL INFORMATION

The audit committee of the Board has reviewed together with the management the accounting principles and policies adopted by the Group and the unaudited condensed consolidated financial statements and the interim report of the Group for the six months ended 30 June 2021.

UPDATES ON INFORMATION OF DIRECTORS

There was no change in the information of the Board since the Listing Date which is required to be disclosed pursuant to Rule13.51B(1) of the Listing Rules.

CONTRACTUAL ARRANGEMENTS

Please refer to the section headed "Contractual Arrangements" in the Prospectus for details. The Board has reviewed the overall performance of the Contractual Arrangements and believe that the Group complied with the Contractual Arrangements in all material respects since the Listing Date and up to the date of this report.

QUALIFICATION REQUIREMENTS

Please refer to the section headed "Contractual Arrangements – PRC Laws and Regulation relating to Foreign Ownership in the Education Industry – Higher Education and Secondary Vocational Education" of the Prospectus in relation to the Sino-foreign cooperation requirement under the Negative List for the provision of higher education in the PRC where the foreign investor shall operate higher education in the PRC through cooperation with a PRC educational institution in compliance with the Sino-Foreign Regulation.

In relation to the interpretation of Sino-foreign cooperation, pursuant to the Sino-Foreign Regulation, if the Group were to apply for Lingnan Institute of Technology to be reorganized as a Sino-foreign joint venture private school for PRC students at a higher education institution (a "Sino-Foreign Joint Venture Private School"), the foreign investor in the Sino-Foreign Joint Venture Private School must be a foreign educational institution with relevant qualification and that provides high quality education (the "Qualification Requirement I"). Furthermore, pursuant to the Implementation Opinions of the MOE on Encouraging and Guiding the Entry of Private Capital in the Fields of Education and Promoting the Healthy Development of Private Education (《教育部關於鼓勵和引導民間資金進入教育領域促進民辦教育健康發展的實施意見》), the foreign portion of the total investment in a Sino-Foreign Joint Venture Private School should be below 50% (the "Foreign Ownership Restriction"). In addition, pursuant to the Sino-Foreign Regulation, the establishment of Sino-Foreign Joint Venture Private School is subject to approval of education authorities at the provincial or national level. Pursuant to the Sino-foreign Vocational Skills Training Measures (《中外合作職業技能培訓辦學管理辦法》), the foreign investor in a Sino foreign technical school (a "Sino-Foreign Joint Venture Private Technical School") must be a foreign education institution or a foreign vocational skills training institution with relevant qualification and high quality (the "Qualification Requirement II"). If the Group were to apply for Lingnan Modern Technician College to be reorganized as a Sino-Foreign Joint Venture Private Technical School for PRC students at a technical school, it shall abide by the Qualification Requirement II.

As advised by the Company's PRC legal advisors, there was no update on any implementing measures or specific guidance being promulgated pursuant to the Sino-Foreign Regulation to provide quantitative or specific standards on the Qualification Requirement I and/or Qualification Requirement II in Guangdong Province since the Listing Date and up to the date of this report.

Please also refer to the section headed "Contractual Arrangements – PRC Laws and Regulation relating to Foreign Ownership in the Education Industry – Plan to Comply with the Qualification Requirement" in the Prospectus for further details on the Group's efforts and actions undertaken to comply with the Qualification Requirement I and/or Qualification Requirement II. As of the date of this report, the Group is still waiting for approval from the California Bureau for Private Postsecondary Education to establish the new school in the State of California, the United States.

FOREIGN INVESTMENT LAW

Please refer to the section headed "Contractual Arrangements – Development In The PRC Legislation On Foreign Investment" of the Prospectus for the background of the Foreign Investment Law (外商投資法實施條例) and the impact and potential consequences of the Foreign Investment Law and its implementation regulations on the Group's contractual arrangements. As advised by the Company's PRC legal advisors, neither was there any change on the compliance status of the Group's contractual arrangements with the Foreign Investment Law as described in the Prospectus, nor was there any update on regulatory development in relation to the Foreign Investment Law since the Listing Date and up to the date of this report.

COMPETING BUSINESS

The Board confirmed that neither the Directors nor any of their associates had any business or interest that competes or may compete with the business of the Group and there was no other conflicts of interest which any such person had or may have with the Group since the Listing Date and up to the date of this report.

THE 2016 DECISION AND THE 2021 IMPLEMENTATION RULES

Please refer to the section headed "Business – Potential Implications of the 2016 Decision and Related Implementation Rules" and "Business – The 2021 Implementation Rules" of the Prospectus for details of the 2016 Decision and the 2021 Implementation Rules.

As part of the Group's measures to mitigate its compliance risks in relation to the 2016 Decision, the 2021 Implementation Rules and other relevant legal and regulatory developments, including its decision to register its schools as for-profit private schools or non-profit private schools in the future, the Group has assigned the responsibility to its finance and legal departments to pay close attention to the developments of these policies and regulations and the operations of its schools. They will report to the Group's Board on a regular basis and the Group will promptly consult with its PRC legal advisors as and when required. The Group will also ensure that its acquisition in the future will fully comply with the relevant rules and regulations in effect from time to time. The Group will ensure that any decision will be made on a fully-informed basis by its Board, taking into account the findings of its finance and legal departments and will update its shareholders and investors as and when appropriate.

The Board confirmed that no relevant update was required to be provided to its shareholders and investors in this regard since the Listing Date and up to the date of this report.

By order of the Board
He Huishan
Chairman

Hong Kong, 30 August 2021

In this report, the English translation of company or entity names in Chinese which are marked with "" is for identification purpose only.*

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Notes	Six months ended 30 June 2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
REVENUE	4	286,045	235,771
Cost of sales		(144,624)	(111,861)
Gross profit		141,421	123,910
Other income and gains	4	54,404	33,468
Selling and distribution expenses		(8,447)	(7,280)
Administrative expenses		(38,898)	(28,467)
Other expenses		(10,444)	(6,905)
Finance costs		(9,437)	(8,626)
PROFIT BEFORE TAX	5	128,599	106,100
Income tax expense	6	(2,069)	(2,652)
PROFIT FOR THE PERIOD AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		126,530	103,448
Attributable to:			
Owners of the parent		126,530	103,448
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	8		
Basic and diluted			
– For profit for the period		RMB0.13	RMB0.10

	Notes	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	9	**1,024,274**	1,019,129
Investment properties		**69,404**	72,148
Right-of-use assets		**421,120**	437,586
Other intangible assets		**8,947**	7,881
Prepayments for non-current assets		**1,712**	21,493
Contract costs		**1,495**	4,278
Total non-current assets		**1,526,952**	1,562,515
CURRENT ASSETS			
Prepayments, other receivables and other assets		**16,861**	14,670
Accounts receivable	10	**3,605**	7,168
Amounts due from related parties	14(c)	**44,663**	20,464
Financial assets at fair value through profit or loss		**13,000**	20,190
Contract costs		**5,009**	5,702
Cash and cash equivalents		**123,801**	288,446
Total current assets		**206,939**	356,640
CURRENT LIABILITIES			
Contract liabilities	4	**20,482**	167,856
Other payables and accruals		**152,233**	165,056
Interest-bearing bank and other borrowings		**90,915**	97,209
Lease liabilities		**26,342**	22,877
Tax payable		**15,682**	17,096
Amounts due to related parties	14(c)	**–**	713
Amounts due to a director	14(c)	**3,077**	62,281
Deferred income		**5,633**	4,846
Total current liabilities		**314,364**	537,934
NET CURRENT LIABILITIES		**(107,425)**	(181,294)
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,419,527**	1,381,221

	Note	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,419,527**	1,381,221
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**208,244**	282,588
Lease liabilities		**107,187**	116,925
Deferred income		**94,639**	98,781
Total non-current liabilities		**410,070**	498,294
Net assets		**1,009,457**	882,927
EQUITY			
Equity attributable to owners of the parent			
Share capital	11	**9**	9
Reserves		**1,009,448**	882,918
Total equity		**1,009,457**	882,927

For the six months ended 30 June 2021

	Attributable to owners of the parent				
	Share capital RMB'000	Capital reserve RMB'000	Statutory and other surplus reserves RMB'000	Retained profits RMB'000	Total equity RMB'000
At 1 January 2021 (audited)	9	5,593	226,805	650,520	882,927
Profit for the period	–	–	–	126,530	126,530
Total comprehensive income for the period	–	–	–	126,530	126,530
Transfer from retained profits	–	–	25,828	(25,828)	–
At 30 June 2021 (unaudited)	9	5,593*	252,633*	751,222*	1,009,457

* These reserve accounts comprise the consolidated reserves of RMB1,009,448,000 in the unaudited interim condensed consolidated statement of financial position as at 30 June 2021.

For the six months ended 30 June 2020

	Attributable to owners of the parent						
	Share capital RMB'000	Capital reserve RMB'000	Statutory and other surplus reserves RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2020 (audited)	–	54,387	173,357	524,532	752,276	37,542	789,818
Profit for the period	–	–	–	103,448	103,448	–	103,448
Total comprehensive income for the period	–	–	–	103,448	103,448	–	103,448
Transfer from retained profits	–	–	24,737	(24,737)	–	–	–
Deemed distribution arising from acquisition of non-controlling interests of a subsidiary pursuant to the reorganisation	–	(48,794)	8,935	–	(39,859)	(37,542)	(77,401)
At 30 June 2020 (unaudited)	–	5,593	207,029	603,243	815,865	–	815,865

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

		Six months ended 30 June	
	Notes	2021	2020
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax:		128,599	106,100
Adjustments for:			
Finance costs		9,437	8,626
Bank interest income	4	(1,153)	(686)
Fair value gain, net:			
Financial assets at fair value through profit or loss	4	(610)	(1,060)
Government grants released	4	(5,004)	(3,377)
Gain on disposal of subsidiaries	4	–	(2,463)
Gain on termination of a lease	4	(319)	–
(Gain)/loss on disposal of items of property, plant and equipment, net	5	(8,940)	8
Depreciation of property, plant and equipment	5	22,483	18,115
Depreciation of investment properties	5	2,744	2,744
Depreciation of right-of-use assets	5	14,414	15,346
Amortisation of other intangible assets	5	1,062	514
		162,713	143,867
Decrease in accounts receivable		3,563	2,590
Increase in prepayments, other receivables and other assets		(2,191)	(10,068)
Decrease/(increase) in contract costs		3,476	(1,401)
(Increase)/decrease in amounts due from related parties		(24,199)	3,848
Increase in other payables and accruals		18,769	16,729
(Decrease)/increase in amounts due to related parties		(713)	3,543
Decrease in contract liabilities		(147,374)	(156,644)
Cash generated from operations		14,044	2,464
Bank interest received		1,153	686
Mainland China corporate income tax paid		(3,483)	(2,113)
Net cash flows from operating activities		11,714	1,037

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Net cash flows from operating activities	**11,714**	1,037
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in an amount due to a director	**3,077**	–
Acquisition of non-controlling interests of a subsidiary	**(77,401)**	–
Purchases of financial assets at fair value through profit or loss	**(189,000)**	(85,000)
Proceeds from disposal of financial assets at fair value through profit or loss	**196,800**	91,248
Additions to other intangible assets	**(2,128)**	(243)
Purchases of items of property, plant and equipment	**(19,641)**	(27,380)
Proceeds from disposal of items of property, plant and equipment	**14,770**	21
Receipt of government grants	**1,649**	11,233
Disposal of subsidiaries	**–**	(1,156)
Net cash flows used in investing activities	**(71,874)**	(11,277)
CASH FLOWS FROM FINANCING ACTIVITIES		
New bank and other borrowings	**27,450**	7,710
Repayments of bank and other borrowings	**(112,150)**	(37,975)
Interest paid	**(15,883)**	(19,490)
Principal portion of lease payments	**(3,902)**	(7,480)
Net cash flows used in financing activities	**(104,485)**	(57,235)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(164,645)**	(67,475)
Cash and cash equivalents at beginning of period	**288,446**	186,836
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**123,801**	119,361
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	**123,801**	119,361
Cash and cash equivalents as stated in the unaudited interim condensed consolidated statement of financial position and in the unaudited interim condensed consolidated statement of cash flows	**123,801**	119,361

1. CORPORATE INFORMATION

South China Vocational Education Group Company Limited (中國華南職業教育集團有限公司) was incorporated in the Cayman Islands on 15 August 2018 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of the registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company was listed on the Main Board of the Stock Exchange on 13 July 2021.

The principal activity of the Company is investment holding. During the Reporting Period, the Group was principally engaged in providing private higher vocational education in the PRC.

2.1. BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements for the six months ended 30 June 2021 have been prepared in accordance with HKAS 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants. The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's consolidated financial statements ("Historical Financial Information") included in the Accountants' Report set forth in Appendix I to the Prospectus.

The Group recorded net current liabilities of RMB107,425,000 as at 30 June 2021. Included therein were the contract liabilities of RMB20,482,000 as at 30 June 2021, which will be settled by education services provided by the Group rather than settled by cash. In view of the net current liabilities position, the Directors have given careful consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern and meet its liabilities as and when they fall due in the foreseeable future.

Taking into account the financial resources available to the Group, including the internally generated funds from operation and existence of unutilised loan facilities of RMB287,800,000 from reputable financial institutions as at 30 June 2021 and the ability of management in adjusting the pace of its operation expansion, the Directors are of the opinion that the Group is able to meet in full its financial obligations as and when they fall due for the foreseeable future and it is appropriate to prepare the unaudited interim condensed consolidated financial statements on a going concern basis.

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those applied in the preparation of the Group's Historical Financial Information included in the Prospectus, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("HKFRSs") effective since 1 January 2021.

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

The nature of the revised HKFRSs are described below:

(a) Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate ("RFR"). The phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(Continued)*

(b) Amendment to HKFRS 16 issued in April 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted.

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

3. OPERATING SEGMENT INFORMATION

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

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

Geographical information

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

Information about major customers

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

4. REVENUE, OTHER INCOME AND GAINS

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

	Notes	Six months ended 30 June 2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Revenue			
Revenue from contracts with customers			
Tuition fees	(a)	259,185	231,743
Boarding fees	(a)	23,147	3,766
Other education service fees	(b)	3,713	262
		286,045	235,771
Other income and gains			
Bank interest income		1,153	686
Fair value gain, net:			
Financial assets at fair value through profit or loss		610	1,060
Rental income		30,540	22,376
Brand licensing income		1,860	1,495
Training income		5,918	1,948
Government grants			
Related to assets	(c)	2,530	1,894
Related to income	(d)	2,474	1,483
Gain on disposal of items of property, plant and equipment, net		8,940	–
Gain on termination of a lease		319	–
Gain on disposal of subsidiaries		–	2,463
Others		60	63
		54,404	33,468

(a) During the Reporting Period, tuition fees and boarding fees mainly represented income received from the provision of education and boarding services to the students, which was recognised over time, i.e. the academic year of the services rendered.

(b) During the Reporting Period, other education service fees mainly represented income received from the provision of other education services including training services to the students, which was recognised over time, i.e. the training periods of the services rendered.

4. REVENUE, OTHER INCOME AND GAINS *(Continued)*

(c) Government grants related to assets represent the subsidies in connection with certain pieces of leasehold land and the electronic devices relating to teaching activities. These grants related to assets are released to profit or loss over the expected useful lives of the relevant assets.

(d) Government grants related to income represent the subsidies compensated for the incurred operating expenses arising from teaching activities, which are recognised as other income when the incurred operating expenses fulfilled the conditions attached.

Contract liabilities

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

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

	Six months ended 30 June 2021 RMB'000 (Unaudited)	Year ended 31 December 2020 RMB'000 (Audited)
At the beginning of the period/year	**167,856**	174,366
Revenue recognised that was included in the balance of contract liabilities at the beginning of the period/year	**(167,856)**	(158,841)
Increases due to cash received, including amounts recognised as revenue during the period/year	**149,900**	451,286
Revenue recognised that was not included in contract liabilities at the beginning of the period/year	**(129,418)**	(280,238)
Transfer to refund liabilities	**–**	(18,717)
At the end of the period/year	**20,482**	167,856

4. REVENUE, OTHER INCOME AND GAINS *(Continued)*

Contract liabilities *(Continued)*

Revenue recognised in relation to contract liabilities

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

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue recognised that was included in the balance of contract liabilities at the beginning of the period		
Tuition fees	**149,233**	155,444
Boarding fees	**18,623**	3,397
	167,856	158,841

Unsatisfied performance obligations

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

	30 June	31 December
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Expected to be recognised within one year		
Tuition fees	**18,620**	149,233
Boarding fees	**1,862**	18,623
	20,482	167,856

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

5. PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Employee benefit expense (excluding directors' and chief executive's remuneration):		
Wages and salaries	79,004	69,954
Pension scheme contributions	7,430	4,340
	86,434	74,294
Depreciation of property, plant and equipment	22,483	18,115
Depreciation of investment properties	2,744	2,744
Depreciation of right-of-use assets	14,414	15,346
Amortisation of other intangible assets*	1,062	514
Lease payments not included in the measurement of lease liabilities	2,376	1,610
Direct operating expenses arising from rental-earning investment properties	5,337	5,573
Donation expenses	2	120
Fair value gain, net		
Financial assets at fair value through profit or loss	(610)	(1,060)
(Gain)/loss on disposal of items of property, plant and equipment, net	(8,940)	8
Gain on termination of a lease	(319)	–
Gain on disposal of subsidiaries	–	(2,463)
Bank interest income	(1,153)	(686)
Government grants**	(5,004)	(3,377)
Auditor's remuneration	700	270
Listing expense***	7,774	3,149

* The amortisation of other intangible assets is included in cost of sales in the unaudited interim condensed consolidated statement of profit or loss and other comprehensive income.

** There are no unfulfilled conditions or other contingencies attaching to the government grants that have been recognised.

*** Listing expense is included in administrative expenses in the unaudited interim condensed consolidated statement of profit or loss and other comprehensive income.

6. INCOME TAX

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

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and accordingly is not subject to income tax from business carried out in the Cayman Islands.

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

South China Vocational Education Group (Hong Kong) Limited, a subsidiary incorporated in Hong Kong, has been subject to income tax at the rate of 16.5% on the estimated assessable profits arising in Hong Kong since the date of its incorporation. No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the Reporting Period.

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

The sponsor of Lingnan Institute of Technology does not require reasonable returns. However, in accordance with the historical tax returns filed with and tax credit reference certificate obtained from the relevant tax authorities, Lingnan Institute of Technology has applied corporate income tax ("CIT") at a rate of 25% on the taxable income and treated the academic education income as non taxable income during the six months ended 30 June 2021 and 2020.

It is not explicitly stated that whether the sponsor of Lingnan Modern Technician College requires reasonable returns in the article of school. 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, no separate policies, regulations or rules have been introduced by the authorities in this regard. In accordance with the historical tax returns filed with and tax credit reference certificate obtained from the relevant tax authorities, Lingnan Modern Technician College has applied CIT at a rate of 25% on the taxable income and treated the academic education income as non taxable income during the the six months ended 30 June 2021 and 2020.

6. INCOME TAX *(continued)*

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

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

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current – Mainland China		
Charge for the period	**2,069**	2,652

7. DIVIDENDS

No dividend has been paid or declared by the Company during the Reporting Period (six months ended 30 June 2020: nil).

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

The calculation of the basic earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares of 1,000,000,000 (six months ended 30 June 2020: 999,000,003) in issue during the period, as adjusted to reflect the rights issue during the period.

As of 30 June 2021, the Company had 1,000,000 ordinary shares (31 December 2020: 1,000,000 ordinary shares) in issue. On 13 July 2021, the Company was listed on the Main Board of the Stock Exchange (the "Listing") by way of issuing 334,000,000 new ordinary shares and the capitalisation issue of 999,000,000 ordinary shares (the "Capitalisation Issue") (note 11).

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

The weighted average number of ordinary shares used to calculate the basic earnings per share amounts for the periods ended 30 June 2021 and 2020 was based on the weighted average number of ordinary shares in issue during the periods and 999,000,000 ordinary shares of the Company issued under the Capitalisation Issue occurred after the Reporting Period, as if these additional shares issued under the Capitalisation Issue had been completed throughout the periods ended 30 June 2021 and 2020.

The Group had no potentially dilutive ordinary shares in issue during the periods ended 30 June 2021 and 2020.

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

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation	**126,530**	103,448

	Number of shares Six months ended 30 June	
	2021	2020
Shares		
Number of issued shares on 1 January	**1,000,000**	3
Effect of the Capitalisation Issue on 13 July 2021	**999,000,000**	999,000,000
Weighted average number of ordinary shares used in the basic and diluted earnings per share calculation	**1,000,000,000**	999,000,003

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2021, the Group acquired assets with a cost of RMB34,458,000 (six months ended 30 June 2020: RMB47,606,000) as additions to property, plant and equipment.

Assets with a net book value of RMB5,830,000 were disposed of by the Group during the six months ended 30 June 2021 (six months ended 30 June 2020: RMB29,000), resulting in a net gain on disposal of RMB8,940,000 (six months ended 30 June 2020: a net loss of RMB8,000).

10. ACCOUNTS RECEIVABLE

An ageing analysis of the accounts receivable as at the end of the Reporting Period, based on the transaction date and net of loss allowance, is as follows:

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Within 1 year	3,302	7,117
1 to 2 years	252	11
2 to 3 years	11	9
Over 3 years	40	31
	3,605	7,168

11. SHARE CAPITAL

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Authorised:		
38,000,000 ordinary shares of a par value of HK$0.01 each	333	333
Issued and fully paid:		
1,000,000 ordinary shares	9	9

The Company was incorporated in the Cayman Islands under the Companies ACT as an exempted company with limited liability on 15 August 2018 with an authorised share capital of HK$380,000 divided into 38,000,000 shares with par value of HK$0.01 each, of which 1, 1, and 1 share were issued and allotted to Zhihui Guang Limited ("Zhihui Guang"), China Foreign Education Limited ("China Foreign Education") and Fangyuan International Education Investment Limited ("Fangyuan Education"), respectively, credited as fully paid. Zhihui Guang, China Foreign Education and Fangyuan Education are companies incorporated in the BVI and controlled by Mr. He Huishan and Ms. Zhou Lanqing, Ms. He Huifen, and Ms. He Huifang, respectively.

On 15 October 2020, the Company issued and allotted a total of 999,997 shares for a consideration at par value of HK$0.01, 569,999 shares of which to Zhihui Guang, 189,999 shares of which to China Foreign Education, 189,999 shares of which to Fangyuan Education and 50,000 shares of which to Good Booming Limited. Good Booming Limited is a company incorporated in the BVI and controlled by Mr. He Huishan.

11. SHARE CAPITAL *(continued)*

A summary of movements in the Company's share capital is as follows:

	Notes	Number of shares in issue	Issued capital RMB'000
Before the Capitalisation Issue		1,000,000	9
Capitalisation Issue	(a)	999,000,000	8,330
Global offering	(b)	334,000,000	2,785
Up to the date of this report		1,334,000,000	11,124

(a) On 13 July 2021, pursuant to the written resolution of the shareholders of the Company, the Directors were authorised to capitalise the amount of HK$9,990,000 of the Company to pay up in full at par 999,000,000 shares for allotment and issue to the persons whose names appear on the register of members of the Company prior to the Global Offering (as defined below) on a pro rata basis.

(b) On 13 July 2021, the Company was listed on the Main Board of Stock Exchange with the stock code 6913 and made a global offering of 334,000,000 ordinary shares (the "Global Offering") at a price at HK$1.59 per share. Immediately following the completion of the Capitalisation Issue and the Global Offering, the authorised share capital of the Company was HK$100,000,000 divided into 10,000,000,000 shares.

12. CONTINGENT LIABILITIES

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

13. COMMITMENTS

The Group had the following capital commitments at the end of the Reporting Period:

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Contracted, but not provided for:		
Property, plant and equipment	12,896	24,994

At the end of the Reporting Period, the Group did not have significant capital commitments that are authorised but not contracted for.

14. RELATED PARTY TRANSACTIONS

The Directors are of the view that the following companies and person are related parties that had material transactions or balance with the Group during the Reporting Period.

(a) Name and relationship of related parties

Name	Relationship
Mr. He Huishan (賀惠山)	Director of the Company and one of the shareholders
Ms. Zhou Lanqing (周蘭慶)	Spouse of Mr. He Huishan and one of the shareholders
Ms. He Huifen (賀惠芬)	Director of the Company, one of the shareholders and sister of Mr. He Huishan and Ms. He Huifang
Ms. He Huifang (賀惠芳)	Director of the Company, one of the shareholders and sister of Mr. He Huishan and Ms. He Huifen
Mr. Han Liqing (韓利慶)	Spouse of Ms. He Huifen
Guangzhou Lingnan Tongwen Education Investment Management Co., Ltd.* (廣州嶺南同文教育投資管理有限公司, "Tongwen Investment")	A limited liability company indirectly owned by Ms. He Huifen, Mr. Han Liqing, Ms. Zhou Lanqing and Ms. He Huifang
Guangzhou Lingnan Health Valley Investment Co., Ltd.* (廣州嶺南養生谷投資有限公司, "Health Valley")	A limited liability company controlled by Mr. He Huishan and Ms. Zhou Lanqing
Lingnan International Kindergarten	A school controlled by Mr. He Huishan
Lingnan International School	A school controlled by Ms. He Huifang

* The English names of these companies established in the PRC represent the best effort made by the Directors to translate the Chinese names as they have not been registered with any official English names.

14. RELATED PARTY TRANSACTIONS *(continued)*

(b) In addition to the transactions detailed elsewhere in this financial statements, the Group had the following transactions with related parties during the Reporting Period:

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Rental income		
Tongwen Investment	**11,663**	11,107
Health Valley	**8,718**	6,232
	20,381	17,339

The rental income were made according to the published prices and conditions offered to the other third party lessees of the Group.

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Brand licensing income		
Lingnan International School	**1,001**	1,115
Lingnan International Kindergarten	**859**	380
	1,860	1,495

The brand licensing income were received for the brand name used by Lingnan International School and Lingnan International Kindergarten. The fees were charged pursuant to the normal commercial terms in the agreements signed between the Group and Lingnan International School and Lingnan International Kindergarten, respectively.

14. RELATED PARTY TRANSACTIONS *(continued)*

(b) In addition to the transactions detailed elsewhere in this financial statements, the Group had the following transactions with related parties during the Reporting Period: *(continued)*

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Deemed distribution arising from acquisition of non-controlling interests of a subsidiary pursuant to the reorganisation		
Ms. He Huifen	**–**	77,401

On 1 January 2020, Guangzhou Lingnan Education Group Co., Ltd. ("Lingnan Education"), a consolidated affiliate of the Group, entered into a school sponsor's interest transfer agreement with Ms. He Huifen, pursuant to which Lingnan Education acquired 30% school sponsor's interest of Ms. He Huifen in Lingnan Modern Technician College at a consideration of RMB77,401,000, which was determined after arm's length negotiations between the parties by reference to the equity appraisal report issued by Jones Lang LaSalle Corporate Appraisal and Advisory Limited. Upon approvals from the relevant government authorities on 6 November 2020, Lingnan Education became the sole school sponsor of Lingnan Modern Technician College.

14. RELATED PARTY TRANSACTIONS *(continued)*

(c) Outstanding balances with related parties

As disclosed in the unaudited interim condensed consolidated statement of financial position, the Group had outstanding balances due from/to related parties at 30 June 2021 as follows:

Amounts due from related parties:

Name	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Tongwen Investment	20,224	6,457
Health Valley	24,026	14,007
Lingnan International Kindergarten	253	–
Lingnan International School	160	–
	44,663	20,464

The amounts due from related parties were unsecured, interest-free and had no fixed terms of repayment. The amounts due from related parties were mainly trade in nature, which caused by the transactions disclosed in note 14(b).

Amounts due to related parties:

Name	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Lingnan International Kindergarten	–	287
Lingnan International School	–	426
	–	713

The amounts due to related parties were unsecured, interest-free and had no fixed terms of repayment.

14. RELATED PARTY TRANSACTIONS *(continued)*

(c) Outstanding balances with related parties *(continued)*

Amounts due to directors:

Name	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Ms. He Huifen	–	62,281
Mr. He Huishan	3,077	–
	3,077	62,281

The amounts due to directors were unsecured, interest-free and had no fixed terms of repayment.

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

	Six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Salaries, allowances and benefits in kind	1,403	1,393
Performance related bonuses	15	15
Pension scheme contributions	64	21
	1,482	1,429

15. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

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

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

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

The fair values of wealth management products have been estimated by discounting the expected future cash flows using rates currently available for instruments with similar terms. The valuation requires the Directors to make estimates about the expected future cash flows including expected future interest return on maturity of the wealth management products. The Directors believe that the estimated fair value resulting from the valuation technique, which are recorded in the unaudited interim condensed consolidated statement of financial position, and the related changes in fair values, which are recorded in the unaudited interim condensed consolidated statement of profit or loss and other comprehensive income, are reasonable, and that they were the most appropriate values at the end of each of the Reporting Period.

15. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

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

Fair value hierarchy

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

Assets measured at fair value:

As at 30 June 2021

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	**Significant observable inputs (Level 2) RMB'000**	**Significant unobservable inputs (Level 3) RMB'000**	**Total RMB'000**
Financial assets at fair value through profit or loss		**13,000**		**13,000**

As at 31 December 2020

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Financial assets at fair value through profit or loss		20,190		20,190

15. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

Fair value hierarchy *(continued)*

Liabilities for which fair values are disclosed:

As at 30 June 2021

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	**Significant observable inputs (Level 2) RMB'000**	**Significant unobservable inputs (Level 3) RMB'000**	**Total RMB'000**
Non-current portion of interest-bearing bank and other borrowings	**–**	**208,244**	**–**	**208,244**

As at 31 December 2020

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Non-current portion of interest-bearing bank and other borrowings	–	282,588	–	282,588

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