

HAILIANG EDUCATION GROUP INC.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEARS ENDED JUNE 30, 2016, 2017 AND 2018

(Amounts in thousands except per share data)

	2016	2017	2018
	RMB	RMB	RMB
Revenue	654,060	853,295	1,169,348
Cost of revenue	(498,944)	(648,482)	(804,674)
<b>Gross profit</b>	155,116	204,813	364,674
Other income, net	1,756	6,325	3,689
Selling expenses	(16,753)	(21,902)	(24,539)
Administrative expenses	(36,153)	(28,385)	(63,374)
Disposal loss of leasehold improvement	(10,286)	—	—
<b>Operating profit</b>	93,680	160,851	280,450
Gain on disposal of affiliated entities	—	—	5,349
Net finance income	5,752	6,892	11,391
<b>Profit before tax</b>	99,432	167,743	297,190
Income tax expenses	—	—	(66,288)
<b>Net Profit</b>	99,432	167,743	230,902
<b>Profit attributable to:</b>			
Net Profit attributable to non-controlling interests	—	—	8,314
Net Profit attributable to the Group's shareholders	99,432	167,743	222,588
	99,432	167,743	230,902
<b>Earnings per share</b>			
Basic and diluted earnings per share	0.24	0.41	0.54
<b>Net Profit</b>	99,432	167,743	230,902
Other comprehensive income/(loss)	8,437	2,202	(2,542)
<b>Total comprehensive income</b>	107,869	169,945	228,360
<b>Comprehensive income attributable to:</b>			
Comprehensive income attributable to non-controlling interests	—	—	8,314
Comprehensive income attributable to the Group's shareholders	107,869	169,945	220,046
	107,869	169,945	228,360

HAILIANG EDUCATION GROUP INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS OF JUNE 30, 2017 AND 2018  
(Amounts in thousands)

	2017 RMB	2018 RMB
<b>Assets</b>		
Property and equipment, net	720,619	679,081
Intangible assets and goodwill, net	79,599	78,747
Prepayments to third party suppliers	5,692	92
<b>Non-current assets</b>	<u>805,910</u>	<u>757,920</u>
Other receivables due from related parties	112,773	95,128
Other current assets	1,526	15,182
Term deposits held at a related party finance entity	401,000	204,000
Cash and cash equivalents	<u>77,801</u>	<u>812,620</u>
<b>Current assets</b>	<u>593,100</u>	<u>1,126,930</u>
<b>Total assets</b>	<u><u>1,399,010</u></u>	<u><u>1,884,850</u></u>
<b>Equity</b>		
Share capital	267	268
Share premium	134,584	134,583
Contributed capital	235,895	235,895
Reserves	278,044	312,667
Retained earnings	452,823	638,246
<b>Total Hailiang Education Group Inc. shareholders' equity</b>	<u>1,101,613</u>	<u>1,321,659</u>
Non-controlling interests	—	13,154
<b>Total equity</b>	<u>1,101,613</u>	<u>1,334,813</u>
<b>Liabilities</b>		
Trade and other payables due to third parties	113,863	141,504
Other payables due to related parties	124,841	138,215
Deferred revenue	58,693	212,969
Income tax payable	—	57,349
<b>Current liabilities</b>	<u>297,397</u>	<u>550,037</u>
<b>Total liabilities</b>	<u>297,397</u>	<u>550,037</u>
<b>Total equity and liabilities</b>	<u><u>1,399,010</u></u>	<u><u>1,884,850</u></u>

HAILIANG EDUCATION GROUP INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2016, 2017 AND 2018

(Amounts in thousands)

	2016	2017	2018
	RMB	RMB	RMB
<b>Cash flows from operating activities</b>			
Profit for the year	99,432	167,743	230,902
Adjustments for:			
Depreciation	65,038	110,485	113,128
Disposal loss of leasehold improvement	10,286	—	—
Gain on disposal of affiliated entities	—	—	(5,349)
(Gain)/loss on sale of other property and equipment	(157)	(41)	371
Amortization of intangible assets	948	662	446
Share based payment	1,459	—	—
Net foreign exchange (gain)/loss	(1,049)	(282)	324
Interest income	(4,906)	(6,709)	(11,715)
Income tax expenses	—	—	66,288
	171,051	271,858	394,395
Change in other current assets	2,126	(530)	(13,681)
Change in prepayment to third party suppliers	(4,424)	2,235	2,157
Change in trade and other payables due to third parties	21,789	23,313	30,416
Change in amount due to related parties	26,136	(27,636)	18,000
Change in deferred revenue	(489)	17,713	165,583
Cash generated from operating activities	216,189	286,953	596,870
Income tax paid	—	—	(8,939)
<b>Net cash from operating activities</b>	<b>216,189</b>	<b>286,953</b>	<b>587,931</b>
<b>Cash flows from investing activities</b>			
Interest received	3,265	5,873	10,677
Proceeds from sale of property and equipment	762	64	1,015
Purchase of property and equipment	(346,595)	(108,959)	(89,369)
Term deposits placed with a related party finance entity	(1,212,430)	(1,953,600)	(204,000)
Maturity of term deposits placed with a related party finance entity	1,272,430	1,552,600	401,000
Loans made to a related party	—	(98,229)	—
Acquisition of subsidiaries	—	—	(6,160)
Net proceeds from disposal of affiliated entities	—	—	17,982
<b>Net cash (used in)/from investing activities</b>	<b>(282,568)</b>	<b>(602,251)</b>	<b>131,145</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of ordinary shares	122,369	—	—
Payment of new shares issuance cost	(7,844)	—	—

Loan made from related parties	—	99,603	7,609
Capital contribution from former shareholder	—	—	11,000
<b>Net cash from financing activities</b>	<u>114,525</u>	<u>99,603</u>	<u>18,609</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	48,146	(215,695)	737,685
Cash and cash equivalents at beginning of the year	233,379	291,011	77,801
Effect of movements in exchange rates on cash held	<u>9,486</u>	<u>2,485</u>	<u>(2,866)</u>
<b>Cash and cash equivalents at the end of the year</b>	<u><u>291,011</u></u>	<u><u>77,801</u></u>	<u><u>812,620</u></u>
<b>Non cash transaction:</b>			
Share based payment	3,166	—	—
Capital transaction	—	10,000	—