SHANGHAI GENCH EDUCATION GROUP LIMITED
上海建橋教育集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1525)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2024 AND CHANGE OF CHIEF EXECUTIVE OFFICER AND NON-EXECUTIVE DIRECTOR

INTERIM RESULTS

The Board of Directors of the Company is pleased to announce the unaudited interim condensed consolidated financial results of the Group for the six months ended 30 June 2024, together with the comparative figures for the corresponding period in 2023.

FINANCIAL HIGHLIGHTS

	Six months ended 30 June		**Percentage**
	2024	2023	**change**
	RMB'000	*RMB'000*	
	(Unaudited)	(Unaudited)	
Revenue	**535,434**	494,242	8.3%
Gross profit	**330,833**	338,625	−2.3%
Profit before tax	**241,690**	246,521	−2.0%
Profit for the period	**179,857**	183,459	−2.0%

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2024

	Notes	For the six months ended 30 June 2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
REVENUE	*4*	**535,434**	494,242
Cost of sales		**(204,601)**	(155,617)
GROSS PROFIT		**330,833**	338,625
Other income and gains		**16,585**	10,211
Selling and distribution expenses		**(2,701)**	(2,234)
Administrative expenses		**(86,797)**	(86,580)
Impairment losses on financial assets		**(2,202)**	(102)
Other expenses		**(272)**	(1,729)
Finance costs		**(13,756)**	(11,670)
PROFIT BEFORE TAX	*5*	**241,690**	246,521
Income tax expense	*6*	**(61,833)**	(63,062)
PROFIT FOR THE PERIOD		**179,857**	183,459
Attributable to:			
Owners of the parent		**179,857**	183,459
		RMB **(Unaudited)**	*RMB* (Unaudited)
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*8*		
Basic and diluted		**0.45**	0.46

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2024

	For the six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
PROFIT FOR THE PERIOD	**179,857**	183,459
OTHER COMPREHENSIVE INCOME		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Translation difference of the financial statements using different presentation currency	**(3,367)**	(2,437)
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	**(3,367)**	(2,437)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Translation difference of the financial statements using different presentation currency	**2,021**	2,559
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	**2,021**	2,559
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD, NET OF TAX	**(1,346)**	122
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**178,511**	183,581
Attributable to:		
Owners of the parent	**178,511**	183,581

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2024

	Notes	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	*9*	**2,330,796**	2,318,467
Right-of-use assets		**595,524**	605,653
Other intangible assets		**5,157**	4,848
Long-term prepayments and other receivables		**1,744**	2,255
Debt investments at fair value through other comprehensive income		**30,307**	—
Deferred tax assets		**—**	131
Total non-current assets		**2,963,528**	2,931,354
CURRENT ASSETS			
Accounts receivable	*10*	**7,611**	9,590
Prepayments and other receivables		**13,432**	14,935
Financial assets at fair value through profit or loss		**180,330**	340,516
Cash and cash equivalents		**306,046**	506,107
Total current assets		**507,419**	871,148
CURRENT LIABILITIES			
Other payables and accruals		**164,298**	259,782
Interest-bearing bank borrowings		**78,000**	72,652
Lease liabilities		**—**	1,251
Contract liabilities		**85,250**	511,183
Tax payable		**54,512**	90,994
Deferred income		**1,600**	1,031
Total current liabilities		**383,660**	936,893
NET CURRENT ASSETS/(LIABILITIES)		**123,759**	(65,745)
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,087,287**	2,865,609

	Note	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		**760,425**	686,774
Lease liabilities		**—**	1,254
Deferred income		**9,056**	7,752
Deferred tax liabilities		**5,456**	—
Total non-current liabilities		**774,937**	695,780
NET ASSETS		**2,312,350**	2,169,829
EQUITY			
Equity attributable to owners of the parent			
Issued capital	*11*	**3,677**	3,677
Reserves		**2,308,673**	2,166,152
TOTAL EQUITY		**2,312,350**	2,169,829

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands on 8 May 2018 as an exempted company with limited liability under the laws of the Cayman Islands. The registered office address of the Company is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company. During the period, the Company and its subsidiaries (collectively referred to as the "Group") were principally engaged in providing undergraduate education and junior college education services in the People's Republic of China (the "PRC").

2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

2.1 Basis of Preparation

The interim condensed consolidated financial information for the six months ended 30 June 2024 has been prepared in accordance with IAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2023.

2.2 Changes in Accounting Policies and Disclosures

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of the following revised International Financial Reporting Standards ("IFRSs") for the first time for the current period's financial information.

Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current* (the "2020 Amendments")
Amendment to IAS 1	*Non-current Liabilities with Covenants* (the "2022 Amendments")
Amendments to IAS 7 and IFRS 7	*Supplier Finance Arrangements*

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

a) Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of IFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

   The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

c) Amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure of relevant information for supplier finance arrangements is not required for any interim reporting period during the first annual reporting period in which an entity applies the amendments. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the interim condensed consolidated financial information of the Group.

3. OPERATING SEGMENT INFORMATION

The Group principally provides higher education services in the PRC.

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

Geographical information

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

Information about major customers

No revenue from the provision of services to a single customer amounted to 10% or more of the total revenue of the Group during the period.

4. REVENUE

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue from contracts with customers		
Tuition fees	**454,760**	422,329
Boarding fees	**70,636**	64,293
Education-related services	**8,409**	7,433
Other services	**1,629**	187
Total	**535,434**	494,242

(i) Disaggregated revenue information

	For the six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Recognised over time		
Tuition fees	**454,760**	422,329
Boarding fees	**70,636**	64,293
Education-related services	**5,771**	4,554
Other services	**1,629**	187
Subtotal	**532,796**	491,363
Recognised at a point in time		
Education-related services	**2,638**	2,879
Total	**535,434**	494,242

(ii) Performance obligations

Tuition fees and boarding fees

The performance obligation is satisfied over time as services are rendered and tuition fees and boarding fees are generally paid in advance prior to the beginning of each academic year. The Group has elected the practical expedient for not disclosing the remaining performance obligation for these services.

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

		For the six months ended 30 June	
		2024	2023
	Note	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Cost of services provided		**204,601**	155,617
Employee benefit expense (including Directors' and chief executive's remuneration):			
Wages, salaries and other allowances		**151,172**	137,034
Pension scheme contributions and social welfare		**26,003**	22,115
Total		**177,175**	159,149
Depreciation of property, plant and equipment*	*9*	**50,932**	30,080
Depreciation of right-of-use assets*		**7,952**	7,632
Amortisation of other intangible assets*		**495**	517
Impairment of financial assets, net			
Impairment of accounts receivable, net		**2,176**	102
Impairment of other receivables, net		**26**	—

* The depreciation of property, plant and equipment, depreciation of right-of-use assets and amortisation of other intangible assets of RMB50,596,000 (six months ended 30 June 2023: RMB29,952,000), RMB7,635,000 (six months ended 30 June 2023: RMB7,632,000) and RMB249,000 (six months ended 30 June 2023: RMB271,000) for the six months ended 30 June 2024, respectively, are recorded in "Cost of sales" in profit or loss.

6. INCOME TAX EXPENSE

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

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

The Group was not liable for income tax in the United States and Hong Kong as the Group had no assessable profits derived from or earned in the United States and Hong Kong during the period.

All of the Group's subsidiaries operating in Chinese Mainland were subject to the PRC corporate income tax ("CIT") of 25% during the period, except for Wangting Education Technology (Shanghai) Limited ("Gench WFOE"). In accordance with the requirements of the tax regulations in the PRC, Gench WFOE applied for the "High and New Technology Enterprise" qualification and obtained the certificate on 4 December 2020. The certificate was effective for three years from 1 January 2020. Gench WFOE re-applied "High and New Technology Enterprise" qualification and obtained the certificate on 15 November 2023 which is effective for another three years from 15 November 2023. Accordingly, Gench WFOE was subject to CIT at a rate of 15% for the six months ended 30 June 2024 and 2023.

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

	For the six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current — Chinese Mainland	**56,246**	63,072
Deferred	**5,587**	(10)
Total tax charge for the period	**61,833**	63,062

7. DIVIDENDS

	For the six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Final declared and paid — HK$0.10 (six months ended 30 June 2023: HK$0.10) per ordinary share	**35,990**	35,947

A final dividend of HK$0.10 per share in respect of the year ended 31 December 2023 has been proposed by the Board and was approved by the shareholders at the annual general meeting of the Company on 30 May 2024. The Board has resolved to declare an interim dividend of HK$0.10 per share for the six months ended 30 June 2024 (six months ended 30 June 2023: HK$0.10).

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

The calculation of the basic earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the parent of RMB179,857,000 (six months ended 30 June 2023: RMB183,459,000), and the weighted average number of ordinary shares of 395,401,500 (six months ended 30 June 2023: 395,712,843) in issue during the period. The number of shares for the six months ended 30 June 2024 has been arrived at after eliminating the shares of the Group held under the Share Award Scheme (as defined in note 12) and shares repurchased.

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 June 2024 and 2023.

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

	For the six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation	**179,857**	183,459

	Number of shares For the six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of ordinary shares used in the basic and diluted earnings per share calculation	**395,401,500**	395,712,843

9. PROPERTY, PLANT AND EQUIPMENT

	30 June 2024
	RMB'000
	(Unaudited)
At 1 January 2024	**2,318,467**
Additions	**63,345**
Disposals	**(84)**
Depreciation provided during the period	**(50,932)**
At 30 June 2024	**2,330,796**

As at 30 June 2024, the original cost of the Group's property, plant and equipment of RMB237,078,000 (31 December 2023: RMB236,965,000) was netted off by the government grants received.

10. ACCOUNTS RECEIVABLE

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

	30 June 2024	31 December 2023
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Accounts receivable:		
Within 1 year	**6,166**	7,351
1 to 2 years	**1,177**	1,683
2 to 3 years	**262**	492
Over 3 years	**6**	64
Total	**7,611**	9,590

11. SHARE CAPITAL

	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Number of ordinary shares		
Authorised:		
Ordinary shares of HK$0.01 each	**500,000,000**	500,000,000
Issued and fully paid:		
Ordinary shares of HK$0.01 each	**415,000,000**	415,000,000

	30 June 2024 *RMB'000* (Unaudited)	31 December 2023 *RMB'000* (Audited)
Authorised:		
Ordinary shares of HK$0.01 each	**4,462**	4,462
Issued and fully paid:		
Ordinary shares of HK$0.01 each	**3,677**	3,677

12. SHARE AWARD SCHEME

On 11 December 2020, the Board approved an employee share award scheme (the "Share Award Scheme") under which: (i) an employee (whether full time or part time), executive or officer, (ii) a director (including any executive, non-executive and independent non-executive director), or (iii) any consultant or adviser (whether professional or otherwise being engaged, whether on an employment, contractual or honorary basis or otherwise and whether paid or unpaid) of any member of the Group who, in the sole discretion of the Board, has contributed or may contribute to the growth and development of the Group (the "Eligible Participant"), will be entitled to participate. The purposes and objectives of the Share Award Scheme are (i) to recognise the contributions by certain Eligible Participants and to provide them incentives in order to retain them for the continual operation and development of the Group; and (ii) to attract suitable personnel for further development of the Group.

Subject to any early termination as may be determined by the Board pursuant to rules of the Share Award Scheme (the "Scheme Rules"), the Share Award Scheme shall be valid and effective from 11 December 2020 to the date on which the last of the number of shares determined by the Board and granted to such relevant Eligible Participant selected by the Board pursuant to the Scheme Rules for participating in the Share Award Scheme (the "Selected Participant") has been vested and transferred to the Selected Participant or has lapsed in accordance with the Scheme Rules provided that no award shall be made on or after the 10th anniversary of the Share Award Scheme starting from the date of 11 December 2020.

The Share Award Scheme shall be subject to the administration of the Board in accordance with the Scheme Rules and the terms of the trust deed (the "Trust Deed") which was entered into between the Company as settlor and the trustee (as restated, supplemented and amended from time to time), namely CMB Wing Lung (Trustee) Limited (the "Trustee"), on 11 December 2020.

The Trustee shall hold the trust fund (including the awarded shares and related income) in accordance with the terms of the Trust Deed.

The Board may from time to time issue implementation and operation manual for the Share Award Scheme.

The Board may, at any time and from time to time cause to be paid an amount of cash to the Trustee for the purchase of the shares on and/or off the market for the operation of the Share Award Scheme.

Subject to the terms and conditions of the Share Award Scheme and the fulfillment of all relevant vesting conditions, the respective awarded shares held by the Trustee on behalf of a Selected Participant shall vest in accordance with the vesting schedule (if any) and the Trustee shall cause the awarded shares to be transferred to such Selected Participant on the vesting date(s), provided that the Selected Participant remains at all times after the grant of the awarded shares and on each relevant vesting date(s) as an Eligible Participant.

The following shares were purchased by the Trustee under the Share Award Scheme during the six months ended 30 June 2024:

	Number of shares purchased for the Share Award Scheme	**Total**
		RMB'000
At 31 December 2023 and 1 January 2024 (audited)	19,598,500	81,944
Purchased and withheld	—	—
At 30 June 2024 (unaudited)	**19,598,500**	**81,944**

Since 11 December 2020 and up to the date of approval of these financial statements, the Board neither granted, lapsed nor cancelled any awards.

13. COMMITMENTS

The Group had the following contractual commitments at the end of the reporting period:

	30 June 2024	31 December 2023
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Property, plant and equipment	**45,913**	88,979

MANAGEMENT DISCUSSION AND ANALYSIS

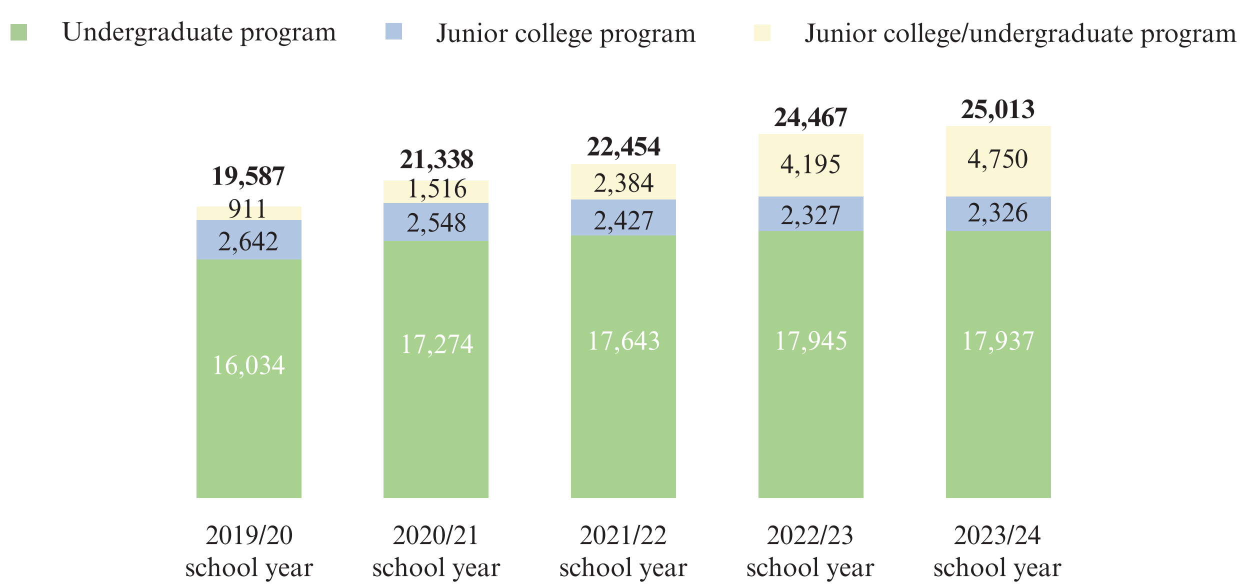
BUSINESS OVERVIEW

The Group is a higher vocational education group which provides undergraduate education and junior college education, focusing on high-quality schooling for the provision of excellent education for students. The Group operates Shanghai Jian Qiao University, being the domestic leading private university, at Lingang New Area in the China (Shanghai) Pilot Free Trade Zone. As measured by the number of full-time students enrolled in the 2023/24 school year, our University is the largest private university in Shanghai and is also a leading private university in the entire Yangtze River Delta. According to CUAA.net (中國校友會網), our University ranked third among all category I private universities in China for three consecutive years from 2022 to 2024 and first among private universities in Yangtze River Delta for five consecutive years from 2020 to 2024.

Student enrollment

In the 2023/24 school year, the overall number of full-time enrolled students of our University reached 25,013, representing an increase of 546 as compared to that of the 2022/23 school year. Such increase in the number of enrolled students was due to the increase in student enrollment of our University. In the 2024/25 school year, our University plans to enroll 4,886 undergraduates, 850 junior colleges, 1,988 junior colleges/undergraduates.

Student enrollment



Tuition rates

The following table sets forth tuition fee information for our full-time programs for the school years indicated:

	Tuition Fee of New Student[1]		
	2022/23 school year *RMB*	**2023/24 school year** *RMB*	**2024/25 school year** *RMB*
Undergraduate program	32,000–39,800[2]	32,000–39,800[2]	32,000–39,800[2]
Junior college program	20,000	20,000	20,000
Junior college/undergraduate program	23,000–38,000	30,000–39,800	32,000–39,800

Notes:

(1) Tuition fees shown above are applicable to full-time students enrolled in the relevant school years only, excluding tuition fees charged for part-time students enrolled in our continuing education program.

(2) The tuition fee range of the undergraduate program includes (i) the undergraduate program; and (ii) the undergraduate program under the international program. It excludes tuition fee rate of RMB80,000 per school year for the international design college, the tuition fee rate of RMB58,000 per school year for the bilingual-lectured digital media technology program, the tuition fee rate of RMB45,000 per school year for the bilingual-lectured journalism program and the tuition fee rate of RMB45,000 per school year for the international project with Vaughn College of Aeronautics and Technology.

BUSINESS REVIEW AND OPERATIONAL UPDATE

Our University

Our University is an applied technology university which focuses on undergraduate education. As of 30 June 2024, our University offered 40 undergraduate majors and 10 junior college majors in a wide range of areas including economics, management, literature, art, science and pedagogy. Our University has 1 major with national characteristics, 1 Ministry of Education (MOE) comprehensive pilot reform undergraduate major, 15 first-class undergraduate majors in Shanghai, as well as 3 majors with Shanghai characteristics.

The schooling quality of our University ranked in the forefront of peer universities, which has accumulated a solid brand reputation. In January 2024, CUAA.net (中國校友會網) announced the 2024 CUAA University Rankings, which showed that our University continued to rank third among the CUAA category I private universities in China for three consecutive years. Over 24 years of operation, our University has been consecutively awarded "Shanghai Civilized Unit (上海市文明單位)" for 9 times over 18 years since 2004, won the honorary title of "Shanghai Garden Unit (上海市花園單位)"

from 2015 to 2020 and awarded the "National Model Unit of Civilization (全國文明單位)" for the first time in 2015 (the first private university in Shanghai), and passed the reexamination twice in 2017 and 2020, continuing to retain the honorary title of the "National Model Unit of Civilization (全國文明單位)", and certified by Shanghai Audit Centre of Quality System to have implemented the ISO9001 quality management system in 2018, and passed the re-certification in May 2021, and passed the MOE undergraduate teaching quality assessment (教育部本科教學工作審核評估) in November 2019. In February 2022, our University has also been approved by the MOE as an innovation and development centre for ideological and political work in colleges and universities, in the same month, our University was selected as Shanghai Safe and Civilized Campus for 2019–2020 school year, and was once again selected as Shanghai Safe and Civilized Campus for 2021–2022 school year in March 2024. Our University was among the first batch of universities in the PRC to be granted reputable title of "Lei Feng Spirit College Demonstration Education Base (雷鋒精神高校示範教育基地)" in April 2024.

DUAL SUPPORT FROM LINGANG SPECIAL AREA POLICY AND VOCATIONAL EDUCATION POLICY

(I) Strategic emerging industries gather in Lingang, building a new development pattern of industry and education integration

In April 2023, Shanghai Municipal Development and Reform Commission (上海市發展和改革委員會) and Shanghai Municipal Education Commission (上海市教育委員會) issued the "Several Measures on Supporting the Lingang New Area to Promote the First Trial to Explore the City Construction of Deep Integration of Industry and Education (《支持臨港新片區加大先行先試探索　深化產教融合城市建設若干措施》)", further supporting the construction of the national pilot core area of industry-education integration in Lingang New Area, encouraging Lingang New Area to build a high-level industry-education integration base and demonstration base, and supporting the base to undertake and implement certain influential activities and projects of collaborative education, scientific research and innovation, vocational expertise to create key functional platforms and demonstration samples to promote the deep integration of industry and education, with an emphasise on the need to give full play to the supporting role of the universities in Lingang Area and to accelerate the construction of key projects such as the ecological park of the industry and education integration in Shanghai Jian Qiao University. In September 2023, the Working Committee of Lingang New Area issued a notice on "Several Opinions on Accelerating the High-Quality Development of Education in Lingang New Area of China (Shanghai) Pilot Free Trade Zone (《關於加快推進中國（上海）自由貿易試驗區臨港新片區教育高質量發展的若干意見》)", proposing to improve the education services supply system, support the standardised development of private education, encourage and support colleges and universities, and vocational schools in the Lingang New Area to focus on the industrial system of the Lingang New Area, lay out the development of characteristic disciplines and majors, enhance the effectiveness of the collaborative scientific research between colleges and universities and enterprises, and promote the development of industry-education integration in an in-depth manner. Lingang New Area is rapidly becoming a gathering point of China's strategic emerging industries, increasing the exploration of differentiation system innovation in several areas, and putting effort into building a world-class industrial cluster. Under the favourable policy of Lingang National Core Pilot Area for Industry-education Integration, our University, as the only private university in Lingang, has a significant geographical advantage in admitting students and exploring new business model on industry-education integration.

(II) Successive implementation of national supporting policies promotes the high-quality development of modern vocational education

In June 2023, the National Development and Reform Commission, the MOE, the Ministry of Human Resources and Social Security, jointly issued the "Implementation Plan for Enhancing the Integration of Industry and Education 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)》)", proposed to promote the formation of the leading effect of integration of industry and education, consolidate the development foundation of vocational colleges, build training bases for integration of industry and education, and deepen cooperation between schools and enterprises in integration of industry and education. Furthermore, they further improved the combined incentive of "finance + fiscal + land + credit" to accelerate the formation of a positive interaction between industry and education and a deep integration development framework of industry and education with complementary advantages of schools and enterprises. In October 2023, the Shanghai Municipal Education Commission issued the "Ten Measures on Promoting the High-Quality Development of Higher Vocational Education in Shanghai (《關於推動上海高等職業教育高質量發展的十條措施》)", pointing out the need to steadily develop undergraduate-level vocational education and push forward the pilot projects of industry and education integration. The National Conference on Education (全國教育工作會) held in January 2024 proposed to strengthen the adaptability and attractiveness of vocational education, and insist on the integration with the industries, local and government policies, social and regional structures, and individual lifelong learning so as to steadily push forward the reform of the construction of a modern vocational education system at the provincial level, and to push forward breakthroughs in the construction of municipal industry and education consortia and industrial communities of industry and education integration as soon as possible. In March 2024, the 2024 Government's Work Report considered and approved by the second session of the 14th National People's Congress also clearly proposed to guide and regulate the development of private education, vigorously improve the quality of vocational education, implement pilot comprehensive reforms of higher education, optimise the structural layout of disciplines, majors and resources, accelerate the construction of world-class universities with Chinese characteristics and advantageous disciplines, and strengthen applied undergraduate colleges. The support and encouragement of the policies provided a strong support for integration of industry and education and high-quality development of vocational education.

OUTSTANDING ACHIEVEMENTS IN THE CONSTRUCTION OF HIGH-QUALITY VOCATIONAL EDUCATION SYSTEM

(I) Docking with the market demand for talents and optimising the layout of disciplines and majors

Majors ranking of our University remained the top among application-oriented universities and colleges across the country and our majors closely kept pace with the needs. In April 2024, according to "2024 First-class Majors Ranking (Application-oriented) in China" published by CUAA.net (中國校友會網), 29 majors of our University ranked among top 10 in China, and 33 majors ranked among top 20 in China. Our University has added a new undergraduate major in business English in the 2024/25 school year, aiming to cultivate applied business English versatile talents with solid basic English language skills and relevant business professional knowledge, who are proficient in the use of English to engage in economic and trade, management, finance and other areas in foreign-related fields such as international business, international trade, cross-border e-commerce, and so on. We believe that this major will further expand our undergraduate major categories, optimise our majors settings, and cultivate more applied technical talents for the society.

(II) Enhancing the strength of teachers and strengthening the construction of curriculum quality

The proportion of full-time teachers with doctoral degrees in our University remains in the forefront of peer universities. As of 30 September 2023, among the full-time teachers of our University, the master degree or higher accounted for 83.7%，the doctoral degree accounted for 24.7%, the senior title accounted for 35.5%, and the double-position accounted for 35.9%. Our University adheres to the combination of the positioning of talent training objectives, as well as the goal of first-class majors construction, carries out curriculum construction in a planned, focused and step-by-step manner, and strengthens practical teaching and quality teaching. In January 2024, a total of 8 courses of our University were rated as first-class undergraduate programs in Shanghai, bringing the cumulative number of programs selected as first-class undergraduate programs in Shanghai to 19.

(III) Devoting to upgrading teaching facilities and building a smart campus with characteristics

The Group continues to deepen the upgrading and modification of teaching and scientific research instruments and equipment as well as teaching laboratories, and is committed to building a modern and intelligent teaching environment. We have completed the construction of Cloud Teaching Center, Cloud Examination Center and Cloud Teaching Management Center for the first phase of Cloud Gench Intelligent Teaching Platform, and built a "student-oriented, learning-centered" teaching process support system, meanwhile, we have constructed a scientific research system to enhance the effectiveness of scientific research management, and independently developed the office automation (OA) workflow system, which further improves the efficiency of work and management level.

(IV) Promoting all-round development of students and enhancing their competitiveness in employment

Focusing on the general requirements of "five-pronged education stratagem (五育並舉)" and "three comprehensive education (三全育人)", our University continues to deepen the talent cultivation system of "core qualities, competence-based, result-oriented and continuous improvement (核心素養+能力本位+成果導向+持續改進)" to further improve the quality of applied talent cultivation. Our University also attaches great importance to the high-quality employment of students. In recent years, the employment rate of our graduates has always been stabling at 98% and above. As of 31 August 2023, the employment rate of 2023 graduates of our University reached 99.1%, of which 58.9% of graduates chose to stay in Shanghai for employment. The college-entrance rate reached 7.1%, and the rate of studying abroad reached 4.6%. In addition, according to the MyCOS report, the overall satisfaction rate of employers who have hired recent graduates of our University in 2022 and 2023 has reached over 95%. In May 2024, our University was awarded the honorary title of "Advanced Institution in Promoting Employment of Shanghai Municipality (上海市促進就業先進集體)".

(V) Further deepening school-enterprise cooperation and developing industry-education integration for collaborative talent cultivation

Based on the past, our University has made significant progress in integrating industry and education. As of 30 June 2024, we have 159 school-enterprise collaboration projects. In 2023, our University increased 36 off-campus internship, practice, and training bases, and established overseas internship bases in Japan, Thailand, Sri Lanka and the United Kingdom. Our University has operated 4 high-level industry-education integration bases, involving high-tech fields such as communication technology, Internet, intelligent manufacturing and integrated circuit. Our University is both the high-tech talents cultivation base in Shanghai and the first batch of industry-education integration bases in Lingang New Area (臨港新片區首批產教融合基地). The "Digital Smart Manufacturing (數聯智造)" Industrial College is one of the first batch of Shanghai municipal key modern industrial colleges (首批上海市級重點現代產業學院) while the "Integrated Circuit (集成電路)" Industrial College is one of the second batch of Shanghai municipal key modern industrial colleges (第二批上海市級重點現代產業學院). In August 2023, our University, as the leading unit among universities, jointly applied with Lingang Industrial University* (臨港產業大學) for the "Shanghai Lingang New Area High-end Equipment Industrial Zone Industry-education Consortia* (上海臨港新片區高端裝備產業區產教聯合體)", which was granted as one of the first 14 "Municipal Industry-education Consortia (市域產教聯合體)" in Shanghai. The Group also commenced phase four of our campus construction plan in December 2022, with a total gross floor area of approximately 86,400 square meters for such campus facilities, mainly comprise (i) a teaching and training building (which will be conducive to connect university-enterprise resources and deepen the integration of industry and education); (ii) three talent apartments (which will increase the attraction of outstanding talents for the University and help the University to introduce various experts in the integration of industry and education); and (iii) a multi-functional research and development centre (which will contribute to the research on the integration of industry and education and the joint talent training with the on-campus enterprises). Phase four of the campus facilities are targeted to be put into use in 2024/25 school year.

FUTURE OUTLOOK AND BUSINESS STRATEGY

As always, the Group adheres to the educational philosophy of running a high-quality school, strives to establish a high-quality applied technical talents training system and operates schools to the people's satisfaction and first-class private university in the nation. The Group's development connotation is highly in line with the national direction to promote the high-quality development of vocational education. We believe that based on the geographical advantages of Pudong and Lingang dual special zones and the development opportunities of Lingang as a cluster of China's strategic emerging industries, adherence to quality improvement and connotative development, building an ecological benchmark campus with the integration of industry and education, practicing the development thoughts of being a long-distance runner for high-quality development of higher education in China and scarce value of our University's for-profit transformation, the Group is expected to gain wider recognition in the industry. Looking forward, we will utilise the following strategies to promote our business development:

BUILDING ON OUR EXISTING STRENGTHS AND ADHERING TO THE PATH OF HIGH-QUALITY DEVELOPMENT

In the 2024/25 school year, we continue to optimise the tuition fee, with the minimum tuition fee for new students of junior college/undergraduate programs being optimized from RMB30,000 per year to RMB32,000 per year. At the same time, the boarding fees in respect of our smart dormitory buildings for the freshman remain at RMB7,800 per year. In the future, we will continue to adhere to the educational philosophy of "student-oriented, teaching-centred, undergraduate-focused (育人為本，教學為本，本科為本)" and the work ideology of "quality as the core, teaching as the centre, students as the base, teachers as the principal (品質核心，教學中心，學生本位，教師主體)" to deepen the reform of talent cultivation models, optimise the structure and layout of professional disciplines, continuously strengthen the construction of college program quality and faculty team, ensure teaching quality, improve the effectiveness of scientific research work, comprehensively serve students' growth and development, thus promoting the high-quality development of school undertakings.

PROMOTING BUSINESS DIVERSIFICATION AND EXPLORING NEW GROWTH AREAS

The period of "Fourteenth Five-year Plan" is a key five-year period for Shanghai to accelerate the construction of a modern socialist international metropolis with world influence, and also a key five-year period for the Lingang New Area to initially establish a special economic functional area with strong international market influence and competitiveness. Based on the strong demand for international and high-tech talents in the region, the Group will vigorously develop international education, adult continuing education and non-academic vocational education:

1) As to international education, in order to seize the opportunity of international talents of Lingang, our University established an international curriculum center to expand international curriculum programs, broaden the students' international horizons and facilitate studying abroad. In April 2023, our University entered into a cooperation agreement with Beijing Chivast Education International Intercourse Co., Ltd. (北京嘉華世達國際教育交流有限公司), a wholly-owned subsidiary of the Chinese Service Center for Scholarly Exchange (教育部留學服務中心), to jointly promote the study abroad project of international curriculum and to provide students with more high-quality education resources abroad, as well as all-rounded training and services for smooth going abroad.

2) As to adult continuing education, as of 30 June 2024, the number of adult students of the continuing education programs of our University amounted to 6,389.

3) As to non-academic vocational education, the Group actively responds to vocational education "1+X" certificate system (職業教育「1+X」證書制度), to deepen the vocational qualification training and enhance students' occupational skills. As of 30 June 2024, our University provided a total of 397 types of vocational qualification certificate training.

REAPING BENEFITS OFFERED BY THE LINGANG NEW AREA POLICY TO PURSUE THE INTEGRATED DEVELOPMENT OF INDUSTRY, EDUCATION AND CITY

Lingang is a dual special zone under the superposition of two national strategies: Pudong Pioneer Area and Lingang New Area, carrying an important national strategic mission as the first trial test field of "Pioneer Area for Socialist Modernization". Lingang focuses on the innovation and development of key technological links in the field of "Filling the Domestic Gaps (填補國家空白)" and emerging industries, which is to establish a special economic functional zone with more international market influence and competitiveness. As the national core area for pilot integration of industry and education, leveraging on the regional advantages of rapid gathering in the advanced manufacturing industry, Lingang will have more exploration opportunities for industry-education integration.

Looking forward, the Group will grasp and fully utilise the opportunities brought by the policy of taking Lingang New Area as "The First Trial Test Field of Pioneer Area for Socialist Modernization" and the "National Core Area for Pilot Industry-education Integration", and actively take the initiative to serve the national strategy to promote the high-quality development of vocational education and the regional development strategy to build Lingang a "Global Power City". The Group will continue to adhere to the philosophy of "high-quality schooling standards", cultivating more high-quality technical and skilled talents, deepening the construction of integration, internationalization and digitalisation strategy, deepening the construction of modern vocational education system, building an ecological benchmark campus with the integration of industry and education, with a view to growing our University into a first-class private university in China with more unique features and international standing and a long-term practitioner for the high-quality development of higher education in China.

FINANCIAL REVIEW

Revenue

Revenue represents the value of services rendered during the Reporting Period. Our Group derives revenue from tuition fees, boarding fees, education related services and other services.

For the six months ended 30 June 2024, the Group's revenue was approximately RMB535.4 million, representing an increase of approximately RMB41.2 million, or 8.3%, as compared with the corresponding period of last year, which was mainly due to the increase in the revenue derived from tuition fees and boarding fees by approximately RMB38.8 million, or 8.0%. Such an increase was mainly due to the growth in the number of students and average tuition and boarding fees per student during the Reporting Period.

Cost of Sales

The Group's cost of sales primarily consisted of salary costs, depreciation and amortization, student-related expenses, logistics expenses, cooperative education expenses, teaching material expenses and maintenance expenses, along with training expenses, research and development costs, travel expenses, office expenses, and others.

For the six months ended 30 June 2024, the Group's cost of sales increased by approximately RMB49.0 million, or 31.5%, as compared with the corresponding period of last year, which was primarily due to the combined effects of (i) the salary costs increased by approximately RMB18.2 million, or 20.1%, from approximately RMB90.4 million for the six months ended 30 June 2023 to approximately RMB108.6 million for the six months ended 30 June 2024, as a result of the growth of the number of teachers and the average salary rates; and (ii) the increase of the depreciation and amortization expenses, which was mainly due to the changes in accounting estimates for depreciation period of buildings and facilities for the property, plant and equipment from 50 years to 30 years since July 2023; and (iii) the increase of the outsourced logistics services.

Gross Profit and Gross Profit Margin

The Group's gross profit represents our revenue less cost of sales. The Group's gross profit decreased by approximately RMB7.8 million, or 2.3% from approximately RMB338.6 million for the six months ended 30 June 2023 to approximately RMB330.8 million for the six months ended 30 June 2024.

The Group's gross profit margin represents the Group's gross profit as a percentage of its revenue. For the six months ended 30 June 2024, the Group achieved a gross profit margin of 61.8% down by 6.7 percentage points as compared to corresponding period of last year. The decrease was due to the above-mentioned growth in cost of sales exceeding growth in revenue.

Other Income and Gains

The Group's other income and gains primarily consist of government grants, bank interest income, operating lease income from operators of supermarkets, snap shops, etc. in the school campus, and others.

The Group's other income and gains increased by RMB6.4 million, or 62.4%, from RMB10.2 million for the six months ended 30 June 2023 to RMB16.6 million for the six months ended 30 June 2024, which was mainly due to the combined effects of (i) the government grants, mainly the tax refund from the local government, increasing by approximately RMB2.0 million; (ii) operating lease income increasing by approximately RMB3.0 million; and (iii) the increase of interest income and investment income and gain on changes in fair value from financial assets at fair value through profit or loss amounting to RMB1.2 million during the Reporting Period.

Selling and Distribution Expenses

The Group's selling and distribution expenses primarily consist of expenses incurred for relevant advertising of our University, labour costs, the cost of promotional brochures, transportation expenses, business entertainment expenses and other expenses.

The Group's selling and distribution expenses increased by approximately RMB0.5 million, or 20.9%, from approximately RMB2.2 million for the six months ended 30 June 2023 to approximately RMB2.7 million for the six months ended 30 June 2024, which was mainly due to the increase of labour costs for strengthening the enrolment promotion during the Reporting period.

Administrative Expenses

The Group's administrative expenses consisted of salary expenses for administrative staff, logistic expenses, depreciation of vehicle and equipment for administrative purposes, professional service expenses, travel expenses, entertainment expenses, office expenses, and others.

For the six months ended 30 June 2024, the Group's administrative expenses was approximately RMB86.8 million, which remained stable as compared to the corresponding period of last year.

Finance Costs

The Group's finance costs primarily consisted of the interest expenses for bank loans.

Finance costs increased by RMB2.1 million, or 17.9%, from RMB11.7 million for the six months ended 30 June 2023 to RMB13.8 million for the six months ended 30 June 2024, which was due to (i) the scale of interest-bearing borrowings of our Group increased from RMB759.4 million as at 30 June 2023 to RMB838.4 million as at 30 June 2024; (ii) the decrease in the annual average effective interest rate from 3.85% to 3.79%; and (iii) the effect of preferential interest policies such as the Opinions on the Implementation of the Loan Discount for Core Enterprises in the Lingang New Area of the China (Shanghai) Pilot Free Trade Zone (《中國(上海)自由貿易試驗區臨港新片區重點企業貸款貼息的實施意見》).

Profit Before Tax

For the six months ended 30 June 2024, the Group recorded a profit before tax of approximately RMB241.7 million, representing a decrease of approximately RMB4.8 million from approximately RMB246.5 million for the corresponding period of prior year.

Income tax expense

The Group's income tax expenses decreased from approximately RMB63.1 million for the six months ended 30 June 2023 to approximately RMB61.8 million for the six months ended 30 June 2024, which was mainly due to the decrease of the profit before tax.

Liquidity and Capital Resources

Our primary uses of cash were to fund our working capital requirements, our purchase of property, plant and equipment and to repay bank borrowings and related interest expenses. During the Reporting Period, we funded our operations principally with cash generated from our operations and bank borrowings. In the future, we believe that our liquidity requirements will be satisfied with a combination of cash flows generated from our operating activities, bank borrowings and the net proceeds from the initial public offering of the Company and other funds raised from the capital markets from time to time.

Treasury Policy

Our Group has adopted a prudent financial management approach towards its treasury policy. The Board closely monitors the Group's liquidity position to ensure that the liquidity structure of our Group's assets, liabilities, and other commitments can meet its funding requirements all the time.

Property, Plant and Equipment

As at 30 June 2024, the Group's property, plant and equipment amounted to approximately RMB2,330.8 million, representing an increase of approximately RMB12.3 million, or 0.5%, as compared to the balance as at 31 December 2023. Such an increase was mainly due to the phase four of our campus construction plan, maintaining and upgrading existing school premises for the University during the Reporting Period.

Cash and Cash Equivalents

As at 30 June 2024, the Group's cash and cash equivalents were approximately RMB306.0 million, representing a decrease of approximately RMB200.1 million, or 39.5%, as compared to the balance as at 31 December 2023. The decrease was mainly as the effect of seasonality as our University typically receives most of our tuition fees and boarding fees from students in the second half of the year while our University still needs to pay staff salaries, utility expenses and the capital expenditure in the first half of the year to support its operation.

Bank Borrowings

Our bank borrowings are long-term project loans for our campus construction plan.

We primarily borrowed loans from banks and financial institutions to supplement our working capital and finance our capital expenditure. Our bank borrowings amounting an aggregate of approximately RMB838.4 million as at 30 June 2024 (31 December 2023: approximately RMB759.4 million) were all denominated in Renminbi. As at 30 June 2024, our bank borrowings bore effective interest rate was 3.79% per annum. The following table sets forth the maturity profile of the interest-bearing bank and other borrowings as of the dates indicated:

	30 June 2024 *RMB'000* **(Unaudited)**	31 December 2023 *RMB'000* (Audited)
Analysed into:		
Repayable within one year	**78,000**	72,652
Repayable in the second year	**164,000**	161,000
Repayable in the third to fifth years, inclusive	**543,250**	464,094
Repayable beyond five year	**53,175**	61,680
	760,425	686,774
	838,425	759,426

Capital Expenditure

Capital expenditures during the Reporting Period primarily related to the phase four of our campus construction plan, maintaining and upgrading existing school premises for the University. For the six months ended 30 June 2024, the Group's capital expenditures were RMB116.9 million.

Contractual Commitments

Our capital commitments primarily were related to the acquisition of property, plant and equipment. The following table sets forth our capital commitments as at the dates indicated:

	30 June 2024	31 December 2023
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Property, plant and equipment	**45,913**	88,979

Contingent Liabilities

As at 30 June 2024, the Group did not have any significant contingent liabilities, guarantees or any litigations or claims of material importance, pending or threatened (as at 31 December 2023: nil).

Gearing Ratio

The Group's gearing ratio equals to the interest-bearing debt divided by total equity.

As at 30 June 2024, the gearing ratio of the Group was 0.4, which remains stable compared with the gearing ratio margin for the same period of prior year.

Foreign Exchange Risk Management

The functional currency of the Company is Renminbi (RMB). The majority of the Group's revenue and expenditures are denominated in RMB. During the Reporting period, the Group did not experience any significant difficulties in or impacts on its operations or liquidity due to fluctuations in currency exchange rates. The Directors believe that the Group has sufficient foreign exchange to meet its own foreign exchange requirements and will adopt practical and effective measures to prevent exposure to exchange rate risk. The Group did not enter into any financial instrument for hedging purpose.

Significant Investments, Acquisitions and Disposals, Future Plan for Material Investments And Capital Assets

There were no significant investments held as at 30 June 2024, nor other material acquisitions and disposals of subsidiaries and associated companies. Save as disclosed in this announcement, as at 30 June 2024, our Group did not have any immediate plans for material investments and acquisition of capital assets.

Pledge of Assets

As at 30 June 2024, the balance of secured bank borrowings of the Group was RMB838.4 million, of which RMB705.4 million was secured by the Group's rights over tuition fees and boarding fees, and the other was secured by the charging right of the talent center in the phase four of the campus construction.

Employees and Remuneration Policy

As at 30 June 2024, our Group had 1,810 full-time employees (30 June 2023: 1,645 employees), the remuneration policy and package of the Group's employees are periodically reviewed in accordance with industry practice and result performance of the Group. The Group provides external and internal training programs to its employees. The Group participates in various employee social security plans for its employees that are administered by local governments, including housing, pension, medical insurance, occupational injury insurance, maternity insurance and unemployment insurance. The total remuneration cost incurred by the Group for the six months ended 30 June 2024 was RMB177.2 million (30 June 2023: RMB159.1 million).

EVENTS AFTER THE REPORTING PERIOD

On 29 August 2024, the Board has resolved to recommend the payment of an interim dividend of HK$0.10 per ordinary share for the six months ended 30 June 2024 to the shareholders whose names appear on the register of members of the Company on Monday, 14 October 2024.

RESIGNATION OF CHIEF EXECUTIVE OFFICER AND NON-EXECUTIVE DIRECTOR

The Board hereby announces that, effective from 29 August 2024:

a. Mr. Zheng Xiangzhan resigned as the chief executive officer of the Company due to age reason; and

b. Mr. Du Jusheng resigned as a non-executive Director of the Company due to age reason.

Each of Mr. Zheng Xiangzhan and Mr. Du Jusheng confirmed that he has no disagreement with the Board and there are no matters in relation to his resignation that needs to be brought to the attention of the shareholders of the Company or the Stock Exchange.

APPOINTMENT OF CHIEF EXECUTIVE OFFICER AND NON-EXECUTIVE DIRECTOR

The Board is pleased to announcement that (i) Mr. Zhou Tianming (周天明) has been appointed as the chief executive officer of the Company; and (ii) Ms. Li Huihui (李慧惠) has been appointed a non-executive Director of the Company, both effective from 29 August 2024.

The biographical details of Mr. Zhou Tianming and Ms. Li Huihui are as follows:

Mr. Zhou Tianming, aged 48, re-joined the Group as the executive vice president in August 2021 and has been appointed as the chief executive officer of the Company on 29 August 2024. He is one of the shareholders of Jian Qiao Group, which is an affiliated entity of the Company and is responsible for the overall operation of the Group.

Mr. Zhou started his career as a teacher at Wenzhou Business School Yueqing Branch* (溫州商校樂清分校) from September 1998 to July 1999. He held various senior roles in education investment, education service and energy related industry between August 1999 and October 2007, including the chief of staff/director of infrastructure office at Jian Qiao Investment, an affiliated entity of the Company, the general manager of Shanghai Jianqiao Education Service Co., Ltd.* (上海建橋教育服務有限公司), a then subsidiary of Jian Qiao Group, which was spun-off in June 2018, the vice president of Jian Qiao Group and the vice chairman and the general manager of Shanxi Jianqiao Energy Co., Ltd.* (山西建橋能源有限公司). He served as the general manager at Qinghai Lenghu Bindi Potash Fertilizer Co., Ltd.* (青海省冷湖濱地鉀肥股份有限公司) from February 2008 to September 2011. Mr. Zhou held the position of president at Changjiu Industry Group Co., Ltd* (長九實業集團有限公司) from October 2011 to July 2021. He has been serving as a director at Jian Qiao University Company, an affiliated entity of the Company, since July 2024.

Mr. Zhou graduated with a bachelor's degree in computerized accounting from Jiangxi University of Finance and Economics (江西財經大學), in Jiangxi Province, the PRC in July 1998.

Mr. Zhou has entered into a service agreement (the "**Service Agreement**") with the Company on 29 August 2024, pursuant to which Mr. Zhou will be employed as the chief executive officer of the Company for an initial term of three years commencing from 29 August 2024 and ending on 28 August 2027, which will be automatically renewed for a term of three years upon expiry of the Service Agreement and may be terminated in accordance with the termination provisions of the Service Agreement. Pursuant to the Service Agreement, the total emoluments payable to Mr. Zhou are RMB800,000 per annum, which is determined by reference to, among other things, his duties and responsibilities with the Company.

As of the date of this announcement, Mr. Zhou is deemed to be interested in 6,297,000 Shares, representing approximately 1.52% of the entire issued share capital of the Company, for the purposes of Part XV of the Securities and Futures Ordinance.

Ms. Li Huihui, aged 41, graduated from Xiamen University (廈門大學) in Fujian Province, the PRC with a bachelor's degree in accounting in July 2003 and a master's degree in accounting in July 2006. She obtained the certificate of senior accountant issued by Ministry of Human Resources and Social Security and Ministry of Finance in September 2015.

Ms. Li worked at Xiamen ITG Group Corp., Ltd.* (廈門國貿集團股份有限公司) from December 2007 to February 2021 and held various positions including deputy general manager of finance department of trading division, general manager of financial management department of supply chain division, general manager of operation and finance department, general manager of funding department and deputy general manager of real estate division. From February 2021 to July 2021, she served as the deputy general manager at Xiamen ITG Real Estate Co., Ltd.* (廈門國貿房地產有限公司) (formerly known as ITG Real Estate Group Co., Ltd.* (國貿地產集團有限公司)). She has been serving as the deputy general manager at Xiamen ITG Real Estate Group Co., Ltd.* (廈門國貿地產集團有限公司) since July 2021.

Ms. Li has entered into a letter of appointment ("**Letter of Appointment**") with the Company on 29 August 2024 for an initial fixed term of one year, which will be automatically renewed for a term of one year upon expiry of the Letter of Appointment and may be terminated in accordance with the termination provisions of the Letter of Appointment and is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the articles of association of the Company and the Listing Rules.

Under the Letter of Appointment, the director's emoluments payable to Ms. Li are HK$240,000 per annum, which is determined by reference to, among other things, her duties and responsibilities with the Company.

Save as disclosed above and as at the date of this announcement, each of Mr. Zhou Tianming and Ms. Li Huihui has not held any other position in the Company or any other member of the Group, nor any directorship in any public company listed in Hong Kong or overseas in the last three years. Each of them does not have any relationship with any other Directors, senior management, substantial shareholders (as defined in the Listing Rules) or controlling shareholders (as defined in the Listing Rules) of the Company. Save as disclosed above and as at the date of this announcement, each of them did not have, and is not deemed to have, any interest in and did not hold any short positions in any shares or underlying shares in or any debentures of the Company or any of its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance.

Save as disclosed herein, there is no other information relating to Mr. Zhou Tianming and Ms. Li Huihui that is required to be disclosed pursuant to Rule 13.51(2)(h) to 13.51(2)(v) of the Listing Rules, and there is no other matter relating to their appointment that needs to be brought to the attention of the shareholders of the Company.

The Board would like to take this opportunity to extend a welcome to Mr. Zhou Tianming and Ms. Li Huihui to their new positions in the Group.

INTERIM DIVIDEND

On 29 August 2024, the Board has resolved the payment of an interim dividend of HK$0.10 per ordinary share of the Company for the six months ended 30 June 2024 (for the six months ended 30 June 2023: HK$0.10 per ordinary share). The 2024 Interim Dividend is intended to be paid out of the share premium of the Company.

The 2024 Interim Dividend will be payable on or around Friday, 25 October 2024 to the shareholders whose names appear on the register of members of the Company on Monday, 14 October 2024.

CLOSURE OF THE REGISTER OF MEMBERS

For determining the entitlement of the shareholders of the Company to receive the 2024 Interim Dividend, the register of members of the Company will be closed on Monday, 14 October 2024, during which period no transfer of Shares will be registered. The record date for entitlement to the 2024 Interim Dividend is Monday, 14 October 2024. In order to be qualified for the entitlement to receive the 2024 Interim Dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Thursday, 10 October 2024. The payment date of the 2024 Interim Dividend is expected to be on Friday, 25 October 2024.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any other listed securities of the Company during the six months ended 30 June 2024.

Separately, during the six months ended 30 June 2024, no Shares were purchased by the trustee of the Share Award Scheme pursuant to the terms of the trust deed of the Share Award Scheme.

COMPLIANCE WITH THE CG CODE

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the shareholders of the Company and to enhance corporate value and accountability. The Company has adopted the code provisions under the CG Code as its own code of corporate governance. The Company has complied with all applicable code provisions under the CG Code during the six months ended 30 June 2024. The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries of all the Directors, each of the Directors has confirmed that he/she has complied with the Model Code during the six months ended 30 June 2024.

At the same time, the Company has also adopted its own code of conduct regarding employees' securities transactions on terms no less exacting than the standard 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.

AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS

The Audit Committee has reviewed the accounting principles and practices adopted by the Group. The Audit Committee, together with the Board, have reviewed the Group's unaudited interim condensed consolidated financial statements for the six months ended 30 June 2024. The Audit Committee is of the opinion that such financial statements comply with the applicable accounting standards, the Listing Rules and all other applicable legal requirements.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.genchedugroup.com). The interim report for the six months ended 30 June 2024 containing all the information required by Appendix D2 to the Listing Rules will be made available on the above websites and dispatched to the shareholders of the Company who request the printed copy before the end of September 2024.

DEFINITION

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

"2024 Interim Dividend"	interim dividend of HK$0.10 per ordinary share of the Company resolved by the Board for the six months ended 30 June 2024
"Audit Committee"	the audit committee of the Company
"Board"	the board of Directors of the Company
"CG Code"	the Corporate Governance Code as set out in Appendix C1 to the Listing Rule
"China" or "PRC"	for the purpose of this announcement, the People's Republic of China, other than the regions of Hong Kong, the Macau Special Administrative Region and Taiwan
"Company"	Shanghai Gench Education Group Limited
"Director(s)"	the director(s) of the Company
"Group", "we" or "us"	the Company, its subsidiaries and PRC Affiliated Entities from time to time, or, where the context so requires in respect of the period before the Company became the holding company of our present subsidiaries, the entities which carried on the business of the present Group at the relevant time
"HK$" or "Hong Kong dollar(s)"	Hong Kong dollars respectively, the lawful currency of Hong Kong
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Jian Qiao Group"	Shanghai Jian Qiao (Group) Limited* (上海建橋(集團)有限公司), a limited liability company established under the laws of the PRC on 7 November 2000, which is currently owned by the Registered Shareholders. It is an affiliated entity of the Company
"Jian Qiao Investment"	Shanghai Jian Qiao Investment and Development Limited* (上海建橋投資發展有限公司), a limited liability company established under the laws of the PRC on 3 August 1999, which is wholly owned by Jian Qiao Group. It is an affiliated entity of the Company

"Jian Qiao University Company"	Shanghai Jian Qiao University Co., Ltd.* (上海建橋學院有限責任公司), a limited liability company established under the laws of the PRC on 28 September 2020, of which the equity interest is owned as to 90% by Jian Qiao Group and as to 10% by Jian Qiao Investment. It is an affiliated entity of the Company
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
"Model Code"	the Model code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
"PRC Affiliated Entities"	collectively, Jian Qiao University Company and the School Holders, each an affiliated entity of the Company
"Registered Shareholders"	shareholders of Jian Qiao Group, namely, Mr. Zhou Xingzeng, Mr. Zheng Xiangzhan, Mr. Zhao Donghui, Mr. Shi Yinjie, Mr. Jin Yinkuan, Mr. Chen Shengfang, Mr. Chen Zhiyong, Mr. Zhou Tianming, Mr. Bao Jianmin, Mr. Wang Hualin, Mr. Wang Chengguang, Mr. Chen Minghai, Mr. Chen Shengcai, Ms. Huang Chunlan and Mr. Zheng Juxing
"Reporting Period"	the six months ended 30 June 2024
"RMB"	Renminbi, the lawful currency of the PRC
"School Holders"	the shareholders of Jian Qiao University Company, namely, Jian Qiao Group and Jian Qiao Investment
"Share(s)"	ordinary share(s) of HK$0.01 each in the share capital of the Company
"Share Award Scheme"	the share award scheme adopted by the Company on 11 December 2020
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"University", "our University", or "Shanghai Jian Qiao University"	a university in the PRC operated as a private non-enterprise unit under the name of "Shanghai Jian Qiao University" (上海建橋學院) from 28 June 2000 to 9 August 2021 and as a limited liability company under the name of "Shanghai Jian Qiao University Co., Ltd."* (上海建橋學院有限責任公司) since 10 August 2021, with the short name of "Shanghai Jian Qiao University" (上海建橋學院) in the relevant private school operating permit

"Yangtze River Delta"	comprises Jiangsu Province, Zhejiang Province, Anhui Province and Shanghai in the PRC
"%"	percent

By order of the Board
Shanghai Gench Education Group Limited
Zhao Donghui
Chairman

Shanghai, 29 August 2024

As at the date of this announcement, our executive Directors are Mr. Zhao Donghui and Mr. Ding Zheyin, our non-executive Directors are Ms. Li Huihui, Mr. Ye Qionghai and Ms. Zhao Jiaqiao and our independent non-executive Directors are Mr. Chen Baizhu, Mr. Hu Rongen and Ms. Liu Tao.

If there is any inconsistency between the Chinese names of entities or enterprises established in the PRC and their English translations, the Chinese names shall prevail. The English translation of company or entity names in Chinese or another language which are marked with "" and the Chinese translation of company or entity names in English which are marked with "*" is for identification purpose only.*