

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



21世紀教育
21ST CENTURY EDUCATION

China 21st Century Education Group Limited

中國21世紀教育集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1598)

**ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

HIGHLIGHTS OF ANNUAL RESULTS:

	Year ended 31 December		Changes	Percentage
	2021	2020	Changes	of changes
	(RMB'000)	(RMB'000)	(RMB'000)	
Revenue	308,767	253,802	54,965	21.7%
Gross Profit	126,825	122,285	4,540	3.7%
EBITDA	101,984	129,647	(27,663)	(21.3%)
Profit for the year	28,740	78,772	(50,032)	(63.5%)
Earnings per share <i>(RMB cents)</i>				
Basic				
— For profit for the year	2.56	6.51	(3.95)	(60.7%)
Diluted				
— For profit for the year	2.56	6.51	(3.95)	(60.7%)
	2021/2022	2020/2021	Changes	Percentage
	school year	school year		of changes
Total number of full-time students <i>(Note)</i>	18,792	18,165	627	3.5%

Note: Please refer to the section headed “Student enrollment” in this results announcement for details.

The Board has resolved to propose a final dividend of HK0.63 cents per Share for the year ended 31 December 2021.

The Board is pleased to announce the audited consolidated results of the Company and its subsidiaries for the year ended 31 December 2021, together with the comparative figures for the year ended 31 December 2020 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2021

	<i>Notes</i>	2021 RMB'000	2020 RMB'000
REVENUE	4	308,767	253,802
Cost of sales		<u>(181,942)</u>	<u>(131,517)</u>
Gross profit		126,825	122,285
Other income and gains, net	4	59,779	42,168
Selling and distribution expenses		(17,921)	(13,340)
Administrative expenses		(71,176)	(56,118)
Other expenses		(42,480)	(3,661)
Finance costs	6	<u>(26,633)</u>	<u>(12,215)</u>
PROFIT BEFORE TAX	5	28,394	79,119
Income tax expense	7	<u>346</u>	<u>(347)</u>
PROFIT FOR THE YEAR		<u>28,740</u>	<u>78,772</u>
Attributable to:			
Owners of the Company		29,180	77,184
Non-controlling interests		<u>(440)</u>	<u>1,588</u>
		<u>28,740</u>	<u>78,772</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	9		
Basic			
— For profit for the year		<u>RMB2.56 cents</u>	<u>RMB6.51 cents</u>
Diluted			
— For profit for the year		<u>RMB2.56 cents</u>	<u>RMB6.51 cents</u>

	2021 RMB'000	2020 <i>RMB'000</i>
PROFIT FOR THE YEAR	28,740	78,772
OTHER COMPREHENSIVE INCOME		
Other comprehensive expense that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<u>(7,139)</u>	<u>(16,414)</u>
Other comprehensive expense that will not be reclassified to profit or loss in subsequent periods:		
Equity investment designated at fair value through other comprehensive income:		
Changes in fair value	<u>—</u>	<u>(180)</u>
OTHER COMPREHENSIVE EXPENSE FOR THE YEAR	<u>(7,139)</u>	<u>(16,594)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>21,601</u>	<u>62,178</u>
Attributable to:		
Owners of the Company	22,041	60,590
Non-controlling interests	<u>(440)</u>	<u>1,588</u>
	<u>21,601</u>	<u>62,178</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2021

	Notes	2021 RMB'000	2020 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		251,954	151,126
Right-of-use assets		125,168	95,580
Goodwill		54,370	68,007
Other intangible assets		18,462	20,816
Prepayment to a related party (Note)		155,000	78,750
Financial assets at fair value through profit or loss		927	36,247
Other non-current assets		68,776	65,334
Total non-current assets		674,657	515,860
CURRENT ASSETS			
Trade receivables	10	10,997	5,619
Contract costs		4,125	3,185
Prepayments, other receivables and other assets		54,371	23,877
Amounts due from related parties		11,034	5,183
Financial assets at fair value through profit or loss		22,552	4,646
Term deposits		40,000	40,000
Pledged deposits		187,000	187,000
Cash and bank balances		334,332	357,700
Other current assets		35,015	—
Total current assets		699,426	627,210
CURRENT LIABILITIES			
Other payables and accruals	11	96,605	88,839
Contract liabilities		101,301	108,495
Interest-bearing bank and other borrowings		335,802	143,926
Lease liabilities		16,292	12,717
Amounts due to related parties		253	275
Tax payable		2,138	2,914
Other current liabilities		863	5,598
Total current liabilities		553,254	362,764
NET CURRENT ASSETS		146,172	264,446
TOTAL ASSETS LESS CURRENT LIABILITIES		820,829	780,306

Note: The prepayment to a related party refers to the payment to Lionful Education Investment Co., Ltd.* (河北廿一世紀教育投資有限公司) for the acquisition of buildings and land use right as at 31 December 2021 and 2020. For details, please refer to the major and connected transaction announcement of the Company dated 5 November 2021 and the discloseable and connected transaction announcements of the Company dated 14 December 2020.

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	110,666	70,035
Lease liabilities	20,657	26,436
Deferred tax liabilities	741	1,522
Other non-current liabilities	<u>2,978</u>	<u>12,366</u>
Total non-current liabilities	<u>135,042</u>	<u>110,359</u>
Net assets	<u>685,787</u>	<u>669,947</u>
EQUITY		
Share capital	9,801	9,801
Treasury shares	(176)	(237)
Reserves	<u>668,217</u>	<u>652,490</u>
	677,842	662,054
Non-controlling interests	<u>7,945</u>	<u>7,893</u>
Total equity	<u>685,787</u>	<u>669,947</u>

NOTES TO FINANCIAL STATEMENTS

31 December 2021

1. CORPORATE INFORMATION

China 21st Century Education Group Limited (the “**Company**”) is a limited liability company incorporated in the Cayman Islands on 20 September 2016. The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. Shares of the Company were listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 29 May 2018.

The Company is an investment holding company. During the year, the Company and its subsidiaries (collectively referred to as the “**Group**”) were principally engaged in providing educational services and related management services in the People’s Republic of China (the “**PRC**”).

In the opinion of the directors, the holding company and the ultimate holding company of the Company is Sainange Holdings Company Limited, which is incorporated in the British Virgin Islands.

2.1 BASIS OF PRESENTATION

These financial statements have been prepared in accordance with International Financial Reporting Standards (“**IFRSs**”) (which include all International Financial Reporting Standards, International Accounting Standards (“**IASs**”) and Interpretations) issued by the International Accounting Standards Board (“**IASB**”) and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for an equity investment at fair value through other comprehensive income, financial assets at fair value through profit or loss, and a contingent consideration payable which have been measured at fair value. These financial statements are presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2021. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted following revised IFRSs for the first time for the current year's financial statements.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	<i>Interest Rate Benchmark Reform — Phase 2</i>
Amendment to IFRS 16	<i>Covid-19-Related Rent Concessions</i>
Amendment to IFRS 16	<i>Covid-19-Related Rent Concessions beyond 30 June 2021 (early adopted)</i>

The nature and the impact of the revised IFRSs are described below:

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

The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedging relationships.

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

The Group has early adopted the amendment on 1 January 2021. However, the Group has not received covid-19-related rent concessions and plans to apply the practical expedient when it becomes applicable within the allowed period of application.

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to IFRS 3	<i>Reference to the Conceptual Framework¹</i>
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture³</i>
IFRS 17	<i>Insurance Contracts²</i>
Amendments to IFRS 17	<i>Insurance Contracts^{2, 4}</i>
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current²</i>
Amendments to IAS 1 and IFRS Practice Statement 2	<i>Disclosure of Accounting Policies²</i>
Amendments to IAS 8	<i>Definition of Accounting Estimates²</i>
Amendments to IAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction²</i>
Amendments to IAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use¹</i>
Amendments to IAS 37	<i>Onerous Contracts — Cost of Fulfilling a Contract¹</i>
Annual Improvements to IFRS Standards 2018–2020	<i>Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41¹</i>

¹ Effective for annual periods beginning on or after 1 January 2022

² Effective for annual periods beginning on or after 1 January 2023

³ No mandatory effective date yet determined but available for adoption

⁴ As a consequence of the amendments to IFRS 17 issued in June 2020, IFRS 4 was amended to extend the temporary exemption that permits insurers to apply IAS 39 rather than IFRS 9 for annual periods beginning before 1 January 2023

The amendments are not expected to have any significant impact on the Group's financial statements.

3. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the provision of education services and the college management services in the PRC.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit which is measured consistently with the Group's profit before tax except that finance costs (other than interest on lease liabilities), interest income and other unallocated expenses are excluded from such measurement.

Segment assets exclude cash and bank balances, term deposits, pledged deposits, financial assets at fair value through profit or loss and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank and other borrowings, tax payable and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Year ended 31 December 2021

	Vocational education RMB'000	Quality- oriented education RMB'000	Total RMB'000
Segment revenue (note 4)			
Sales to external customers	185,581	123,186	308,767
Other revenue	<u>41,711</u>	<u>2,968</u>	<u>44,679</u>
Revenue	<u>227,292</u>	<u>126,154</u>	<u>353,446</u>
Segment results	105,531	6,158	111,689
<i>Reconciliation</i>			
Finance costs (other than interest on lease liabilities)			(24,756)
Interest income			12,555
Unallocated income and expenses, net			<u>(71,094)</u>
Profit before tax			<u>28,394</u>
Segment assets	576,270	95,440	671,710
<i>Reconciliation</i>			
Term deposits			40,000
Pledged deposits			187,000
Cash and bank balances			334,332
Financial assets at fair value through profit or loss			23,479
Unallocated head office and corporate assets			<u>117,562</u>
Total assets			<u>1,374,083</u>
Segment liabilities	(174,170)	(46,106)	(220,276)
<i>Reconciliation</i>			
Interest-bearing bank and other borrowings			(446,468)
Tax payable			(2,138)
Unallocated head office and corporate liabilities			<u>(19,414)</u>
Total liabilities			<u>(688,296)</u>
Other segment information:			
Depreciation and amortisation	29,329	18,197	47,526
Capital expenditure [^]	165,277	34,304	199,581
Impairment loss of goodwill and other intangible assets	—	16,808	16,808
Loss on disposal of items of property, plant and equipment	<u>420</u>	<u>749</u>	<u>1,169</u>

Year ended 31 December 2020

	Vocational education RMB'000	Quality- oriented education RMB'000	Total RMB'000
Segment revenue (note 4)			
Sales to external customers	152,806	100,996	253,802
Other revenue	<u>22,825</u>	<u>2,920</u>	<u>25,745</u>
Revenue	<u>175,631</u>	<u>103,916</u>	<u>279,547</u>
Segment results	94,703	11,034	105,737
<i>Reconciliation</i>			
Finance costs (other than interest on lease liabilities)			(9,579)
Interest income			13,963
Unallocated income and expenses, net			<u>(31,002)</u>
Profit before tax			<u>79,119</u>
Segment assets	355,836	70,447	426,283
<i>Reconciliation</i>			
Term deposits			40,000
Pledged deposits			187,000
Cash and bank balances			357,700
Financial assets at fair value through profit or loss			40,893
Unallocated head office and corporate assets			<u>91,194</u>
Total assets			<u>1,143,070</u>
Segment liabilities	(159,153)	(66,033)	(225,186)
<i>Reconciliation</i>			
Interest-bearing bank and other borrowings			(213,961)
Tax payable			(2,914)
Unallocated head office and corporate liabilities			<u>(31,062)</u>
Total liabilities			<u>(473,123)</u>
Other segment information:			
Depreciation and amortisation	21,376	18,250	39,626
Capital expenditure [^]	28,647	9,794	38,441
Loss on disposal of items of property, plant and equipment	<u>1</u>	<u>143</u>	<u>144</u>

[^] Capital expenditure consists of additions in right-of-use assets, property, plant and equipment, and intangible assets including assets from the acquisition of subsidiaries.

Geographical information

During the years ended 31 December 2021 and 2020, the Group operated within one geographical segment because all of its revenue was generated in Mainland China and all of its long-term assets were located in Mainland China. Accordingly, no geographical segment information is presented.

Information about major customers

During the years ended 31 December 2021 and 2020, no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue.

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Notes	2021 RMB'000	2020 RMB'000
Revenue from contracts with customers			
Vocational education			
Tuition fees		128,841	113,348
Boarding fees		16,780	7,179
College operation service income	(a)	23,414	21,089
Others	(b)	16,546	11,190
		<u>185,581</u>	<u>152,806</u>
Quality-oriented education			
Tutoring fees		88,695	84,527
Tuition fees		30,948	10,734
Consultation fees		3,543	5,735
		<u>123,186</u>	<u>100,996</u>
		<u>308,767</u>	<u>253,802</u>

Notes:

- (a) The college operation service income comprises the service income derived from the provision of college operation services and the provision of accommodation services to the students; and
- (b) Others represent service fees received from certain independent universities in respect of the provision of student recruitment services, income received from the provision of vocational training and examination preparation courses and income derived from granting the right of canteen management.

Revenue from contracts with customers

(i) *Disaggregated revenue information*

	2021 RMB'000	2020 RMB'000
<i>Timing of revenue recognition</i>		
Education related services transferred over time	301,566	245,939
Other services recognised at a point of time	<u>7,201</u>	<u>7,863</u>
	<u>308,767</u>	<u>253,802</u>

The Group's contracts with students for college education programmes are normally with a duration of one year renewed up to a total duration of three to five years depending on the education programmes, while those for boarding fees are normally with a duration of one year. Tuition fees of preschool education are with a duration of one month and for the tutorial center, tuition is charged based on the number of tutoring hours to be taken by students and the type of class. Tuition and boarding fees are determined and paid by the students before the start of the school year.

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

	2021 RMB'000	2020 RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Tuition fees	90,775	78,253
Boarding fees	10,637	9,786
Others	<u>7,083</u>	<u>5,257</u>
	<u>108,495</u>	<u>93,296</u>

No revenue recognised during the year relates to performance obligation that was satisfied in prior years.

(ii) *Performance obligations*

Education related services

The performance obligations for the provision of education related services are satisfied over time as services are rendered and payment for tuition fees and boarding fees are normally required before rendering the services.

Other services

The performance obligations related to other services are satisfied at the point of time upon completion of the related services.

The contracts for education related services are for periods of one year or less. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

An analysis of other income and gains is as follows:

	<i>Notes</i>	2021 RMB'000	2020 RMB'000
Other income and gains, net			
Interest income		12,555	13,963
Investment income		4,616	4,204
Sale of education materials and living goods		5,480	4,327
Site use fees	(a)	2,158	2,101
Government grants	(b)	2,545	2,460
Covid-19-related value-added tax exemptions		550	1,986
Covid-19-related rent concessions		—	1,190
Fair value gain/(loss) on financial assets/liabilities at fair value through profit or loss		11,410	(469)
Foreign exchange gain		9,223	1,984
Others		11,242	10,422
		59,779	42,168

Notes:

- (a) The amounts represent usage fees received from certain colleges and enterprises in connection with their uses of the school premises and facilities of the Group to organise teaching and training activities.
- (b) The government grants are mainly related to Zerui Education, a subsidiary of the Group, which received RMB2,000,000 from the local government for awarding the Group's listing of shares (2020: RMB2,000,000).

5. PROFIT BEFORE TAX

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

	<i>Notes</i>	2021 RMB'000	2020 RMB'000
Depreciation of property, plant and equipment		24,215	17,177
Depreciation of right-of-use assets		20,677	20,161
Amortisation of intangible assets*		2,634	2,288
Lease payments not included in the measurement of lease liabilities		2,501	1,824
Employee benefit expense (excluding directors' remuneration):			
Wages and salaries		101,554	84,305
Pension scheme contributions (defined contribution scheme)		11,852	11,075
Equity-settled compensation expenses		3,622	232
		117,028	95,612
Foreign exchange differences, net		(9,223)	(1,984)
(Reversal of)/impairment of trade receivables	10	(621)	1,451
Impairment of goodwill**		13,637	—
Impairment of other intangible assets**		3,171	—
Changes in fair value of financial assets/liabilities at fair value through profit or loss		8,383	469
Auditor's remuneration		1,930	1,830
Loss on disposal of items of property, plant and equipment		1,169	144

* Included in "Cost of sales" or "Administrative expenses" in the consolidated statement of profit or loss.

** Included in "Other expenses" in the consolidated statement of profit or loss.

6. FINANCE COSTS

	2021 RMB'000	2020 RMB'000
Interest on bank and other borrowings	24,187	8,266
Interest on lease liabilities	1,877	2,636
Financing consultancy service charges^	569	1,313
	26,633	12,215

^ Financing consultancy service charges represented service charges paid by the Group in respect of certain bank and other borrowings obtained.

7. INCOME TAX

The major components of the corporate income tax expense for the Group are as follows:

	2021 RMB'000	2020 RMB'000
Current — Mainland China		
Charge for the year	463	1,037
Overprovision in prior years	(28)	(563)
Deferred	<u>(781)</u>	<u>(127)</u>
	<u>(346)</u>	<u>347</u>

8. DIVIDENDS

	2021 RMB'000	2020 RMB'000
Proposed final — HK0.63 cents (2020: HK1.57 cents) per ordinary share	<u>5,964</u>	<u>15,437</u>

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

9. EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings per share is based on the profit attributable to ordinary equity holders of the Company and the adjusted weighted average number of the ordinary shares of 1,139,256,694 (2020: 1,186,289,146) in issue during the year.

The calculation of the diluted earnings per share amount for the year ended 31 December 2021 is based on the profit for the year attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation of diluted earnings per share is the adjusted weighted average number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

There was no dilution effect on the basis earnings per share amount presented in respect of the share options and restricted share units outstanding as at 31 December 2020, and as such the Group had no potential dilutive ordinary shares in issue during the year ended 31 December 2020.

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

	2021 RMB'000	2020 RMB'000
Earnings		
Profit attributable to ordinary equity holders of the Company, used in the basic and diluted earnings per share calculation	<u>29,180</u>	<u>77,184</u>

	Number of shares	
	2021	2020
Shares		
Weighted average number of ordinary shares in issue	1,167,216,000	1,187,831,671
Weighted average number of shares held for the restricted share unit scheme	<u>(27,959,306)</u>	<u>(1,542,525)</u>
Adjusted weighted average number of ordinary shares in issue used in the basic and diluted earnings per share calculation	<u>1,139,256,694</u>	<u>1,186,289,146</u>
Effect of dilution — weighted average number of ordinary shares: restricted share unit scheme	<u>1,050,752</u>	<u>—</u>
Adjusted weighted average number of ordinary shares in issue used in the diluted earnings per share calculation	<u>1,140,307,446</u>	<u>1,186,289,146</u>

10. TRADE RECEIVABLES

	2021	2020
	RMB'000	RMB'000
Tuition receivables	12,406	8,049
Impairment	<u>(1,409)</u>	<u>(2,430)</u>
	<u>10,997</u>	<u>5,619</u>

An ageing analysis of the trade receivables as at the end of the reporting period, based on the transaction date and net of loss allowance, is as follows:

	2021	2020
	RMB'000	RMB'000
Within one year	7,622	4,637
One to two years	2,511	895
Two to three years	<u>864</u>	<u>87</u>
	<u>10,997</u>	<u>5,619</u>

The movements in the loss allowance for impairment of trade receivables are as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
At beginning of year	2,430	979
(Reversal of)/impairment losses	(621)	1,451
Write-off	<u>(400)</u>	<u>—</u>
At end of year	<u><u>1,409</u></u>	<u><u>2,430</u></u>

11. OTHER PAYABLES AND ACCRUALS

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Salary and welfare payables	30,594	24,521
Miscellaneous advances from students*	25,486	29,291
Other tax payables	4,546	4,199
Payables for purchases of property, plant and equipment	13,862	2,511
Deposits	2,644	2,579
Scholarships	651	726
Other payables	18,822	19,444
Remaining consideration payable for acquisition of subsidiaries	<u>—</u>	<u>5,568</u>
	<u><u>96,605</u></u>	<u><u>88,839</u></u>

* The balances mainly represented miscellaneous advances received from students for purchasing uniforms and textbooks on their behalf.

The above balances are unsecured and non-interest-bearing. The carrying amounts of other payables and accruals as at the end of the reporting period approximated to their fair values due to their short term maturities.

MANAGEMENT DISCUSSION AND ANALYSIS

1. BUSINESS REVIEW

1.1 Overview

Focusing on the operation and content incubation of the education industry, and adhering to the development vision of “promoting the progress of civilization with contents and technologies”, the Company has addressed itself to improving the efficiency and customer experience of education operation by virtue of technologies empowerment. Since the establishment of its first school in 2003, the Company has made notable achievements over the past 20 years to become a comprehensive education group focusing on vocational education and continuing education and actively put the development direction of industry-education integration into practice, with diversified revenue streams and a broad customer base.

Considering improving students’ abilities as our core priority, we are committed to unremittingly providing clients with customized services and solutions based on individual demands. Leveraging on our self-innovated education system and standardized management, we dedicate to offering more friendly and convenient education services to students.

1.2 Movements of business operations during the Reporting Period

On 17 April 2021, Zerui Education, one of the PRC Operating Entities of the Company, and the People’s Government of Gaoyi County of Shijiazhuang City of Hebei Province (the “**Gaoyi Country Government**”) have agreed on the cooperation intention with respect to the industry-education integration and synergetic development in Gaoyi County. Accordingly, the Gaoyi County Government intends to provide a site with a planned area of not less than 1,000 acres for integrated higher education development, where a new campus of Shijiazhuang Institute of Technology will be established. The Goayi County Government also intends to provide a site with a planned area of approximately 200 acres as the industry-education integration campus, where local high-tech industries and scientific research institutes would be invited to participate and build a local campus that integrates high-tech industries and education for cultivating high calibre and skilled talents. For details of this cooperation intention with the Gaoyi County Government, please refer to the announcement of the Company dated 18 April 2021.

During the Reporting Period, we commenced the construction work of the new campus of Shijiazhuang Institute of Technology. This project will expand the student capacity of Shijiazhuang Institute of Technology, which will help it reach more enrollment indicators in short term. Thereby, the Group may further expand its scale of vocational education and improve the level and quality of education, so as to lay the foundation for Shijiazhuang Institute of Technology to upgrade to an undergraduate vocational university. In the future, we will build an international university city, with a student capacity of about 30,000. The new

campus will be developed in accordance with the goal of cultivating technical application talents, with coordinated development of multiple disciplines, highlighting applied technologies, and forming a multi-disciplinary cross-penetration professional group. We strive to cultivate competitive application-oriented talents for the sustainable development of the region by providing quality education resources, which has played a positive role in promoting the Group's layout of the pan-vocational education industry ecology. On 4 January 2022, this project was included in the List of Key Construction Projects in Hebei Province in 2022 (《河北省2022年省重點建設項目名單》).

During the Reporting Period, Shijiazhuang Institute of Technology built a new student dormitory, the completion of which has further optimized the living conditions of students while increasing the capacity of the institute.

On 27 July 2021, the Company entered into an agreement with Shandong Commercial Group Co., Ltd (“**Lushang Group**”), an independent third party, in relation to the establishment of a subsidiary. The Company will collaborate with Lushang Group to continuously optimize the rendering of quality education service business and jointly set up related business in Shandong. Both parties will make good use of their respective strengths in market channels, content technology, and operation management. The subsidiary, established in Shandong, will serve as an in-depth practice of the reform on mixed ownership of state-owned capital and private capital, and actively participate in the domestic economy and the conversion of old and new growth momentum. As each of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) of this transaction is less than 5%, the transaction is not subject to the notification and disclosure requirements under the Listing Rules.

1.3 Our Schools

1.3.1 Overview

As at 31 December 2021, the Company owned 14 schools, including 1 private college under vocational education segment (Shijiazhuang Institute of Technology) and was entrusted with the operation of the west campus of Sifang College. 2 Peijian Tutorial Schools, 3 Shinedao Tutorial Schools and 8 Saintach Kindergartens under quality-oriented education segment.

Schools of the Company	31 December 2021	31 December 2020
Vocational education — College	1	1
Quality-oriented education — Tutorial school	5	13
Quality-oriented education — Kindergarten	8	8
Total	<u>14</u>	<u>22</u>

1.3.2 Student enrollment

As at 31 December 2021, we had 29,314 students enrolled in our schools, including 18,792 full-time students and 10,522 part-time students. The specific details are as follows:

Breakdown of student enrollment	2021–2022 school year	2020–2021 school year	Changes	Percentage of changes
Full-time students				
Vocational education — Shijiazhuang				
Institute of Technology				
Including: Junior college ^①	13,844	14,128	(284)	(2.0%)
Secondary college	<u>3,232</u>	<u>2,425</u>	<u>807</u>	<u>33.3%</u>
Subtotal (full-time college students)	<u>17,076</u>	<u>16,553</u>	<u>523</u>	<u>3.2%</u>
Quality-oriented education —				
Saintach Kindergartens	<u>1,716</u>	<u>1,612</u>	<u>104</u>	<u>6.5%</u>
Subtotal (full-time students)	<u>18,792</u>	<u>18,165</u>	<u>627</u>	<u>3.5%</u>
Part-time students				
Vocational education —				
Shijiazhuang Institute of Technology				
Continuing education programs ^①	<u>10,522</u>	<u>12,524</u>	<u>(2,002)</u>	<u>(16.0%)</u>
Subtotal (part-time students)	<u>10,522</u>	<u>12,524</u>	<u>(2,002)</u>	<u>(16.0%)</u>
Total	<u><u>29,314</u></u>	<u><u>30,689</u></u>	<u><u>(1,375)</u></u>	<u><u>(4.5%)</u></u>

Note:

- ① The decrease in the number of students in the continuing education programs for the year ended 31 December 2021 compared to that for the corresponding period of 2020 was mainly due to a decline in enrollment indicators caused by the Double Reduction Opinions of reducing online education pilots in colleges and universities and the policy that the share of offline teaching and directing hours should reach the minimum proportion.

For the year ended 31 December 2021, our vocational education segment provided the west campus of Sifang College with entrusted operation service and accommodation service for 3,653 students.

For the year ended 31 December 2021, our tutorial schools under quality-oriented education segment delivered approximately 372,150 Tutoring Hours to approximately 7,623 students. The specific details are as follows:

Operating information	31 December 2021	31 December 2020	Changes	Percentage of changes
Number of tutoring hours delivered ^①	372,150	430,474	(58,324)	(13.5%)
Number of students tutored	7,623	7,762	(139)	(1.8%)
Renewal rate ^①	<u>41.4%</u>	<u>57.4%</u>	<u>(16.0%)</u>	<u>(27.9%)</u>

Note:

- ① In view of the Double Reduction Opinions, the Group actively responded to the national education policy to adjust our business structure thus have closed certain K12 business, resulting in a decrease in the number of tutoring hours and students tutored as well as the renewal rate.

For the year ended 31 December 2021, there were 37 partner schools under the New Gaokao business of Peijian Tutorial Schools, providing nearly 3,000 students with tutoring and training services, among which, 631 students won the provincial first prizes in school year 2020–2021.

1.3.3 Charge and average tuition revenue

As disclosed in the Prospectus, we charge our students fees comprising tuition (including tutoring fees) and boarding fees, at Shijiazhuang Institute of Technology. Among them, the fee range under quality-oriented education segment approximates to that for the year ended 31 December 2020, whereas the tutoring fee ranges for the junior college courses and secondary college courses at Shijiazhuang Institute of Technology under vocational education segment have changed, as stated in the following table:

Type of course	2021–2022 school year	2020–2021 school year		
Vocational education				
Junior college courses	RMB8,800 to RMB13,000 per school year	RMB7,000 to RMB13,000 per school year		
Secondary college courses	RMB7,200	RMB6,600		
	For the year ended 31 December			
Average Revenue^①	2021 RMB	2020 RMB	Changes RMB	Percentage of changes
Vocational education	7,662	6,848	814	11.9%
Including:				
Junior college	7,882	7,018	864	12.3%
Secondary college	6,578	5,852	726	12.4%
Quality-oriented education				
Kindergartens	<u>18,035</u>	<u>6,661</u>	<u>11,374</u>	<u>170.8%</u>

Note:

- ① The average revenue earned from each full-time student is calculated based on the revenue generated from tuition fees for a whole fiscal year and the average number of students enrolled as at the beginning and end of the same year.

1.3.4 Employment rate

Shijiazhuang Institute of Technology works to build a modern vocational education system, which adopts the “TOP” talent training model (TOP means “Technique-Occupation-Personality”), to continuously cultivate and deliver application-oriented talents for the society. Benefitting from the outstanding professional knowledge, practical operational skills and professionalism of our graduates, Shijiazhuang Institute of Technology has maintained a relatively high level of employment. For the year ended 31 December 2021, Shijiazhuang Institute of Technology, its teachers and students have won

379 ministerial, provincial and municipal awards, including various awards such as International College Students Hand-painted Art and Design Competition (國際大學生手繪藝術與設計大賽), “Soul of National Art” Building the Chinese Dream and Exhibiting Chinese Soul (「國藝魂」共築中國夢，藝展中華魂), the Fifth “Youth Cup” National College Art and Design Works Competition (第五屆「國青杯」全國高校藝術設計作品大賽), the 12th Lanqiao Cup National Software and Information Technology Experts Competition (第十二屆藍橋杯全國軟件和信息技術專業人才大賽), the Ninth National College Digital Art and Design Competition (第九屆全國高校數字藝術設計大賽), etc.

The employment rate of graduates for the 2020–2021 school year was approximately 96.6%:

Employment rate^①	31 December 2021	31 December 2020	Changes	Percentage of changes
Vocational education	<u>96.6%</u>	<u>96.1%</u>	<u>0.5%</u>	<u>0.5%</u>

Note:

- ① The employment rate refers to the proportion of employed students to the total number of junior college graduates for the year.

1.3.5 Industry-Education Integration and School-Enterprise Cooperation

As at 31 December 2021, under the strategic guidance of the industry-education integration, Shijiazhuang Institute of Technology has established four industrial colleges, involving disciplines such as computer network technology, modern mobile communication technology, railway locomotive operation and maintenance, as well as interior art design (VR). A pattern of industry-education integration has been formed under the premise of long-term college-enterprise cooperation. In an industrial college, the college and the enterprise jointly carry out trainings for students, with the college responsible for public courses and the enterprise responsible for professional courses, and both parties jointly undertake the investment of teachers and curriculum construction.

Besides, we work closely with the Government of Hebei Province. In the proposed cooperation with the Gaoyi County Government, we will obtain 200 mus of industrial park commercial land in Gaoyi County for the construction of industrial parks or industrial technology parks. The internship and training for the students from Shijiazhuang Institute of Technology will be conducted in the industrial parks. In the future, we will further cooperate with the Gaoyi County Government for mutual benefits. With the support of government subsidies, we will open a new campus in Gaoyi County for school construction and student deliver based on the local government’s industrial planning, labor needs, output value goals, and outstanding enterprises that need to be introduced. We will cooperate in depth with enterprises in the technology parks by co-developing new industrial majors or equity investments. We will make use of the

education industry resources based on Shijiazhuang Institute of Technology to promote the development of surrounding industrial parks with diversified cooperation, so as to truly realize the industry-education integration as the main direction of vocational education development.

To fully leverage on the functions of vocational education for serving the society, industries and enterprises, and to explore the vocational education system of diversified education operations, open-minded education, talent lifetime services and integrity monitoring, Shijiazhuang Institute of Technology conducted multi-aspect cooperation in various forms with enterprises to establish a stable relationship of school-enterprise cooperation. As at 31 December 2021, 19 professional programs in Shijiazhuang Institute of Technology has worked with 14 enterprises to jointly offer featured majors, representing 25.7% of professional training programs offered. 22 tailor-made classes were established and 6 on-site training programs were organized involving more than 600 students. It also established long-term cooperation relationship with more than 700 domestic and foreign famous enterprises in total, including 60 top 500 global enterprises such as Haier Group Corporation, Panasonic Corporation and Huawei Technologies Co., Ltd., and invited enterprises to invest over RMB18.3 million in total in the construction of practical training rooms, which considerably enriched our teaching practice. Thanks to the in-depth industry-education integration and school-enterprise cooperation, graduating students do not only have solid professional knowledge, but also excellent practical operation skills and good professionalism.

1.3.6 Our teachers

Teachers	31 December 2021	31 December 2020	Changes	Percentage of changes
Full-time teachers				
Vocational education	379	380	(1)	(0.3%)
Quality-oriented education ^①	<u>207</u>	<u>357</u>	<u>(150)</u>	<u>(42.0%)</u>
Subtotal (full-time teachers)	<u>586</u>	<u>737</u>	<u>(151)</u>	<u>(20.5%)</u>
Part-time teachers				
Vocational education ^②	65	111	(46)	(41.4%)
Quality-oriented education ^①	<u>441</u>	<u>608</u>	<u>(167)</u>	<u>(27.5%)</u>
Subtotal (part-time teachers)	<u>506</u>	<u>719</u>	<u>(213)</u>	<u>(29.6%)</u>
Total	<u>1,092</u>	<u>1,456</u>	<u>(364)</u>	<u>(25.0%)</u>

Notes:

- ① In view of the Double Reduction Opinions, the Group actively responded to the national education policy to adjust our business structure, and have closed certain K12 business, resulting in a decrease in the number of both full-time and part-time teachers of the quality-oriented education business.
- ② The decrease in the number of part-time teachers was due to the increase of the number of classes given by outstanding part-time teachers.

The quality of education we provide is strongly tied to the quality of our teachers. We prioritize the recruitment of outstanding teachers and strive to maintain the stability of our teachers. As at 31 December 2021, the percentage of our teachers with a bachelor's degree or above was 84.0%; and the percentage of teachers that had worked with us for more than two years was 61%.

1.4 Our Technological Empowerment

Adhering to the corporate mission of “promoting the development of the education industry with contents and technologies”, our educational technology is more focused on empowering the vocational education industry and creating digital colleges.

Building a “Smart Campus (智慧校園)” system to improve the management level of schools and students. Through providing hardware facilities such as network infrastructure, standard examination venues, broadcast and security, as well as improving and upgrading software platforms such as student management system and teaching management system, we built a digital platform that covers all scenarios of students from admission to graduation.

Improving the “Sousou Smart School (嗖嗖智校)” system to equip schools with a cockpit for big data and personalized vocational education. We strived to establish a core platform for “Smart Campus” to provide full life-cycle management of students such as enrollment management, student registration, financial management, online payment, teaching and related administrative affairs, internship and practical training, and targeted employment. At the same time, we combined with the “Smart Campus” network to build knowledge spectrums and behavior models of students.

Building a “Data Center” and “Digital Billboard” to improve the overall operational efficiency of the Group. We established a standardized data chain operation system by re-developing the business process and developing digital pointer system and visualization platform for real-time target tracking, forecasting and data penetration.

“Tianze Talent (天擇人才)” is an integrated platform for employment, entrepreneurship and management services. Catering for students from higher educational institutions and enterprises, it targets positions in industries where there is a shortage of high-skilled talents (such as production, manufacturing and the internet), and facilitates the transformation and upgrade of the talent training model. With an aim of improving the quality of nurturing talent,

it is an integrated platform providing coordinated planning and establishing comprehensive management and services of employment and entrepreneurship education, with over 1,000 registered enterprises as well as over 20,000 employment opportunities for graduates.

1.5 Our Licenses and Honors

For the year ended 31 December 2021, the Company has completed the 2021 annual examination and verification of the licenses, permits, approvals and certificates necessary to conduct our operations in all material aspects from the relevant government authorities in the PRC as scheduled, which have remained in full effect.

On 6 January 2021, the Company was invited to participate in the “Capital Market Forum and the 5th Golden Hong Kong Stock Awards Ceremony (資本市場論壇暨第五屆金港股頒獎盛典)” jointly organized by Zhitongcaijing.com and www.10JQKA.com.cn., and won the “Best Education Company (最佳教育公司)” award with its steady growth, increasing comprehensive strength and strong potential for future development in recent years.

On 11 January 2021, the Company was selected as the third batch of members of the Zhongguancun Science City Internet Education Industry Development Alliance (中關村科學城互聯網教育產業發展聯盟) (the “**Alliance**”). Under the joint advocacy of the Alliance, the Company will continue to provide its customers with high-quality education services, promote the self-regulation of the education industry, facilitate the aggregation and sharing of resources, and contribute to the benign development of the industry.

On 15 March 2021, the Company was short-listed into the online education list of the “Good Life 2021 Chinese Consumer Brand List (美好生活2021中國消費者品牌榜)” initiated by National Business Daily (每日經濟新聞). As a comprehensive education service provider, the Company began to establish a presence in online education services in 2018 and has the capability of independent research and development of educational technology products. The Company always adheres to the concept of “promoting the development of the education industry with contents and technologies”, and its systematic education service model will continue to boost the organic growth of the industry.

On 12 May 2021, Shijiazhuang Institute of Technology won the provincial-level third prize of “the 10th Vocational Education Teaching Award Prizes in Hebei Province (河北省第十屆職業教育教學成果獎)” organized by the Education Department of Hebei Province.

On 10 December 2021, the Company was invited to participate in the “Global Investment Carnival 2021 (全球投資嘉年華2021)” organized by gelonghui.com, a leading global investment research platform in China, and once again won the “Best Information Disclosure (最佳信息披露)” award for the Best Listed Company in Greater China in 2021 with its consistent high-quality information disclosure.

2. MARKET REVIEW AND NEW REGULATIONS

2.1 Favorable Factors for Vocational Education and Strengthened Cooperation between Government, School, Industry and Enterprise

In May 2021, the Implementation Rules for the Law for Promoting Private Education of the People's Republic of China (《中華人民共和國民辦教育促進法實施條例》) was officially promulgated, providing encouragement measures for the vocational education institution, modes of school operation, and the curriculum design. In July 2021, the Vocational Education Law of the People's Republic of China (《中華人民共和國職業教育法》) was amended to emphasize the necessity of participation by various parties including the government and enterprises, which highlighted the importance of vocational training and provided directional guidance for the establishment of a vocational education system. In October 2021, the General Office of the Central Committee of the Communist Party of China and the General Office of the State Council jointly issued the Opinions on Promoting the High-quality Development of Vocational Education (《關於推動職業教育高質量發展的意見》), emphasizing the implementation of the spirit of the National Conference on Vocational Education to promote the high-quality development of modern vocational education, accelerate the construction of modern vocational education system and build a skill-based society. By 2025, the type of vocational education will be more distinctive, the modern vocational education system will be basically completed, and the construction of a skill-based society will be fully promoted. By 2035, the overall level of vocational education will be at the forefront of the world, and a skill-based society will be basically built. The revision of the Vocational Education Law of the People's Republic of China will be accelerated, with relevant local regulations formulated and revised based on actual conditions. The system of vocational education funding with government investment as the main source and multiple channels as a supplement will be improved to optimize the structure of expenditures, and give preference to vocational education for new education funds.

In order to better serve the regional economic development and scale up the skilled talent pool, the schools under the Company completed their basic teaching and research tasks, besides actively working hand in hand with the local governments, industry associations and key enterprises. In the first half of 2021, we were in charge of the compiling of “Shijiazhuang Luquan District Science and Technology Innovation ‘14th Five-Year Plan’ (《石家莊市鹿泉區科技創新「十四五」規劃》)” and were approved as a government research project by Shijiazhuang Science and Technology Bureau.

The schools under the Company continued to improve the quality of training, strived for offering comprehensive major courses, encouraged their teachers to acquire higher academic qualifications, and strengthened their teaching and research capabilities. At the same time, it actively undertook the task for improving the training quality of provincial vocational education in which they are located, and was approved as a “Double-High” construction college of the plan for improving the training quality of Hebei Province vocational education (2020–2023) (河北省職業教育提質培優行動計劃 (2020–2023)) during the first half of 2021.

At the same time, the schools under the Company adhered to the principle of giving equal emphasis to academic education and vocational training in vocational colleges, actively participated in the initiatives in improving vocational skills raised by the local governments and, as part of the community vocational training system, served as designated local vocational training institutions, and conducted governmental vocational education and social training for 3,305 people. Insisting on improving the conventional school-enterprise cooperation mode and participating in the new apprenticeship training pilot program, we have provided new modern apprenticeship trainings for 10 enterprises with 760 participants. Leveraging on their own strengths, the schools under the Company actively expanded their vocational training-related businesses by strengthening their cooperation with the government, school, industry and enterprise, injecting new momentum to the Company.

2.2 Regulation on Compulsory Education Becoming Stricter, While Quality-oriented Education Remaining Under Development

In 2021, a number of policies targeting compulsory education and after-school tutoring were issued. In May 2021, the Implementation Rules for the Law for Promoting Private Education of the PRC (《中國民辦教育促進法實施條例》) was promulgated to impose restriction on the provision, participation, control and connected transactions of compulsory education. Establishment of private-operated schools for compulsory education was even forced to stop in some provinces. In June 2021, the Ministry of Education established the Department for the Supervision of Off-campus Education, followed by the issue of “Notice on Relevant Innovative Measures and Typical Experience for the Promotion of Some After-School Services for Local Compulsory Education (《關於推廣部分地方義務教育課後服務有關創新舉措和典型經驗的通知》)”, showing the determination to enforce strict regulation on after-school tutorial institutions. The Double Reduction Opinions promulgated in July 2021 aims to regulate the institutions providing tutoring service on school curriculum. It explicitly sets out the objective of conscientiously improving the education standard of schools, regulating off-campus tutoring (both online and offline) on an ongoing basis, and reducing the excessive burden of homework and off-campus tutoring on students during the stage of compulsory education. In November 2021, the General Office of the Ministry of Education issued the Guidelines for the Category Identification of Off-campus Tutoring Projects for the Compulsory Education Stage (《義務教育階段校外培訓項目分類鑒別指南》), which aims to strengthen the management of the identification of curriculum-based projects of off-campus tutoring institutions for the compulsory education stage.

The focus of the policies as mentioned above involves the compulsory education period and subjects training. The businesses of some tutorial schools under the Company will be affected and therefore were closed and suspended. The profit of the closed and suspended business accounts for a small proportion of approximately 9.0% of our overall profit and will not have a significant impact on the operation of the Company as a whole. The Company has been

expanding its New Gaokao business under the “Foundation Enhancement Program (強基計劃)” since the beginning of 2020, which can mitigate the adverse impact from current policies and lay a strong foundation for its subsequent growth.

3. FUTURE PROSPECTS

3.1 Focusing on New Vocational Education

Since 2016, the PRC has been pursuing for higher quality in respect of the development of vocational education and started the amendment to the Vocational Education Law of the People’s Republic of China (《中華人民共和國職業教育法》). In April 2021, the National Vocational Education Conference was convened and important instructions for vocational education were given to emphasize and accelerate the establishment of a modern vocational education system, so as to nurture more outstanding talents in technology and skills. It stated that vocational education was a vital foundation for nurturing talents in technology, facilitating employment, entrepreneurship and innovation, as well as lifting the standard of manufacturing and services in China. At the same time, the implementation of policies proposed by the Ministry of Education to improve the quality of vocational education and nurture talents in various regions and the reform of educational comprehensive evaluation have motivated the development of vocational education, which is different from ordinary school education, in all facets. In October 2021, the General Office of the Central Committee of the Communist Party of China and the General Office of the State Council jointly issued the Opinions on Promoting the High-quality Development of Vocational Education (《關於推動職業教育高質量發展的意見》), which emphasized on accelerating the construction of a modern vocational education system to build a skill-based society, and clarified the construction goals for 2025 and 2035. Compared with general education, vocational education pays more attention to the characteristics of the educated and it helps them develop professional skills in particular fields, thereby giving each of them an opportunity to light up their life in different fields or positions. This is also a necessary channel to encourage sharing wealth of the community and build a new kind of harmonious society that will benefit everyone’s whole life.

The Group will set its focus on new vocational education in the future. Starting with Shijiazhuang Institute of Technology, the Group will keep enriching its continuing education products, from vocational training to life-long education, through internal construction layout of school-enterprise cooperation, external mergers and acquisitions and government-enterprise cooperation to deepen the development of industry-education integration so as to ultimately becoming a comprehensive service provider of new vocational education. The Group will also make adjustments to its existing after-school internship business by rationalizing its product lines strictly in accordance with the requirements under the Double Reduction Opinions and placing the New Gaokao business as the second focus of the Group’s development strategy. It will combine the existing “Foundation Enhancement Program” to establish an innovative system of nurturing talents and talents selection, and will provide management and consultation service for high schools in county areas to enhance their integrated

competitiveness. In this regard, we have started co-operation with Lushang Group in Shandong and will accelerate the expansion of cooperative business across the PRC based on such model. The Group will perform its social responsibilities through revitalizing the development in rural areas and ensuring the balanced development of education levels.

3.2 Business Optimization and Risk Prevention and Control

The Group will optimize its existing business to extend its service scope and strengthen comprehensive quality training. The Group will retain core staff member and deploy key staff to develop business focus. It will maintain close communications with the government, education, marketing and other authorities of areas in which our schools are located to carry out teaching activities in accordance with laws and regulations, in an attempt to avoid penalties due to incompliance and prepare contingency plans for risk prevention.

4. FINANCIAL REVIEW

4.1 Revenue

We derive revenue primarily from tuition (including tutoring fees) of schools from our students, boarding fees and service income for provision of college operation services to the west campus of Sifang College.

Revenue increased by approximately 21.7% from approximately RMB253.8 million for the year ended 31 December 2020 to approximately RMB308.8 million for the year ended 31 December 2021, mainly due to the increase in student enrollment of Shijiazhuang Institute of Technology and the increase in revenue generated from the quality-oriented education because of the mitigation of the epidemic.

4.2 Cost of Sales

Cost of sales primarily consisted of staff costs, rental fees, depreciation and amortization and utilities.

Cost of sales increased by approximately 38.3% from approximately RMB131.5 million for the year ended 31 December 2020 to approximately RMB181.9 million for the year ended 31 December 2021, mainly due to (1) the increase in the staff costs of Shijiazhuang Institute of Technology; (2) the increase in the depreciation and amortization as a result of the increased assets; and (3) the normalization of the teaching activities of Shijiazhuang Institute of Technology and the quality-oriented education driven by the ease of covid-19 pandemic, which led to an increase in cost.

4.3 Gross Profit and Gross Profit Margin

The amount of gross profit increased by approximately 3.7% from RMB122.3 million for the year ended 31 December 2020 to RMB126.8 million for the year ended 31 December 2021, and the gross profit margin decreased from approximately 48.2% for the year ended 31 December 2020 to approximately 41.1% for the year ended 31 December 2021, mainly due to the significant increase in the revenue of Shijiazhuang Institute of Technology and the increase in gross profit resulting from the full resumption of teaching activities of quality-oriented education, which in turn increase cost of sales, leading to the decrease in gross profit margin.

4.4 Other Income and Gains

Other income and gains consisted of (1) investment income; (2) interest income received from bank and other loans; and (3) increase in fair value changes. Other income and gains increased by approximately 41.8% from approximately RMB42.2 million for the year ended 31 December 2020 to approximately RMB59.8 million for the year ended 31 December 2021, mainly due to the increase in fair value changes of external investments.

4.5 Selling and Distribution Expenses

Selling and distribution expenses primarily consisted of salaries and other benefits for recruitment and advertising staff, advertising expenses and student recruitment expenses.

Selling and distribution expenses increased by approximately 34.3% from approximately RMB13.3 million for the year ended 31 December 2020 to approximately RMB17.9 million for the year ended 31 December 2021, mainly due to the increase in enrollment costs, which led to an increase in selling and distribution expenses.

4.6 Administrative Expenses

Administrative expenses consisted of salaries and other benefits for general administrative staff and office related expenses.

Administrative expenses increased by approximately 26.8% from approximately RMB56.1 million for the year ended 31 December 2020 to approximately RMB71.2 million for the year ended 31 December 2021, mainly due to the increase in cost of share based payment which led to an increase in administrative expenses.

4.7 Other Expenses

Other expenses mainly consisted of (1) the impairment of goodwill and intangible assets arising from the acquisition of Shinedao Tutorial Schools; (2) the impact from changes of long-term lease; and (3) expenses relating to loss on disposal of various fixed assets.

Other expenses increased to approximately RMB42.5 million for the year ended 31 December 2021 from approximately RMB3.7 million for the year ended 31 December 2020, mainly due to (1) the impairment of goodwill and intangible assets arising from the acquisition of Shinedao Tutorial Schools amounted to RMB16.8 million; and (2) decrease in fair value change of financial instruments amounted to RMB19.8 million.

4.8 Finance Costs

Finance costs mainly represented interest on loans borrowed from financial institutions, financial advisory service charges and interest on lease liabilities.

Finance costs increased by approximately 118.0% from approximately RMB12.2 million for the year ended 31 December 2020 to approximately RMB26.6 million for the year ended 31 December 2021, mainly due to the increasing amounts of loans from financial institutions.

4.9 Taxation

Income tax decreased to tax credit of RMB0.3 million for the year ended 31 December 2021 from tax expense of RMB0.3 million for the year ended 31 December 2020, mainly due to the decrease in profits generated from the quality-oriented education and the reversal of deferred tax liability for impairment of other intangible asset, which led to the decrease in income tax expenses.

4.10 Profit for the Year

Due to the above factors, the Company's profit for the year decreased from approximately RMB78.8 million for the year ended 31 December 2020 to approximately RMB28.7 million for the year ended 31 December 2021.

4.11 Net Liquidity and Capital and Funds and Borrowing Sources

As at 31 December 2021, net current assets of the Company were approximately RMB146.2 million, which mainly consisted of prepayments, other receivables and other assets, term deposits, pledged deposits and cash and bank balances.

As at 31 December 2021, current assets increased from approximately RMB627.2 million as at 31 December 2020 to approximately RMB699.4 million. The increase in current assets was mainly due to the increase in prepayments, deposits, other receivables and other current assets.

As at 31 December 2021, current liabilities increased from approximately RMB362.8 million as at 31 December 2020 to approximately RMB553.3 million. The increase in current liabilities was mainly due to the increase in interest-bearing bank and borrowings.

As at 31 December 2021, current ratio of the Company (current assets divided by current liabilities) was 126.4%, as compared with 172.9% as at 31 December 2020. The decline in current ratio was mainly due to the increase in in total current liabilities such as interest-bearing bank and borrowings and contract liabilities.

In order to manage the liquidity risk, the Company monitored and maintained a sufficient level of cash and cash equivalents, which is deemed adequate by the management, as the working capital of the Company, and to eliminate the impact of cash flow fluctuations. The Company expects that it can meet the cash flow requirement in the future with internal cash flow generated by operations and bank borrowings. The Company did not adopt other financial instruments for the year ended 31 December 2021.

4.12 Gearing Ratio

As at 31 December 2021, the gearing ratio (calculated by total liabilities divided by total assets) was approximately 50.1%, representing an increase of 8.7% from approximately 41.4% as at 31 December 2020, which was mainly due to the increase in total interest-bearing bank loans.

4.13 Major Investment

Save as disclosed in this results announcement, the Company has no other plans for major investment and capital assets.

4.14 Major Acquisitions and Disposals

On 5 November 2021 (after trading hours), Shijiazhuang Institute of Technology (an indirect wholly-owned subsidiary of the Company) entered into an assets restructuring agreement with Lionful Education Investment Co., Ltd.* (河北廿一世紀教育投資有限公司), pursuant to which one library, one auto training center, four canteens and six dormitory buildings would be acquired by the Group. The total consideration of the acquired properties was RMB310,000,000, among which RMB200,000,000 was for related buildings and ancillary facilities and RMB110,000,000 was for the land use right. For details, please refer to the major and connected transaction announcement and circular of the Company dated 5 November 2021 and 26 November 2021, respectively. The change in the ownership of the acquired properties was expected to complete in July 2022.

4.15 Contingent Liabilities

As at 31 December 2021, the Company did not have any material contingent liabilities, guarantees or any material litigation or claims, pending or threatened against any member of the Company (31 December 2020: Nil).

4.16 Foreign Exchange Risk

As at 31 December 2021, certain bank balances of certain subsidiaries were denominated in RMB, Hong Kong dollars or US dollars which were different from the certain subsidiaries' functional currencies. The Company currently does not have any foreign exchange hedging policy. The management will continue to monitor the foreign currency exchange risk of the Company and consider taking prudent measures in due course.

4.17 Pledge of Asset

For the year ended 31 December 2021, the Group pledged bank deposits of RMB187.0 million (31 December 2020: RMB187.0 million) for obtaining two bank facilities, of which RMB110.0 million (31 December 2020: RMB110.0 million) was unutilized as at 31 December 2021.

4.18 Events after the Reporting Period

On 7 March 2022, Shijiazhuang Zerui, an indirect wholly-owned subsidiary of the Company, successfully won the bid for the land use right of a land located in Gaoyi County, Shijiazhuang City, Hebei Province, the PRC at a total consideration of RMB56.1 million, and entered into a confirmation letter with Public Resources Trading Centre of Gaoyi County accordingly. The land is located in the southeast of Wancheng Village* (萬城村), Wancheng Town* (萬城鎮), Gaoyi County, Shijiazhuang, Hebei Province, the PRC, with a total site area of 74,254.99 square meters. The land with a land use right of 50 years for educational purposes will be used to construct the new campus of Shijiazhuang Institute of Technology. Please refer to the announcement of the Company dated 7 March 2022 for details.

As at the date of this results announcement, the Board has resolved to propose a final dividend of HK0.63 cents per Share for the year ended 31 December 2021.

4.19 Human Resources

As at 31 December 2021, the Group had approximately 1,330 employees (31 December 2020: 1,532 employees). The remuneration policy and treatment of the Group's employees are regularly reviewed in accordance with industry practice and the performance of the Group. The Group provided external and internal training programs to its employees. As required by relevant PRC laws and regulations, the Group participated in various employee social security plans that are administered by local governments, including but not limited to, housing, pension insurance, medical insurance and unemployment insurance.

USE OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING

On 29 May 2018, the Company issued 360,000,000 Shares at a price of HK\$1.13 per Share pursuant to the initial public offering of Shares, with the total proceeds of approximately HK\$393 million and the Shares listed on the Main Board of the Stock Exchange. On 17 June 2018, the Company issued

36,000,000 Shares at a price of HK\$1.13 per Share pursuant to a partial exercise of over-allotment options relating to the listing of Shares, with the total proceeds of approximately HK\$40.7 million. The net proceeds from the listing of Shares (net of underwriting fees and relevant expenses) amounted to approximately HK\$433 million. The amount will be applied in the manners as set out in (i) the section headed “Future Plans and Use of Proceeds” in the Prospectus; (ii) the announcement of the Company dated 12 June 2019 in relation to the change in use of proceeds; and (iii) the announcement of the Company dated 9 March 2022 in relation to the change in use of proceeds (the “**Announcement**”).

Set out below is the use of net proceeds from the initial public offering for the year ended 31 December 2021 and as at the date of the Announcement:

	Original use of net proceeds ⁽¹⁾ (HK\$ million)	Actual use of net proceeds up to 31 December 2021 (HK\$ million)	Utilized amount in 2021 (HK\$ million)	Remaining balance up to 31 December 2021 (HK\$ million)	Revised use of proceeds as at the date of the Announcement ⁽²⁾ (HK\$ million)	Remaining balance up to the date of the Announcement (HK\$ million)	Expected timeline of full utilization of the remaining balance ⁽³⁾
Invest in, acquire and rebrand the domestic and overseas vocational education and quality-oriented education training schools and junior and undergraduate colleges	173.2	133.7	40.1	39.5	133.7	—	Fully utilized
Expand the Saintach Tutorial Center network in the Integrated Area through acquisition of third-party tutorial schools primarily engaged in providing small group tutoring services	86.6	62.2	13.0	24.4	62.2	—	Fully utilized
Investment in new campus of Shijiazhuang Institute of Technology, including the construction of teaching buildings, dormitories, campus environment and related supporting facilities	Not applicable	Not applicable	Not applicable	Not applicable	163.2	163.2	31 December 2023
Maintain, renovate and upgrade the facilities, equipment and infrastructure of the schools and tutorial centers of the Group and improve student accommodation, campus environment and teaching conditions at Shijiazhuang Institute of Technology	86.6	36.7	1.9	49.9	36.7	—	Fully utilized
Establish the Group's presence overseas and obtain experience in operating schools abroad	43.3	—	0.0	43.3	—	—	Not applicable
Fund the Group's working capital and general corporate purposes	43.3	37.2	4.4	6.1	37.2	—	Fully utilized
Total	433.0	269.8	59.4	163.2	433.0	163.2	

Notes:

- (1) The original use of net proceeds shows the allocation of the net proceeds after the re-allocation as disclosed in the announcement of the Company dated 12 June 2019 in relation to the change in use of proceeds.
- (2) The revised use of net proceeds shows the allocation of the net proceeds after the re-allocation as disclosed in the Announcement in relation to the change in use of proceeds.
- (3) The expected timeline for utilizing the remaining proceeds is based on the best estimation made by the Group. It will be subject to change based on the current and future development of the market condition.

PROFIT DISTRIBUTION

The Board recommends a final dividend of HK0.63 cents per Share for the year ended 31 December 2021. Subject to approval by the Shareholders at the annual general meeting of the Company (the “AGM”) to be held on 28 June 2022, the final dividend will be paid on 29 July 2022 to the Shareholders whose names appear on the register of members of the Company on 22 July 2022.

CLOSURE OF REGISTER OF MEMBERS

In order to determine the entitlement of Shareholders to attend and vote at the AGM, the register of members of the Company will be closed from Thursday, 23 June 2022 to Tuesday, 28 June 2022, both days inclusive, during which no transfer of Shares will be registered. In order to be eligible to attend and vote at the AGM, all transfer documents of Shares accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong branch share registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, for registration no later than 4:30 p.m. on Wednesday, 22 June 2022.

In order to determine the eligibility of Shareholders to receive the proposed final dividend, the register of members of the Company will be closed from Friday, 15 July 2022 to Friday, 22 July 2022, both days inclusive, during which no transfer of Shares will be registered. In order to qualify for the proposed final dividend, all transfer documents of Shares together with the relevant share certificates must be delivered to the Company’s Hong Kong branch share registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, for registration no later than 4:30 p.m. on Thursday, 14 July 2022.

SUFFICIENT PUBLIC FLOAT

According to the information available to the Company in public and to the knowledge of the Directors, at any time during the Reporting Period and up to the date of this results announcement, at least 25% (i.e., the prescribed minimum percentage of public float approved by the Stock Exchange and permitted under the Listing Rules) of the total issued Shares of the Company were held by the public.

CORPORATE GOVERNANCE CODE

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 to the Listing Rules as its own code of corporate governance.

For the year ended 31 December 2021, the Company complied with all the applicable code provisions under the CG Code, and adopted most of the recommended best practices set forth therein. The Company will continue to review and monitor its corporate governance practices to ensure the compliance with the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the “**Model Code**”) as its own code of conduct regarding Directors’ securities transactions. Specific enquiries have been made to all the Directors and each of the Directors has confirmed that he/she has complied with the code provisions of the Model Code during the year ended 31 December 2021.

For the year ended 31 December 2021, the Company also adopted its own code of conduct regarding employees’ securities transactions on terms no less exacting than the standards set out in the Model Code for the compliance by its relevant employees who are likely to be in possession of unpublished inside information of the Company in respect of their dealings in the Company’s securities.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the year ended 31 December 2021.

AUDIT COMMITTEE

For the year ended 31 December 2021, the audit committee of the Company (the “**Audit Committee**”) consisted of three members, namely Mr. Yao Zhijun (chairman), Mr. Guo Litian and Mr. Wan Joseph Jason, all of whom are independent non-executive Directors.

The Audit Committee has adopted the terms of reference which are in line with the CG Code. The primary duties of the Audit Committee include reviewing and monitoring the financial control, risk management and internal control systems and procedures of the Group, reviewing the financial information of the Group and the relationship with the external auditor of the Company. The annual results and the consolidated financial report of the Group for the year 2021 have been reviewed by the Audit Committee.

SCOPE OF WORK OF THE GROUP’S AUDITOR

The figures set out in the preliminary announcement of the Group’s results for the year ended 31 December 2021 have been agreed by the Group’s auditor, Ernst & Young (“**EY**”) to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by EY in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by EY on this preliminary announcement.

PUBLICATION OF RESULTS ANNOUNCEMENT AND 2021 ANNUAL REPORT ON WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This results announcement is published on the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.21centuryedu.com. The 2021 annual report containing all the information required by the Listing Rules will be dispatched to the Shareholders and published on the respective websites of the Stock Exchange and the Company in due course.

DEFINITIONS

“Board”	the board of directors of the Company
“Company”	China 21st Century Education Group Limited, an exempted company incorporated in the Cayman Islands with limited liability on 20 September 2016, with its Shares listed on the Main Board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“Double Reduction Opinions”	The Opinions on Further Reducing the Burden of Compulsory Education Students’ Homework and Off-campus Tutoring* (《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》) promulgated by the General Office of the Central Committee of the Communist Party of China and the General Office of the State Council in July 2021
“Education Department of Hebei Province”	an integral department of the provincial government, which is responsible for the education cause in Hebei Province
“government” or “State”	the central government of the PRC, including all governmental subdivisions (such as provincial, municipal and other regional subdivisions) or local government entities
“Group” or “we”	the Company, its subsidiaries and the PRC Operating Entities owned by it from time to time
“Hebei Saintach”	Hebei Saintach Education and Technology Co., Ltd.* (河北新天際教育科技有限公司), a limited liability company established under the laws of the PRC on 17 September 2002, which is a PRC Operating Entity
“independent third party(ies)”	a third party(ies) independent of the Company and its connected persons
“Integrated Area”	also known as the Beijing-Tianjin-Hebei integrated area. Its concept was raised according to a national strategic initiative to promote the region’s economic development

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“Peijian Tutorial School(s)”	Chongqing Peijian Tutorial School Limited* (重慶培尖課外培訓學校有限公司) and Hangzhou Huashi Peijian Tutorial School Limited* (杭州華石培尖培訓學校有限公司), which are the PRC Operating Entities
“PRC” or “China”	the People’s Republic of China
“PRC Operating Entity(ies)”	Shijiazhuang Saintach, Hebei Saintach, Shijiazhuang Institute of Technology, Peijian Tutorial Schools, Shinedao Tutorial Schools, Zerui Education and Saintach Kindergartens
“Prospectus”	the prospectus issued by the Company for the initial public offering and listing dated 15 May 2018
“Reporting Period”	for the year ended 31 December 2021
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC for the time being
“Saintach Kindergarten(s)”	Shijiazhuang Qiaoxi District Blue Crystal Saintach Kindergarten* (石家莊市橋西區新天際藍水晶幼兒園), Shijiazhuang Luquan District Fukang Saintach Kindergarten* (石家莊市鹿泉區新天際福康幼兒園), Shijiazhuang Chang’an District Jianhua Saintach Kindergarten* (石家莊市長安區新天際建華幼兒園), Shijiazhuang Qiaoxi District Lidu Saintach Kindergarten* (石家莊市橋西區新天際麗都幼兒園), Shijiazhuang High-tech Industrial Development Zone Tianshan Saintach Kindergarten* (石家莊高新技術產業開發區新天際天山幼兒園), Shijiazhuang Chang’an District Qinghui Saintach Kindergarten* (石家莊市長安區新天際清暉幼兒園), Zhengding County Saintach Kindergarten* (正定縣新天際幼兒園) and Zhengding County Fumenli Saintach Kindergarten* (正定縣新天際福門里幼兒園), which are the PRC Operating Entities
“Saintach Tutorial Center(s)”	tutorial centers being set up in multiple operating locations which are organized by different Saintach Tutorial Schools

“Saintach Tutorial School(s)”	Shijiazhuang City Qiaoxi District Bilingual Culture Tutorial School* (石家莊市橋西區雙語文化培訓學校), Shijiazhuang City Chang'an District Saintach Tutorial School* (石家莊市長安區新天際培訓學校), Shijiazhuang Yuhua District Donggang Road Saintach Tutorial School* (石家莊市裕華區東崗路新天際培訓學校), Shijiazhuang City Qiaoxi District Zhicheng Tutorial School* (石家莊市橋西區智城培訓學校), Shijiazhuang City High-tech Zone Saintach Tutorial School* (石家莊市高新區新天際培訓學校) and Shijiazhuang City Xinhua District Huixuan Education Tutorial School* (石家莊市新華區慧軒教育培訓學校), which are the PRC Operating Entities
“school sponsor(s)”	the individual(s) or entity(ies) that funds or holds interests in an educational institution
“school year”	the school year for all our schools, which generally commences on 1 September of each calendar year and ends on 30 June of the next calendar year
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Shijiazhuang Zerui”	Shijiazhuang Zerui Education and Technology Co., Ltd.* (石家莊澤瑞教育科技有限公司), a limited liability company established under the laws of the PRC on 2 July 2021 and wholly-owned by Zerui Education as at the date of this results announcement
“Shijiazhuang Institute of Technology”	Shijiazhuang Institute of Technology* (石家莊理工職業學院), a junior college established under the laws of the PRC on 1 July 2003 of which school sponsors' interest are wholly-owned by Zerui Education as at the date of this results announcement, and one of the PRC Operating Entities
“Shijiazhuang Saintach”	Shijiazhuang Saintach Education and Technology Co., Ltd.* (石家莊新天際教育科技有限公司), a limited liability company established under the laws of the PRC on 13 July 2011, wholly-owned by Zerui Education as at the date of this results announcement, and one of the PRC Operating Entities
“Shinedao Tutorial School(s)”	Shaoxing Shangyu Shinedao Education Tutorial School* (紹興市上虞區學鼎教育培訓學校), Zhoushan Dinghai Shinedao Education Tutorial School* (舟山市定海區學鼎教育培訓學校) and Yuyao Shinedao Education Tutorial School (余姚市學鼎教育培訓學校), which are the PRC Operating Entities

“Sifang College”	Sifang College of Shijiazhuang Tiedao University* (石家莊鐵道大學四方學院)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tutoring Hour(s)”	the unit for measuring tutoring time delivered to students, typically representing a duration of 60 minutes for secondary school students and 40 minutes for primary school students
“Zerui Education”	Hebei Zerui Education Technology Co., Ltd.* (河北澤瑞教育科技有限公司), a limited liability company established under the laws of the PRC on 12 July 2017, which was owned as to 80.625% by Mr. Li Yunong and 19.375% by Ms. Luo Xinlan as at the date of this results announcement, and one of the PRC Operating Entities
“%”	per cent.

By order of the Board
China 21st Century Education Group Limited
Li Yunong
Chairman

Hong Kong, 31 March 2022

As at the date of this announcement, executive Directors are Mr. Li Yunong, Ms. Liu Hongwei, Mr. Ren Caiyin, Ms. Yang Li and Mr. Li Yasheng; and independent non-executive Directors are Mr. Guo Litian, Mr. Yao Zhijun and Mr. Wan Joseph Jason.

* *For identification purpose only*