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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 INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2024

FINANCIAL HIGHLIGHTS

	For the six months ended		Changes	Percentage of changes
	30 June			
	2024	2023		
	(RMB'000)	(RMB'000)	(RMB'000)	
	(Unaudited)	(Unaudited)		
Revenue	241,324	192,102	49,222	25.6%
Gross profit	103,337	76,194	27,143	35.6%
EBITDA	94,513	91,414	3,099	3.4%
Profit for the period	30,779	33,367	(2,588)	(7.8%)
Earnings per Share (RMB cents)	2.71	2.94	(0.23)	(7.8%)
	2023/2024	2022/2023		Percentage of
	school year	school year	Changes	changes
Total number of full-time students (Note)	24,439	23,423	1,016	4.3%

Note: Please refer to the paragraph headed "Student enrollment" in this results announcement for details.

The Board is pleased to announce the unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 June 2024, together with the comparative figures for the corresponding period of 2023, as follows:

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	<i>Notes</i>	Six months ended 30 June	
		2024	2023
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Revenue	4	241,324	192,102
Cost of sales		<u>(137,987)</u>	<u>(115,908)</u>
Gross profit		103,337	76,194
Other income and gains, net	4	6,413	22,153
Selling and distribution expenses		(10,903)	(8,176)
General and administrative expenses		(34,592)	(34,886)
Reversal of impairment losses on financial and contract assets		–	341
Other expenses		(1,381)	(6,783)
Finance costs	5	<u>(32,600)</u>	<u>(15,840)</u>
Profit before tax	6	30,274	33,003
Income tax credit	7	<u>505</u>	<u>364</u>
Profit for the period		<u>30,779</u>	<u>33,367</u>
Attributable to:			
Owners of the Company		30,972	33,600
Non-controlling interests		<u>(193)</u>	<u>(233)</u>
		<u>30,779</u>	<u>33,367</u>

		Six months ended 30 June	
		2024	2023
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)	(Unaudited)
Earnings per share attributable to ordinary equity holders of the Company	9		
Basic and diluted			
– For profit for the period		<u>RMB2.71 cents</u>	<u>RMB2.94 cents</u>
Profit for the period		30,779	33,367
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss:</i>			
Exchange differences on translation of the Company		4,562	6,241
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translation of foreign operations		<u>4</u>	<u>–</u>
Other comprehensive income for the period		<u>4,566</u>	<u>6,241</u>
Total comprehensive income for the period		<u>35,345</u>	<u>39,608</u>
Total comprehensive income/(expense) attributable to:			
Owners of the Company		35,538	39,841
Non-controlling interests		<u>(193)</u>	<u>(233)</u>
		<u>35,345</u>	<u>39,608</u>

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

		30 June	31 December
		2024	2023
	<i>Notes</i>	RMB'000	RMB'000
		(Unaudited)	(Audited)
Non-current assets			
Property, plant and equipment	<i>10</i>	927,669	941,962
Right-of-use assets		541,439	538,980
Goodwill		81,015	81,015
Other intangible assets		36,082	41,083
Financial assets at fair value through profit or loss		1,118	1,091
Deferred tax assets		8,440	8,440
Other non-current assets		30,531	35,855
		<hr/>	<hr/>
Total non-current assets		1,626,294	1,648,426
		<hr/>	<hr/>
Current assets			
Trade receivables	<i>11</i>	20,192	22,099
Contract costs		9,772	10,572
Prepayments, deposits and other receivables		291,695	62,926
Financial assets at fair value through profit or loss		10,085	7,906
Term deposits		–	40,000
Pledged deposits		110,000	176,000
Cash and bank balances		97,504	270,254
Other current assets		84,341	84,566
		<hr/>	<hr/>
Total current assets		623,589	674,323
		<hr/>	<hr/>

		30 June	31 December
		2024	2023
	<i>Notes</i>	RMB'000	RMB'000
		(Unaudited)	(Audited)
Current liabilities			
Other payables and accruals		235,696	218,559
Contract liabilities		48,234	189,574
Interest-bearing bank and other borrowings	<i>12</i>	565,858	571,100
Lease liabilities		11,494	7,667
Tax payable		2,547	2,656
		<u>863,829</u>	<u>989,556</u>
Total current liabilities			
		<u>(240,240)</u>	<u>(315,233)</u>
Net current liabilities			
		<u>1,386,054</u>	<u>1,333,193</u>
Total assets less current liabilities			
Non-current liabilities			
Interest-bearing bank and other borrowings	<i>12</i>	328,564	304,561
Lease liabilities		63,333	68,532
Deferred tax liabilities		5,197	5,924
Deferred income		164,535	165,097
Other payables and accruals		7,895	7,894
		<u>569,524</u>	<u>552,008</u>
Total non-current liabilities			
		<u>816,530</u>	<u>781,185</u>
NET ASSETS			
Capital and reserves			
Share capital	<i>13</i>	9,750	9,750
Treasury shares		(168)	(168)
Reserves		804,316	768,778
		<u>813,898</u>	<u>778,360</u>
Equity attributable to owners of the Company			
Non-controlling interests		2,632	2,825
		<u>816,530</u>	<u>781,185</u>
TOTAL EQUITY			

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL 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 six months ended 30 June 2024, the Company and its subsidiaries (collectively referred to as the “**Group**”) were principally engaged in providing educational services and the college management services in the People’s Republic of China (the “**PRC**”).

2.1 BASIS OF PRESENTATION

The unaudited interim condensed consolidated financial statements for the six months ended 30 June 2024 have been prepared in accordance with International Accounting Standard (“**IAS**”) 34 “Interim Financial Reporting” issued by the International Accounting Standards Board.

The interim condensed consolidated financial statements do 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 GOING CONCERN BASIS

The Group had net current liabilities of approximately RMB240 million as at 30 June 2024 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 RMB94.8 million as at 30 June 2024 to current liabilities. In view of the net current liabilities position, the directors of the Company 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 of the Company are of the opinion that it is appropriate to prepare the condensed consolidated financial statements on a going concern basis.

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements 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 new and revised International Financial Reporting Standards (“IFRSs”) for the first time for the current period's condensed consolidated financial statements.

Adoption of new and revised International Financial Reporting Standards (“IFRSs”)

In the current period, the Group has adopted all the new and revised IFRSs issued by the International Accounting Standards Board that are relevant to its operations and effective for its accounting year beginning on 1 January 2024. IFRSs comprise International Financial Reporting Standards; International Accounting Standards; 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 and prior periods.

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 results 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.

SIX MONTHS ENDED 30 JUNE 2024

	Vocational education RMB'000 (Unaudited)	Non- vocational education RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Revenue	172,773	68,551	241,324
Other segment revenue	<u>6,389</u>	<u>1,016</u>	<u>7,405</u>
Total	<u>179,162</u>	<u>69,567</u>	<u>248,729</u>
Segment results	71,751	(9,818)	61,933
<i>Reconciliation</i>			
Finance costs (other than interest on lease liabilities)			(30,894)
Interest income			3,006
Unallocated income and expenses, net			<u>(3,771)</u>
Profit before tax			<u>30,274</u>
As at 30 June 2024			
Segment assets	1,522,994	99,219	1,622,213
<i>Reconciliation</i>			
Pledged deposits			110,000
Cash and bank balances			97,504
Financial assets at fair value through profit or loss			11,203
Unallocated head office and corporate assets			<u>408,963</u>
Total assets			<u>2,249,883</u>
Segment liabilities	(370,798)	(154,003)	(524,801)
<i>Reconciliation</i>			
Interest-bearing bank and other borrowings			(894,422)
Tax payable			(2,547)
Unallocated head office and corporate liabilities			<u>(11,583)</u>
Total liabilities			<u>(1,433,353)</u>

SIX MONTHS ENDED 30 JUNE 2023

	Vocational education <i>RMB'000</i> (Unaudited)	Non- vocational education <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
Revenue	124,476	67,626	192,102
Other segment revenue	<u>14,571</u>	<u>3,654</u>	<u>18,225</u>
Total	<u>139,047</u>	<u>71,280</u>	<u>210,327</u>
Segment results	56,662	6,194	62,856
<i>Reconciliation</i>			
Finance costs (other than interest on lease liabilities)			(14,245)
Interest income			4,692
Unallocated expenses			<u>(20,300)</u>
Profit before tax			<u>33,003</u>

As at 31 December 2023

	Vocational education <i>RMB'000</i> (Audited)	Non- vocational education <i>RMB'000</i> (Audited)	Total <i>RMB'000</i> (Audited)
Segment assets	1,506,890	161,257	1,668,147
<i>Reconciliation</i>			
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)
<i>Reconciliation</i>			
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>

Geographical information

During both periods, the Group operated business within one geographical area because all of its revenue was generated in the PRC and all of its long-term assets were located in the PRC. Accordingly, no geographical segment information is presented.

Information about major customers

During both periods, 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:

		Six months ended 30 June	
		2024	2023
	<i>Notes</i>	RMB'000	RMB'000
		(Unaudited)	(Unaudited)
<i>Revenue from contracts with customers</i>			
Vocational education			
Tuition fees		127,628	91,288
Boarding fees		17,402	11,043
College operation service income	<i>(i)</i>	16,132	14,691
Others	<i>(ii)</i>	11,611	7,454
		172,773	124,476
Non-vocational education			
Tutoring fees		22,608	17,507
Tuition fees		44,212	48,028
Boarding fees		1,494	2,047
Consultation fees		237	44
		68,551	67,626
		241,324	192,102
Other income and gains			
Interest income		3,006	4,692
Donation of property, plant and equipment received		3,673	6,702
Investment income		222	1,576
Site use fees	<i>(iii)</i>	–	2,261
Sale of education materials and living goods		130	2,465
Government grants		664	238
Fair value (loss)/gain on financial assets at fair value through profit or loss		(3,263)	1,043
Others		1,981	3,176
		6,413	22,153

Notes:

- (i) The school operation service income comprises the service income derived from the provision of school operation service and the provision of accommodation service to the students.
- (ii) Others primarily 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.
- (iii) The amount in the prior year mainly represented usage fees received from certain colleges and enterprises in connection with their uses of the school premises and facilities and right-of-use asset of the Group to organise teaching and training activities.

5. FINANCE COSTS

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Interest on bank and other borrowings	32,665	24,048
Less: interest capitalised	(2,071)	(9,924)
	<u>30,594</u>	<u>14,124</u>
Interest on lease liabilities	1,706	1,595
Financing consultancy service charges	300	121
	<u>32,600</u>	<u>15,840</u>

6. PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Cost of services provided	137,987	115,908
Depreciation of property, plant and equipment	22,789	16,417
Depreciation of right-of-use assets	10,208	22,233
Amortisation of intangible assets	5,001	4,042
Minimum lease payments under operating leases:		
– Buildings	744	599
– Others	–	923
	<u>744</u>	<u>1,522</u>
Employee benefit expense (excluding directors' remuneration):		
Wages and salaries	50,162	48,069
Equity-settled compensation expenses	–	754
Pension scheme contributions (defined contribution scheme)	4,818	6,665
	<u>54,980</u>	<u>55,488</u>
Impairment/(reversal of impairment) of trade and other receivables	386	(341)
Fair value loss/(gain) from financial assets at fair value through profit or loss	3,263	(1,043)
Loss on disposal of property, plant and equipment	12	36
	<u>386</u>	<u>(341)</u>

7. INCOME TAX

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and accordingly is not subject to income tax.

The Company's directly held subsidiary was incorporated in the British Virgin Islands as an exempted company with limited liability under the British Virgin Islands Companies Act 2004 and accordingly is not subject to income tax.

Hong Kong Profits Tax

No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the six months ended 30 June 2024.

PRC Corporate Income Tax ("PRC CIT")

A certain subsidiary was accredited as a High-tech Enterprise and was entitled to a preferential tax rate of 15% (2023: 15%).

Certain subsidiaries were certified as small and micro-sized enterprises in 2023. Their accumulated taxable income after further reductions would enjoy the preferential tax rate of 20% for the six months ended 30 June 2024 (six months ended 30 June 2023: 20%).

Pursuant to the PRC CIT Law and the respective regulations, the other PRC subsidiaries were subject to income tax at a statutory rate of 25% for the six months ended 30 June 2024 (six months ended 30 June 2023: 25%).

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

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Current – Mainland China		
Charge for the period	222	200
Over-provision in prior years	–	(46)
Deferred	<u>(727)</u>	<u>(518)</u>
	<u>(505)</u>	<u>(364)</u>

8. DIVIDENDS

The Board does not recommend the payment of dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: nil).

9. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit for the period attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares in issue, during the six months ended 30 June 2024 and 2023.

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:

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the Company, used in the basic and diluted earnings per share calculation	<u>30,972</u>	<u>33,600</u>
	Number of shares ('000)	
	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of ordinary shares in issue	1,161,204	1,161,204
Weighted average number of shares held for the Restricted Share Unit scheme	<u>(19,844)</u>	<u>(19,832)</u>
Adjusted weighted average number of ordinary shares in issue used in the basic and diluted earnings per share calculation	<u>1,141,360</u>	<u>1,141,372</u>

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2024, the Group acquired property, plant and equipment at a cost of RMB7,470,000 (six months ended 30 June 2023: RMB182,424,000).

Assets with a net book value of RMB12,000 were disposed of by the Group during the six months ended 30 June 2024 (six months ended 30 June 2023: RMB126,000), resulting in a net loss on disposal of RMB12,000 (six months ended 30 June 2023: a net loss of RMB36,000).

11. TRADE RECEIVABLES

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Tuition fees and boarding fees receivables	21,491	23,012
Impairment under expected credit losses model	(1,299)	(913)
	<u>20,192</u>	<u>22,099</u>

The Group's students are required to pay tuition fees and boarding fees in advance for the upcoming school year, which normally commences in September. The outstanding receivables represent amounts related to students who have applied for the delayed payment of tuition fees and boarding fees.

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:

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Within one year	13,596	17,394
One to two years	1,896	4,161
Two to three years	4,700	544
	<u>20,192</u>	<u>22,099</u>

12. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Current		
Short term bank loan – unsecured	193,536	118,415
Current portion of long term bank loan – secured	49,957	98,261
Current portion of long term bank loan – unsecured	170,231	19,769
Current portion of other borrowing – secured	10,000	40,363
Current portion of other borrowings – unsecured	<u>47,365</u>	<u>11,753</u>
	<u>471,089</u>	<u>288,561</u>
Add:		
Repayable on demand within one year		
– Secured bank borrowings	85,000	88,000
– Unsecured bank borrowings	<u>9,769</u>	<u>194,539</u>
	<u>94,769</u>	<u>282,539</u>
Current portion of bank and other borrowings	<u><u>565,858</u></u>	<u><u>571,100</u></u>
Non-current		
Long term bank loans – secured	339,347	342,438
Long term bank loans – unsecured	9,769	194,539
Other borrowings – secured	–	30,576
Other borrowings – unsecured	<u>74,217</u>	<u>19,547</u>
	<u>423,333</u>	<u>587,100</u>
Less:		
Repayable on demand within one year		
– Secured bank borrowings	(85,000)	(88,000)
– Unsecured bank borrowings	<u>(9,769)</u>	<u>(194,539)</u>
	<u>(94,769)</u>	<u>(282,539)</u>
Non-current portion of bank and other borrowings	<u><u>328,564</u></u>	<u><u>304,561</u></u>

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Analysed into:		
Bank loans repayable:		
Within one year or on demand	508,493	518,984
In the second year	37,079	37,072
In the third to fifth year, inclusive	122,710	122,710
Over five years	<u>94,558</u>	<u>94,656</u>
	<u>762,840</u>	<u>773,422</u>
Other borrowings repayable:		
Within one year or on demand	57,365	52,116
In the second year	51,690	30,449
In the third to fifth year, inclusive	<u>22,527</u>	<u>19,674</u>
	<u>131,582</u>	<u>102,239</u>
	<u><u>894,422</u></u>	<u><u>875,661</u></u>

Other borrowings of the Group represented borrowings obtained from independent financial institution.

13. SHARE CAPITAL

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Authorised:		
3,000,000,000 (31 December 2023: 3,000,000,000) ordinary shares of nominal value of HK\$0.01 each	<u>25,293</u>	<u>25,293</u>
Issued and fully paid:		
1,161,204,000 (31 December 2023: 1,161,204,000) ordinary shares	<u>9,750</u>	<u>9,750</u>

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 30 June 2024, 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 institution 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	30 June 2024	30 June 2023
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 30 June 2024, we had 24,439 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	18,070	16,516	1,554	9.4%
Secondary college	2,182	2,651	(469)	(17.7%)
Subtotal (full-time college students)	<u>20,252</u>	<u>19,167</u>	<u>1,085</u>	<u>5.7%</u>
Non-vocational education				
Including: Shijiazhuang Yuying Experimental High School* (石家莊育英實驗中學)				
	2,417	2,361	56	2.4%
Saintach Kindergartens	1,770	1,895	(125)	(6.6%)
Total (full-time students)	<u>24,439</u>	<u>23,423</u>	<u>1,016</u>	<u>4.3%</u>

For the six months ended 30 June 2024, our vocational education segment provided entrusted operation services to the west campus of Sifang College, covering 3,905 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 2023, whereas the tutoring fee ranges for the junior college courses at Shijiazhuang Institute of Technology under vocational education segment have increased slightly, and the tutoring fee of secondary college courses remains unchanged, as stated in the following table:

Type of course	2023-2024 school year				2022-2023 school year
Vocational education					
Junior college courses	RMB10,140 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
For the six months ended 30 June					
Average revenue^①	2024 RMB	2023 RMB	Changes RMB	Percentage of changes	
Vocational education	6,302	4,763	1,539	32.3%	
Including: Junior college	6,543	4,880	1,663	34.1%	
Secondary college	4,303	4,035	268	6.6%	
Non-vocational education					
Including: Ordinary high school	9,830	9,137	693	7.6%	
Kindergartens	10,168	10,625	(457)	(4.3%)	

Note:

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

1.2.4 Employment rate

Shijiazhuang Institute of Technology works to build a modern vocational education system, which adopts the “TOP” talent training model (TOP means “Technique-Occupation-Personality”), to continuously cultivate and deliver application-oriented talents for the society. 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 six months ended 30 June 2024, Shijiazhuang Institute of Technology, its teachers and students have won 80 provincial and municipal awards, including various awards such as the 15th Lanqiao Cup National Software and Information Technology Experts Competition (第十五屆藍橋杯全國軟件和信息技術專業人才大賽), the 14th National University Student E-Commerce Challenge on “Innovation, Creativity and Entrepreneurship” (第十四屆全國大學生電子商務「創新、創意及創業」挑戰賽), the 11th “Xuechuang Cup” National College Students Entrepreneurship Comprehensive Simulation Competition (第十一屆「學創杯」全國大學生創業綜合模擬大賽) and the 2024 Hebei Provincial Vocational College Skills Competition (2024年河北省職業院校技能大賽).

As at 30 June 2024, the employment rate of our graduates was approximately 96.8%:

Employment rate ^①	30 June 2024	30 June 2023	Changes	Percentage of changes
Vocational education	<u>96.8%</u>	<u>96.7%</u>	<u>0.1%</u>	<u>0.1%</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	30 June 2024	30 June 2023	Changes	Percentage of changes
Full-time teachers				
Vocational education	441	414	27	6.5%
Non-vocational education	378	378	—	—
Subtotal (full-time teachers)	819	792	27	3.4%
Part-time teachers				
Vocational education	572	154	418	271.4%
Non-vocational education ^①	374	590	(216)	(36.6%)
Subtotal (part-time teachers)	946	744	202	27.2%
Total	1,765	1,536	229	14.9%

Note:

- ① The contraction of New Gaokao* (新高考) Business led to a decrease in the number of part-time teachers.

The quality of education we provide is strongly tied to the quality of our teachers. We prioritize the recruitment of outstanding teachers and strive to maintain the stability of our teachers. As at 30 June 2024, the percentage of our teachers with a bachelor's degree or above was 91.4%.

1.3 Movements of Business Operations during the Reporting Period

1.3.1 Vocational education segment

Shijiazhuang Institute of Technology focuses on science and technology, insists on the parallel development of humanities, and implements an applied and highly skilled personnel training mode of “professional skills + post certificate + academic certificate”, and has now formed an applied university education system in which disciplines such as architecture, electromechanics, network information, automobile, economic management, art and nursing coexist.

1.3.1.1 The construction of the new campus is progressing as scheduled, and endogenous construction continues

During the first half of 2024, the Company carried out construction of the new campus in an orderly manner in accordance with the overall planning and design of the new campus of Shijiazhuang Institute of Technology. On 17 April 2024, the Company further acquired the land use rights of an area of 21,324.05 square meters located in Gaoyi County, Shijiazhuang City, Hebei Province; on 25 June 2024, the Company entered into a general construction contract, and the construction of Phase III of the project was formally commenced, with a further increase in the student capacity. In 2024, the total number of new students to be served at the dual campuses of Shijiazhuang Institute of Technology is expected to exceed 12,000.

1.3.1.2 A new type of vocational college characterized by industry-education integration

Shijiazhuang Institute of Technology continues to increase the number of majors offered and enrich its teaching system. As at 30 June 2024, Shijiazhuang Institute of Technology has set up a total of 13 industrial colleges relating to emerging industries such as intelligent manufacturing, Internet+ and digital economy. A total of 29 professional programs in Shijiazhuang Institute of Technology have collaborated with 18 enterprises to jointly offer featured majors. 68 tailor-made classes were established. There were 16 apprenticeship pilot programs. It has also constructed a total of 13 key professional group training bases, 61 on-campus experimental training centers and 225 off-campus training bases. Shijiazhuang Institute of Technology serves the development of local regional economy and industry as the basis, relies on the industry and education to jointly cultivate applied talents, and to participate in industry-end business together, so as to realize the industry-education symbiosis.

1.3.1.3 Serving regional construction and promoting regional development

Relying on high-quality resources, Shijiazhuang Institute of Technology served the regional construction, conducted social trainings on government vocational education with overall attendance of 13,739 students, and delivered nearly 1,000 talents to various enterprises in Luquan District, Shijiazhuang City. Shijiazhuang Institute of Technology adopted an innovative talent training model to meet the talent needs for enterprises, establish an expert think tank and set up two research institutes to provide intellectual support for enterprise talent training and skills and technology transformation. In July 2024, Shijiazhuang Institute of Technology hosted the 14th National University Student E-Commerce Challenge on “Innovation, Creativity and Entrepreneurship” Live E-commerce Practical Competition “Tieyu Cup” National Finals (第十四屆全國大學生電子商務「創新、創意及創業」挑戰賽直播電商實戰賽「鐵宇杯」全國總決賽). 87 participating teams from 30 provinces, cities (autonomous regions) across the country competed in the peak showdown. 79 colleges and universities including Xi’an Jiaotong University, Minzu University of China, Hebei University of Technology participated in the competition. More than 20 well-known e-commerce enterprises such as Douyin Group and Alibaba Group gathered in Shijiazhuang City, Hebei Province to participate in the conference and exchange. The social influence of Shijiazhuang Institute of Technology has been further enhanced.

1.3.1.4 High-quality employment prospects, and enhance the reputation of running schools

Shijiazhuang Institute of Technology has maintained various forms of industry-education-research cooperation with more than 700 famous enterprises, 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 of training, helping them achieve high-quality employment, and the Institute’s reputation for running schools is further enhanced. As at 30 June 2024, the employment rate of our graduates is 96.8%.

1.3.2 Non-vocational education segment

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

We carry out our full-time ordinary high school segment business through Shijiazhuang Yuying Experimental High School* (石家莊育英實驗中學). 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 creates a distinctive high school that focuses on further education, with a view to building a prestigious school brand. Shijiazhuang Yuying Experimental High School* (石家莊育英實驗中學) has formed a team of subject leaders consisting of experts, reputable teachers from renowned schools, a teaching and research team with excellent strength, and a team of high-quality professional teachers, aiming to create a high-quality management level and brilliant teaching achievements. In 2024, the enrollment rate of university (including undergraduate and junior college) was approximately 100%. The admission rate of provincial art joint entrance examination and provincial art, sports and dance joint entrance examination was higher than the average admission rate of Hebei Province by more than 20%.

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

Adhering to the principle of “comprehensively enhancing secondary school students’ interest in subjects and verifying their value in competitions”, we have created 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 served tens of thousands of gifted students from nearly 1,000 high schools across the PRC and many of them enter “double first-class” universities such as Tsinghua University and Peking University. As at 30 June 2024, New Gaokao* (新高考) Business has served more than 60 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 1,500 students across the PRC.

1.3.2.3 Kindergarten business operated steadily

Saintach Kindertagesstätten maintained a steady operation. With comprehensive and systematic standardized management, scientific curriculum system, professional, dedicated and caring teaching staff and safe, comfortable and child-friendly environment, Saintach Kindertagesstätten has maintained a good reputation and brand image in the local area, and continued to contribute to the Group's revenue and profit.

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 continuously optimise 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 production, 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 Licenses and Honors

On 13 January 2024, the Company was awarded the “2023 Word-of-Mouth Influential Education Service Enterprise (2023年度口碑影響力教育服務企業)” by the 7th Boao Enterprise Forum. The award is a comprehensive evaluation of the participating companies in terms of enterprise scale, years of running a school, number of students, faculty strength and student satisfaction, etc., and the Company's brand value has been recognized in PRC's education industry.

On 31 May 2024, the Company won the “2024 (Industry) Most Potential Enterprise for Development (2024年度(行業)最具發展潛力企業)” award and the “2024 Most Popular Listed Company in Vocational Education (2024年度最受歡迎職業教育上市公司)” award at the 2024 (Eighth) China Brand Boao Summit jointly organized by China Enterprise Network and The Enterprise Observer, demonstrating the strong confidence of authoritative institutions and the industry in the future development of the Company.

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 make use of “HKEXnews” 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 adopting the methods of 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. REVIEW ON INDUSTRY POLICIES

On 12 March 2024, the Government Work Report at the Second Session of the Fourteenth National People’s Congress clearly stated: deeply implement the strategy of rejuvenating the country through science and education and strengthen the fundamental support for high-quality development; adhere to the coordinated promotion of building a strong educational system, greater scientific and technological strength, and a quality workforce; deploy and implement the innovation chain, the industry chain, the capital chain and the talent chain in integration; and deepen the comprehensive reform of education, science and technology and talents to provide a strong impetus for modernization construction. At the same time, it is proposed to strengthen the construction of a high-quality education system, run special education and continuing education well, guide and standardize the development of private education, and vigorously improve the quality of vocational education.

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 25.6% from approximately RMB192.1 million for the six months ended 30 June 2023 to approximately RMB241.3 million for the six months ended 30 June 2024. The increase in revenue was mainly due to the increase in revenue of approximately RMB48.3 million as a result of the increase in student enrollment and average tuition of Shijiazhuang Institute of Technology.

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 19.0% from approximately RMB115.9 million for the six months ended 30 June 2023 to approximately RMB138.0 million for the six months ended 30 June 2024, mainly due to the increase in teaching costs of approximately RMB22.1 million as a result of the increase in the number of students of Shijiazhuang Institute of Technology.

4.3 Gross Profit and Gross Profit Margin

The amount of gross profit increased by approximately 35.6% from RMB76.2 million for the six months ended 30 June 2023 to RMB103.3 million for the six months ended 30 June 2024; and the gross profit margin increased from approximately 39.7% for the six months ended 30 June 2023 to approximately 42.8% for the six months ended 30 June 2024, which was mainly due to the increase in gross profit and gross profit margin due to the increase in revenue of Shijiazhuang Institute of Technology.

4.4 Other Income and Gains

Other income and gains consisted of (1) gains on investments; (2) assets and equipment contributed by enterprises jointly offering featured majors at nil consideration; and (3) fair value changes.

Other income and gains decreased by approximately 71.1% from approximately RMB22.2 million for the six months ended 30 June 2023 to approximately RMB6.4 million for the six months ended 30 June 2024, mainly due to (1) the decrease in fair value gain on a listed equity investment; and (2) the decrease in assets and equipment contributed by enterprises jointly offering featured majors of Shijiazhuang Institute of Technology at nil consideration.

4.5 Selling Expenses

Selling expenses primarily consisted of salaries and other benefits for recruitment and advertising staff, advertising expenses and students enrollment expenses.

Selling expenses increased by approximately 33.4% from approximately RMB8.2 million for the six months ended 30 June 2023 to approximately RMB10.9 million for the six months ended 30 June 2024, mainly due to the increase in costs of promotion for students enrollment.

4.6 Administrative Expenses

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

Administrative expenses decreased by approximately 0.8% from approximately RMB34.9 million for the six months ended 30 June 2023 to approximately RMB34.6 million for the six months ended 30 June 2024, mainly due to the decrease in rental expenses for office premises.

4.7 Other Expenses

Other expenses mainly consisted of (1) exchange loss; and (2) expenses related to losses arising from the disposal of various fixed assets.

Other expenses decreased by approximately 79.6% from approximately RMB6.8 million for the six months ended 30 June 2023 to approximately RMB1.4 million for the six months ended 30 June 2024, mainly due to the decrease in exchange loss.

4.8 Finance Costs

Finance costs mainly represented interest on loans borrowed from financial institutions and guarantee fees paid to third parties for the loans borrowed.

Finance costs increased by approximately 105.8% from approximately RMB15.8 million for the six months ended 30 June 2023 to approximately RMB32.6 million for the six months ended 30 June 2024, mainly due to the newly constructed campus being put into operation, which has stopped capitalizing the interest on borrowings from financial institutions specifically used for the construction of the new campus, resulting in an increase in expensed financing costs.

4.9 Taxation

- (1) The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Act of the Cayman Islands and accordingly is not subject to income tax;
- (2) The subsidiary directly held by the Company was incorporated in the British Virgin Islands as an exempted company with limited liability under the British Virgin Islands Companies Act 2004 and accordingly is not subject to income tax;

- (3) Pursuant to the Law of the People's Republic of China on Enterprise Income Tax and the respective regulations, except for the preferential tax rate of 15% or 20% available to certain subsidiaries and schools as disclosed in note 7 to the unaudited interim condensed consolidated financial statements, all of the Company's non-school subsidiaries established in the PRC are subject to the PRC Corporate Income Tax at the rate of 25%; and
- (4) Income tax expenses remained stable due to the relatively stable operation of non-school subsidiaries established in the PRC.

4.10 Profit for the Period

Due to the above factors, the Company's profit for the period decreased by approximately 7.8% from approximately RMB33.4 million for the six months ended 30 June 2023 to approximately RMB30.8 million for the six months ended 30 June 2024.

4.11 Net Liquidity and Capital and Funds and Borrowing Sources

As at 30 June 2024, net current liabilities of the Group were approximately RMB240.2 million.

As at 30 June 2024, current assets decreased from approximately RMB674.3 million as at 31 December 2023 to approximately RMB623.6 million. The decrease in current assets was mainly due to the decrease in cash and bank balances offset by the increase in prepayments, other receivables and other assets.

As at 30 June 2024, current liabilities decreased from approximately RMB989.6 million as at 31 December 2023 to approximately RMB863.8 million. The decrease in current liabilities was mainly due to a decrease in contract liabilities as a result of the recognition of income from tuition and boarding fees.

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 RMB94.8 million as at 30 June 2024 to current liabilities. In view of the net current liabilities position, the Group has carefully considered the future operating performance, the available financial resources and future cash flow position 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 30 June 2024, the current ratio (current assets divided by current liabilities) rose to 72.2% from 68.1% as at 31 December 2023. The rise in current ratio was mainly due to the increase in current assets such as other receivables being greater than the increase in current liabilities such as short-term interest-bearing bank and other borrowings.

In order to manage the liquidity risk, the Company monitored and maintained a sufficient level of cash and cash equivalents denominated in RMB, HKD and USD, which was 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 hedging purposes for the six months ended 30 June 2024.

The Group's interest-bearing bank and other borrowings mainly comprise short-term working capital to supplement working capital and finance the Group's expenditure and long-term project loans for the Group's construction of school buildings and facilities. As at 30 June 2024, interest-bearing bank and other borrowings amounted to approximately RMB894.4 million, with repayment terms within one to seven years or repayable on demand. All are denominated in RMB, USD and HKD that bear interest at fixed rates. As at 30 June 2024, the Group's interest-bearing bank and other borrowings bore interest at an effective interest rate ranging from 4.3% to 10.44% per annum.

4.12 Gearing Ratio

As at 30 June 2024, the gearing ratio (calculated by total liabilities divided by total assets) was approximately 63.7%, representing a decrease of approximately 2.7 percentage points from approximately 66.4% as at 31 December 2023, mainly due to the recognition of income from tuition and boarding fees resulted in a significant decrease in contract liabilities, causing the decrease in total liabilities to be greater than the decrease in total assets.

4.13 Future Plans for Material Investment or Capital Assets

As at 30 June 2024, the Group had contracted but not provided for capital commitments of RMB14.2 million (as at 31 December 2023: RMB13.6 million), while the Group did not have any authorised but not contracted for capital commitments (as at 31 December 2023: 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.

4.14 Significant Investments Held, Major Acquisitions and Disposals

For the six months ended 30 June 2024, the Company did not hold any significant investments, nor conduct any major acquisition or disposal of any subsidiary or associated company.

4.15 Contingent Liabilities

As at 30 June 2024, 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 (as at 31 December 2023: nil).

4.16 Foreign Exchange Risk

Most gains and expenses of the Company were denominated in RMB. As at 30 June 2024, certain bank balances were denominated in HKD or USD. The Company currently does not have any foreign exchange hedging policy. The management will continue to monitor the foreign currency exchange risk of the Company and consider taking prudent measures in due course.

4.17 Pledge of Asset

As at 30 June 2024, the Group pledged bank deposits of RMB110.0 million (as at 31 December 2023: RMB176.0 million) for obtaining two bank facilities, of which RMB110.0 million (as at 31 December 2023: RMB110.0 million) was unutilised as at 30 June 2024.

4.18 Human Resources

As at 30 June 2024, the Group had approximately 1,333 employees (as at 30 June 2023: 1,374 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, medical insurance and unemployment insurance.

4.19 Events after the Reporting Period

Disposal of 51% equity interest in Zhejiang Peijian

On 4 July 2024, Zerui Education entered into the share repurchase agreement to dispose its 51% equity interest in Zhejiang Peijian to five individuals at a consideration of RMB13.5 million. Upon completion, Zhejiang Peijian will cease to be a non-wholly owned subsidiary of the Company and the financial results of the Zhejiang Peijian will not be consolidated into the Company's financial statements. For further details, please refer to the announcement of the Company dated 4 July 2024.

Save as disclosed above, there were no other material events undertaken by the Group subsequent to 30 June 2024 and up to the date of this announcement.

OTHER INFORMATION

1. CORPORATE GOVERNANCE PRACTICES

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 (“**CG Code**”) contained in Appendix C1 to the Listing Rules as its own code of corporate governance.

For the six months ended 30 June 2024, 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 out therein. The Company will continue to review and monitor its corporate governance practices to ensure the compliance with the CG Code.

2. MODEL CODE FOR DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 of the Listing Rules 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 for the six months ended 30 June 2024.

3. INTERIM DIVIDEND

The Board did not recommend the payment of any interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: nil).

4. AUDIT COMMITTEE

As at 30 June 2024, the Audit Committee comprised three independent non-executive Directors, namely Mr. Yao Zhijun (chairman), Mr. Guo Litian and Mr. Wan Joseph Jason.

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 reviewing the relationship with the external auditor of the Company. The unaudited condensed interim results of the Group for the six months ended 30 June 2024 have been reviewed by the Audit Committee.

5. PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

For the six months ended 30 June 2024, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares (as defined under the Listing Rules), if any). As at 30 June 2024, the Company does not have any treasury shares (as defined under the Listing Rules).

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and on the website of the Company at www.21centuryedu.com, respectively. The interim report of the Group for the six months ended 30 June 2024 containing all the information required by the Listing Rules will be dispatched to the Shareholders and published on the above websites in due course.

DEFINITIONS

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

“Audit Committee”	the audit committee of the Board
“Board”	the board of Directors
“Company”	China 21st Century Education Group Limited, an exempted company incorporated in the Cayman Islands with limited liability on 20 September 2016, with its Shares listed on the Main Board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“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 Xueding Education Technology Co., Ltd.* (杭州一脈學鼎教育科技有限公司), 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 interim results announcement, and one of the PRC Operating Entities
“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 PRC Operating Entities
“HK\$” or “HKD”	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 interim results 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), Hebei Saintach, Shijiazhuang Saintach, Saintach Kindergartens, Hangzhou Yimai, Beijing Xin Tian Di Xian Information and Technology Co., Ltd.* (北京新天地線信息技術有限公司), Zhejiang Peijian, Saintach Tutorial Schools and Beijing Zhihang Education Technology Co., Ltd.* (北京志航教育科技有限公司)
“Reporting Period”	for the six months ended 30 June 2024
“RMB”	Renminbi, the lawful currency of the PRC for the time being
“Saintach Kindergartens” or “Kindergartens”	Shijiazhuang Qiaoxi District Blue Crystal Saintach Kindergarten* (石家莊市橋西區新天際藍水晶幼兒園), Shijiazhuang Luquan District Fukang Saintach Kindergarten* (石家莊市鹿泉區新天際福康幼兒園), Shijiazhuang Chang’an District Jianhua Saintach Kindergarten* (石家莊市長安區新天際建華幼兒園), Shijiazhuang Qiaoxi District Lidu Saintach Kindergarten* (石家莊市橋西區新天際麗都幼兒園), Shijiazhuang High-tech Industrial Development Zone Tianshan Saintach Kindergarten* (石家莊高新技術產業開發區新天際天山幼兒園), Shijiazhuang Chang’an District Qinghui Saintach Kindergarten* (石家莊市長安區新天際清暉幼兒園), Zhengding County Saintach Kindergarten* (正定縣新天際幼兒園) and Zhengding County Fumenli Saintach Kindergarten* (正定縣新天際福門里幼兒園), which are the PRC Operating Entities

“Saintach Tutorial Schools”	Shijiazhuang Qiaoxi District Bilingual Culture Tutorial School* (石家莊市橋西區雙語文化培訓學校), Shijiazhuang City Chang’an District Saintach Tutorial School* (石家莊市長安區新天際培訓學校), Shijiazhuang Yuhua District Donggang Road Saintach Tutorial School* (石家莊市裕華區東崗路新天際培訓學校), Shijiazhuang Qiaoxi District Zhicheng Tutorial School* (石家莊市橋西區智城培訓學校), Shijiazhuang City High-tech Zone Saintach Tutorial School* (石家莊市高新區新天際培訓學校) and Shijiazhuang Xinhua District Huixuan Education Tutorial School* (石家莊市新華區慧軒教育培訓學校), which are the PRC Operating Entities
“school sponsor(s)”	the individual(s) or entity(ies) that funds or holds interests in an educational institution
“school year”	the school year for all of our schools, which generally commences on 1 September of each calendar year and ends on 30 June of the next calendar year
“Share(s)”	ordinary share(s) of nominal value of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Shijiazhuang Institute of Technology”	Shijiazhuang Institute of Technology* (石家莊理工職業學院), a general college 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 interim results announcement, and one of the PRC Operating Entities
“Shijiazhuang Saintach”	Shijiazhuang Saintach Education and Technology Co., Ltd.* (石家莊新天際教育科技有限公司), a limited liability company established under the laws of the PRC on 13 July 2011, which was wholly-owned by Zerui Education as at the date of this interim results announcement, and one of the PRC Operating Entities
“Shijiazhuang Zerui”	Shijiazhuang Zerui Education and Technology Co., Ltd.* (石家莊澤瑞教育科技有限公司), a company established under the laws of the PRC with limited liability on 2 July 2021, which is wholly owned by Zerui Education as at the date of this interim results announcement, and one of the PRC Operating Entities
“Sifang College”	Sifang College of Shijiazhuang Tiedao University* (石家莊鐵道大學四方學院)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Zerui Education”	Hebei Zerui Education Technology Co., Ltd.* (河北澤瑞教育科技有限公司), a limited liability company established under the laws of the PRC on 12 July 2017, and one of the 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 one of the PRC operating entities
“%”	per cent

* *For identification purposes only*

Certain amounts and percentage figures included herein have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

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.

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

Hong Kong, 30 August 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.