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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 2023
AND
AMENDMENT OF SHARE AWARD PLAN**

HIGHLIGHTS OF ANNUAL RESULTS

	Year ended 31 December		Changes (RMB'000)	Percentage of changes
	2023 (RMB'000)	2022 (RMB'000)		
Revenue	420,028	311,908	108,120	34.7%
Gross profit	164,959	146,384	18,575	12.7%
EBITDA	167,429	119,094	48,335	40.6%
Profit for the year	39,836	26,718	13,118	49.1%
Earnings per share (RMB cents)				
Basic				
– For profit for the year	3.50	2.39	1.11	46.4%
Diluted				
– For profit for the year	3.50	2.39	1.11	46.4%
	2023/2024 school year	2022/2023 school year	Changes	Percentage of changes
Total number of full-time students (Note)	27,662	23,888	3,774	15.8%

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

The Board is pleased to announce the audited consolidated results of the Company and its subsidiaries for the year ended 31 December 2023, together with the comparative figures for the year ended 31 December 2022, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	<i>Notes</i>	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Revenue	4	420,028	311,908
Cost of sales		<u>(255,069)</u>	<u>(165,524)</u>
Gross profit		164,959	146,384
Other income and gains, net	4	43,851	35,186
Selling and distribution expenses		(26,227)	(16,007)
General and administrative expenses		(82,699)	(70,758)
Other expenses		(17,979)	(31,766)
Finance costs	6	<u>(42,745)</u>	<u>(35,625)</u>
Profit before tax	5	39,160	27,414
Income tax credit/(expense)	7	<u>676</u>	<u>(696)</u>
Profit for the year		<u>39,836</u>	<u>26,718</u>
Attributable to:			
Owners of the Company		39,911	27,300
Non-controlling interests		<u>(75)</u>	<u>(582)</u>
		<u>39,836</u>	<u>26,718</u>
Earnings per share attributable to ordinary equity holders of the Company	9		
Basic		<u>RMB3.50 cents</u>	<u>RMB2.39 cents</u>
Diluted		<u>RMB3.50 cents</u>	<u>RMB2.39 cents</u>

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Profit for the year	39,836	26,718
Other comprehensive income		
<i>Items that will not be reclassified to profit or loss:</i>		
Exchange differences on translation of the Company	4,128	20,955
<i>Items that may be reclassified to profit or loss:</i>		
Exchange differences on translation of foreign operations	<u>29</u>	<u>(1,486)</u>
Other comprehensive income for the year	<u>4,157</u>	<u>19,469</u>
Total comprehensive income for the year	<u><u>43,993</u></u>	<u><u>46,187</u></u>
Attributable to:		
Owners of the Company	44,068	46,769
Non-controlling interests	<u>(75)</u>	<u>(582)</u>
	<u><u>43,993</u></u>	<u><u>46,187</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	<i>Notes</i>	2023 RMB'000	2022 RMB'000
Non-current assets			
Property, plant and equipment		941,962	641,915
Right-of-use assets		538,980	533,517
Goodwill		81,015	89,507
Other intangible assets		41,083	45,770
Financial assets at fair value through profit or loss		1,091	1,041
Pledged deposits		–	66,000
Deferred tax assets		8,440	8,475
Other non-current assets		35,855	65,953
		<hr/>	<hr/>
Total non-current assets		1,648,426	1,452,178
Current assets			
Trade receivables	<i>10</i>	22,099	11,590
Contract costs		10,572	4,059
Prepayments, other receivables and other assets		62,926	45,428
Amount due from related parties		–	12,787
Financial assets at fair value through profit or loss		7,906	5,449
Term deposits		40,000	90,000
Pledged deposits		176,000	110,000
Cash and bank balances		270,254	212,583
Other current assets		84,566	11,388
		<hr/>	<hr/>
Total current assets		674,323	503,284
Current liabilities			
Other payables and accruals	<i>11</i>	218,559	146,523
Contract liabilities		189,574	143,025
Interest-bearing bank and other borrowings		571,100	233,702
Lease liabilities		7,667	31,634
Amounts due to related parties		–	882
Tax payable		2,656	2,142
Other current liabilities		–	1,671
		<hr/>	<hr/>
Total current liabilities		989,556	559,579

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Net current liabilities	<u>(315,233)</u>	<u>(56,295)</u>
Total assets less current liabilities	<u>1,333,193</u>	<u>1,395,883</u>
Non-current liabilities		
Interest-bearing bank and other borrowings	304,561	459,681
Lease liabilities	68,532	36,976
Deferred tax liabilities	5,924	7,365
Deferred income	165,097	166,000
Other payables and accruals	<u>7,894</u>	<u>–</u>
Total non-current liabilities	<u>552,008</u>	<u>670,022</u>
NET ASSETS	<u><u>781,185</u></u>	<u><u>725,861</u></u>
Capital and reserves		
Share capital	9,750	9,750
Treasury shares	(168)	(169)
Reserves	<u>768,778</u>	<u>708,917</u>
Equity attributable to owners of the Company	<u>778,360</u>	<u>718,498</u>
Non-controlling interests	<u>2,825</u>	<u>7,363</u>
TOTAL EQUITY	<u><u>781,185</u></u>	<u><u>725,861</u></u>

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 December 2023

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 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 of the Company (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 (“**BVI**”).

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.

The Group had net current liabilities of approximately RMB315.2 million as at 31 December 2023 which was primarily attributable to the capital outlay for acquiring certain education-related operating assets during the year ended 31 December 2023 and the reclassification of certain bank loans with specific drawdown requirements amounted to approximately RMB282.5 million as at 31 December 2023 to current liabilities. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

In view of the net current liabilities position, the Directors have given careful consideration of the Group’s operating performance, the availability of sources of financing and the future cash flows in assessing the Group’s capability to continue its business as a going concern. Taking into consideration the increase in the number of students intake, the cash flows from operations, the additional financial resources available to the Group including the available banking facilities and the successful refinancing of certain existing bank and other borrowings upon maturity, and the positive operating results, the Directors are of the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Should the Group be unable to continue as a going concern, adjustments would have to be made to the consolidated financial statements to adjust the value of the Group’s assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2023. 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).

Generally, there is a presumption that a majority of voting rights results in control. 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 ADOPTION OF NEW AND REVISED IFRSs

In the current year, the Group has adopted all the new and revised IFRSs issued by the IASB that are relevant to its operations and effective for its accounting year beginning on 1 January 2023. IFRSs comprise IFRS; IASs; and Interpretations. The adoption of these new and revised IFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current year and prior years.

The Group has not applied the new and revised IFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised IFRSs but is not yet in a position to state whether these new and revised IFRSs would have a material impact on its results of operations and financial position.

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 income and 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 2023	Vocational education RMB'000	Non-vocational education RMB'000	Total RMB'000
Segment revenue (note 4)			
Sales to external customers	270,471	149,557	420,028
Other revenue	<u>23,322</u>	<u>9,057</u>	<u>32,379</u>
Revenue	<u><u>293,793</u></u>	<u><u>158,614</u></u>	<u><u>452,407</u></u>
Segment results	106,941	(5,211)	101,730
Reconciliation			
Finance costs (other than interest on lease liabilities)			(39,011)
Interest income			11,125
Unallocated income and expenses, net			<u>(34,684)</u>
Profit before tax			<u><u>39,160</u></u>
Segment assets	1,506,890	161,257	1,668,147
Reconciliation			
Term deposits			40,000
Pledged deposits			176,000
Cash and bank balances			270,254
Financial assets at fair value through profit or loss			8,997
Unallocated head office and corporate assets			<u>159,351</u>
Total assets			<u><u>2,322,749</u></u>
Segment liabilities	(505,677)	(142,449)	(648,126)
Reconciliation			
Interest-bearing bank and other borrowings			(875,661)
Tax payable			(2,656)
Unallocated head office and corporate liabilities			<u>(15,121)</u>
Total liabilities			<u><u>(1,541,564)</u></u>
Other segment information:			
Depreciation and amortisation	47,818	38,064	85,882
Capital expenditure	338,199	83,025	421,224
Impairment loss on goodwill and other intangible assets	–	8,492	8,492
Loss on disposal of items of property, plant and equipment	<u>8</u>	<u>863</u>	<u>871</u>

Year ended 31 December 2022	Vocational education RMB'000	Non-vocational education RMB'000	Total RMB'000
Segment revenue (note 4)			
Sales to external customers	223,641	88,267	311,908
Other revenue	<u>17,798</u>	<u>2,492</u>	<u>20,290</u>
Revenue	<u>241,439</u>	<u>90,759</u>	<u>332,198</u>
Segment results	109,415	1,096	110,511
Reconciliation			
Finance costs (other than interest on lease liabilities)			(33,763)
Interest income			14,146
Unallocated income and expenses, net			<u>(63,480)</u>
Profit before tax			<u>27,414</u>
Segment assets	735,609	151,097	886,706
Reconciliation			
Term deposits			90,000
Pledged deposits			176,000
Cash and bank balances			212,583
Financial assets at fair value through profit or loss			6,490
Unallocated head office and corporate assets			<u>583,683</u>
Total assets			<u>1,955,462</u>
Segment liabilities	(198,576)	(120,971)	(319,547)
Reconciliation			
Interest-bearing bank and other borrowings			(693,383)
Tax payable			(2,142)
Unallocated head office and corporate liabilities			<u>(214,529)</u>
Total liabilities			<u>(1,229,601)</u>
Other segment information:			
Depreciation and amortisation	37,113	19,301	56,414
Capital expenditure [^]	615,696	271,219	886,915
Impairment loss on goodwill and other intangible assets	–	8,629	8,629
Loss on disposal of items of property, plant and equipment	<u>59</u>	<u>56</u>	<u>115</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 2023 and 2022, 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 2023 and 2022, 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:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Revenue from contracts with customers		
Vocational education		
Tuition fees	198,129	166,349
Boarding fees	29,125	20,927
College operation service income	27,264	25,418
Others	<u>15,953</u>	<u>11,012</u>
	<u>270,471</u>	<u>223,706</u>
Non-vocational education		
Tutoring fees	50,851	34,068
Tuition fees	93,495	50,893
Boarding fees	4,651	1,847
Consultation fees	<u>560</u>	<u>1,394</u>
	<u>149,557</u>	<u>88,202</u>
	<u><u>420,028</u></u>	<u><u>311,908</u></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

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Timing of revenue recognition		
Education related services transferred over time	413,706	308,192
Other services recognised at a point of time	<u>6,322</u>	<u>3,716</u>
	<u><u>420,028</u></u>	<u><u>311,908</u></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 by the Group 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:

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Tuition fees	115,745	77,197
Boarding fees	19,286	14,728
Others	<u>7,994</u>	<u>9,376</u>
	<u><u>143,025</u></u>	<u><u>101,301</u></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>	2023 RMB'000	2022 RMB'000
Other income and gains, net			
Interest income		11,125	14,146
Investment income		2,942	5,368
Sale of education materials and living goods		7,049	3,828
Site use fees	(a)	2,971	1,880
Government grants	(b)	8,507	750
Covid-19-related VAT exemptions		92	217
Fair value gain on financial assets at fair value through profit or loss		920	–
Others		10,245	8,997
		43,851	35,186

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 were received by the Group and credited to profit or loss. There were no unfulfilled conditions in respect of these government grants.

5. PROFIT BEFORE TAX

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

	2023	2022
	RMB'000	RMB'000
Cost of services provided	255,069	165,524
Depreciation of property, plant and equipment	38,295	25,705
Depreciation of right-of-use assets	39,561	26,051
Amortisation of intangible assets*	8,026	4,658
Lease payments not included in the measurement of lease liabilities	642	1,003
Employee benefit expense (excluding directors' remuneration):		
Wages and salaries	103,985	86,068
Pension scheme contributions (defined contribution scheme)	10,916	8,961
Equity-settled compensation expenses	1,192	2,200
	116,093	97,229
Auditor's remuneration:		
Annual audit	1,600	1,780
Agreed-upon procedures	530	350
	2,130	2,130
Foreign exchange differences, net	3,055	17,385
(Reversal of impairment)/impairment of trade receivables	(325)	205
Impairment of goodwill**	8,492	8,629
Impairment of other receivable	242	1,940
Changes in fair value of financial assets/liabilities at fair value through profit or loss	(920)	780
Loss on disposal of items of property, plant and equipment	871	115

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

** Included in "Other expenses" in the consolidated statement of profit or loss and other comprehensive income.

6. FINANCE COSTS

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Interest on bank and other borrowings	42,303	44,039
Less: Interest capitalised	<u>(3,650)</u>	<u>(10,635)</u>
	38,653	33,404
Interest on lease liabilities	3,734	1,862
Financing consultancy service charges [^]	<u>358</u>	<u>359</u>
	<u>42,745</u>	<u>35,625</u>

[^] 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:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Current – Mainland China		
Charge for the year	728	412
Under-provision/(over-provision) in prior years	2	(28)
Deferred	<u>(1,406)</u>	<u>312</u>
	<u>(676)</u>	<u>696</u>

8. DIVIDENDS

The directors do not recommend the payment of any final dividend in respect of the year (2022: HK\$0.80 cents per ordinary share).

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY 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 1,141,262,609 (2022: 1,142,214,364) in issue during the year.

The calculation of the diluted earnings per share amount for the years ended 31 December 2023 and 2022 is based on the profit for the year attributable to ordinary equity holders of the Company. 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.

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

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Earnings		
Profit attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation	<u>39,911</u>	<u>27,300</u>
	Number of shares	
	2023	2022
Shares		
Weighted average number of ordinary shares in issue	1,161,204,000	1,162,964,811
Weighted average number of shares held for the restricted share unit scheme	<u>(19,941,391)</u>	<u>(20,750,447)</u>
Adjusted weighted average number of ordinary shares in issue used in the basic and diluted earnings per share calculation	<u>1,141,262,609</u>	<u>1,142,214,364</u>
Effect of dilution-weighted average number of ordinary shares: restricted share unit scheme	<u>554,107</u>	<u>—</u>
Adjusted weighted average number of ordinary shares in issue used in the diluted earnings per share calculation	<u>1,141,816,716</u>	<u>1,142,214,364</u>

10. TRADE RECEIVABLES

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Tuition receivables	23,012	12,997
Impairment	<u>(913)</u>	<u>(1,407)</u>
	<u>22,099</u>	<u>11,590</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:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Within one year	17,394	9,148
One to two years	4,161	2,242
Two to three years	<u>544</u>	<u>200</u>
	<u>22,099</u>	<u>11,590</u>

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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
At beginning of year	1,407	1,409
(Reversal of impairment losses)/impairment losses	(325)	205
Write-off	<u>(169)</u>	<u>(207)</u>
At end of year	<u>913</u>	<u>1,407</u>

11. OTHER PAYABLES AND ACCRUALS

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Salary and welfare payables	50,129	32,864
Miscellaneous advances from students*	36,098	29,941
Other tax payables	4,400	4,488
Payables for purchases of property, plant and equipment	80,489	30,678
Deposits	8,546	6,005
Scholarships	1,196	1,610
Other payables	30,755	32,957
Retention payable [#]	10,440	–
Remaining consideration payable for acquisition of a subsidiary	4,400	7,980
	<u>226,453</u>	<u>146,523</u>
Analysed into:		
Current portion	218,559	146,523
Non-current portion	<u>7,894</u>	<u>–</u>

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

Retention payable is withheld from the suppliers of construction works and will be released by the Group within 12 to 60 months upon completion of their works.

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 Business Profiles

The Company focuses on the operation and content incubation of the education industry. Since the establishment of its first school in 2003, the Company has made notable achievements over the past more than 20 years to become a comprehensive education group focusing on new vocational 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 Our Schools

1.2.1 Overview

As at 31 December 2023, the Company owned 11 schools, including 1 private college (Shijiazhuang Institute of Technology) under vocational education segment; 1 ordinary high school, 1 New Gaokao* (新高考) Business institutions and 8 Saintach Kindergartens under non-vocational education segment. The Group was also entrusted with the operation of the west campus of Sifang College (vocational education segment).

Schools of the Company	31 December 2023	31 December 2022
Vocational education – College	1	1
Non-vocational education – Ordinary high school	1	1
– New Gaokao* (新高考)		
Business institutions	1	2
– Kindergartens	8	8
Total	<u>11</u>	<u>12</u>

1.2.2 Student enrollment

As at 31 December 2023, we had 27,662 full-time students enrolled in our schools. The specific details are as follows:

Breakdown of student enrollment	2023-2024 school year	2022-2023 school year	Changes	Percentage of changes
Full-time students				
Vocational education –				
Shijiazhuang Institute of Technology				
Including: Junior college	21,232	16,937	4,295	25.4%
Secondary college	2,262	2,872	(610)	(21.2%)
Subtotal (full-time college students)	23,494	19,809	3,685	18.6%
Non-vocational education				
Including: Shijiazhuang Yuying Experimental High School* (石家莊 育英實驗中學)	2,549	2,361	188	8.0%
Saintach Kindergartens	1,619	1,718	(99)	(5.8%)
Total (full-time students)	27,662	23,888	3,774	15.8%

As at 31 December 2023, our vocational education segment provided the west campus of Sifang College with entrusted operation service and accommodation service for 3,906 students.

1.2.3 Charge and average tuition revenue

We charge our students fees comprising tuition (including tutoring fees) and boarding fees at Shijiazhuang Institute of Technology. Among them, the fee range under non-vocational education segment approximates to that for the year ended 31 December 2022, 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	2023-2024 school year	2022-2023 school year
Vocational education		
Junior college courses	RMB9,000 to RMB17,000 per school year	RMB8,800 to RMB17,000 per school year
Secondary college courses	RMB9,360 per school year	RMB9,360 per school year

Average Revenue ^①	For the year ended			
	31 December 2023	2022	Changes	Percentage of changes
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	
Vocational education	9,151	8,398	753	9.0%
Including: Junior college	9,420	8,658	762	8.8%
Secondary college	7,151	6,861	290	4.2%
Non-vocational education				
Including: Ordinary high school	17,125	9,119	8,006	87.8%
Kindergartens	19,148	18,378	770	4.2%

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 number of students enrolled as at the end of the same year.

1.2.4 Employment rate

Shijiazhuang Institute of Technology has built 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. Benefiting 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 2023, Shijiazhuang Institute of Technology, its teachers and students have won 188 ministerial, provincial and municipal awards, including various awards such as BRICs Countries Skill Development and Technical Innovation of the Belt and Road Countries (一帶一路暨金磚國家技能發展與技術創新大賽), 2023 National College Digital Art and Design Competition (2023年全國高校數字藝術設計大賽), the 2nd Art Achievement Exhibition of “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」第二屆藝術成果展演), 2023 National College Students Business Data Analysis Skills Competition (2023年全國大學生商務數據分析技能大賽), the 9th “ZHONG ZHUANG CUP” National College Students Environmental Design Competition (第九屆「中裝杯」全國大學生環境設計大賽), National College Students Live E-commerce Skills Competition (全國大學生直播電商技能大賽) and “Xuechuang Cup” National College Students Entrepreneurship Comprehensive Simulation Competition (「學創杯」全國大學生創業綜合模擬大賽).

The employment rate of graduates for the 2022-2023 school year was approximately 97.9%:

Employment rate^①	31 December 2023	31 December 2022	Changes	Percentage of changes
Vocational education	<u>97.9%</u>	<u>97.1%</u>	<u>0.8%</u>	<u>0.8%</u>

Note:

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

1.2.5 Our teachers

Teachers	31 December 2023	31 December 2022	Changes	Percentage of changes
Full-time teachers				
Vocational education ^①	436	388	48	12.4%
Non-vocational education	<u>394</u>	<u>384</u>	<u>10</u>	<u>2.6%</u>
Subtotal (full-time teachers)	<u>830</u>	<u>772</u>	<u>58</u>	<u>7.5%</u>
Part-time teachers				
Vocational education ^①	190	161	29	18.0%
Non-vocational education	<u>401</u>	<u>433</u>	<u>(32)</u>	<u>(7.4%)</u>
Subtotal (part-time teachers)	<u>591</u>	<u>594</u>	<u>(3)</u>	<u>(0.5%)</u>
Total	<u><u>1,421</u></u>	<u><u>1,366</u></u>	<u><u>55</u></u>	<u><u>4.0%</u></u>

Note:

- ① Increase the number of full-time and part-time teachers in vocational education and their class schedules to meet the needs of the increasing number of students.

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 2023, the percentage of our teachers with a bachelor's degree or above was 91.6%; and the percentage of teachers who had worked with us for more than two years was 76.3%.

1.3 Movements of Business Operations during the Reporting Period

1.3.1 Vocational education segment

1.3.1.1 The new campus of Shijiazhuang Institute of Technology has been put into operation

The Company continued to promote the construction work of the new campus of Shijiazhuang Institute of Technology, and has commenced the construction of Phase I and Phase II and obtained the project planning permit for Phase III. In September 2023, the teaching building, dormitory building and canteen in Phase I were put into use, and the two dormitory buildings in Phase II were put into use. The first batch of students admitted to the new campus was over 8,200. The total number of new students served at the dual campuses of Shijiazhuang Institute of Technology was 10,902, which brought further revenue growth to the Group.

1.3.1.2 Industry-education integration towards a new model of industry-education symbiosis

On the basis that the Group's vocational education segment has formed a development pattern of industry-education integration, Shijiazhuang Institute of Technology has started to explore the version 5.0 of industry-education integration, namely "industry-education symbiosis". With serving the development of local regional economy and industry as the fundamental, the industry and education jointly cultivate talents, and participate in industry-end business together, so as to realize the industry-education symbiosis. Under the background of shortage of skilled talents and transformation of industrial structure in the PRC, we should draw on international experience, carry out classification and management of vocational education, strengthen the connection between vocational education qualifications and courses, innovate the training and evaluation mode for vocational education talents, and strive to build a vocational education system with Chinese characteristics in the new era.

- School-enterprise Cooperation

As at 31 December 2023, 28 professional programs in Shijiazhuang Institute of Technology have worked with 17 enterprises to jointly offer featured majors. 61 tailor-made classes were established. There were 16 apprenticeship pilot programs, having a total of 13 key professional group training bases, 61 on-campus experimental training centers and 247 off-campus training bases. In March 2023, we signed a strategic agreement with JD.COM on jointly building the “Shijiazhuang Institute of Technology • JD.COM E-commerce Industry-education Integration Demonstration Base”. In May 2023, we and Tencent Cloud Computing (Beijing) Company Limited (騰訊雲計算(北京)有限公司) jointly established Tencent Cloud Artificial Intelligence Industry College (騰訊雲人工智能產業學院). Both parties have integrated high-quality resources to bring talent support resources for the rapid development of cloud computing, big data and other cutting-edge information industries.

As at 31 December 2023, Shijiazhuang Institute of Technology has set up a total of 13 industrial colleges related to emerging industries such as intelligent manufacturing, Internet+ and digital economy. Based on the new engineering discipline, we are committed to the industry-education integration, the integration of theory and practice, the integration of technology and culture, and the integration of modern information technology and teaching. We have maintained various forms of industry-education-research cooperation with more than 700 famous enterprises such as Huawei Technologies Co., Ltd. (華為技術有限公司), Haier Group Corporation (海爾集團公司), Great Wall Motor Company Limited (長城汽車股份有限公司), Sany Heavy Industry Co., Ltd. (三一重工股份有限公司), CSPC Holdings Company Limited (石藥控股集團有限公司) and S.F. Holding Co., Ltd. (順豐控股股份有限公司), among which more than 60 well-known enterprises are among the world’s top 500 enterprises. We collaborate with these enterprises to cultivate nearly 1,000 graduates each year through tailor-made classes and other forms, helping them achieve high-quality employment.

- Government-school Cooperation

Relying on high-quality resources, Shijiazhuang Institute of Technology served the regional construction, conducted a total of 13,739 social trainings on government vocational education, and delivered nearly 1,000 talents to various enterprises in Luquan District, Shijiazhuang City. In October 2023, we, together with the Economic Research Institute of Hebei Academy of Social Sciences (河北省社會科學院經濟研究所) and the Beijing-Tianjin-Hebei Cooperative Development (Xiong'an) Research Center of Hebei Academy of Social Sciences (河北省社會科學院京津冀協同發展(雄安)研究中心), went to Luquan District to carry out a special research. Through the operation of the industrial college, a total of 7 enterprises have been introduced to Luquan District, Shijiazhuang City in the past two years. It has innovative talent training model to meet the talent needs for enterprises, and established an expert think tank and set up two research institutes to provide intellectual support for enterprise talent training and skills and technology transformation, which have enhanced the social influence of the institute.

- Cooperation between industry and school

Since Shijiazhuang Institute of Technology has been successfully approved as a “Double-High” construction college* (「雙高」建設院校) of the “Implementation 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))”, it has been actively promoting the implementation plan for improving the training quality, and assumed 25 tasks in the plan. With the construction of “Double-High (雙高)” as its guide, and the “Five-One (五個一)” and the “Three-One (三個一)” construction projects as its starting point, it has carried out the establishment of 16 apprenticeship pilot programs. As at 31 December 2023, we have completed the collection of “Double-High (雙高)” materials, waiting for the government’s acceptance.

In 2023, Shijiazhuang Institute of Technology joined Chinese Chemical and Pharmaceutical Education Association (全國化工醫藥職業教育集團), the Smart Medical Specialized Committee of Hebei E-government Society (河北省電子政務學會智慧醫療專業委員會) and other enterprises or industry associations, making it a governing unit of the National Accounting Industry-education Integration Community (全國會計行業產教融合共同體), and also joined Hebei Home Economics Vocational Education Group (河北省家政職業教育集團), becoming one of the governing units. It was elected as the first governing unit of “Psychological Crisis Intervention Professional Committee of Hebei Psychological Association (河北省心理學會心理危機干預專業委員會)”, and was awarded the first batch of shortlisted construction units for “Project on Mutual Recognition of National Vocational Standards in Chad (乍得國家職業標準共建互認項目)”. By continuously meeting the needs of the industry, it provides more internship and employment opportunities for students. We worked with enterprises and industry associations to design and offer professional courses that are closely related to industry needs, aiming to ensure that the curriculum is in line with industry practice, and cultivate professionals who meet industry needs. In May 2023, Shijiazhuang Institute of Technology became a Governing Unit of the Community of Science-education Integration in Modern Vocational Education (現代職業教育科教融匯共同體理事單位), and successfully held the Summit Seminar on “Industry-education Integration, Science-education Integration, and Building a Community of Destiny between Schools and Enterprises (「產教融合、科教融匯，共建校企命運共同體」高峰研討會)”. The Think Tank Research Base of Hebei Association for Science and Technology (河北省科協智庫研究基地) was stationed in Shijiazhuang Institute of Technology. The two parties jointly carried out scientific research and technological development, facilitated the transfer of knowledge and technology, promoted innovation and industrial development, and provided more than 20 technological services for enterprises in various industries.

1.3.2 Non-vocational education segment

1.3.2.1 High school education segment business focuses on building prestigious school brands

The Group is committed to providing education services at multiple academic levels and building prestigious school brands in the province, and carrying out the business of full-time high school education segment through Shijiazhuang Yuying Experimental High School* (石家莊育英實驗中學). As at 31 December 2023, we provided high school educational service to a total of 2,549 students.

Shijiazhuang Yuying Experimental High School* (石家莊育英實驗中學) takes the construction of professional teachers team and efficient classroom as its crux, continuously upgrades the management system and education and teaching mode, and comprehensively implements the promotion of the dual objectives of the growth of teachers and the success of students. In 2023, the enrollment rate of university was approximately 98%. The admission rate of art joint entrance examination reached 94.7%, and the admission rate of provincial art, sports and dance joint entrance examination reached 86.1%, both of which were higher than the average admission rate in Hebei Province.

In the next three to five years, Shijiazhuang Yuying Experimental High School* (石家莊育英實驗中學) will focus on developing the theme of “Provincial Model High School (省級示範性高中)” and the construction of a distinctive school, and take “ensuring the development of students scale, strengthening the development of content quality, building the development of brand characteristics, and coordinating the development of whole resources” as its main line of development. It will strengthen the construction of teaching staff, upgrade the teaching mode, promote curriculum innovation, improve the quality of teaching, attach importance to moral education construction, broaden diversified channels for admission to higher education, and offer characteristic courses, aiming to build a characteristic high school with a history and a focus on advancement in studies as its foundation.

1.3.2.2 New Gaokao (新高考) Business creates a new educational technology ecosystem*

Adhering to the principle of “comprehensively enhancing students’ interest in subjects and verifying their value in competitions”, the Group has created a new online and offline educational technology ecosystem.

New Gaokao* (新高考) segment takes strong foundation as its main line to create a new online and offline educational technology ecosystem. New Gaokao* (新高考) Business focuses its services on the Gaokao entrance examination channel, and is committed to the targeted and stratified cultivation of gifted students. It has formed business systems such as comprehensive evaluation services for strong foundation of prestigious schools, and academic planning for New Gaokao* (新高考). We have accumulatively 10,000 gifted students from nearly 1,000 high schools across the PRC, among whom 6,600 students entered “double first-class” universities such as Tsinghua University and Peking University. As at 31 December 2023, New Gaokao* (新高考) Business has served 119 high schools/projects, and has reached cooperation with more than 100 schools in more than 20 provinces across the PRC, providing planning and tutoring to nearly 8,000 students across the PRC. In addition, the number of students we served in 2023 who won the first prize over the provincial level amounted to 861.

1.3.2.3 Strong market competitiveness in Kindergartens business

Leveraging on a good local reputation and brand image, Saintach Kindergartens maintained strong competitiveness. In a market environment with an overall decrease in the number of school-age children, Saintach Kindergartens achieved a relatively high enrolment rate, which was higher than that of kindergartens in the region by 5 to 15 percentage points, and the number of students enrolled in Saintach Kindergartens for the year of 2023 was 1,619, which is the first choice of customers in the community. Saintach Kindergartens continued to deliver quality services, contributing revenue and profit to the Group. In terms of product development, Saintach Kindergartens enriched their teaching products and continued to provide extended teaching services for young children to improve the richness of services.

1.4 Our Technological Empowerment

We persist in promoting digital construction, and building software platforms such as Digital Management Billboards (數字化經營看板), C-end Charging Center (C端收費中台) and “Sousou Smart School (嗖嗖智校)”. We developed digital platforms in multiple perspectives and scenarios, including internal operation and management as well as external cooperation, to enhance the overall management levels of the school campus and the Group’s overall operational efficiency through technological empowerment. As an integrated platform for employment, entrepreneurship, management and services, “Tianze Talent Platform (天擇人才平台)” is able to make overall plans and carry out employment and entrepreneurship education focusing on positions in industries where there is a shortage of high skilled talents (such as manufacturing and the internet), aiming to promote the transformation and upgrading of the talent training models. At present, there are over 1,000 registered enterprises on our platform, offering over 20,000 employment opportunities for graduates, opening up the talent supply and demand channels for students’ employment with enterprises.

1.5 Our Honors

On 4 January 2023, the Company was awarded the “2022 Royal Flush Enterprise Annual Award – Investment Pioneer Award (同花順企業號2022年度榜單 – 投關先鋒獎)”. The award is based on the comprehensive evaluation of the listed company’s multi-dimensional data such as account attention, article data, individual stocks and topic popularity, daily operation, and research and investment activities on the Royal Flush platform, which is a full affirmation from the general investors and all parties involved in the capital market for the Company’s serious fulfillment of its duties, standardized operation and emphasis on investor relations management.

On 27 May 2023, the Company won the “2023 (Industry) Most Valuable Brand for Investment (2023年度(行業)最具投資價值品牌)” award at the 2023 (Seventh) China Brand Boao Summit jointly organized by China Enterprise Network and The Enterprise Observer. The Company was recognized for its leading industry influence in the field of vocational education as well as its high-quality brand development.

On 6 December 2023, the Company was awarded the “Golden Hong Kong Stock – Most Valuable Social Service Company Award (金港股 – 最具價值社會服務公司獎)” by Zhitong Caijing, and its long-term value and social service capability were recognized by the market and professional institutions.

On 21 December 2023, the Company was awarded the “Jinge Award – Brand Value Award of the Year (金格獎 – 年度品牌價值獎)” by Gelonghui (格隆匯). The Company has given full play to its long-term advantages amidst the changing times, and kept pace with the times, aiming to further consolidate its brand image of new vocational education. Under the guidance of national policies and driven by the education-oriented concept, the Company has accelerated its transformation and upgrading around the main line of new vocational education, and has always strived to become a leading comprehensive service provider of new vocational education, which resulted in a continuous improvement in its educational brand image.

On 21 December 2023, Shijiazhuang Institute of Technology was awarded the 2023 Hebei Province Vocational Education School-enterprise Cooperation Demonstration Project “Top 50” (2023年度河北省職業教育校企合作示範項目「五十佳」). Taking the declared project of industry-education integration and school-enterprise cooperation mode as a case, it aims to solve the problem of disconnection between “learning, teaching and doing” in teaching, cultivate students’ innovative ability and craftsmanship, promote the design from virtual to real, and practice the educational concept of “educating people in three aspects (三全育人)”. The school-enterprise cooperation model of Shijiazhuang Institute of Technology was recognized.

1.6 Stakeholder Communication

Since our listing, we have always attached great importance to investor relations management, adhered to the core values of “Honesty (誠實), Responsibility (擔當), Cooperation (合作) and Innovation (創新)”, listened attentively to the opinions from various parties, disclosed the latest development of the Company in a timely and accurate manner, and demonstrated a transparent and efficient corporate governance. We proactively communicate and meet with stakeholders, analysts and fund managers online and offline through multiple channels, platforms and methods to strengthen our connection with the capital market and investors.

Through channels such as the Company’s official website, new media platforms, telephone, facsimile and e-mail, we utilise the website of the Stock Exchange and other network infrastructure platforms to share contents such as the Company’s dynamics, policy foresight, industry insights on a regular basis by holding Shareholders’ general meetings, investor presentations, online and offline roadshows, analysts’ meetings, reception of visitors and seminars, etc., with the aim at maintaining good interaction with the capital market to create conditions for continuously enhancing stakeholders’ understanding, recognition and trust of the Company’s investment value.

2. MARKET REVIEW AND NEW REGULATIONS

On 5 March 2023, the government work report at the First Session of the 14th National People's Congress highlighted and enhanced the expected development goals related to the promotion of fairness and quality enhancement in education, including: (1) to reduce the burden on students in the stage of compulsory education; (2) to insist that compulsory education shall be implemented by the State, and to guide and regulate the development of private education; (3) to enhance the adaptability of vocational education, and to continue to improve the conditions for running vocational institutions; (4) to continue increase their efforts to prioritize admissions for the central and western regions as well as rural areas in terms of colleges enrollment; and (5) to promote quality and balanced development of compulsory education and urban-rural integration, vigorously develop vocational education, promote innovation in higher education.

On 13 March 2023, Hebei Education Department, Hebei Provincial Department of Human Resources and Social Security and Hebei Provincial Development and Reform Commission jointly issued the Notice on Further Improving the Work of Vocational Schools' Through-Training Mode (《關於進一步完善職業學校貫通培養模式工作的通知》). The notice proposes to deepen the supply-side reform of vocational education in Hebei Province, and promote the healthy development of through-training modes such as “3+2”, “3+4”, “5-year consistent system (5年一貫制)” and “2+2+2”. It is required that the specialties involved in through-training between secondary vocational schools and joint-run colleges must be highly compatible with the needs of economic, social and industrial development, and must be closely aligned with the needs of strategic emerging industries and key development industries in Hebei Province, or must be the specialties in the fields of urgent need for industrial development and shortage of people's livelihood. The specialties of arts are limited to those in the direction of production of cultural or handicraft products, and performance of traditional ethnic arts.

On 12 April 2023, the Ministry of Education and the Ministry of Finance issued the “Notice on Issuing the Budget for Funding the Quality Improvement Plan of Modern Vocational Education in 2023 (《關於下達2023年現代職業教育質量提升計劃資金預算的通知》)”. The notice requires local finance departments to attach great importance to the work of financial investment in vocational education, optimize the structure of education expenditure, implement the requirement of tilting new education funds to vocational education, improve the system of raising funds for vocational education through multiple channels, and raise more funds for the development of vocational education. The funds for the improvement plan focus on supporting localities to implement the per-student appropriation system for vocational schools, exploring the establishment of a differentiated per-student appropriation system based on major categories of specialties, gradually raising the level of per-student funding, and improving the conditions for running vocational schools. The notice also requires to promote vocational schools' quality enhancement and excellence, industry-education integration, and school-enterprise cooperation.

On 18 April 2023, the General Office of the Ministry of Education issued the “Notice on Carrying Out the Establishment of Municipal Industry-Education Consortium (《關於開展市域產教聯合體建設的通知》)”, which requires that the resources for industry and education shall be relatively centralised, and that the total output value of the industrial parks that the consortium relies on shall be at the forefront of the province. Leading enterprises have been deeply involved in all aspects of vocational schools’ professional planning, talent cultivation standards, development of teaching curriculum, and construction of teaching staff teams, and have achieved practical results. The consortium provides consulting and service to enterprises in the park, solves actual production problems of enterprises, formulates training plans, and coordinates training resources and needs. About 50 consortiums would be established by the end of 2023, about 50 more consortiums will be established by the end of 2024, and a total of about 150 consortiums will be established by 2025.

On 13 June 2023, the National Development and Reform Commission and other departments issued the “Implementation Plan for the Enhancement of Empowerment Initiatives for Industry-education Integration in Vocational Education (2023-2025) (《職業教育產教融合賦能提升行動實施方案(2023-2025年)》)”, with the aim of integrating and promoting the coordinated development of education and industry, innovating and building platforms and carriers for industry-education integration, successively advancing the pilot projects for the construction of industry-education integration, and perfecting and implementing the combined incentives and empowerment policy system, so as to further lead industry-education integration to make deepen reforms. The plan points out that by 2025, there will be about 50 pilot cities for industry-education integration in the PRC. With giving full play to the breakthrough and leading role of pilot cities, more than 10,000 enterprises for industry-education integration will be established and cultivated nationwide. A development pattern of integrated integration and benign interaction between education and industry will be gradually formed after improving and perfecting the system of enterprises for industry-education integration and the combined incentive policy system, a steady increase in investment in vocational education from various funding channels, and better integrating industrial needs into the entire cultivation process of talent development. The plan also proposes five key tasks and 19 policy measures, including: lay a solid foundation for the development of vocational colleges; construct practical training bases for industry-education integration, and increase the support for practical training bases; deepen school-enterprise cooperation for industry-education integration, enrich the form of running schools, and optimize the cooperation model; and improve the combination of incentives and support measures.

On 14 July 2023, the General Office of the Ministry of Education issued the Notice on Accelerating the Reform of the Construction of Modern Vocational Education System (《關於加快推進現代職業教育體系建設改革重點任務的通知》), which puts forward the key tasks and promotion mechanism for accelerating the construction of a new mechanism for the high-quality development of vocational education that involves interaction between the central government and the local government, regional linkage, and collaboration between government, industry, enterprises, and schools, so as to promote the reform of the construction of modern vocational education system in an orderly and effective manner.

On 26 July 2023, the Ministry of Education, the National Development and Reform Commission and the Ministry of Finance jointly issued the Opinions on Implementing the Action Plan for the Expansion and Improvement of Basic Education in the New Era (《關於實施新時代基礎教育擴優提質行動計劃的意見》), which propose to implement the action of connotation construction in ordinary high schools to promote the development of high-quality characteristics; expand high-quality high school education resources, deeply tap the potential on school building resources of high-quality ordinary high schools, increase the supply of degrees, and optimize enrollment plan arrangement in combination with actual conditions to orderly expand the enrollment scale of high-quality ordinary high schools; adapt to the requirements of promoting the coordinated development of vocational and general education according to local conditions to build, reconstruct and expand a number of high-quality ordinary high schools; and promote the diversified development of ordinary high schools, build a number of ordinary high schools with special features in science and technology, humanities, foreign languages, sports and art, and actively develop comprehensive high schools.

3. FUTURE PROSPECTS

As a comprehensive private education service provider, we have been adhering to the development vision of “creating equality by education”. With a focus on integrating quality education resources, we aim to lay out a diversified education industry pattern, expand from vocational education services to industry-education integration services, and become a full-cycle professional talent service provider covering from “Education” to “Employment” through the upgrading of the core growth model of vocational education, and at the same time, to provide our customers with more friendly and convenient education services to promote a balanced social development and to provide education service wholeheartedly.

We have been actively responding to national policies to establish a diversified education industry pattern with the development of new vocational education as our main line, and adhere to the dual-wheel mode of “internal construction + external mergers and acquisitions” for driving the business development of the Group:

1. Continuously focus on internal construction. We will adhere to high-quality connotative development, expand the scale of running schools, improve the conditions and quality of running colleges and universities, and promote the construction of characteristic colleges and universities. We will also expand the new development pattern of industry-education integration through the internal construction layout of school-enterprise cooperation and government-enterprise cooperation. We will explore the layout and expansion of scientific and technological fields such as AI+ education and digital information platforms. At the same time, centering on the development of local industries, we aim to realize the synergy and complementarity between vocational education and regional economy, and serve the regional economic and social development.
2. Actively expand external mergers and acquisitions. We will continue to focus on and expand investment and merger and acquisition opportunities in the fields of vocational education and industry-education integration in order to obtain better development space and quality in the field of vocational education. In addition, we will continue to extend our service boundaries, explore the schools-running model of integrating vocational education with general education, and build diversified channels and systems for further education based on the existing experience and achievements in running schools, so as to deeply integrate and develop synergistically with the existing businesses of the Group.

In the future, while consolidating our business development, we will intensify our brand building efforts to establish a unique and influential education brand with school-running characteristics, and continue to expand the scale of operating schools, enhance the ability of sustainable development, with aiming to create higher value for our Shareholders and the society.

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 34.7% from approximately RMB311.9 million for the year ended 31 December 2022 to approximately RMB420.0 million for the year ended 31 December 2023 mainly due to the increase in revenue of approximately RMB46.7 million as a result of the increase in student enrollment of Shijiazhuang Institute of Technology and an increase in revenue of approximately RMB40.1 million from ordinary high school business.

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 54.1% from approximately RMB165.5 million for the year ended 31 December 2022 to approximately RMB255.1 million for the year ended 31 December 2023, mainly due to an increase in costs of approximately RMB40.1 million as a result of the dual-campus operation of Shijiazhuang Institute of Technology, as well as an increase in costs for ordinary high school business of RMB39.6 million.

4.3 Gross Profit and Gross Profit Margin

The amount of gross profit increased by approximately 12.7% from RMB146.4 million for the year ended 31 December 2022 to RMB165.0 million for the year ended 31 December 2023, and the gross profit margin decreased from approximately 46.9% for the year ended 31 December 2022 to approximately 39.3% for the year ended 31 December 2023, mainly due to the increase in gross profit as a result of from the significant increase in the revenue of Shijiazhuang Institute of Technology, and the decrease in gross profit margin as a result of the increase in costs due to the commencement of operation of the new campus of Shijiazhuang Institute of Technology.

4.4 Other Income and Gains

Other income and gains consisted of (1) investment income; and (2) interest income received from bank and other loans. Other income and gains increased by approximately 24.6% from approximately RMB35.2 million for the year ended 31 December 2022 to approximately RMB43.9 million for the year ended 31 December 2023, mainly due to the relocation subsidy received by Shijiazhuang Yuying Experimental High School* (石家莊育英實驗中學).

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 63.8% from approximately RMB16.0 million for the year ended 31 December 2022 to approximately RMB26.2 million for the year ended 31 December 2023, which was mainly due to the increase in enrollment expenses as a result of the increase in the number of students at Shijiazhuang Institute of Technology and Shijiazhuang Yuying Experimental High School* (石家莊育英實驗中學).

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 16.9% from approximately RMB70.8 million for the year ended 31 December 2022 to approximately RMB82.7 million for the year ended 31 December 2023, mainly due to the increase in remuneration and number of administrative and management personnel.

4.7 Other Expenses

Other expenses for the year ended 31 December 2023 mainly consisted of the impairment of goodwill arising from the acquisition of Xin Tian Di Xian amounted to RMB8.6 million, which was due to the significant decline in Xin Tian Di Xian's operating results for the year ended 31 December 2023 as a result of shrinking demand.

Other expenses decreased by approximately 43.4% to approximately RMB18.0 million for the year ended 31 December 2023 from approximately RMB31.8 million for the year ended 31 December 2022, mainly due to a decrease in exchange loss of approximately RMB14.3 million on RMB deposits denominated in Hong Kong dollars.

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 20.0% from approximately RMB35.6 million for the year ended 31 December 2022 to approximately RMB42.7 million for the year ended 31 December 2023, mainly due to the increase in the amounts of loans from financial institutions for the construction of the new campus of Shijiazhuang Institute of Technology.

4.9 Taxation

Income tax decreased to tax credit of RMB0.7 million for the year ended 31 December 2023 from tax expense of RMB0.7 million for the year ended 31 December 2022, mainly due to the decrease in deferred tax liabilities as a result of the amortisation of valuation increment on intangible assets.

4.10 Profit for the Year

Due to the above factors, the Company's profit for the year increased from approximately RMB26.7 million for the year ended 31 December 2022 to approximately RMB39.8 million for the year ended 31 December 2023.

4.11 Net Liquidity and Capital and Funds and Borrowing Sources

As at 31 December 2023, net current liabilities of the Company were approximately RMB315.2 million, which mainly consisted of other payables and accruals, contract liabilities and interest-bearing bank and other borrowings.

As at 31 December 2023, current assets increased from approximately RMB503.3 million as at 31 December 2022 to approximately RMB674.3 million. The increase in current assets was mainly due to the increase in cash and bank balances, and the increase in contract costs and trade receivables.

As at 31 December 2023, current liabilities increased from approximately RMB559.6 million as at 31 December 2022 to approximately RMB989.6 million. The increase in current liabilities was mainly due to the increase in other payables and accruals, contract liabilities and short-term interest-bearing bank and borrowings.

The net current liabilities generated was primarily attributable to the capital outlay for acquiring certain education-related operating assets during the year ended 31 December 2023 and the reclassification of certain bank loans with specific drawdown requirements amounted to approximately RMB282.5 million as at 31 December 2023 to current liabilities. In view of the net current liabilities position, the Group has carefully considered the future operating performance, the availability of sources of financing and the future cash flows to improve the net current liabilities position through foreseeable measures such as (1) the increase in the number of students intake; (2) the cash flows from operations; (3) the additional financial resources available to the Group including the available banking facilities and the successful refinancing of certain existing bank and other borrowings upon maturity; and (4) the positive operating results.

As at 31 December 2023, current ratio of the Company (current assets divided by current liabilities) was 68.1%, as compared with 89.9% as at 31 December 2022. The decline in current ratio was mainly due to the increase in short-term interest-bearing bank and other borrowings, resulting in an increase in total current 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 2023.

4.12 Gearing Ratio

As at 31 December 2023, the gearing ratio (calculated by total liabilities divided by total assets) was approximately 66.4%, representing an increase of 3.5 percentage points from approximately 62.9% as at 31 December 2022, 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 20 June 2023, Zerui Education, an indirect wholly-owned subsidiary of the Company, entered into the pre-sale contracts with Shijiazhuang Xinlian Hongtai Real Estate Development Co., Ltd.* (石家莊新聯鴻泰房地產開發有限公司) for the acquisition of a total of 58 office units of Anlian Tianrun Building located at Qiaoxi District, Shijiazhuang, Hebei Province, the PRC at the aggregate consideration of approximately RMB29,516,400. The properties are expected to be delivered before 31 May 2024, at which time the Group's management employees in Shijiazhuang, Hebei Province, the PRC will be relocated to the office units acquired. For details, please refer to the announcement of the Company dated 20 June 2023.

On 16 November 2023, Shijiazhuang Saintach, an indirect wholly-owned subsidiary of the Company, entered into the transfer agreement with Hebei Lumeng Technology Co., Ltd.* (河北路盟科技有限公司) (“**Hebei Lumeng**”), pursuant to which 30% of the sponsor interests in Shijiazhuang Yuying Experimental High School* (石家莊育英實驗中學) held by Shijiazhuang Saintach was transferred to Hebei Lumeng or its nominee(s) for a total consideration of RMB18,000,000. The disposal will generate a gain of approximately RMB7,032,640 for Shijiazhuang Saintach. For details, please refer to the announcement of the Company dated 16 November 2023.

4.15 Contingent Liabilities

As at 31 December 2023, 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 2022: nil).

4.16 Future Plans for Material Investment or Capital Assets

As at 31 December 2023, the Group had contracted but not provided for capital commitments of RMB13.6 million (as at 31 December 2022: RMB116.5 million), while the Group did not have any authorised but not contracted for capital commitments (as at 31 December 2022: nil).

Saved as disclosed in this results announcement, the Directors confirmed that as at the date of this results announcement, there are no current plans to acquire any material investment or capital assets other than in the Group's ordinary business of provision of private education service.

4.17 Foreign Exchange Risk

As at 31 December 2023, 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.

4.18 Pledge of Asset

For the year ended 31 December 2023, the Group pledged bank deposits of RMB176.0 million (31 December 2022: RMB176.0 million) for obtaining two bank facilities, of which RMB110.0 million (31 December 2022: RMB110.0 million) was unutilised as at 31 December 2023. Director's life insurance policy, certain buildings and land use rights of the Group have been pledged for the purpose of securing its interest-bearing bank and other borrowings.

4.19 Human Resources

As at 31 December 2023, the Group had approximately 1,332 employees (31 December 2022: 1,202 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.

PROFIT DISTRIBUTION

The Board does not recommend the declaration or payment of any final dividend for the year ended 31 December 2023 (31 December 2022: HK\$0.80 cents per ordinary Share).

CLOSURE OF REGISTER OF MEMBERS

In order to determine the entitlement of Shareholders to attend and vote at the forthcoming annual general meeting (the “**AGM**”) to be held on Friday, 28 June 2024, the register of members of the Company will be closed from Tuesday, 25 June 2024 to Friday, 28 June 2024, 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration no later than 4:30 p.m. on Monday, 24 June 2024.

SUFFICIENT PUBLIC FLOAT

According to the information publicly available to the Company 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 C1 to the Listing Rules as its own code of corporate governance.

For the year ended 31 December 2023, the Company has complied with all the applicable code provisions under part 2 of 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 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 2023.

For the year ended 31 December 2023, 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

For the year ended 31 December 2023, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

For the year ended 31 December 2023, 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 2023 have been reviewed by the Audit Committee.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The following is an extract of the independent auditor's report on the Group's consolidated financial statements for the year ended 31 December 2023:

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (“**IFRSs**”) issued by the International Accounting Standards Board (the “**IASB**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Material Uncertainty Related to Going Concern

We draw attention to Note 2.1 in the consolidated financial statements which mentions that as at 31 December 2023 the Group had net current liabilities of RMB315.2 million. These conditions indicate a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

SCOPE OF WORK OF THE GROUP'S AUDITOR

The figures set out in this annual results announcement of the Group's results for the year ended 31 December 2023 have been agreed by the Group's auditor, ZHONGHUI ANDA CPA Limited ("ZHONGHUI ANDA") to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by ZHONGHUI ANDA 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 ZHONGHUI ANDA on this annual results announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND 2023 ANNUAL REPORT ON WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This annual results announcement is published on the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.21centuryedu.com. The 2023 annual report containing all the information required by the Listing Rules will be dispatched to the Shareholders upon request and published on the respective websites of the Stock Exchange and the Company in due course.

AMENDMENT OF SHARE AWARD PLAN

Reference is made to the announcement of the Company dated 14 October 2020 in relation to the adoption of the Share Award Plan.

On 14 October 2020, the Company adopted the Share Award Plan under which the Shares may be awarded to eligible participants as defined under the Share Award Plan. The purposes of the Share Award Plan are (i) to recognise and reward the contribution of eligible participants to the growth and development of the Group; (ii) to give incentives to eligible participants in order to retain them for the continual operation and development of the Group; and (iii) to attract suitable personnel for further development of the Group. The rules of the Share Award Plan allow the trustee under the Share Award Plan (the "Trustee") to, *inter alia*, (a) purchase the Shares on the market or off the market; or (b) subscribe for Shares to be allotted and issued by the Company, for the purpose of maintaining a Shares pool for the purpose of the Share Award Plan.

Pursuant to the terms of the Share Award Plan, the Share Award Plan may be amended in any respect by a resolution of the Board together with the prior written consent of the Trustee provided that no such amendment shall operate to affect adversely any subsisting rights of any eligible participants under the Share Award Plan except with written consent of majority of the eligible participants whose awarded shares remained unvested on the date of amendment.

On 28 March 2024, the Board passed a resolution to amend the terms of the Share Award Plan to the effect that the Trustee is allowed only to purchase the existing Shares on the market or off the market to satisfy any award of Shares to be granted under the Share Award Plan, such that the Share Award Plan becomes a share scheme which is funded by existing Shares.

Save as disclosed above, all other terms of the Share Award Plan remain unchanged.

Reasons for and benefits of the amendment to the rules of the Share Award Plan

Since all the Shares held by the Trustee as at 28 March 2024 were purchase by the Trustee on the market and the Board intends that the Trustee will continue to purchase existing Shares on the market or off the market to satisfy any award of Shares to be granted under the Share Award Plan, the Board considered that the amendment to the rules of the Share Award Plan would reflect the operation of the Share Award Plan and provide more flexibility to the Trustee in administering the Share Award Plan.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“Board”	the board of directors of the Company
“Company” or “we”	China 21st Century Education Group Limited (中國21世紀教育集團有限公司), an exempted company incorporated under the laws of the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“government” or “State”	the central government of the PRC, including all governmental subdivisions (such as provincial, municipal and other regional or local government entities)
“Group” or “we”	the Company, its subsidiaries and PRC Operating Entities from time to time

“Hangzhou Yimai”	Hangzhou Yimai Enterprise Management Consulting Co., Ltd.* (杭州一脈企業管理諮詢有限責任公司), a limited liability company established under the laws of the PRC on 16 May 2018, as to 70% was controlled by Shijiazhuang Saintach as at the date of this results announcement, and one of the Company’s PRC Operating Entities
“Hebei Education Department”	an integral department of the provincial government, which is responsible for the education cause in Hebei Province
“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, and one of the Company’s PRC Operating Entities
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“New Gaokao* (新高考) Business”	college entrance examination channel services business
“PRC” or “China”	the People’s Republic of China, for the purpose of this result announcement, excludes Hong Kong, the Macau Special Administration Region of the PRC and Taiwan
“PRC Operating Entities”	Zerui Education, Shijiazhuang Institute of Technology, Shijiazhuang Yuying Experimental High School* (石家莊育英實驗中學), Zerui Education, Hebei Saintach, Shijiazhuang Saintach, Saintach Kindergartens, Hangzhou Yimai, Xin Tian Di Xian and Zhejiang Peijian
“Reporting Period”	for the year ended 31 December 2023
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC for the time being

<p>“Saintach Kindergartens” or “Kindergartens”</p>	<p>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 Company’s PRC Operating Entities</p>
<p>“school sponsors”</p>	<p>the individual(s) or entity(ies) that funds or holds interests in an educational institution</p>
<p>“school year”</p>	<p>the school year for all of our schools, which generally commences on 1 September of each calendar year and ends on 30 June of the next calendar year</p>
<p>“Share(s)”</p>	<p>ordinary share(s) of HK\$0.01 each in the share capital of the Company</p>
<p>“Share Award Plan”</p>	<p>the share award scheme adopted by the Company on 14 October 2020</p>
<p>“Shareholder(s)”</p>	<p>holder(s) of the Share(s)</p>
<p>“Shijiazhuang Institute of Technology” or “Institute of Technology”</p>	<p>Shijiazhuang Institute of Technology* (石家莊理工職業學院), a regular high school established under the laws of the PRC on 1 July 2003 of which school sponsors’ interest was wholly-owned by Zerui Education as at the date of this results announcement, and one of the Company’s PRC Operating Entities</p>
<p>“Shijiazhuang Saintach”</p>	<p>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 Company’s PRC Operating Entities</p>
<p>“Sifang College”</p>	<p>Sifang College of Shijiazhuang Tiedao University* (石家莊鐵道大學四方學院)</p>
<p>“Stock Exchange”</p>	<p>The Stock Exchange of Hong Kong Limited</p>

“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
“Xin Tian Di Xian”	Beijing Xin Tian Di Xian Information and Technology Co., Ltd.* (北京新天地線信息技術有限公司), a limited liability company established in the PRC on 6 March 2015, wholly-owned by Zerui Education as at the date of this results announcement, and one of the Company’s PRC Operating Entities
“Zerui Education”	Hebei Zerui Education Technology Co., Ltd.* (河北澤瑞教育科技有限責任公司), 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 Company’s PRC Operating Entities
“Zhejiang Peijian”	Zhejiang Peijian Technology Co., Ltd.* (浙江培尖科技有限公司), a limited liability company established under the laws of the PRC on 29 December 2017 and controlled by Zerui Education as to 51% as of the date of this results announcement, and one of the Company’s PRC Operating Entities
“%”	per cent.

* *for identification purposes only*

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

Hong Kong, 28 March 2024

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