

DASHAN EDUCATION HOLDINGS LIMITED

大山教育控股有限公司

(incorporated in the Cayman Islands with limited liability)

Stock Code: 9986



2022

INTERIM REPORT

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Zhang Hongjun
(*Chairman and Chief Executive Officer*)
Mr. Shan Jingchao
Mr. Ma Wenhao
(resigned with effect from 25 April 2022)

Non-executive Director

Mr. Jia Shuilin

Independent non-executive Directors

Mr. Lui Siu Keung
Mr. Li Gang
Mr. Zhang Jian
Dr. Xie Xiangbing
(appointed with effect from 16 August 2022)
Ms. Yang Min
(resigned with effect from 25 April 2022)

AUDIT COMMITTEE

Mr. Lui Siu Keung (*Chairman*)
Mr. Li Gang
Mr. Zhang Jian
Dr. Xie Xiangbing
(appointed with effect from 16 August 2022)
Ms. Yang Min
(resigned with effect from 25 April 2022)

REMUNERATION COMMITTEE

Mr. Zhang Jian (*Chairman*)
Mr. Zhang Hongjun
Mr. Li Gang
Dr. Xie Xiangbing
(appointed with effect from 16 August 2022)

NOMINATION COMMITTEE

Mr. Zhang Hongjun (*Chairman*)
Mr. Zhang Jian
Mr. Li Gang
(appointed with effect from 25 April 2022)
Dr. Xie Xiangbing
(appointed with effect from 16 August 2022)
Ms. Yang Min
(resigned with effect from 25 April 2022)

INVESTMENT MANAGEMENT COMMITTEE

Mr. Zhang Hongjun (*Chairman*)
Mr. Shan Jingchao
Mr. Lui Siu Keung
Mr. Li Gang
Mr. Zhang Jian
Dr. Xie Xiangbing
(appointed with effect from 16 August 2022)
Mr. Ma Wenhao
(resigned with effect from 25 April 2022)
Ms. Yang Min
(resigned with effect from 25 April 2022)

AUTHORISED REPRESENTATIVES

Ms. Chen Yibei
Mr. Zhang Hongjun
(appointed with effect from 25 April 2022)
Mr. Ma Wenhao
(resigned with effect from 25 April 2022)

COMPANY SECRETARY

Ms. Chen Yibei (*HKICPA*)

COMPLIANCE ADVISER

Alliance Capital Partners Limited
Licensed corporation under the SFO to carry out
type 1 (dealing in securities) and type 6 (advising
on corporate finance) regulated activities under
the SFO

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants
Registered Public Interest Entity Auditors

SOLICITOR

Howse Williams

PRINCIPAL BANKS

China Minsheng Bank, Zhengzhou Branch
1/F CMBC Mansion
1 Business External Ring Road
Zhengdong New District
Zhengzhou
Henan Province
The PRC

Bank of Communications,
Zhengzhou Huanghe Road Branch
No.5-2, Huanghe Road, North Crossroad of
Huanghe Road and Jingsi Road
Jinshui District
Zhengzhou
Henan Province
The PRC

China Merchants Bank, Zhengzhou Weilai Branch
No. 66, Weiwu Road
Zhengzhou
Henan Province
The PRC

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman
KY1-1111
Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

REGISTERED OFFICE

Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman
KY1-1111
Cayman Islands

HEADQUARTER, HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

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Guoxin Plaza
Crossroad of Zhongzhou Avenue and
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Jinshui District
Zhengzhou
Henan Province
The PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Jubilee Centre
18 Fenwick Street
Wan Chai
Hong Kong

COMPANY'S WEBSITE

www.dashanedu.com
*(information on the website does not form part of
this report)*

STOCK CODE

9986

DATE OF LISTING

15 July 2020

FINANCIAL HIGHLIGHTS

	For the six months ended 30 June		Change RMB'000	Percentage change (%)
	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)		
Revenue	9,874	216,144	(206,270)	(95.4)
(Loss)/profit before taxation	(1,324)	22,590	(23,914)	N/A
(Loss)/profit and total comprehensive (expense)/income for the period	(1,313)	18,665	(19,978)	N/A
(Loss)/profit and total comprehensive (expense)/income for the period attributable to owners of the Company	(827)	18,665	(19,492)	N/A
(Loss)/earnings per share				
— Basic (RMB cents)	(0.11)	2.41	(2.52)	N/A
— Diluted (RMB cents)	N/A	N/A	N/A	N/A

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Business overview

Dashan Education Holdings Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) is principally engaged in (i) the provision of primary and secondary after-school academic education services in the People’s Republic of China (“**PRC**”) (the “**Academic Education Business**”), which was ceased completely in March 2022; and (ii) the provision of extracurricular programmes for personal attainment in the PRC, the provision of vocational education in the PRC and provision of overseas education consultation services in the PRC (the “**Non-academic Education Business**”).

The Academic Education Business

Impact of the Opinion on Further Alleviating the Homework and After-school Training Workload of Students in Compulsory Education Stage (《關於進一步減輕義務教育階段學生作業負擔和校外培訓負擔的意見》) (the “Opinion”) on the Group

As disclosed in the annual report of the Company for the year ended 31 December 2021, the government of the PRC has been reforming its education system, and has promulgated the Opinion in July 2021 for implementation. The Opinion sets out the policy guidance on, among others, the further tightening of regulations on the after-school tutoring sector.

The Opinion provides that, among others, (i) existing private institutions providing academic related after-school tutoring services shall be registered as non-profit organisation; (ii) relevant local authorities shall screen the existing registered institutions which provide online academic related after-school tutoring and shall carry out approval procedures for such registered institutions; (iii) private institutions providing academic related after-school tutoring services are not allowed to conduct fund raising through listing; and (iv) listed companies are not allowed to invest in or acquire the assets of private institutions providing academic related after-school tutoring services.

As a result of the promulgation of the Opinion, the Group has closed down all of its self-operated teaching centres for the Academic Education Business since March 2022 in response to, and in compliance with, the restrictions imposed on the Academic Education Business offered by the Group.

After detailed assessment and review of the business strategies by the Group, the Group has realigned its business strategies in (i) the provision of extracurricular programmes for personal attainment in the PRC; (ii) the provision of vocational education in the PRC; and (iii) provision of overseas education consultation services in the PRC.

The Non-academic Education Business

Provision of extracurricular programmes for personal attainment in the PRC

During the six months ended 30 June 2022 (the “**Reporting Period**”), the Group commenced the provision of extracurricular programmes for personal attainment in sports targeting children and teenagers in the PRC, in respect of which the Group primarily provides face-to-face teaching courses covering sports, dancing and arts in its self-operated teaching centres, all of which are located in Zhengzhou, PRC.

The Group carried out renovation to its existing self-operated teaching centres into training centres and set up new self-operated teaching centres for extracurricular classes for personal attainment in sports, arts and dancing and started offering extracurricular programmes for personal attainment in sports such as basketball classes in nine new self-operated training centres since the first quarter of 2022.

The Group is also preparing for the offering of extracurricular programmes for personal attainment in arts and dancing programming, whereby the Group has (i) recruited experienced tutors and trainers to provide the relevant extracurricular courses for personal attainment; (ii) set up teaching centres for the provision of new programmes with existing self-operated teaching centres or newly rented premises; and (iii) been recruiting students to join the new courses offered.

As at 30 June 2022, the Group has nine self-operated teaching centres in operation and offered different courses in different areas and typically a course would consist of a range of 10 to 106 classes which will be completed in ten months. The Group also arranges flexible schedules for its programmes as well as weekend programmes to cater for the school commitments of its students. As at 30 June 2022, the Group are providing approximately 900 classes per month. During the Reporting Period, there was approximately 1,697 student enrolments that generated revenue in the extracurricular programmes for personal attainment.

Set out below are the movement in the number of the Group’s teaching centres and staff for its business in the provision of extracurricular programmes for personal attainment during the Reporting Period:

	As at 31 December 2021	As at 30 June 2022
Number of teaching centres in operation	5	9
— Sports	5	5
— Dancing	—	3
— Arts	—	1

	As at 31 December 2021	As at 30 June 2022
Number of teaching staff	–	45
– Sports	–	33
– Dancing	–	6
– Arts	–	6

During the Reporting Period, the Group’s extracurricular programmes targeted children, teenagers and young adults in the PRC aged between 3 to 30. The Group’s course structure is generally designed for stimulating interests in non-academic subjects, developing of practical skills in daily life and improving aesthetic sense of the students, which are believed to benefit the students in the long run.

Payment cycle of fees

The Group typically charges its students tuition fees by each course they enrol and the tuition fees shall be paid in advance before the commencement of the relevant course.

Prepaid fees received for the extracurricular programmes are initially recorded as receipts in advance, and revenue is recognised over time based on an output method because the participant simultaneously receives and consumes the benefits provided by the Group’s performance when the Group provides the courses. Customers of the Group’s extracurricular programmes usually settle the prepaid packages by cash.

Provision of vocational education in the PRC

On 30 May 2022, the Group completed the acquisition of 60% of the equity interest in Henan Zhongzhichuang Education Information Consulting Company Limited* (河南中之創教育信息諮詢有限公司) (“**Henan Zhongzhichuang**”), a company principally engaged in the provision of vocational training and technical education for adults in relation to computer science and information technology. The Group has since commenced the provision of vocational education in the PRC.

In respect of provision of vocational education in the PRC, the Group primarily provides face-to-face teaching covering different areas in computer science and information technology through Henan Zhongzhichuang, which operates one teaching centre located in Zhengzhou, PRC. The Group’s vocational education courses mainly target adults aged between 18 to 30. The Group’s courses have been structured to help students develop different levels of practical skills for securing better employment opportunities.

MANAGEMENT DISCUSSION AND ANALYSIS

During the Reporting Period, there was approximately 86 student enrolments that generated revenue in the vocation education services. The Directors believe that the acquisition represents one step further to the Group's plan in expanding and developing its business in the area of vocational education training.

Set out below are the movement in the number of the Group's teaching centres and staff for its vocational education during the Reporting Period:

	As at 30 May 2022	As at 30 June 2022
Number of teaching centres in operation	1	1
Number of teaching staff	16	16

In respect of vocational education, the Group typically offers short-term courses and a course would consist of 16 classes which will be completed in four months. As at 30 June 2022, the Group are providing approximately 32 classes per month. The Group's programmes are designed for people seeking to develop specific skills in a short period of time.

Payment cycle of fees

The Group typically charges its students tuition fees by each course they enrol and the tuition fees shall be paid in advance before the commencement of the relevant course.

Prepaid fees received for the vocational education programmes are initially recorded as receipts in advance, and revenue is recognised over time based on an output method because the participant simultaneously receives and consumes the benefits provided by the Group's performance when the Group provides the courses. Students of the Group's vocational education programmes usually settle the prepaid packages by cash.

Provision of overseas education consultation services in the PRC

In respect of overseas education consultation services, the Group typically provides consulting services for students intending to apply for further education abroad by (i) collecting background and admission information of overseas higher education institutions, (ii) assisting in formulating overseas study and college application plan tailored for the student's profile, (iii) assisting in making the college applications, and (iv) assisting in making application for student visa. The Group provides consultation services to each student on an individual basis.

The Group has commenced its business in the provision of overseas education consultation services through organic growth. Since December 2021, the Group operated a centre in Zhengzhou, the PRC to provide consulting services for students intending to apply for further education abroad and started to generate revenue through receiving consultation fees. During the Reporting Period, there was approximately 8 student enrolments that generated revenue in the overseas education consultation services.

Set out below are the development in the number of the Group's service centres and staff for its overseas education consultation services during the Reporting Period:

	As at 31 December 2021	As at 30 June 2022
Number of service centres in operation	1	1
Number of overseas-study consultants	10	10

Payment cycle of fees

The Group typically charges its students consultation fees based on the service package and the study abroad destination they choose for their overseas study, which shall be paid in advance before the Group starts to provide service.

Prepaid fees received for the overseas education consultation services are initially recorded as receipts in advance, and revenue is recognised when the relevant student visa is approved. Part of the pre-paid service fees will be refunded if the student could not successfully obtain any offer from the higher education institutions that the Group assisted to apply or if the student fails to obtain approval for a student visa. The amount of refund will depend on the service package and the study abroad destination the student chooses. Customers of the Group's overseas education consultation services usually settle the prepaid packages by cash.

MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets out the student enrolments and total number of tutoring hours of the Academic Education Business and the Non-academic Education Business of the Group that generated revenue during the Reporting Period:

	Six months ended 30 June			
	2022		2021	
	Student enrolments that generated revenue during the Reporting Period	Total number of tutoring hours that generated revenue during the Reporting Period	Student enrolments that generated revenue during the Reporting Period	Total number of tutoring hours that generated revenue during the Reporting Period
Academic Education Business	14,205	164,869	179,389	3,478,826
Non-academic Education Business				
– Provision of extracurricular programmes for personal attainment in the PRC	1,697	11,898	–	–
– Provision of vocational education in the PRC	86	727	–	–
– Provision of overseas education consultation services in the PRC	8	8	–	–
Subtotal	1,791	12,633	–	–
Total	15,996	177,502	179,389	3,478,826

Future outlook

Although it is still unclear how the local authorities will interpret and implement the policy under the Opinion, the Group will continue to monitor closely the regulatory environment which may have material effects on the business operations and financial position of the Group and adjust its business plan and reallocate its resources from time to time as appropriate.

The Group would continue to deploy resources in the development of the Non-academic Education Business in order to achieve higher student enrolment in the second half of 2022.

The board (the “**Board**”) of directors (the “**Directors**”) of the Company is confident that the Group is able to leverage on the sound resources and solid experiences from the Academic Education Business to the Non-academic Education Business in order to generate return to its shareholders (the “**Shareholders**”). In view of the promulgation of the Opinion and the realignment of the business scope of the Group, the Group also considered to expand the geographical and business scope to the provision of primary and secondary private education such as operating private schools in countries outside the PRC, including but not limited to the United Kingdom or the United States of America, which are popular study abroad destinations of the students to whom the Group provided overseas education consultation services. The Group is actively exploring different business opportunities as and when appropriate so as to expand the geographical scope of the business of the Group, aiming at completing the spectrum of education services provided by the Group.

FINANCIAL REVIEW

Revenue

During the Reporting Period, the revenue of the Group was primarily generated from the tuition fees from the Academic Education Business from January to March 2022. For the six months ended 30 June 2022, the Group’s total revenue was approximately RMB9.9 million, representing a decrease of approximately RMB206.3 million or approximately 95.4% as compared to that of approximately RMB216.1 million for the six months ended 30 June 2021. The decrease was primarily due to the closure of all of the Group’s self-operated teaching centres for the Academic Education Business since March 2022 in response to, and in compliance with, the restrictions imposed on the Academic Education Business following the promulgation of the Opinion.

MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets out the breakdown of revenue of the Group by different segments for the periods indicated:

	Six months ended 30 June			
	2022		2021	
	RMB'000	%	RMB'000	%
Academic Education Business				
– Primary and secondary after-school academic tutoring services				
Regular classes, small classes and VIP classes	7,623	77.2	200,038	92.5
Other tutorial services <i>(Note 1)</i>	–	–	12,084	5.6
	7,623	77.2	212,122	98.1
Non-academic Education Business				
– Provision of extracurricular programmes for personal attainment in the PRC	232	2.3	–	–
– Provision of vocational education in the PRC	755	7.6	–	–
– Provision of overseas education consultation services in the PRC	104	1.1	–	–
Subtotal	8,714	88.2	212,122	98.1
Sales of books and teaching materials	642	6.5	2,223	1.0
Brand name licensing and advisory income	18	0.2	1,392	0.6
Other services <i>(Note 2)</i>	500	5.1	407	0.3
Total	9,874	100.0	216,144	100.0

Notes:

- Other tutorial services mainly represent preparatory courses for secondary school attended by primary six students, short-term courses, summer and winter tutorial courses for primary and secondary school students.
- Other services mainly represent revenue derived from provision of training and consultancy services to parties who engaged in education business.

Cost of Sales

The Group's cost of sales primarily consists of (i) staff costs which represents salaries and performance based payment attributable to the teaching staff of the Group; and (ii) depreciation in relation to property and equipment (included the right-of-use assets for buildings) used for the Academic Education Business and Non-academic Education Business of the Group. The Group recorded a decrease in cost of sales of approximately RMB123.0 million or approximately 92.3% from approximately RMB133.2 million for the six months ended 30 June 2021 to approximately RMB10.3 million for the six months ended 30 June 2022. Such decrease was primarily due to the closure of all of the Group's self-operated teaching centres for the Academic Education Business, which led to the decrease in staff costs and depreciation expenses as the related property and equipment used for the Academic Education Business were being disposed and discarded.

Gross (Loss)/Profit and Gross (Loss)/Profit Margin

The Group recorded a gross loss of approximately RMB0.4 million for the six months ended 30 June 2022 and recorded a gross profit of approximately RMB82.9 million for the six months ended 30 June 2021. The gross loss margin for the six months ended 30 June 2022 was approximately 4.0% whilst the gross profit margin for the six months ended 30 June 2021 was approximately 38.4%.

Other Income

Other income mainly consists of (i) bank interest income, (ii) government grants; and (iii) interest income from debt instruments at fair value through other comprehensive income. The Group's other income decreased by approximately RMB1.9 million or 67.3% from approximately RMB2.8 million for the six months ended 30 June 2021 to approximately RMB0.9 million for the six months ended 30 June 2022. Such decrease was mainly due to the decrease in bank interest income. The bank interest income for the six months ended 30 June 2021 mainly consisted of the interest income derived from time deposits during the six months ended 30 June 2021, which carried higher interest rates while the Group did not have any time deposits during the Reporting Period.

Other Gains and Losses, Net

Others gains and losses, net mainly consist of (i) foreign exchange gains/(losses); (ii) impairment loss recognised in respect of trade and other receivables, net; (iii) gain on disposal of property and equipment; and (iv) gain on derecognition of right-of-use assets and lease liabilities. The Group recorded net other gains of approximately RMB10.2 million for the six months ended 30 June 2022 and recorded net other losses of approximately RMB0.5 million for the six months ended 30 June 2021. Such change was mainly due to the increase in gain on derecognition of right-of-use assets and lease liabilities of approximately RMB9.5 million or approximately 1,832.7% from approximately RMB0.5 million for the six months ended 30 June 2021 to approximately RMB10.1 million for the six months ended 30 June 2022. The increase in gain on derecognition of right-of-use assets and lease liabilities was due to the termination of leases of premises of the self-operated teaching centres for the Academic Education Business during the Reporting Period.

Selling and Marketing Expenses

The Group's selling and marketing expenses primarily include wages and salaries for our marketing personnel and advertising expenses. The Group's selling and marketing expenses decreased by approximately RMB5.2 million or 89.6% from approximately RMB5.8 million for the six months ended 30 June 2021 to approximately RMB0.6 million for the six months ended 30 June 2022. Such decrease was mainly a result of the decrease in spending in advertisement and marketing in view of the closure of self-operated teaching centres for the Academic Education Business during the Reporting Period.

Content and Information Technology Development and Training Expenses

The Group's content and information technology development and training expenses are primarily related to the creation and development of teaching materials, online content, graphic, animation and video clips, as well as the development and improvement of the Group's internal monitoring system for the standardisation of the Group's teaching standard and quality through the usage of the data obtained. The Group's content and information technology development and training expenses decreased by approximately RMB16.0 million or 94.4% from approximately RMB16.9 million for the six months ended 30 June 2021 to approximately RMB1.0 million for the six months ended 30 June 2022. Such decrease was mainly a result of the decrease in staff cost for the Group's content development staffs during the Reporting Period.

Administrative Expenses

The Group's administrative expenses mainly comprises staff costs for the Group's administrative staff at the Group's head office, legal and professional fees, office expenses and travelling expenses. The Group's administrative expenses decreased by approximately RMB25.6 million or 71.3% from approximately RMB35.8 million for the six months ended 30 June 2021 to approximately RMB10.3 million for the six months ended 30 June 2022. Such decrease was mainly due to the decrease in number of administrative staff, which in turn led to a decrease in salaries and wages and staff training costs.

Finance Costs

The Group's finance costs represented interests on leased liabilities, which decreased by approximately RMB3.8 million or 94.3% from approximately RMB4.0 million for the six months ended 30 June 2021 to approximately RMB0.2 million for the six months ended 30 June 2022. Such decrease was mainly attributable to the reduced number of leased properties of the Group during the Reporting Period.

Taxation

The Group recorded income tax credits of approximately RMB11,000 for the six months ended 30 June 2022 and recorded income tax expenses of approximately RMB3.9 million for the six months ended 30 June 2021. The effective tax rate was approximately 17.4% for the six months ended 30 June 2021. The change in income tax credits/(expenses) and decrease in effective tax rate was primarily due to the loss before taxation recorded of approximately RMB1.3 million for the six months ended 30 June 2022 as compared to profit before taxation of approximately RMB22.6 million for six months ended 30 June 2021.

(Loss)/Profit and Total Comprehensive (Expense)/Income for the Period

As a result of the foregoing, the Group recorded a loss and total comprehensive expense of approximately RMB1.3 million for the six months ended 30 June 2022, as compared to a profit and total comprehensive income of approximately RMB18.7 million for the six months ended 30 June 2021.

FINANCIAL POSITION

Property and Equipment

The property and equipment of the Group primarily consists of self-use buildings, furniture, fixtures and equipment, leasehold improvements and right-of-use assets of leased properties. The property and equipment of the Group amounted to approximately RMB30.9 million, representing a decrease of approximately RMB5.5 million or approximately 15.0% as compared to approximately RMB36.4 million as at 31 December 2021. The decrease is mainly attributable to the termination of leases of premises of the self-operated teaching centres for the Academic Education Business during the Reporting Period.

Debt Instruments at Fair Value Through Other Comprehensive Income (“FVTOCI”)

The Group’s debt instruments at FVTOCI represented investments in promissory notes issued by several institutions in Hong Kong. The Group’s debt instruments at FVTOCI amounted to approximately RMB23.8 million as at 30 June 2022, representing an increase of approximately RMB0.6 million or approximately 2.7% as compared to that of approximately RMB23.1 million as at 31 December 2021. The increase in fair value was due to exchange differences.

Other Receivables

The Group’s other receivables was mainly (i) deposits, prepaid tax and other prepayments; and (ii) rental deposits. The Group’s total other receivables were approximately RMB22.8 million as at 30 June 2022, representing an increase of RMB17.7 million or approximately 344.8% as compared to that of approximately RMB5.1 million as at 31 December 2021 mainly attributable to the increase in prepayments to a supplier of the Group which provides design services of a learning online platform and database targeted to primary and secondary schools.

Lease Liabilities

During the Reporting Period, the Group entered into several leases of premises for the Non-academic Education Business and these lease liabilities were measured at the present value of the lease payments that are not yet paid. The Group’s total lease liabilities as at 30 June 2022 amounted to approximately RMB8.3 million, representing a decrease by approximately RMB14.5 million or approximately 63.6% as compared with that of approximately RMB22.8 million as at 31 December 2021. Such decrease was mainly attributable to the reduced number of leased properties arising from closure of self-operated teaching centres for the Academic Education Business during the Reporting Period.

Other Payables and Accrued Charges

The Group's other payables and accrued charges mainly comprised staff cost payables, renovation cost payables and refundable tuition and other deposits. The Group's other payables and accrued charges amounted to approximately RMB6.4 million as at 30 June 2022 representing a decrease of approximately RMB8.5 million or approximately 57.1% as compared to that of approximately RMB14.8 million as at 31 December 2021. Such decrease was primarily attributable to the decrease in the number of teaching staff as at 30 June 2022 as a result of the closure of self-operated teaching centres for the Academic Education Business during the Reporting Period.

Receipts in Advance

The Group's receipts in advance primarily relate to the consideration received in advance from the students enrolled in the Group's courses and their parents, where revenue is recognised when the performance obligation is satisfied through service rendered. The Group's receipts in advance amounted to approximately RMB14.5 million as at 30 June 2022, representing a decrease of approximately RMB30.4 million or approximately 67.6% as compares to that of approximately RMB44.9 million as at 31 December 2021. Such decrease was mainly attributable to the decrease in the number of tutoring hours and student enrolment during the Reporting Period and the refunding of tuition fee as a result of the closure of self-operated teaching centres for the Academic Education Business during the Reporting Period.

Indebtedness

As at 30 June 2022, the Group had outstanding lease liabilities amounted to approximately RMB8.3 million (31 December 2021: approximately RMB22.8 million). The indebtedness of the Group are denominated in Renminbi.

The Group did not have any banking borrowing and/or unutilised banking facilities as at 30 June 2022 (31 December 2021: Nil).

Liquidity and Capital Resources

During the Reporting Period, the Group financed its working capital and capital expenditure principally through the Group's operations. As at 30 June 2022, the Group's net current assets amounted to approximately RMB212.7 million, representing an increase of 6.5% as compared with that of approximately RMB199.7 million as at 31 December 2021. As at 30 June 2022, the Group's bank balance and cash amounted to approximately RMB189.8 million, representing a decrease of approximately 27.0% as compared with that of approximately RMB259.8 million as at 31 December 2021, primarily due to (i) the refunding of tuition fee as a result of restrictions imposed on the Academic Education Business following the promulgation of the Opinion since July 2021; and (ii) net cash outflow used in the operations of the Group during the Reporting Period. As at 30 June 2022, the bank balances and cash of the Group were denominated in Hong Kong dollars, United States dollars and Renminbi.

As at 30 June 2022, the Group had no interest-bearing borrowings (31 December 2021: Nil).

The Group did not use any financial instruments for hedging purpose during the Reporting Period.

Treasury Policies

The Group adopts prudent treasury policies. The Group would evaluate its cash position from time to time to optimise the use of its bank balances and cash and may invest in different types of financial instruments to generate return to the Group if appropriate.

Gearing Ratio

Gearing ratio is calculated based on total debt at the end of the Reporting Period divided by total equity at the end of the respective period/year. Total debt represents lease liabilities. The Group's gearing ratio as at 30 June 2022 was approximately 0.03 (31 December 2021: approximately 0.1).

Current Ratio

Current ratio is calculated based on the total current assets at the end of the Reporting Period divided by the total current liabilities at the end of the respective year/period. The Group's current ratio as at 30 June 2022 was approximately 10.0 times (31 December 2021: approximately 4.1 times).

Charge on Assets and Pledge of Assets

As at 30 June 2022, the Group did not have any charges on the Group's assets (31 December 2021: Nil) and none of the Group's assets was pledged (31 December 2021: None).

Foreign Exchange Exposure

The majority of the Group's revenue and expenditure are denominated in Renminbi. The Group currently does not have any foreign currency hedging policies and the foreign currency net investments of the Group are not hedged by currency borrowings and other hedging instruments. The management will continue to monitor the Group's foreign exchange risk exposure and consider adopting prudent measures as appropriate.

Contingent Liabilities

As at 30 June 2022, the Group did not have any material contingent liabilities.

INTERIM DIVIDEND

The Board does not recommend the distribution of an interim dividend for the Reporting Period (six months ended 30 June 2021: Nil).

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

On 14 February 2022, Zhengzhou Dashan Yun Xiao Technology Company Limited* (鄭州大山雲效科技有限公司) (the “**Initial Transferee**”), a wholly owned subsidiary of the Company entered into an equity transfer agreement (the “**Equity Transfer Agreement**”) with Bai Yadong (白亞東) and Zhu Yanjun (朱岩軍) (collectively, the “**Transferors**”) and Henan Zhongzhichuang, for the acquisition of an aggregate of 60% of the equity interest of Henan Zhongzhichuang, at the consideration of RMB1,000,000 (the “**Acquisition**”).

On 22 April 2022, the Initial Transferee, Zhengzhou Jinshui Dashan Technology Training Company Limited* (鄭州市金水區大山科技培訓有限公司) (“**Dashan Training**”), the Transferors and Henan Zhongzhichuang, entered into a supplemental agreement (the “**Supplemental Agreement**”), pursuant to which, the rights and obligations of the Initial Transferee under the Equity Transfer Agreement are transferred to Dashan Training.

Henan Zhongzhichuang is a company established in the PRC with limited liability and is principally engaged in the provision of vocational training and technical education for adults in relation to computer science and information technology. Completion of the Acquisition took place on 30 May 2022, and Henan Zhongzhichuang became an indirect non-wholly owned subsidiary of the Company.

For details of the Equity Transfer Agreement, the Supplemental Agreement and the Acquisition, please refer to the announcements of the Company dated 14 February 2022, 22 April 2022 and 30 May 2022.

Save as disclosed above, the Company did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures during the Reporting Period.

SIGNIFICANT INVESTMENTS

As at 30 June 2022, the Group did not have any major investments.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

There was no specific plan for material investments or capital assets as at 30 June 2022. In the event that the Group engages in any plan for material investments or capital assets, the Company will make announcement(s) and comply with relevant rules under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) as and when appropriate.

EVENTS AFTER THE REPORTING PERIOD

Entering into Cooperation Agreement in relation to Non-Fungible Token (“NFT”) Business

On 7 July 2022, Dashan Training, one of the consolidated affiliated entities (the “**Consolidated Affiliated Entities**”) controlled by the Company through contractual arrangements, entered into a cooperation agreement with Mr. Mei Xiangming (梅香明), Mr. Zhu Konghao (祝孔浩) and Zhongshu Cultural Artwork Trading (Jiangsu) Limited (中數文化藝術品交易(江蘇)有限公司) (“**Zhongshu Cultural**”), in relation to, among others, a subscription of 33.33% of the enlarged registered capital in Zhongshu Cultural by Dashan Training at a consideration of RMB5,000,000 (the “**Cooperation Agreement**”). The Board is of the view that subscription in Zhongshu Cultural contemplated under the Cooperation Agreement will allow the Group a toehold in the NFT market which is booming and evolving quickly which the Group intends to further develop if the subscription in Zhongshu Cultural is proven to be successful, whilst the risk exposure of the Group are limited to a relatively insignificant financial commitment.

For further information in relation to the cooperation, please refer to the announcement of the Company dated 7 July 2022.

AUDIT COMMITTEE

The Company has established the audit committee of the Company (the “**Audit Committee**”) with written terms of reference in accordance with Appendix 14 of the Listing Rules. The Audit Committee is primarily responsible for assisting the Board in reviewing and monitoring the financial reporting process, risk management and internal control systems of the Group, overseeing the audit process and performing other duties and responsibilities as may be assigned by the Board from time to time. The Audit Committee comprises four independent non-executive Directors, namely Mr. Lui Siu Keung, Mr. Li Gang, Mr. Zhang Jian and Dr. Xie Xiangbing. Mr. Lui Siu Keung is the chairman of the Audit Committee.

The Audit Committee has reviewed the unaudited condensed consolidated financial statements for the six months ended 30 June 2022 of the Group. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company, auditing, internal control measures and financial reporting with senior management members.

CORPORATE GOVERNANCE AND OTHER INFORMATION

CHANGE IN USE OF PROCEEDS FROM THE SHARE OFFER

Planned use of net proceeds

The ordinary share(s) with a nominal value of HK\$0.01 each in the share capital of the Company (the “**Shares**”) were listed on the Main Board of the Stock Exchange on 15 July 2020 and 200,000,000 new Shares were issued in connection with the offering of the Shares, which comprised of, a public offering in Hong Kong of 20,000,000 Shares and a placing of 180,000,000 Shares, in each case at a price of HK\$1.25 per Share (the “**Share Offer**”).

Gross proceeds from the Share Offer amounted to HK\$250.0 million (equivalent to approximately RMB225.7 million). After deducting the underwriting fees and commissions and other estimated expenses in connection with the Share Offer, net proceeds from the Share Offer amounted to approximately HK\$204.0 million. As stated in the prospectus of the Company dated 30 June 2020 (the “**Prospectus**”), the Company intended to use the proceeds in the following manner:

- approximately 60.0% for the expansion of the provision of primary and secondary after-school academic education services and self-operated teaching centres network, through organic growth by expanding nationally and in particular in the PRC;
- approximately 30.0% for the expansion of the Group’s geographic presence and scale of operations of the provision of primary and secondary after-school academic education services in the PRC, through the strategic acquisitions of or setting up joint ventures with quality primary and secondary after-school education services companies in other parts of the PRC; and
- approximately 10.0% for general working capital.

According to the unaudited management accounts of the Group, as at the date of this report, the utilised net proceeds amounted to approximately HK\$72.9 million, which was mainly used for the renovation and rental payments for the Group’s self-operated teaching centres. The unutilised net proceeds amounted to approximately HK\$131.1 million.

CORPORATE GOVERNANCE AND OTHER INFORMATION

As disclosed in the interim results announcement of the Company for the six months ended 30 June 2022 and for the reasons set out in the paragraph headed “Reasons for and benefits of the change in use of net proceeds” below in this report, the Board has resolved to change the use of the unutilised net proceeds and the expected timeline of full utilisation of the unutilised net proceeds as follows:

	Original allocation of net proceeds HK\$ million	Utilised net proceeds as at the date of this report HK\$ million	Unutilised net proceeds as at the date of this report HK\$ million	Proposed change in allocation of unutilised net proceeds HK\$ million	Revised allocation of unutilised net proceeds HK\$ million
Expansion of the provision of primary and secondary after-school academic education services and self-operated teaching centres network through organic growth	122.4	52.4	70.0	(70.0)	0.0
Expansion of geographic presence and scale of the provision of primary and secondary after-school academic education services in the PRC through the strategic acquisitions or setting up joint ventures	61.2	6.1	55.1	(55.1)	0.0
Expansion in education business outside the PRC	-	-	-	60.0	60.0
Expansion of education-related services, extracurricular programmes for personal attainment and vocational education through strategic acquisitions or setting up joint ventures	-	-	-	50.0	50.0
Expansion of education-related services, extracurricular programmes for personal attainment and vocational education through organic growth	-	-	-	15.1	15.1
Working capital purposes	20.4	14.4	6.0	-	6.0
Total	204.0	72.9	131.1	-	131.1

It is expected that the unutilised net proceeds will be used by the end of 2023.

The reason for the delay in use of the unutilised net proceeds is due to the change of the allocation of the unutilised net proceeds arising from the realignment of the business strategies of the Group commencing from the financial year ending 31 December 2022.

Reasons for and benefits of the change in use of net proceeds

In the second half of 2021, the Group was faced with unforeseen changes across the country and the education sector as a result of the changes in regulatory environment.

As disclosed in the annual report of the Company for the year ended 31 December 2021, the PRC government has been reforming its education system, and has circulated the Opinion in July 2021 for implementation. The Opinion sets out the policy guidance on, among others, the further tightening of regulations on the after-school tutoring sector. As a result, the Group has closed down all of its self-operated teaching centres for the Academic Education Business since March 2022 in response to, and in compliance with, the restrictions imposed on the Academic Education Business of the Group following the promulgation of the Opinion.

Taking into account the inevitable transition in the industry following the promulgation of the Opinion, the Group has reviewed its business strategies and resources allocation and considered that it would no longer be suitable to use the net proceeds (i) for the expansion of the provision of primary and secondary after-school academic education services and self-operated teaching centres network, through organic growth by expanding nationally and in particular in Zhengzhou, the PRC; and (ii) for the expansion of geographic presence and scale of operations of the provision of primary and secondary after-school academic education services in the PRC, through the strategic acquisitions or setting up joint ventures with quality primary and secondary after-school academic education services companies in other parts of the PRC.

The Group has since actively diversified the business portfolio of the Group to (i) extracurricular programmes for personal attainment in arts, sports and dancing programming targeting children and teenagers; (ii) vocational education targeting high school graduates and adults; and (iii) overseas education consultation.

In addition, the Group understands from its business operation in providing overseas education consultation services that there is consistent demand from the PRC students to study abroad and the United Kingdom or the United States of America are popular study abroad destinations. Therefore, the Group also considered to expand the geographical and business scope to the provision of primary and secondary private education such as operating private schools in countries outside the PRC aiming at completing the spectrum of education services provided by the Group.

Based on the above, the Group decides to reallocate HK\$70 million of the unutilised net proceeds from the expansion of the provision of primary and secondary afterschool academic education services and self-operated teaching centres network, through organic growth and HK\$55.1 million of the unutilised net proceeds from the expansion of geographic presence and scale of operations of the provision of primary and secondary after-school academic education services in the PRC through the strategic acquisitions or setting up joint ventures to (i) expansion in education business outside the PRC; (ii) expansion of education-related services, extracurricular programmes for personal attainment and vocational education through strategic acquisitions or setting up joint ventures; and (iii) expansion of education-related services, extracurricular programmes for personal attainment and vocational education through organic growth.

In view of the above, the Board is of the view that the re-allocation of the unutilised net proceeds as set out above is in line with its adjusted business strategies of the Group to cope with the challenging regulatory environment in the PRC and to deploy its financial resources more efficiently for generating return to the Shareholders. The Board believes that such change of the use of the unutilised net proceeds is fair and reasonable and will not have any material adverse effect on the existing businesses and operations of the Group, and is in the best interests of the Company and its Shareholders as a whole.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2022, the Group had 374 employees (31 December 2021: 492). Total staff-related cost, including Directors' emoluments, was approximately RMB14.6 million for the six months ended 30 June 2022 (six months ended 30 June 2021: approximately RMB102.3 million).

The Group generally determine employees' compensation based on their qualification, experience, position and performance. The Group offers comprehensive compensation to employees, including salary and performance bonus, and the Group also provides training to employees. Pursuant to relevant laws and regulations in the PRC, the Group participates in various employee social security plans that are organised by applicable local municipal and provincial governments, including pension, medical, maternity, work-related injury and unemployment benefit plans. The Group also provided periodic training schemes to employees.

In addition, the Company has adopted a share option scheme on 18 June 2020 (the "**Share Option Scheme**") and a share award scheme on 14 December 2020 (the "**Share Award Scheme**") in order to recognise the contribution of the Group's employees, motivate, retain and recruit high-calibre employees and reward those who had valuable contribution to the Group.

SHARE OPTION SCHEME

The Company adopted the Share Option Scheme on 18 June 2020. The purpose of the Share Option Scheme is to provide an incentive or a reward to eligible persons for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group or any entity in which the Group holds any equity interest.

During the six months ended 30 June 2022, there were no share option of the Company (the “**Share Options**”) (six months ended 30 June 2021: Nil) being granted pursuant to the Share Option Scheme. As at 30 June 2022, there were no (30 June 2021: Nil) outstanding Share Option granted under the Share Option Scheme.

SHARE AWARD SCHEME

On 14 December 2020, the Company adopted the Share Award Scheme. The specific purposes of the Share Award Scheme are to (i) recognise the contribution of the employees, Directors, officers, consultants, advisors, distributors, contractors, customers, suppliers, agents, business partners, joint venture business partners or service providers of any member of the Group or any affiliate (including nominees and/or trustees of any employee benefit trust established for them) who the Board or its delegate(s) considers, in its/their sole discretion, to have contributed or will contribute to the Group and reward those who have made or will make valuable contribution to the Group (the “**Eligible Persons of the Share Award Scheme**”); (ii) motivate, retain and recruit high-calibre personnel for further development of the Group; (iii) synchronise the perspectives of the Eligible Persons of the Share Award Scheme with Shareholders through ownership of Shares; (iv) encourage or facilitate the holding of Shares by the Eligible Persons of the Share Award Scheme; and (v) encourage the Eligible Persons of the Share Award Scheme to work diligently in achieving the strategic planning of the Company and increasing the target value of the Company.

Movements During the Reporting Period

During the six months ended 30 June 2022, no award shares under the Share Award Scheme (the “**Award Shares**”) (six months ended 30 June 2021: 30,000,000 Award Shares) was granted to the Eligible Persons of the Share Award Scheme pursuant to the Share Award Scheme.

CORPORATE GOVERNANCE AND OTHER INFORMATION

During the six months ended 30 June 2022, an aggregate of 13,364,000 Award Shares had lapsed, among which (i) an aggregate of 2,652,000 Award Shares lapsed as the relevant grantees under the Share Award Scheme ceased to be employees of the Group prior to the vesting of the Award Shares; (ii) 10,712,000 Award Shares were not vested on 7 April 2022 as the Group's performance target for the year ended 31 December 2021 was not met. The trustee of the Share Award Scheme (the "Trustee") will hold such lapsed Award Shares subject to further grants to be made by the Board in its discretion in accordance with the rules of the Share Award Scheme.

Movements of the Award Shares granted to the Eligible Persons of the Share Award Scheme pursuant to the Share Award Scheme during the six months ended 30 June 2022 are as follows:

Name of Eligible Person of the Share Award Scheme	Position held within the Group/connected relationship	Date of Grant (Note 1 and Note 2)	Number of Award Shares				Outstanding as at 30 June 2022
			Outstanding as at 31 December 2021	Granted during six months ended 30 June 2022	Vested during six months ended 30 June 2022	Lapsed during six months ended 30 June 2022	

1. Directors and their associates

Mr. Zhang Hongjun ("Mr. Zhang")	Executive Director, Chairman and chief executive officer of the Company	14 January 2021	9,800,000	-	-	3,920,000 (Note 3)	5,880,000
Mr. Shan Jingchao	Executive Director	14 January 2021	1,000,000	-	-	400,000 (Note 3)	600,000
Mr. Jia Shulin	Non-executive Director	14 January 2021	800,000	-	-	320,000 (Note 3)	480,000
Ms. Sang Xinxiang	Head of remuneration department of human resources centre of the Group and spouse of a cousin of a Director	14 January 2021	1,500,000	-	-	600,000 (Note 3)	900,000
Ms. Yuan Zhaoxia	Product Manager and spouse of a Director	14 January 2021	170,000	-	-	68,000 (Note 3)	102,000

CORPORATE GOVERNANCE AND OTHER INFORMATION

Name of Eligible Person of the Share	Position held within the Group/connected relationship	Date of Grant (Note 1 and Note 2)	Number of Award Shares				Outstanding as at 30 June 2022
			Outstanding as at 31 December 2021	Granted during six months ended 30 June 2022	Vested during six months ended 30 June 2022	Lapsed during six months ended 30 June 2022	
2. Employees							
Employees		14 January 2021	13,510,000	-	-	5,404,000 (Note 3) 2,652,000 (Note 4)	5,454,000
Total			26,780,000	-	-	13,364,000	13,416,000

Notes:

- The closing price per Share on 13 January 2021, being the date immediately before the date on which the Award Shares were granted, was HK\$0.97.
- Pursuant to the relevant grant letters, (i) 40% of the Award Shares shall vest on the first trading date upon expiry of seven days after the publication of the annual results announcement for the financial year ended 31 December 2021; (ii) 30% of the Award Shares shall vest on the first trading date upon expiry of seven days after the publication of the annual results announcement for the financial year ending 31 December 2022; and (iii) 30% of the Award Shares shall vest on the first trading date upon expiry of seven days after the publication of the annual results announcement for the financial year ending 31 December 2023.
- As the Group's performance target for the year ended 31 December 2021 was not met, such Award Shares were not vested on 7 April 2022 pursuant to the relevant grant letter and lapsed.
- An aggregate of 2,652,000 Award Shares lapsed as the relevant grantees ceased to be employees of the Group prior to the vesting of the Award Shares.

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

There had been no purchase, sale or redemption by the Company or any of its subsidiaries of any listed securities of the Company during the Reporting Period.

CORPORATE GOVERNANCE

Save as disclosed below, in the opinion of the Directors, the Company has complied with the applicable code provisions (the “**CG Code**”) contained in Appendix 14 to the Listing Rules throughout the Reporting Period.

Pursuant to code provision C.2.1 of the CG Code, the roles of chairman and the chief executive officer should be segregated and should not be performed by the same individual. However, the Company does not have a separate chairman and chief executive officer and Mr. Zhang is currently performing these two roles. With the extensive experience in the education industry, Mr. Zhang is responsible for the overall strategic planning and general management of the Group and is instrumental to the Group's growth and business expansion since the founding of the Group. The Board considers that vesting the roles of chairman and chief executive officer in the same person is beneficial to the management of the Group. The balance of power and authority is ensured by the operation of the senior management and the Board, both of which comprise experienced and high-calibre individuals. The Board currently comprises two executive Directors (including Mr. Zhang), one non-executive Director and four independent non-executive Directors and therefore has a fairly strong independence element in its composition.

The Directors believe that the Board is appropriately structured to provide sufficient checks to protect the interests of the Group and the Shareholders. The Board will continue to review and monitor the operation of the Company with an aim of maintaining a high standard of corporate governance.

MODEL CODE FOR SECURITIES TRANSACTION BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules (the “**Model Code**”) as its own code of conduct for securities transactions conducted by relevant Directors and employees. After making specific enquiry of all Directors, each of them has confirmed that they had complied with the required standards of dealing as set out in the Model Code throughout the Reporting Period.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SECURITIES

As at 30 June 2022, the interests and short positions of the Directors and chief executive of the Company in Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or any interest or short positions which were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein, or any interests and short positions which are otherwise notified to the Company and the Stock Exchange, pursuant to the Model Code, were as follows:

Interest in the Company's Shares and underlying Shares

Name of Director	Capacity in which the interests are held	Number of Shares held (Note 1)	Approximate percentage of the issued share capital (%) (Note 2)
Mr. Zhang	Interest in controlled corporation (Note 3)	496,060,800 (L)	62.01
	Beneficiary of a trust (Note 4)	5,880,000 (L)	0.74
Mr. Jia Shuilin	Interest in controlled corporation (Note 5)	72,360,000 (L)	9.05
	Beneficiary of a trust (Note 4)	480,000 (L)	0.06
Mr. Shan Jingchao	Interest in controlled corporation (Note 5)	72,360,000 (L)	9.05
	Beneficiary of a trust (Note 4)	600,000 (L)	0.08
	Spousal interest (Note 6)	102,000 (L)	0.01

Notes:

1. The letter “L” denotes a long position.
2. The calculation is based on the total number of 800,000,000 Shares in issue as at 30 June 2022.
3. These Shares are held by Lucky Heaven International Limited (“**Lucky Heaven**”). The entire issued share capital of Lucky Heaven is legally and beneficially wholly owned by Mr. Zhang. Mr. Zhang is deemed to be interested in Shares held by Lucky Heaven under Part XV of the SFO.
4. Such interest represents the Award Shares granted to the respective Directors under the Share Award Scheme on 14 January 2021. Details of the Share Award Scheme and Award Shares are set out in the section headed “Share Award Scheme” above.
5. These Shares are held by Bai Tai Investments Limited (百泰投資有限公司) (“**Bai Tai**”). The issued share capital of Bai Tai is legally and beneficially owned (i) as to approximately 24.35% by Mr. Jia Shuilin and as to approximately 10.35% by Mr. Shan Jingchao, each being a Director; (ii) as to approximately 7.3% by Mr. Ma Wenhao, being a member of the senior management of the Group; (iii) as to approximately 22.46% by Mr. Zhang Junying, being a director of Dashan Training, Zhengzhou Jing Guang Dashan Training School Company Limited* (鄭州京廣大山培訓學校有限公司) (“**Jing Guang Dashan**”) and Zhengzhou Dashan Guangxiao Study Abroad Service Company Limited* (鄭州大山廣效留學服務有限公司) (“**Guangxiao**”), (iv) as to approximately 17.04% by Mr. Ou Junzhan, being a director of Dashan Training; and (v) as to approximately 7.30% by Mr. Cheng Yang and as to approximately 3.65% by Ms. Song Yifei, each being an employee of Dashan Training, (vi) as to approximately 2.44% by Mr. Guo Xianwei, who was previously a member of the senior management of the Group, and (vii) as to approximately 3.65% by Mr. Tang Enze, as to approximately 0.73% by Ms. Wang Weiping and as to approximately 0.73% by Ms. Sun Nuo, each being a former employee of Dashan Training.
6. Such interest represents the Award Shares granted to Ms. Yuan Zhaoxia, the spouse of Mr. Shan Jingchao, under the Share Award Scheme on 14 January 2021. By virtue of Part XV of the SFO, Mr. Shan Jingchao is deemed to be interested in the Shares in which Ms. Yuan Zhaoxia is interested. Details of the Share Award Scheme and Award Shares are set out in the section headed “Share Award Scheme” above.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Interest in Ordinary Shares of associated corporations of the Company

Name of Director	Name of associated corporation	Capacity in which the interests are held	Number of shares held	Approximate percentage of the issued share capital (%)
Mr. Zhang	Lucky Heaven	Beneficial owner	1	100.00
Mr. Zhang	Dashan Training (Note 1)	Nominee shareholder whose shareholder's rights are subject to the Contractual Arrangements	13,562,500	42.04
		Interest in controlled corporation whose shareholder's rights are subject to the Contractual Arrangements (Note 2)	13,750,000	42.62
Mr. Shan Jingchao	Dashan Training (Note 1)	Nominee shareholder whose shareholder's rights are subject to the Contractual Arrangements	125,000	0.39

Notes:

1. Dashan Training is controlled through the Contractual Arrangements by, and is treated as a subsidiary of the Company.
2. These shares are held by Zhengzhou Hou De Education Consultation Company Limited* (鄭州市厚德教育諮詢有限公司) ("**Hou De Education**"). The entire equity interest of Hou De Education is legally and beneficially wholly-owned by Mr. Zhang.

Save as disclosed, as at 30 June 2022, none of the Directors, chief executive of the Company or their respective associates had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which: (a) were 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 are taken or deemed to have under such provisions of the SFO); (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) are otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SECURITIES

As at 30 June 2022, according to the register of interest in Shares and underlying Shares and short positions kept by the Company pursuant to section 336 of Part XV of the SFO and so far as is known to or can be ascertained after reasonable enquiries by the Directors, the persons (other than the Directors or chief executive of the Company) who were directly or indirectly interested in 5% or more in the Shares and underlying Shares of the Company are as follows:

Interests in the Company's Shares and underlying Shares

Name of Shareholder	Nature of interests	Number of Shares held (Note 1)	Approximate percentage of the issued share capital of our Company (%) (Note 2)
Lucky Heaven (Note 3)	Beneficial owner	496,060,800 (L)	62.01
Bai Tai (Note 4)	Beneficial owner	72,360,000 (L)	9.05
Mr. Ma Wenhao	Interest in controlled corporation (Note 5)	72,360,000 (L)	9.05
	Beneficiary of a trust (Note 6)	600,000 (L)	0.08

CORPORATE GOVERNANCE AND OTHER INFORMATION

Notes:

1. The letter “L” denotes a long position.
2. The calculation is based on the total number of 800,000,000 Shares in issue as at 30 June 2022.
3. Lucky Heaven is wholly-owned by Mr. Zhang, an executive Director, the chairman of the Board and the chief executive officer of the Company. Accordingly, Mr. Zhang is deemed to be interested in all Shares held by Lucky Heaven under Part XV of the SFO.
4. Bai Tai was owned (i) as to approximately 24.35% by Mr. Jia Shuilin and as to approximately 10.35% by Mr. Shan Jingchao, each being a Director; (ii) as to approximately 7.3% by Mr. Ma Wenhao, being a member of the senior management of the Group; (iii) as to approximately 22.46% by Mr. Zhang Junying, being a director of Dashan Training, Jing Guang Dashan and Guangxiao, (iv) as to approximately 17.04% by Mr. Ou Junzhan, being a director of Dashan Training; (v) as to approximately 7.30% by Mr. Cheng Yang and as to approximately 3.65% by Ms. Song Yifei, each being an employee of Dashan Training, (vi) as to approximately 2.44% by Mr. Guo Xianwei, who was previously a member of the senior management of the Group, and (vii) as to approximately 3.65% by Mr. Tang Enze, as to approximately 0.73% by Ms. Wang Weiping and as to approximately 0.73% by Ms. Sun Nuo, each being a former employee of Dashan Training.
5. These Shares are held by Bai Tai.
6. Such interest represents the Award Shares granted to Mr. Ma Wenhao under the Share Award Scheme on 14 January 2021. Details of the Share Award Scheme and Award Shares are set out in the section headed “Share Award Scheme” above.

Saved as disclosed above, as at 30 June 2022, the Company had not been notified by any person (other than the Directors and chief executives of the Company) who had 5% or more interests and/or short positions in the Shares or underlying Shares that were required to be recorded in the register pursuant to section 336 of the SFO.

APPRECIATION

We would like to thank the management of our Group and all the staff for their hard work and dedication, as well as our shareholders, business partners, students and their families, banks and auditors for their trust and support to our Group throughout the period. We will continue our efforts to strengthen our business and improve returns to our shareholders.

By Order of the Board

Zhang Hongjun

Chairman, executive Director and Chief Executive Officer

29 August 2022

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2022

	NOTES	Six months ended 30 June	
		2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Revenue	5	9,874	216,144
Cost of sales		(10,268)	(133,238)
Gross (loss)/profit		(394)	82,906
Other income	6	901	2,757
Other gains and losses, net	6	10,234	(477)
Selling and marketing expenses		(604)	(5,784)
Content and information technology development and training expenses		(956)	(16,933)
Administrative expenses		(10,276)	(35,831)
Finance costs	7	(229)	(4,048)
(Loss)/profit before taxation		(1,324)	22,590
Taxation	8	11	(3,925)
(Loss)/profit and total comprehensive (expense)/income for the period	9	(1,313)	18,665
(Loss)/profit and total comprehensive (expense)/income for the period attributable to:			
Owners of the Company		(827)	18,665
Non-controlling interests		(486)	–
		(1,313)	18,665
(Loss)/earnings per share	11		
– Basic (RMB cents)		(0.11)	2.41
– Diluted (RMB cents)		N/A	N/A

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2022

	NOTES	As at 30 June 2022 RMB'000 (unaudited)	As at 31 December 2021 RMB'000 (audited)
NON-CURRENT ASSETS			
Property and equipment	12	30,900	36,373
Investment properties		4,898	4,951
Goodwill	21	1,753	–
Deferred tax assets		11	–
Rental deposits	13	182	92
Deposits for leasehold improvements		430	–
Financial asset at fair value through other comprehensive income	14	–	–
Debt instruments at fair value through other comprehensive income	14	–	23,135
		38,174	64,551
CURRENT ASSETS			
Inventories		14	14
Debt instruments at fair value through other comprehensive income	14	23,758	–
Other receivables	13	22,825	5,132
Bank balances and cash	15	189,765	259,844
		236,362	264,990
CURRENT LIABILITIES			
Trade payables	16	71	259
Other payables and accrued charges	17	6,365	14,841
Receipts in advance	18	14,543	44,921
Lease liabilities	19	2,656	5,280
		23,635	65,301
NET CURRENT ASSETS		212,727	199,689
TOTAL ASSETS LESS CURRENT LIABILITIES		250,901	264,240

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2022

	NOTES	As at 30 June 2022 RMB'000 (unaudited)	As at 31 December 2021 RMB'000 (audited)
NON-CURRENT LIABILITY			
Lease liabilities	19	5,623	17,477
NET ASSETS			
CAPITAL AND RESERVES			
Share capital	20	7,223	7,223
Reserves		239,086	239,913
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		246,309	247,136
NON-CONTROLLING INTERESTS		(1,031)	(373)
		245,278	246,763

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

	Attributable to owners of the Company											
	Share capital	Share premium	Share award reserves	Shares held under the Share Award Scheme	Investment revaluation reserve	Capital surplus	Statutory surplus reserve	Other reserve	Retained profits	Total	Non-controlling interests	Total
	RMB'000 (note 20)	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000 (Note i)	RMB'000 (Note ii)	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2021 (audited)	7,223	237,106	-	-	-	1,443	13,365	32,260	42,906	334,303	-	334,303
Profit and total comprehensive income for the period	-	-	-	-	-	-	-	-	18,665	18,665	-	18,665
Recognition of equity-settled share-based payments	-	-	6,035	-	-	-	-	-	-	6,035	-	6,035
Purchase of shares under the Share Award Scheme (note 22)	-	-	-	(25,870)	-	-	-	-	-	(25,870)	-	(25,870)
At 30 June 2021 (unaudited)	7,223	237,106	6,035	(25,870)	-	1,443	13,365	32,260	61,571	333,133	-	333,133
At 1 January 2022 (audited)	7,223	237,106	-	(25,744)	(5,000)	1,443	13,365	32,260	(13,517)	247,136	(373)	246,763
Loss and total comprehensive expense for the period	-	-	-	-	-	-	-	-	(827)	(827)	(486)	(1,313)
Acquisition of a subsidiary (note 21)	-	-	-	-	-	-	-	-	-	-	(502)	(502)
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	-	330	330
At 30 June 2022 (unaudited)	7,223	237,106	-	(25,744)	(5,000)	1,443	13,365	32,260	(14,344)	246,309	(1,031)	245,278

Notes:

- i Pursuant to the Articles of Association of each of the subsidiaries of the Company in the People's Republic of China ("PRC"), it requires the appropriation of 10% of its profit after tax determined under the relevant accounting principles and financial regulations applicable to companies established in the PRC each year to the statutory surplus reserve until the balance reaches 50% of the registered capital. The statutory surplus reserve shall only be used for making up losses, capitalisation into registered capital and expansion of the production and operation.
- ii Amounts represent the transfer of the combined paid-in capital of the Consolidated Affiliated Entities (as defined in note 2) to the merger reserve upon the Company became the holding company of the Consolidated Affiliated Entities which was effective from the date of Contractual Arrangements (as defined in note 2).

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
OPERATING ACTIVITIES		
(Loss)/profit before taxation	(1,324)	22,590
Adjustments for:		
Bank interest income	(258)	(2,025)
Interest income from financial assets at fair value through profit or loss	-	(1)
Interest income from debt instruments at fair value through other comprehensive income	(332)	-
Finance costs	229	4,048
Gain on disposal of property and equipment	(283)	(81)
Depreciation of investment properties	53	53
Depreciation of property and equipment (including right-of-use assets for buildings)	914	52,096
Impairment loss recognised in respect of other receivables, net	834	502
Gain on derecognition of right-of-use assets and lease liabilities	(10,050)	(520)
Imputed interest income from rental deposits	(10)	(75)
Equity-settled share-based payments	-	6,035
Reversal of write-down for inventories	(141)	-
Unrealised foreign exchange (gains)/losses	(713)	576
Operating cash flows before movements in working capital	(11,081)	83,198
Increase in other receivables	(16,626)	(3,620)
(Decrease)/increase in receipts in advance	(31,380)	40,092
Other movements in working capital	(10,033)	(3,869)
Cash (used in)/generated from operations	(69,120)	115,801
Income tax paid	-	(3,934)
NET CASH (USED IN)/FROM OPERATING ACTIVITIES	(69,120)	111,867

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
INVESTING ACTIVITIES		
Purchase of property and equipment	(971)	(16,347)
Acquisition of a subsidiary (net of cash and cash equivalents acquired)	(230)	–
Bank interest received	258	2,025
Placement of time deposits with original maturity over three months	–	(152,000)
Purchase of debt instruments at fair value through other comprehensive income	–	(16,700)
Addition of financial assets at fair value through profit or loss	–	(5,000)
Withdrawal of time deposits with original maturity over three months	–	99,700
Interest income from financial assets at fair value through profit or loss received	–	1
Other investing cash flows	678	(483)
NET CASH USED IN INVESTING ACTIVITIES	(265)	(88,804)
FINANCING ACTIVITIES		
Payment of lease liabilities	(302)	(30,549)
Interest paid	(229)	(4,048)
Contribution from non-controlling interests	330	–
Purchase of shares under Share Award Scheme	–	(25,870)
NET CASH USED IN FINANCING ACTIVITIES	(201)	(60,467)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(69,586)	(37,404)
Effect of foreign exchange rate changes	(493)	538
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	259,844	299,667
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD, represented by bank balances and cash	189,765	262,801

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

1. GENERAL INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law on 30 November 2018 and its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 15 July 2020 (the “**Listing**”). The addresses of the Company’s registered office and the principal place of business are Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands, and Room 1504, 15/F., Jubilee Centre, 18 Fenwick Street, Wan Chai, Hong Kong, respectively.

The principal activity of the Company is investment holding and the principal activities of its subsidiaries during the period are provision of primary and secondary after-school academic education services (the “**Academic Education Business**”), which was ceased completely in March 2022; provision of vocational education services, extracurricular programmes for personal attainment and overseas education consultation services in the PRC. On 24 July 2021, the General Office of the Communist Party of China Central Committee and the General Office of the State Council of the PRC jointly issued the “Opinion on Further Alleviating the Homework and After-School Training Workload of Students in Compulsory Education Stage” (the “**Opinion**”). Subsequent to the release of the Opinion, the Group started to develop the business on the provision of three main types of services in order to comply with the requirement of the Opinion. Those services included (i) vocational education targeting high school graduates and adults; (ii) extracurricular programmes for personal attainment in arts, sports and dancing programming targeting children and teenagers; and (iii) overseas education consultation services.

The ultimate and immediate holding company is Lucky Heaven International Limited (“**Lucky Heaven**”), a limited company incorporated in the British Virgin Islands, which is controlled by Mr. Zhang Hongjun (the “**Controlling Shareholder**”).

The condensed consolidated financial statements are presented in Renminbi (“**RMB**”), which is also the functional currency of the Company and its subsidiaries (collectively referred to as the “**Group**”).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

2. BASIS OF PREPARATION

Going concern assessment

Given the Group adjusted its business model and these new businesses are at beginning stage, the directors of the Company still have, at the time of approving the condensed consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue its operation for the foreseeable future. The directors consider that the Group is able to continue as going concern as (i) the Group is in healthy liquidity position, with sufficient bank and cash held by the Company and its subsidiaries with direct or indirect equity interest; and (ii) the Group expects to significantly reduce its costs and related expenses, mainly including rental expenses, staff costs, subcontracting charges and selling and marketing expenses related to the Academic Education Business resulting from the adjustment in principal activities described above. Accordingly, the Group continues to adopt the going concern basis of accounting in preparing the condensed consolidated financial statements.

Contractual arrangements

Due to regulatory restrictions on foreign ownership in the operation of education institutions that provides primary and secondary after-school education in the PRC and impose conditions on brand name licensing and advisory services business, the Group conducts a substantial portion of the business through Dashan Training, Jing Guang Dashan, Zhengzhou Wuzhujiao Education Consulting Company Limited* (鄭州舞主角教育諮詢有限公司) (“**Wuzhujiao**”) and Zhengzhou Youcai Education Technology Company Limited* (鄭州有彩教育科技有限公司) (“**Youcai**”), wholly-owned subsidiaries of Dashan Training, and Henan Zhongzhichuang and Zhengzhou Youni New Sports Club Company Limited* (鄭州優尼新體育俱樂部有限公司) (“**Xinyouni**”), non-wholly owned subsidiaries of Dashan Training (collectively the “**Consolidated Affiliated Entities**”) in the PRC. Zhengzhou Dashan Yun Xiao Technology Company Limited* (鄭州大山雲效科技有限公司) (“**WFOE**”), Dashan Training, Jing Guang Dashan and shareholders of Dashan Training entered into a series of contractual agreements (the “**Contractual Arrangements**”) on 12 January 2020 which enable WFOE and the Group to:

- exercise effective financial and operational control over the Consolidated Affiliated Entities;
- exercise equity holders’ voting rights of the Consolidated Affiliated Entities;
- receive substantially all of the economic benefits generated by the Consolidated Affiliated Entities in consideration for the technical services, management support and consulting services necessary for the primary and secondary after-school education business and brand name licensing and advisory services business provided by WFOE;

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

2. BASIS OF PREPARATION (continued)

Contractual arrangements (continued)

- obtain an exclusive option to purchase all or part of the equity interests in the Consolidated Affiliated Entities directly and indirectly held by the shareholders of Dashan Training for the minimum amount of consideration permitted by the applicable PRC laws and regulations, under circumstances in which WFOE or its designated third party is permitted under PRC laws and regulations to own all or part of the equity interests of the Consolidated Affiliated Entities. In addition, the Consolidated Affiliated Entities are not allowed to, among others, distribute any reasonable return or other interest or benefit to the shareholders of Dashan Training without WFOE's prior written consent; and
- the shareholders of Dashan Training unconditionally and irrevocably pledged all of their equity interests in Dashan Training, respectively, to WFOE to guarantee the performance of, among others, the obligations of Dashan Training, the shareholders of Dashan Training and the Consolidated Affiliated Entities under the Contractual Arrangements.

The Company does not have any equity interest in the Consolidated Affiliated Entities. However, as a result of the Contractual Arrangements, the Company has power over the Consolidated Affiliated Entities, has rights to variable returns from its involvement with the Consolidated Affiliated Entities and has the ability to affect those returns through its power over the Consolidated Affiliated Entities and is therefore considered to have control over the Consolidated Affiliated Entities. Consequently, the Company regards the Consolidated Affiliated Entities as indirect subsidiaries pursuant to the Contractual Arrangements. The Group has consolidated the financial position and results of Dashan Training and its subsidiaries in the condensed consolidated financial statements for the six months ended 30 June 2022 and 2021.

The following balances and amounts of the Consolidated Affiliated Entities were included in the condensed consolidated financial statements:

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Revenue	8,603	212,540
(Loss)/profit before taxation	(29,450)	33,722

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

2. BASIS OF PREPARATION (continued)

Contractual arrangements (continued)

	As at 30 June 2022 RMB'000 (unaudited)	As at 31 December 2021 RMB'000 (audited)
Non-current assets	49,874	41,003
Current assets	243,096	255,948
Current liabilities	198,967	193,686
Non-current liabilities	4,941	15,889

The condensed consolidated financial statements are unaudited and have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Listing Rules.

3. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

Application of amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following amendments to HKFRSs issued by the HKICPA which are mandatorily effective for the annual period beginning on or after 1 January 2022 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use
Amendments to HKFRS 3	Reference to the Conceptual Framework

The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

4. PRINCIPAL ACCOUNTING POLICIES

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

Other than additional accounting policies resulting from application of amendments to HKFRSs as set out in note 3, the accounting policies and methods of computation used in the preparation of condensed consolidated financial statements for the six months ended 30 June 2022 are the same as those followed in the preparation of the financial information of the Group for the year ended 31 December 2021.

5. REVENUE AND SEGMENT INFORMATION

Revenue

Disaggregation of revenue from contracts with customers is as follows:

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Tuition fees and consultancy income	8,714	212,122
Sales of books and teaching materials	642	2,223
Brand name licensing and advisory services income	18	1,392
Other services	500	407
	9,874	216,144
Timing of revenue recognition		
A point of time	642	2,223
Over time	9,232	213,921
	9,874	216,144

The Group's tuition fees and consultancy income consist of revenue generated from primary and secondary after-school academic education courses, which was ceased completely in March 2022; vocational education courses, extracurricular programmes for personal attainment and overseas education consultation. Prepaid fee received for tutoring and consulting programmes are initially recorded as receipts in advance, and revenue is recognised over time based on an output method because the participant simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs. Customers of tutoring and consulting services usually settle the prepaid packages by cash or pay through third-party payment platforms.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

5. REVENUE AND SEGMENT INFORMATION (continued)

Revenue (continued)

Revenue of sales of books and teaching materials is recognised when control of the goods has transferred on receipt by the customer. The general credit period granted to the customers is usually within 90 days from the date of billings.

Brand name licensing and advisory services income, which is considered as a single performance obligation, is recognised over the relevant period of the agreements with independent third parties (the “**Contracted Parties**”) in which the Group provides the services to facilitate the operation of their teaching centres. Contracted Parties are required to pay in advance of the consideration which is due upon the signing of relevant agreement.

Other services mainly represent revenue derived from the provision of training and consultancy services to parties who engaged in education business which is recognised over the services period.

All unsatisfied contracts in respect of revenue from tuition and consultancy programmes, brand name licensing and advisory services arrangement, sales of books and teaching materials and other services at 30 June 2022 and 2021 are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

Segment information

The Group is principally engaged in the provision of after-school academic education services, which was ceased completely in March 2022; provision of vocational education services, extracurricular programmes for personal attainment and overseas education consultation services in the PRC.

For the purpose of resource allocation and assessment of performance, the chief operating decision maker (i.e. the executive directors of the Company) (the “**CODM**”) reviewed the financial results of the Group as a whole. Accordingly, the Group has only one single operating segment and no further analysis of this single segment is presented.

No segment assets and liabilities are presented as the CODM does not regularly review segment assets and liabilities.

Geographical information

The Group operated within one geographical location. All of its revenue is generated in the PRC and all of the Group’s non-current assets are located in the PRC.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

5. REVENUE AND SEGMENT INFORMATION (continued)

Information about major customers

No service provided or goods sold to a single customer contributed to 10% or more of total revenue of the Group during the six months ended 30 June 2022 and 2021.

6. OTHER INCOME AND OTHER GAINS AND LOSSES, NET

Other income

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Bank interest income	258	2,025
Government grants	196	388
Interest income from financial assets at fair value through profit or loss ("FVTPL")	–	1
Interest income from debt instruments at fair value through other comprehensive income ("FVTOCI")	332	–
Imputed interest income from rental deposits	10	75
Rental income	86	76
Others	19	192
	901	2,757

Other gains and losses, net

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Foreign exchange gains/(losses)	735	(576)
Impairment loss recognised in respect of other receivables, net	(834)	(502)
Gain on disposal of property and equipment	283	81
Gain on derecognition of right-of-use assets and lease liabilities	10,050	520
	10,234	(477)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

7. FINANCE COSTS

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Interests on lease liabilities	229	4,048

8. TAXATION

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Current tax:		
PRC Enterprise Income Tax	-	3,803
Deferred tax (credit)/expense	(11)	122
	(11)	3,925

No provision for taxation in Hong Kong has been made as the Group's income neither arises in, nor is derived from Hong Kong.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the certain PRC subsidiaries is 25% (2021: 25%) for the period.

Dashan Training was recognised as "High and New Technology Enterprise" and therefore entitled to a preferential tax rate of 15% for a period of three years from August 2018 to August 2021. The applicable tax rate is 25% commencing in September 2021.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

9. (LOSS)/PROFIT AND TOTAL COMPREHENSIVE (EXPENSE)/INCOME FOR THE PERIOD

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
(Loss)/profit and total comprehensive (expense)/income for the period has been arrived at after charging/(crediting):		
Staff costs:		
Directors' remuneration	648	5,405
Other staff costs	11,890	63,208
Other staff's retirement benefits scheme contributions	969	9,000
	13,507	77,613
Staff subcontracting service fee	1,060	24,689
Cost of inventories sold	23	1,074
Reversal of write-down for inventories	(141)	–
Renting expenses	90	–
Depreciation of investment properties	53	53
Depreciation of property and equipment (included right-of-use assets for buildings)	914	52,096

10. DIVIDEND

No dividends were declared, paid or proposed during the interim period (six months ended 30 June 2021: Nil). The directors of the Company have determined that no dividend will be paid in respect of the interim period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

11. (LOSS)/EARNINGS PER SHARE

The calculation of basic (loss)/earnings per share attributable to the owners of the Company is based on the following data:

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
(Loss)/profit for the period attributable to owners of the Company for the purpose of basic (loss)/earnings per share	(827)	18,665
Number of shares:		
Weighted average number of ordinary share for the purpose of basic (loss)/earnings per share (Note)	770,600,000	774,390,608

Note: The weighted average number of ordinary shares has been arrived at after deducting the shares held by the Group under Share Award Scheme.

No diluted (loss)/earnings per share for the six months ended 30 June 2022 and 2021 was presented as there were no potential ordinary shares in issue during the six months ended 30 June 2022 and 2021.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

12. MOVEMENTS IN PROPERTY AND EQUIPMENT

During the six months ended 30 June 2022, the Group's addition to property and equipment (excluding right-of-use assets for buildings) was RMB1,015,000 (six months ended 30 June 2021: RMB12,911,000).

During the six months ended 30 June 2022, the Group disposed of certain furniture, fixture and equipment with an aggregate carrying amount of RMB99,000 (six months ended 30 June 2021: certain furniture, fixture and equipment and motor vehicles with an aggregate carrying amount of RMB72,000) for cash proceeds of RMB382,000 (six months ended 30 June 2021: RMB153,000), resulting in a gain on disposal of RMB283,000 (six months ended 30 June 2021: a gain on disposal of RMB81,000).

During the six months ended 30 June 2022, the Group entered into several new lease agreements for the use of buildings for one to four years (six months ended 30 June 2021: one to six years). On lease commencement during the six months ended 30 June 2022, the Group recognised right-of-use assets of RMB6,286,000 (six months ended 30 June 2021: RMB22,748,000) and lease liabilities of RMB6,272,000 (six months ended 30 June 2021: RMB22,654,000).

During the six months ended 30 June 2022, the Group recognised right-of-use assets for buildings through acquisition of a subsidiary amounted to RMB516,000 (six months ended 30 June 2021: Nil) and lease liabilities of RMB518,000 (six months ended 30 June 2021: Nil). Details of the acquisition of a subsidiary as disclosed in note 21.

During the six months ended 30 June 2022, right-of-use assets for buildings with a total carrying amount of RMB12,277,000 (six months ended 30 June 2021: RMB9,922,000) and lease liabilities of RMB20,966,000 (six months ended 30 June 2021: RMB10,584,000) were derecognised upon early termination of relevant leases.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

13. OTHER RECEIVABLES

	As at 30 June 2022 RMB'000 (unaudited)	As at 31 December 2021 RMB'000 (audited)
Other receivables		
Staff advance	20	–
Receivables from third-party payment platforms	212	79
Deposits, prepaid tax and other prepayments	21,593	7,241
Rental deposits	1,047	112
Interest receivables	709	358
Others	1,200	217
Less: loss allowance	(1,774)	(2,783)
Total other receivables	23,007	5,224
Less: non-current rental deposits	(182)	(92)
Current portion	22,825	5,132

Customers of tutoring and consulting services usually settle the prepaid packages by cash or pay through third-party payment platforms. For payment through third-party payment platforms, the third-party payment platforms normally settle the amounts received, net of handling charges, within one month after trade date. All receivables from third-party payment platforms aged within one month and not past due.

The Group applies 12-month expected credit loss (the “ECL”) approach to provide for ECL allowance on receivables from third-party payment platforms prescribed by HKFRS 9. The management of the Group are of the opinion that the credit risks of these receivables are minimal as these are from creditworthy third-party payment platforms with no history of defaults. Based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information, the management of the Group assessed the ECL for receivables from third-party payment platforms for the six months ended 30 June 2022 were insignificant.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

14. FINANCIAL ASSET AT FVTOCI/DEBT INSTRUMENTS AT FVTOCI

	As at 30 June 2022 RMB'000 (unaudited)	As at 31 December 2021 RMB'000 (audited)
Unlisted:		
– Equity investment in the PRC (Note i)	–	–
– Debt instruments in Hong Kong (Note ii)	23,758	23,135
	23,758	23,135
Less: Debt instruments in current portion	(23,758)	–
Non-current portion	–	23,135

Notes:

- i The amount represents the Group's equity interest in a private entity operating online education business in the PRC. The directors of the Company had elected to designate this investment as financial asset at FVTOCI as they believed that recognising short-term fluctuations in this investment's fair value in profit or loss would not be consistent with the Group's strategy of holding this investment for long-term purposes and realising its performance potential in the long run. In the opinion of the directors, due to the impact of implementation of the Opinion, that private entity would not expect to generate net operating cash inflow in the foreseeable future and accordingly, the fair value of that equity interest as at 31 December 2021 was minimal and the change of fair value arising from that financial asset at FVTOCI amounting to RMB5,000,000 had been charged to the other comprehensive income during the year ended 31 December 2021. No gains or losses are recognised in other comprehensive income relating to the change in fair value of financial asset classified as Level 3 for the current period as the amount involved is insignificant.
- ii The amount represents the investments in promissory notes issued by several financial institutions at interest rate ranging from 2% to 3% per annum. The promissory notes can be redeemed in any time after the issuance, upon delivering to the issuers a written notice signed by the Group to request the issuers to redeem the promissory notes.

These promissory notes are held by the Group within a business model whose objective is both to collect their contractual cash flows which are solely payments of principal and interest on the principal amount outstanding and to redeem these financial assets on demands. Hence, the investments in promissory notes are classified as at FVTOCI.

For the purposes of internal credit risk management, the Group uses estimated credit rating of the issuers to assess whether credit risk has increased significantly since initial recognition. During the year ended 31 December 2021, expected credit loss on debt instruments at FVTOCI amounting to RMB1,393,000 was recognised in the profit or loss. No gains or losses are recognised in other comprehensive income relating to the change in fair value of debt instruments classified as Level 3 for the current period as the amount involved is insignificant.

The amounts are classified as current as the directors of the Company expects to redeem within twelve months after the Reporting Period.

Details of the fair value measurement as disclosed in note 24.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

15. BANK BALANCES AND CASH

Bank balances and cash comprise bank deposits, cash and bank balances held by the Group with original maturity of three months or less and carry interest at prevailing market rates ranging from 0.001% to 0.002% per annum (31 December 2021: 0.001% to 0.002% per annum).

16. TRADE PAYABLES

The credit period on purchase of books and teaching materials ranged from 0 to 60 days. The following is an aging analysis of trade payables presented based on the invoice dates at the end of the Reporting Period:

	As at 30 June 2022 RMB'000 (unaudited)	As at 31 December 2021 RMB'000 (audited)
0-30 days	71	259
	71	259

17. OTHER PAYABLES AND ACCRUED CHARGES

	As at 30 June 2022 RMB'000 (unaudited)	As at 31 December 2021 RMB'000 (audited)
Staff cost payables	1,327	5,085
Renovation cost payables	1,566	2,659
Refundable tuition and other deposits	730	4,584
Other taxes payables	148	412
Consideration payables (note 21)	700	–
Other payables	1,894	2,101
	6,365	14,841

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

18. RECEIPTS IN ADVANCE

The following table provides information about receipts in advance from customers:

	As at 30 June 2022 RMB'000 (unaudited)	As at 31 December 2021 RMB'000 (audited)
Receipts in advance:		
– Tutoring fees and consultancy income	13,568	43,750
– Brand name licensing and advisory services income	975	1,171
	14,543	44,921

The receipts in advance primarily relate to the advance consideration received from the students and the Contracted Parties for contracts, for which revenue is recognised when the performance obligation is satisfied through service rendered.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

19. LEASE LIABILITIES

	As at 30 June 2022 RMB'000 (unaudited)	As at 31 December 2021 RMB'000 (audited)
Non-current	5,623	17,477
Current	2,656	5,280
	8,279	22,757
Minimum lease payment due:		
– within one year	2,885	5,982
– more than one year but not exceeding two years	2,686	6,622
– more than two years but not exceeding five years	3,158	10,758
– more than five years	–	1,107
	8,729	24,469
Less: Future finance charge	(450)	(1,712)
Present value of lease liabilities	8,279	22,757
Present value of lease liabilities		
– within one year	2,656	5,280
– more than one year but not exceeding two years	2,545	6,146
– more than two years but not exceeding five years	3,078	10,255
– more than five years	–	1,076
	8,279	22,757

The Group leases various properties for provision of tutoring and consulting services and these lease liabilities were measured at the present value of the lease payments that are not yet paid.

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's treasury function.

The total cash outflows for leases including the payments of lease liabilities and interests for the six months ended 30 June 2022 were RMB531,000 (six months ended 30 June 2021: RMB34,597,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

20. SHARE CAPITAL

The movement of the share capital of the Company is set out below:

	Number of shares	Amount HK\$'000	Shown in the condensed consolidated financial statements RMB'000
Ordinary shares of HK\$0.01 each:			
Authorised:			
At 1 January 2021 (audited), 30 June 2021 (unaudited), 1 January 2022 (audited) and 30 June 2022 (unaudited)	10,000,000,000	100,000	
Issued and fully paid:			
At 1 January 2021 (audited), 30 June 2021 (unaudited), 1 January 2022 (audited) and 30 June 2022 (unaudited)	800,000,000	8,000	7,223

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

21. ACQUISITION OF A SUBSIDIARY

On 30 May 2022, the Group acquired 60% of the total equity interest of Henan Zhongzhichuang, a company established in the PRC with limited liability at a total consideration of RMB1,000,000. The transaction has been accounted for as a business combination using acquisition method. Upon completion of the acquisition, Henan Zhongzhichuang became an indirect non-wholly owned subsidiary of the Company. Henan Zhongzhichuang is principally engaged in the provision of vocational training and technical education for adults in relation to computer science and information technology. The directors of the Company are of the view that the acquisition will enable the Group to step further regarding the Group's plan in expanding and developing its business in the area of vocational education training. During the current period and subsequent to the Reporting Period, the consideration of RMB300,000 has been settled in cash.

Acquisition-related costs were insignificant and have been recognised as an expense in the current period and included in the administrative expenses line item in the condensed consolidated statement of profit or loss and other comprehensive income.

As at the date of this interim report, the fair value assessments of the identifiable assets and liabilities of Henan Zhongzhichuang as at the date of acquisition have not yet been completed. Accordingly, the relevant fair values of the assets and liabilities acquired and goodwill have been determined on a provisional basis, awaiting the completion of the identification of separable assets and valuation of the identification assets and liabilities. The directors of the Company have determined the best estimates for the value of these assets and liabilities based on the net book values of Henan Zhongzhichuang as at acquisition date.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

21. ACQUISITION OF A SUBSIDIARY (continued)

	RMB'000 (provisional basis)
Fair values of identifiable assets and liabilities of Henan Zhongzhichuang acquired at the date of obtaining control are as follows:	
Property and equipment	516
Rental deposits	15
Other receivables	141
Bank balances and cash	70
Other payables and accrued charges	(477)
Receipts in advance	(1,002)
Lease liabilities	(518)
	(1,255)
Results on the acquisition of Henan Zhongzhichuang:	
Cash consideration paid in current period	300
Consideration payables due within one year included in other payables and accrued charges (note 17)	700
Add: non-controlling interests (40% in Henan Zhongzhichuang)	(502)
Less: recognised amounts of net identifiable liabilities of Henan Zhongzhichuang acquired	(1,255)
Goodwill arising on acquisition	1,753

None of the goodwill arising on these acquisitions is expected to be deductible for tax purposes.

The non-controlling interests (40%) recognised at the acquisition date was measured by reference to the proportionate share of recognised amounts of net liabilities of Henan Zhongzhichuang and amounted to RMB502,000.

Goodwill arose on the acquisition of the subsidiary because the acquisition included the assembled workforce of Henan Zhongzhichuang, some potential contracts which do not meet the criteria for identifiable intangible assets as at the date of acquisition. These benefits were not recognised separately from goodwill because they did not meet the recognition criteria for identifiable intangible assets.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

21. ACQUISITION OF A SUBSIDIARY (continued)

	RMB'000 (provisional basis)
Analysis of net outflow of cash and cash equivalents in respect of acquisition of Henan Zhongzhichuang:	
Consideration paid in cash	(300)
Bank balances and cash acquired	70
	<hr/> (230) <hr/>

Included in the profit for the six months ended 30 June 2022 was a profit of RMB523,000 attributable to the additional business generated by Henan Zhongzhichuang. Revenue for the six months ended 30 June 2022 includes RMB755,000 generated from Henan Zhongzhichuang.

Had the acquisition been completed on 1 January 2022, the Group's revenue for the six months ended 30 June 2022 would have been RMB1,068,000, and loss for the six months ended 30 June 2022 would have been RMB406,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2022, nor is it intended to be a projection of future result.

In determining the 'pro-forma' revenue and profit of the Group had Henan Zhongzhichuang been acquired at the beginning of the current period, the directors of the Company calculated depreciation of property and equipment (included right-of-use assets for buildings) based on the recognised amount of property and equipment (included right-of-use assets for buildings) at the date of the acquisition.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

22. SHARE-BASED PAYMENT TRANSACTIONS

Share Option Scheme

The Company adopted the Share Option Scheme on 18 June 2020. The terms of the Share Option Scheme are in accordance with the Chapter 17 of the Listing Rules. The purpose of the Share Option Scheme is to provide an incentive or a reward to eligible persons for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group or any entity in which the Group holds any equity interest. The total number of shares in respect of which options may be granted under the Share Option Scheme and any other share option schemes of the Group shall not exceed 80,000,000 shares, being 10% of the total number of shares in issue (assuming the over-allotment option is not exercised) as at 15 July 2020 unless the Group obtains the approval of the shareholders in general meeting for renewing the 10% limit.

A consideration of HK\$1 is payable on acceptance of the offer of grant of an option. Such consideration shall in no circumstances be refundable. An option may be exercised in whole or in part by the grantee (or his/her personal representative(s)) at any time before the expiry of the period to be determined and notified by the Board to the grantee which in any event shall not be longer than ten years commencing on the date of the offer letter and expiring on the last day of such ten-year period subject to the provisions for early termination as contained in the Share Option Scheme.

The Share Option Scheme will remain in force until 17 June 2030. During the six months ended 30 June 2022, no options had been granted, exercised, cancelled or lapsed under the Share Option Scheme, nor were any options outstanding under the Share Option Scheme (31 December 2021: Nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

22. SHARE-BASED PAYMENT TRANSACTIONS (continued)

Share Award Scheme

The Company has adopted the Share Award Scheme with effect from 14 December 2020 as means to recognise the contribution of the Group's employees, motivate, retain and recruit high-calibre employees and reward those who had made valuable contribution to the Group (the "**Selected Participants**"). Under the Share Award Scheme, the board of directors of the Company may grant shares to eligible employees, including directors of the Company and its subsidiaries.

The Company has set up a trustee (the "**Trustee**") to administer and hold the Company's shares before they are vested and transferred to the Selected Participants. The Trustee may also purchase the Company's shares being awarded from the open market using cash contributed by the Company.

The total number of shares in respect of which options may be granted under the Share Award Scheme is not permitted to exceed 10% of the shares of the Company. The shares held by the Trustee under the Share Award Scheme would not be counted towards the public float of the Company. As a result, to ensure at least 25% of the Company's total issued shares are held by the public shareholders, the total shares to be administered under the Share Award Scheme shall not exceed 3.95% of the total issued shares of the Company, assuming there is no change in the shareholding of Lucky Heaven and Bai Tai as at the end of the Reporting Period.

The Board may from time to time while the Share Award Scheme is in force and subject to all applicable laws, determine such vesting criteria and conditions or periods for the awards to be vested or credited. All of such vesting criteria and conditions (if any) and periods shall be set out in the relevant grant letter issued to each Selected Participant.

On 14 January 2021, the Group has granted an aggregate of 17,400,000 award shares to 52 employees and 12,600,000 award shares to four directors (the "**Grantees**") under the Share Award Scheme at nil award price (the "**Grant**"). The award shares shall be satisfied by purchasing existing shares on the open market and shall be vested in the Grantees in the proportions of 40%, 30% and 30% on the first trading date upon expiry of seven days after the publication of the annual results announcement for the financial year ending 31 December 2021, 31 December 2022 and 31 December 2023, respectively, subject to certain conditions including the Group and individual performances.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

22. SHARE-BASED PAYMENT TRANSACTIONS (continued)

Share Award Scheme (continued)

During the six months ended 30 June 2021, the Company repurchased its own ordinary shares through the Trustee as follows:

Month of repurchase	Number of ordinary shares	Price per share		Aggregate consideration paid
		Highest HKD	Lowest HKD	HKD'000
January 2021	28,800,000	1.08	0.97	30,387
February 2021	300,000	0.76	0.76	220
May 2021	300,000	0.90	0.89	269
	<u>29,400,000</u>			<u>30,876 (Note)</u>

Note: The aggregate consideration paid of HK\$30,876,000 is equivalent to RMB25,744,000.

During the six months ended 30 June 2022, no award shares under Share Award Scheme (the "Award Shares") (six months ended 30 June 2021 : 30,000,000 Award Shares) was granted to the Selected Participants pursuant to the Share Award Scheme.

As at 30 June 2022, an aggregate of 16,584,000 Award Shares had lapsed, among which (i) an aggregate of 3,220,000 Award Shares lapsed during the year ended 31 December 2021 because the relevant Grantees ceased to be employees of the Group prior to the vesting of the Award Shares, (ii) 10,712,000 Award Shares granted to the Grantees were not vested on 7 April 2022 according to the relevant grant letters as the Group's performance target for the year ended 31 December 2021 was not met and lapsed, and (iii) an aggregate of 2,652,000 Award Shares lapsed during the six months ended 30 June 2022 because the relevant Grantees ceased to be employees of the Group prior to the vesting of the Award Shares. As at 30 June 2022, none of the Award Shares had been vested (31 December 2021: none). At 30 June 2022, the Trustee held 29,400,000 ordinary shares under the Share Award Scheme (31 December 2021: 29,400,000 shares).

During the six months ended 30 June 2022, the Group has no liabilities and there is no expense charged during the six months ended 30 June 2022 in respect of Share Award Scheme since the Group's performance target for the years ending 31 December 2022 and 2023 are not expected to meet.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

23. OPERATING LEASING ARRANGEMENTS

The Group as lessor

All of the properties held for rental purposes have committed lessees for the next one year (31 December 2021: two years). Undiscounted lease payments receivable on leases are as follows:

	30 June 2022 RMB'000 (unaudited)	31 December 2021 RMB'000 (audited)
Within one year	102	182
In the second year	–	11
	102	193

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

24. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

The management of the Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values at the end of each reporting period based on discounted cash flow analysis.

Fair value measurement of financial instruments

Financial assets	Fair value at		Fair value hierarchy	Valuation technique and key inputs
	30 June 2022 RMB'000 (unaudited)	31 December 2021 RMB'000 (audited)		
Equity instrument at FVTOCI (Note a)	Unlisted investment in the PRC: -	Unlisted investment in the PRC: -	Level 3	Market approach Key inputs: 1. average price-to-sales ratio of the listed companies in same industry 2. the discount of lack of marketability of the unlisted company
Debt instruments at FVTOCI (Note b)	Promissory notes in Hong Kong: 23,758	Promissory notes in Hong Kong: 23,135	Level 3	Discounted cash flows Key inputs: a discount rate that reflects the credit risk of the financial institutions

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

24. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

(continued)

Fair value measurement of financial instruments (continued)

Notes:

- (a) The Group is exposed to equity price risk through its investment in equity investment measured at FVTOCI. The Group invested in an unquoted equity investment for investees operating in online education industry sector for long term strategic purposes which had been designated as FVTOCI. The Group in general monitor the price risk and will consider hedging the risk exposure should the need arise.

No sensitivity analysis is presented since the management of the Group consider the exposure of other price risk arising from the equity investment measured at FVTOCI is insignificant.

- (b) The management of the Group considers that there is no material increase in the credit risk on debt instruments at FVTOCI for the current period and the risk of default is insignificant, and therefore no sensitivity analysis is presented.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

24. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

(continued)

Fair value measurement of financial instruments (continued)

There were no transfers between levels of the fair value hierarchy during the six months ended 30 June 2022 and 2021.

Reconciliation of Level 3 fair value measurements

	Debt instruments at FVTOCI RMB'000	Financial assets at FVTOCI RMB'000	Financial assets at FVTPL RMB'000	Total RMB'000
At 1 January 2021 (audited)	–	5,000	10,000	15,000
Purchased	16,700	–	5,000	21,700
At 30 June 2021 (unaudited)	16,700	5,000	15,000	36,700
At 1 January 2022 (audited)	23,135	–	–	23,135
Exchange differences	623	–	–	623
At 30 June 2022 (unaudited)	23,758	–	–	23,758

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

25. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

The remuneration of the directors and other members of key management during the six months ended 30 June 2022 and 2021 was as follows:

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Short-term benefits	1,470	6,922
Post-employment benefits	57	158
	1,527	7,080

26. NON-CASH TRANSACTIONS

During the six months ended 30 June 2022, the Group has entered into the following major non-cash transactions:

- (a) Right-of-use assets for buildings with a total carrying amount of RMB6,286,000 (six months ended 30 June 2021: RMB22,748,000) and lease liabilities of RMB6,272,000 (six months ended 30 June 2021: RMB22,654,000) were recognised on commencement date of new leases entered into by the Group; and
- (b) Right-of-use assets for buildings with a total carrying amount of RMB12,277,000 (six months ended 30 June 2021: RMB9,922,000) and lease liabilities of RMB20,966,000 (six months ended 30 June 2021: RMB10,584,000) were derecognised during the six months ended 30 June 2022 upon termination of relevant leases.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

27. SUBSEQUENT EVENT

Save as disclosed in these condensed consolidated financial statements, subsequent event of the Group took place after the Reporting Period is set out as below:

On 7 July 2022, Dashan Training, one of the Consolidated Affiliated Entities controlled by the Company through the Contractual Arrangements, entered into the Cooperation Agreement with Mr. Mei Xiangming (梅香明), Mr. Zhu Konghao (祝孔浩) and Zhongshu Cultural, in relation to, among others, a subscription of 33.33% of the enlarged registered capital in Zhongshu Cultural by Dashan Training at a consideration of RMB5,000,000. Zhongshu Cultural proposes to engage in the development, publication and sale of non-fungible tokens products generated from antique artifacts, artwork and animations. Upon completion of the acquisition, Zhongshu Cultural became an associate of the Group using equity method. The acquisition was completed and consideration of RMB5,000,000 has been fully settled in cash as at the date of this report.

For further information in relation to the cooperation, please refer to the announcement of the Company dated 7 July 2022.