21世紀教育
21ST CENTURY EDUCATION

China 21st Century Education Group Limited
中國21世紀教育集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1598)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

HIGHLIGHTS OF ANNUAL RESULTS:

	Year ended 31 December			
	2020	2019	**Changes**	Percentage
	(RMB'000)	*(RMB'000)*	***(RMB'000)***	of changes
Revenue	**253,802**	234,242	**19,560**	8.4%
Gross Profit	**122,285**	121,308	**977**	0.8%
EBITDA	**129,647**	123,601	**6,046**	4.9%
Profit for the Year	**78,772**	82,753	**(3,981)**	(4.8%)
Basic and diluted earnings per Share (RMB cents)	**6.51**	6.78	**(0.27)**	(4.0%)

	2020/2021 school year	2019/2020 school year	**Changes**	Percentage of changes
Total number of full-time students *(Note)*	**18,165**	16,772	**1,393**	8.3%

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

The Board has resolved to propose a final dividend of HK1.57 cents per Share for the year ended 31 December 2020.

The Board is pleased to announce the audited consolidated results of the Company and its subsidiaries for the year ended 31 December 2020, together with the comparative figures for the year ended 31 December 2019 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2020

	Notes	2020 RMB'000	2019 RMB'000
REVENUE	4	**253,802**	234,242
Cost of sales		**(131,517)**	(112,934)
Gross profit		**122,285**	121,308
Other income and gains, net	4	**42,168**	26,209
Selling and distribution expenses		**(13,340)**	(11,868)
Administrative expenses		**(56,118)**	(40,907)
Impairment losses on financial assets		**(1,451)**	(979)
Other expenses		**(2,210)**	(895)
Finance costs	6	**(12,215)**	(8,204)
PROFIT BEFORE TAX	5	**79,119**	84,664
Income tax expense	7	**(347)**	(1,911)
PROFIT FOR THE YEAR		**78,772**	82,753
Attributable to:			
Owners of the Company		**77,184**	82,585
Non-controlling interests		**1,588**	168
		78,772	82,753
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	9		
Basic and diluted			
– For profit for the year		**RMB6.51 cents**	RMB6.78 cents

	2020	2019
	RMB'000	*RMB'000*
PROFIT FOR THE YEAR	**78,772**	82,753
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(16,414)**	7,798
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Equity investment designated at fair value through other comprehensive income:		
Changes in fair value	**(180)**	(1,820)
OTHER COMPREHENSIVE INCOME FOR THE YEAR	**(16,594)**	5,978
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**62,178**	88,731
Attributable to:		
Owners of the Company	**60,590**	88,563
Non-controlling interests	**1,588**	168
	62,178	88,731

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Notes	2020 RMB'000	2019 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**151,126**	140,719
Right-of-use assets		**95,580**	127,368
Goodwill		**68,007**	47,171
Other intangible assets		**20,816**	19,817
Amount advance to a related party		**78,750**	–
Equity investment at fair value through other comprehensive income		**–**	180
Financial assets at fair value through profit or loss		**36,247**	37,888
Other non-current assets		**65,334**	60,187
Total non-current assets		**515,860**	433,330
CURRENT ASSETS			
Trade receivables	*10*	**5,619**	2,683
Contract costs		**3,185**	2,563
Prepayments, other receivables and other assets		**23,877**	124,535
Amounts due from related parties		**5,183**	2,638
Financial assets at fair value through profit or loss		**4,646**	–
Term deposits		**40,000**	70,000
Pledged deposits		**187,000**	178,500
Cash and bank balances		**357,700**	258,613
Total current assets		**627,210**	639,532
CURRENT LIABILITIES			
Other payables and accruals	*11*	**88,839**	74,179
Contract liabilities		**108,495**	93,296
Interest-bearing bank and other borrowings		**143,926**	139,082
Lease liabilities		**12,717**	16,266
Amounts due to related parties		**275**	1,142
Tax payable		**2,914**	3,562
Other current liabilities		**5,598**	–
Total current liabilities		**362,764**	327,527
NET CURRENT ASSETS		**264,446**	312,005
TOTAL ASSETS LESS CURRENT LIABILITIES		**780,306**	745,335

	2020	2019
	RMB'000	*RMB'000*
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	**70,035**	4,000
Lease liabilities	**26,436**	50,428
Deferred tax liabilities	**1,522**	981
Other non-current liabilities	**12,366**	17,332
Total non-current liabilities	**110,359**	72,741
Net assets	**669,947**	672,594
EQUITY		
Share capital	**9,801**	10,286
Treasury shares	**(237)**	(114)
Reserves	**652,490**	655,479
	662,054	665,651
Non-controlling interests	**7,893**	6,943
Total equity	**669,947**	672,594

NOTES TO FINANCIAL STATEMENTS

31 December 2020

1. CORPORATE INFORMATION

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

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

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

2. BASIS OF PRESENTATION

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

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2020. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

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

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

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

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

Changes in Accounting Policies and Disclosures

The Group has adopted the Conceptual Framework for Financial Reporting 2018 and the following revised IFRSs for the first time for the current year's financial statements.

Amendments to IFRS 3	*Definition of a Business*
Amendments to IFRS 9, IAS 39 and IFRS 7	*Interest Rate Benchmark Reform*
Amendment to IFRS 16	*Covid-19-Related Rent Concessions (early adopted)*
Amendments to IAS 1 and IAS 8	*Definition of Material*

The nature and the impact of the *Conceptual Framework for Financial Reporting 2018* and the revised IFRSs are described below:

(a) *Conceptual Framework for Financial Reporting 2018* (the "**Conceptual Framework**") sets out a comprehensive set of concepts for financial reporting and standard setting, and provides guidance for preparers of financial statements in developing consistent accounting policies and assistance to all parties to understand and interpret the standards. The Conceptual Framework includes new chapters on measurement and reporting financial performance, new guidance on the derecognition of assets and liabilities, and updated definitions and recognition criteria for assets and liabilities. It also clarifies the roles of stewardship, prudence and measurement uncertainty in financial reporting. The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The Conceptual Framework did not have any significant impact on the financial position and performance of the Group.

(b) Amendments to IFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 January 2020. The amendments did not have any impact on the financial position and performance of the Group.

(c) Amendments to IFRS 9, IAS 39 and IFRS 7 address issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative risk-free rate ("**RFR**"). The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the introduction of the alternative RFR. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedging relationships.

(d) Amendment to IFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the covid-19 pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective for annual periods beginning on or after 1 June 2020 with earlier application permitted and shall be applied retrospectively.

During the year ended 31 December 2020, certain monthly lease payments for the leases of the Group's office buildings have been reduced or waived by the lessors as a result of the covid-19 pandemic and there are no other changes to the terms of the leases. The Group has early adopted the amendment on 1 January 2020 and elected not to apply lease modification accounting for all rent concessions granted by the lessors as a result of the covid-19 pandemic during the year ended 31 December 2020. Accordingly, a reduction in the lease payments arising from the rent concessions of RMB1,190,000 has been accounted for as a variable lease payment by derecognising part of the lease liabilities and crediting to profit or loss for the year ended 31 December 2020.

(e) Amendments to IAS 1 and IAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. The amendments did not have any significant impact on the financial position and performance of the Group.

Issued but not yet effective IFRSs

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

Amendments to IFRS 3	*Reference to the Conceptual Framework*[2]
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	*Interest Rate Benchmark Reform – Phase 2*[1]
Amendments to IFRS 10 and IAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
IFRS 17	*Insurance Contracts*[3]
Amendments to IFRS 17	*Insurance Contracts*[3, 5]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*[3]
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*[3]
Amendments to IAS 8	*Definition of Accounting estimates*[3]
Amendments to IAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*[2]
Amendments to IAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*[2]
Annual Improvements to IFRSs 2018-2020	*Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41*[2]

1 Effective for annual periods beginning on or after 1 January 2021
2 Effective for annual periods beginning on or after 1 January 2022
3 Effective for annual periods beginning on or after 1 January 2023
4 No mandatory effective date yet determined but available for adoption
5 As a consequence of the amendments to IFRS 17 issued in June 2020, IFRS 4 was amended to extend the temporary exemption that permits insurers to apply IAS 39 rather than IFRS 9 for annual periods beginning before 1 January 2023

Further information about those IFRSs that are expected to be applicable to the Group is described below.

Amendments to IFRS 3 are intended to replace a reference to the previous Framework for the Preparation and Presentation of Financial Statements with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments also add to IFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 if they were incurred separately rather than assumed in a business combination, an entity applying IFRS 3 should refer to IAS 37 or IFRIC 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group expects to adopt the amendments prospectively from 1 January 2022. Since the amendments apply prospectively to business combinations for which the acquisition date is on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative RFR. The Phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of IFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy. The amendments are effective for annual periods beginning on or after 1 January 2021 and shall be applied retrospectively, but entities are not required to restate the comparative information.

The Group had certain interest-bearing bank borrowings denominated in Hong Kong dollars and foreign currencies based on the Hong Kong Interbank Offered Rate ("**HIBOR**") and various Interbank Offered Rates as at 31 December 2020. If the interest rates of these borrowings are replaced by RFRs in a future period, the Group will apply this practical expedient upon the modification of these borrowings when the "economically equivalent" criterion is met and expects that no significant modification gain or loss will arise as a result of applying the amendments to these changes.

Amendments to IFRS 10 and IAS 28 (2011) address an inconsistency between the requirements in IFRS 10 and in IAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 (2011) was removed by the IASB in December 2015 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

Amendments to IAS 1 clarify the requirements for classifying liabilities as current or non-current. The amendments specify that if an entity's right to defer settlement of a liability is subject to the entity complying with specified conditions, the entity has a right to defer settlement of the liability at the end of the Reporting Period if it complies with those conditions at that date. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The amendments also clarify the situations that are considered a settlement of a liability. The amendments are effective for annual periods beginning on or after 1 January 2023 and shall be applied retrospectively. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied retrospectively only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 37 clarify that for the purpose of assessing whether a contract is onerous under IAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied to contracts for which an entity has not yet fulfilled all its obligations at the beginning of the annual Reporting Period in which it first applies the amendments. Earlier application is permitted. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening equity at the date of initial application without restating the comparative information. The amendments are not expected to have any significant impact on the Group's financial statements.

Annual Improvements to IFRSs 2018-2020 sets out amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41. Details of the amendments that are expected to be applicable to the Group are as follows:

- IFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual Reporting Period in which the entity first applies the amendment. The amendment is effective for annual periods beginning on or after 1 January 2022. Earlier application is permitted. The amendment is not expected to have a significant impact on the Group's financial statements.

- IFRS 16 *Leases*: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying IFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying IFRS 16.

3. OPERATING SEGMENT INFORMATION

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

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

Segment assets exclude cash and bank balances, term deposits, pledged deposits, financial assets at fair value through profit or loss, an equity investment at fair value through other comprehensive income 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, amounts due to related parties, tax payable and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Year ended 31 December 2020

	Vocational education *RMB'000*	Quality-oriented education *RMB'000*	Total *RMB'000*
Segment Revenue *(note 4)*			
Sales to external customers	**152,806**	**100,996**	**253,802**
Other segment revenue	**21,662**	**2,602**	**24,264**
Revenue	**174,468**	**103,598**	**278,066**
Segment results	**93,540**	**10,716**	**104,256**
Reconciliation			
Finance costs (other than interest on lease liabilities)			**(9,579)**
Interest income			**13,963**
Unallocated income and expenses, net			**(29,521)**
Profit before tax			**79,119**
Segment assets	**355,836**	**70,447**	**426,283**
Reconciliation			
Term deposits			**40,000**
Pledged deposits			**187,000**
Cash and bank balances			**357,700**
Financial assets at fair value through profit or loss			**40,893**
Unallocated head office and corporate assets			**91,194**
Total assets			**1,143,070**
Segment liabilities	**(158,878)**	**(66,033)**	**(224,911)**
Reconciliation			
Interest-bearing bank and other borrowings			**(213,961)**
Amounts due to related parties			**(275)**
Tax payable			**(2,914)**
Unallocated head office and corporate liabilities			**(31,062)**
Total liabilities			**(473,123)**
Other segment information:			
Depreciation and amortisation	**21,376**	**18,250**	**39,626**
Capital expenditure^	**25,239**	**5,781**	**31,020**
Loss on disposal of items of property, plant, and equipment	**1**	**143**	**144**

Year ended 31 December 2019

	Vocational education *RMB'000*	Quality-oriented education *RMB'000*	Total *RMB'000*
Segment Revenue *(note 4)*			
Sales to external customers	141,028	93,214	234,242
Other segment revenue	8,165	618	8,783
Revenue	149,193	93,832	243,025
Segment results	77,885	18,346	96,231
Reconciliation			
Finance costs (other than interest on lease liabilities)			(5,587)
Interest income			12,426
Unallocated income and expenses, net			(18,406)
Profit before tax			84,664
Segment assets	396,046	60,314	456,360
Reconciliation			
Term deposits			70,000
Pledged deposits			178,500
Cash and bank balances			258,613
Financial assets at fair value through profit or loss			37,888
Equity investment at fair value through other comprehensive income			180
Unallocated head office and corporate assets			701,321
Total assets			1,072,862
Segment liabilities	(154,755)	(71,044)	(225,799)
Reconciliation			
Interest-bearing bank and other borrowings			(143,082)
Amounts due to related parties			(1,142)
Tax payable			(3,562)
Unallocated head office and corporate liabilities			(26,683)
Total liabilities			(400,268)
Other segment information:			
Depreciation and amortisation	20,019	11,494	31,513
Capital expenditure^	21,384	25,278	46,662
Loss on disposal of items of property, plant, and equipment	84	–	84

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

Geographical information

During the years ended 31 December 2020 and 2019 the Group operated within one geographical segment because all of its revenue was generated in Mainland China and all of its long-term assets were located in Mainland China. Accordingly, no geographical segment information is presented.

Information about major customers

During the years ended 31 December 2020 and 2019, no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue.

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Notes	**2020** *RMB'000*	2019 *RMB'000*
Revenue from contracts with customers			
Vocational education			
Tuition fees		**113,348**	93,055
Boarding fees		**7,179**	11,273
College operation service income	*(a)*	**21,089**	20,132
Others	*(b)*	**11,190**	16,568
		152,806	141,028
Quality-oriented education			
Tutoring fees		**84,527**	57,016
Tuition fees		**10,734**	28,648
Consultation fees		**5,735**	7,550
		100,996	93,214
		253,802	234,242

Notes:

(a) The college operation service income comprises the service income derived from the provision of college operation services and the provision of accommodation services to the students; and

(b) Others represent service fees received from certain independent universities in respect of the provision of student recruitment services, income received from the provision of vocational training and examination preparation courses and income derived from granting the right of canteen management.

Revenue from contracts with customers

(i) Disaggregated revenue information

	2020	2019
	RMB'000	*RMB'000*
Timing of revenue recognition		
Education related services transferred over time	**245,939**	222,827
Other services recognised at point of time	**7,863**	11,415
	253,802	234,242

The Group's contracts with students for college education programmes are normally with duration of 1 year renewed up to total duration of 3–5 years depending on the education programmes, while those for boarding fees are normally with duration of 1 year. Tuition fees of preschool education are with duration of 1 month and for the tutorial center, tuition is charged based on the number of tutoring hours to be taken by students and the type of class. Tuition and boarding fees are determined and paid by the students before the start of the school year.

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

	2020	2019
	RMB'000	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the Reporting Period:		
Tuition fees	**78,253**	55,861
Boarding fees	**9,786**	6,725
Others	**5,257**	9,051
	93,296	71,637

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

(ii) *Performance obligations*

Education related services

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

Other services

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

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

An analysis of other income and gains is as follows:

	Notes	**2020** ***RMB'000***	2019 *RMB'000*
Other income and gains, net			
Interest income		**13,963**	12,426
Investment income		**4,204**	–
Sale of education materials and living goods		**4,327**	4,660
Site use fees	*(a)*	**2,101**	2,844
Government grants	*(b)*	**2,460**	5,000
Covid-19-related tax concessions		**1,986**	–
Covid-19-related rent concessions		**1,190**	–
Fair value gain on financial assets at fair value through profit or loss		**(469)**	236
Foreign exchange gain		**1,984**	–
Others		**10,422**	1,043
		42,168	26,209

Notes:

(a) The amounts represent usage fees received from certain colleges and enterprises in connection with their uses of the school premises and facilities of the Group to organise teaching and training activities.

(b) The government grants are mainly related to Zerui Education, a subsidiary of the Group, which received RMB2,000,000 from the local government to encourage innovation and entrepreneurship. (2019: RMB5,000,000 for awarding the Group's listing of Shares.)

5. PROFIT BEFORE TAX

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

	Notes	**2020** *RMB'000*	2019 *RMB'000*
Depreciation of property, plant and equipment		**17,177**	13,461
Depreciation of right-of-use assets		**20,161**	17,346
Amortisation of intangible assets*		**2,288**	706
Lease payments not included in the measurement of lease liabilities		**1,824**	3,634
Employee benefit expense (excluding directors' remuneration:			
Wages and salaries		**84,305**	73,754
Pension scheme contributions (defined contribution scheme)		**11,075**	11,197
Equity-settled share option expense		**232**	484
		95,612	85,435
Foreign exchange differences, net		**(1,984)**	559
Impairment of trade receivables	*10*	**1,451**	979
Fair value loss/(gains), net:			
Financial assets at fair value through profit or loss	*4*	**469**	(236)
Auditor's remuneration		**1,830**	1,680
Loss on disposal of items of property, plant and equipment		**144**	84

* The amortisation of intangible assets for each of the reporting periods is included in "Cost of sales" or "Administrative expenses" in the profit or loss.

6. FINANCE COSTS

	2020 *RMB'000*	2019 *RMB'000*
Interest on bank and other borrowings	**8,266**	4,807
Interest on lease liabilities	**2,636**	2,617
Financing consultancy service charges^	**1,313**	780
	12,215	8,204

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

7. INCOME TAX

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

	2020	2019
	RMB'000	*RMB'000*
Current – Mainland China		
Charge for the year	**1,037**	2,106
Overprovision in prior years	**(563)**	(124)
Deferred	**(127)**	(71)
	347	1,911

8. DIVIDENDS

	2020	2019
	RMB'000	*RMB'000*
Proposed final – HK1.57 cents (2019: HK2.22 cents) per Share	**15,437**	23,380

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

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

The calculation of basic earnings per share is based on the profit attributable to ordinary equity holders of the Company and the adjusted weighted average number of the ordinary shares of 1,186,289,146 (2019: 1,218,762,058) in issue during the year.

There was no dilution effect on the basis earnings per share amount presented in respect of the share options and restricted share units outstanding as at 31 December 2020 and 2019 And the Group had no potential dilutive ordinary share in issue during the years ended 31 December 2020 and 2019.

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

	2020	2019
	RMB'000	*RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the Company, used in the basic and diluted earnings per share calculation	**77,184**	82,585

	Number of shares	
	2020	2019
Shares		
Weighted average number of ordinary shares in issue	**1,187,831,671**	1,218,762,058
Weighted average number of shares held for the restricted share unit scheme	**(1,542,525)**	–
Adjusted weighted average number of ordinary shares in issue used in the basic and diluted earnings per share calculation	**1,186,289,146**	1,218,762,058

10. TRADE RECEIVABLES

	2020	2019
	RMB'000	*RMB'000*
Tuition receivables	**8,049**	3,662
Impairment	**(2,430)**	(979)
	5,619	2,683

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:

	2020	2019
	RMB'000	*RMB'000*
Within one year	**4,637**	2,331
One to two years	**895**	352
Two to three years	**87**	–
	5,619	2,683

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

	2020	2019
	RMB'000	*RMB'000*
At beginning of year	**979**	–
Impairment losses *(note 5)*	**1,451**	979
At end of year	**2,430**	979

11. OTHER PAYABLES AND ACCRUALS

	2020	2019
	RMB'000	*RMB'000*
Salary and welfare payables	**24,521**	25,646
Miscellaneous advances from students*	**29,291**	23,733
Other tax payables	**4,199**	4,325
Payables for purchases of property, plant and equipment	**2,511**	1,720
Deposits	**2,579**	2,515
Scholarships	**726**	1,632
Other payables	**19,444**	12,790
Remaining consideration payable for acquisition of subsidiaries	**5,568**	1,818
	88,839	74,179

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

MANAGEMENT DISCUSSION AND ANALYSIS

1. BUSINESS REVIEW

1.1 Overview

Focusing on the operation and content incubation of the education industry, and adhering to the corporate mission of "promoting the development of the education industry with contents and technologies", the Company has addressed itself to improving the efficiency and customer experience of education operation by virtue of technologies empowerment. Since the establishment of the first school in 2003, the Company has grown over the past 20 years to become a comprehensive education group with full-time higher vocational education and continuing education, K12 tutorial programs, preschool education and online education, covering Northern China, the Yangtze River Delta, and the Sichuan and Chongqing regions, with diversified revenue streams and a broad customer base.

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

1.2 Movements of business operations during the Reporting Period

On 26 May 2020, Shijiazhuang Institute of Technology and Oracle OAEC Talent Base signed a cooperation agreement, pursuant to which both parties shall fully utilize the advantages of their resources to carry out in-depth cooperation in aspects such as UI design talent training, teacher team building, as well as innovation and entrepreneurship incubation for university students for the joint exploration on new talent training models and promotion of high-quality employment of the students.

In June 2020, relying on Peijian Education's brand advantages and business resources, the Company has established the Beijing-Tianjin-Hebei New Gaokao section, introduced a nationwide authoritative and accurate AI technology platform for college selection and application, and formed a new team to carry out a number of businesses surrounding the college entrance exam. Through the regional reverse duplication of the sub-brands of the Company, we have further strengthened the synergy among the businesses and created new growth points for the results of the Company.

On 25 November 2020, the Company invested RMB27.84 million to acquire 100% equity interest in Aidiou Global (Beijing) Education Technology Co., Ltd (愛迪歐環球(北京)教育科技有限公司) ("**Aidiou Education**"). Aidiou Education focuses on providing quality curriculum services for children aged 3 to 6 years old, and has a number of core intellectual property rights, in particulars, covering the child development training curriculum system, child physical education and arts curriculum system, teacher training system, etc. It also provides professional growth consulting services in the field of quality education for many kindergartens and children in Beijing, Tianjin and Hebei regions. As a quality education content developer and service provider, Aidiou Education will further enrich the product line of the preschool education platform business of the Company, enhance its management output service capability and strengthen its core competitiveness after the acquisition.

In November 2020, Shijiazhuang Institute of Technology established two industry colleges through an innovative school system and set up an expert think tank for the integration of industry and education. The industry colleges are a bold attempt to promote resource sharing, mutual benefit and synergistic innovation, which is a new model for the schools to deepen cooperation between schools and enterprises. In the future, Shijiazhuang Institute of Technology will further align with the needs of the industry, improve the quality of schooling and cultivate high-quality technical and skilled talents.

In order to ensure that the specialty construction in Shijiazhuang Institute of Technology fulfills actively the demands from the market and combines the regional development, Shijiazhuang Institute of Technology gathered the advantages from educational experts, famous heads of enterprises in the community and discipline leaders of institutes, and jointly discussed the formulation of a talent training program. During the Reporting Period, we optimized the adjustment of the professional structure and added 7 new majors, including a state-controlled major, preschool education.

1.3 Impact of "COVID-19" on the Operations of the Company during the Reporting Period

Due to the outbreak of "COVID-19", various business segments of the Group have been affected in varying degrees since February 2020, particularly, revenue from boarding fees in the vocational education segment decreased by RMB4.09 million as compared to the same period in 2019 due to the refund policy during the epidemic, which was partially offset by an increase in tuition revenue. Revenue from the operation of kindergartens in the quality-oriented education segment decreased by RMB17.91 million as compared to the same period in 2019, as the Company optimized its teacher structure and reduced operating costs in a timely manner to offset the impact of the "COVID-19" epidemic. At the same time, in response to "class suspension with continuing education (停課不停教、停課不停學)" as required by the Ministry of Education, the Company has leveraged on its strategic layout of "Content+ Technology" and developed a number of information-based education products. During the "COVID-19" epidemic period when our schools were closed, all physical schools (except the kindergartens of the Group) have taken some alternative measures such as online teaching. Thanks to our standardized management and efficient operation, and the relatively small percentage of revenue from the affected businesses, the business development of the Group was not materially affected, i.e. the financial position of the Group was not materially affected during the Reporting Period.

In January 2021, although cases of "COVID-19" were reported again in Hebei Province, all physical schools (except for the kindergartens of the Group) were able to start online teaching in an orderly manner, thanks to the experience gained from the early stage and the effective prevention and control measures. In early March 2021, the control of the "COVID-19" epidemic was lifted and the business of the Group fully resumed, causing no substantial impact to the business of the Company, i.e. the financial position of the Group was not materially affected during the period between the year ended 31 December 2020 and up to the date of this results announcement.

Nevertheless, the management team of the Company will remain vigilant to the development of the epidemic and will take additional actions when appropriate. Should the "COVID-19" epidemic have any material financial impact on the financial results of the Group, further announcement will be made in due course and the related impact will be reflected in the interim and annual financial statements of the Group.

1.4 Our Schools

1.4.1 Overview

As at 31 December 2020, the Company owned 22 schools, including 1 private college under vocational education segment (Shijiazhuang Institute of Technology), 6 Saintach Tutorial Schools under quality-oriented education segment (consisting of 11 Saintach Tutorial Centers), 2 Peijian Tutorial Schools, 5 Shinedao Tutorial Schools and 8 Saintach Kindergartens, and was entrusted with the operation of the west campus of Sifang College of Shijiazhuang Tiedao University.

Schools of the Company	**31 December 2020**	31 December 2019
Vocational education – College	**1**	1
Quality-oriented education – Tutorial school	**13**	12
Quality-oriented education – Kindergarten	**8**	8
Total	**22**	21

1.4.2 Student enrollment

As at 31 December 2020, we had 30,689 students enrolled in our schools, including 18,165 full-time students and 12,524 part-time students. The specific details are as follows:

Breakdown of student enrollment	**2020-2021 school year**	2019-2020 school year	Changes	Percentage of changes
Full-time students				
Vocational education – Shijiazhuang Institute of Technology				
Including:				
Junior college	**14,128**	12,525	1,603	12.8%
Secondary college	**2,425**	2,516	(91)	(3.6%)
Subtotal (full-time college students)	**16,553**	15,041	1,512	10.1%
Quality-oriented education – Saintach Kindergartens①	**1,612**	1,731	(119)	(6.9%)
Subtotal (full-time students)	**18,165**	16,772	1,393	8.3%
Part-time students				
Vocational education – Shijiazhuang Institute of Technology				
Vocational education – Continuing education programs②	**12,524**	15,456	(2,932)	(19.0%)
Subtotal (part-time students)	**12,524**	15,456	(2,932)	(19.0%)
Total	**30,689**	32,228	(1,539)	(4.8%)

Notes:

① Affected by the "COVID-19" epidemic, students' willingness of enrollment declined in a certain extent, which led to the decrease in the number of students enrollment during the Reporting Period.

② The decrease in the number of students in the continuing education programs for the year ended 31 December 2020 compared to that for the corresponding period of 2019 was mainly due to the fact that the number of students graduating from continuing education of Shijiazhuang Institute of Technology exceeded the number of students enrolled during the Reporting Period.

For the year ended 31 December 2020, our tutorial schools under quality-oriented education segment delivered approximately 430,474 Tutoring Hours to approximately 6,700 students, with a 57.4% student renewal rate for those who still chose to study after completing the first curriculum. Details are as follows:

Operating information	**31 December 2020**	31 December 2019	Changes	Percentage of changes
Number of Tutoring Hours delivered①	**430,474**	469,298	(38,824)	(8.3%)
Number of students tutored	**7,762**	7,620	142	1.9%
Renewal rate①	**57.4%**	65.1%	(7.7%)	(11.8%)

Note:

① Due to the impact of the "COVID-19" epidemic, the Group has taken some alternative measures for students during the closure of the training schools, including the launch of online teaching activities. As a result of a certain degree of decline in students' willingness to be tutored, number of Tutoring Hours delivered and the renewal rate all decreased to varying degrees during the Reporting Period.

For the year ended 31 December 2020, there were more than 600 partner schools under the New Gaokao business of Peijian Tutorial Schools, providing more than 5,000 students with competition tutoring services on five subjects, among which, 1,175 students won the provincial first prizes at the five-subject competition in school year 2019-2020, 379 students were selected as members of the provincial teams, 117 students were awarded national gold medals, 59 students enrolled in training teams and 6 students were listed in the national team; as at the date of this results announcement, a total of 58 students from Peijian Tutorial Schools were recommended for admission to Tsinghua University and Peking University during the 2020 Gaokao season, with 17 students enrolled in the two universities through their "Foundation Enhancement Programs".

1.4.3 Charge and average tuition revenue

As disclosed in the Prospectus, we charge our students fees comprising tuition (including tutoring fees) and boarding fees, at our Shijiazhuang Institute of Technology. Among them, our fee range under quality-oriented education segment approximates to that for the year ended 31 December 2019, whereas the tutoring fee ranges for the junior college courses and secondary college courses at Shijiazhuang Institute of Technology under vocational education segment have changed, as stated in the following table:

Type of course	**2020-2021 school year** *RMB*	2019-2020 school year *RMB*
Vocational education		
Junior college courses	**RMB7,000 to RMB13,000 per school year**	RMB6,000 to RMB10,000 per school year
Secondary college courses	**RMB6,600**	RMB5,600

Average Revenue①	**For the year ended 31 December 2020** *RMB*	2019 *RMB*	Changes *RMB*	Percentage of changes
Vocational education	**6,848**	6,418	430	6.7%
Including: Junior college	**7,018**	6,742	276	4.1%
Secondary college	**5,852**	4,813	1,039	21.6%
Quality-oriented education				
Kindergartens②	**6,661**	16,574	(9,913)	(59.8%)

Note:

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

② Under the influence of the "COVID-19" epidemic, the kindergarten business of the Company operated for only 5 months during the Reporting Period, and the charges of some kindergartens declined due to the implementation of the public inclusivity system, which led to the decrease in average revenue.

1.4.4 Employment rate

Shijiazhuang Institute of Technology works to build a modern vocational education system, which adopts the "TOP" talent training model (TOP means "Technique-Occupation-Personality"), to continuously cultivate and deliver application-oriented talents for the society. Benefitting from the outstanding professional knowledge, practical operational skills and professionalism of our graduates, Shijiazhuang Institute of Technology has maintained a relatively high level of employment. For the year ended 31 December 2020, Shijiazhuang Institute of Technology, its teachers and students have won 121 ministerial, provincial and municipal awards, including various awards such as the third National Vocational Institutes Cross Border E-commerce Skills Competition (第三屆全國職業院校跨境電商技能大賽), the Sixth National Applied Talents Integrated Skills Competition (第六屆全國應用型人才綜合技能大賽), 2020 "Tiantao" Cup National Unmanned Vehicles Professional Skills Competition (2020年「天途」杯全國無人機職業技能大賽), Lanqiao Cup National Software and Information Technology Experts Competition (藍橋杯全國軟件和信息技術專業人才大賽), etc.

The employment rate of graduates for the 2019-2020 school year was approximately 96.1%:

Employment rate①	**31 December 2020**	31 December 2019	Changes	Percentage of changes
Vocational education	**96.1%**	95.3%	0.8%	0.9%

Note:

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

1.4.5 Industry Education Integration and School-Enterprise Cooperation

To fully leverage on the functions of vocational education for serving the society, industries and enterprises, and to explore the vocational education system of diversified education operations, open-minded education, talent lifetime services and integrity monitoring, Shijiazhuang Institute of Technology conducted multi-aspect cooperation in various forms with enterprises to establish a stable relationship of school-enterprise cooperation. As at the date of this results announcement, Shijiazhuang Institute of Technology has worked with 12 enterprises to jointly offer featured majors. 20 tailor-made classes were established and 7 on-site training programs were organized involving 14 professions in total, with a total of 116 enterprises providing internship programs for students, among which over 60 of them are top 500 global enterprises, which considerably enriched our teaching practice.

1.4.6 Our teachers

Teachers	**31 December 2020**	31 December 2019	Changes	Percentage of changes
Full-time teachers				
Vocational education①	**380**	367	13	3.5%
Quality-oriented education②	**357**	398	(41)	(10.3%)
Subtotal (full-time teachers)	**737**	765	(28)	(3.7%)
Part-time teachers				
Vocational education③	**111**	117	(6)	(5.1%)
Quality-oriented education④	**608**	530	78	14.7%
Subtotal (part-time teachers)	**719**	647	72	11.1%
Total	**1,456**	1412	44	3.1%

Notes:

① The increase in the number of full-time teachers resulted from additional majors at Shijiazhuang Institute of Technology. Meanwhile, we gradually increase the number of full-time teachers, standardize and optimize the composition of teachers.

② Due to the impact of the "COVID-19" epidemic, the kindergartens of the Company have not commenced actual operations since February 2020. The Company took cost control measures correspondingly to optimize the teacher structure of the kindergartens and reduce operating costs to offset the impact of the "COVID-19" epidemic.

③ The decrease in the number of part-time teachers was due to the increase of the number of classes given by outstanding part-time teachers.

④ Peijian Tutorial Schools enlarged the pool for part-time teachers. Given the cyclical nature of the New Gaokao business of Peijian Tutorial Schools, we mainly hired part-time teachers for long-term cooperation.

The quality of education we provide is strongly tied to the quality of our teachers. We prioritize the recruitment of outstanding teachers and strive to maintain the stability of our teachers. As at 31 December 2020, the percentage of our teachers with a bachelor's degree or above was 83.0%; and the percentage of teachers that had worked with us for more than two years was 68.4%.

1.5 Our Content and Output

For the year ended 31 December 2020, our vocational education segment provided the west campus of Sifang College with entrusted operation service and accommodation service for 3,260 students.

For the year ended 31 December 2020, the "Beijing-Tianjin-Hebei Preschool Education Alliance (京津冀學前教育聯盟)" under our quality-oriented education segment had 837 cooperative members. We offer family education and training programs which target at parents to promote parent-child relationships and improve parenting skills through workshops. Our family education cloud platform, which targets at schools and education institutions, is built on technologies such as big data, cloud computing and mobile internet. It provides parent training for schools, education institutions and authorities, offers guidance on family education, and addresses homeschool conflicts to bolster the competitiveness of regional education. Our kindergarten teacher college, as a resources platform, recruited experienced teachers in the industry, providing kindergarten teachers with professional, multi-dimensional and practical methods for preschool education, teaching, children's healthcare and home-school education from multiple perspectives to effectively solve the practical problems encountered by kindergarten teachers during work.

1.6 Our Technological Empowerment

Focusing on the strategic layout of "Content + Technology", the Group further accelerated the expansion of its traditional offline education business into the digital field. Science and technology empower us to establish our content layout in two major segments of vocational education and quality-oriented education, and consolidate and incorporate technology into the content, including technical services and technical consultation.

With 2 million current users, "Parents Search (爸媽搜)" aims at K12 parent-children co-learning community in the PRC for families with children aged 3 to 18. Through "Technology + Content", it provides online-offline family education-related products and services for middle and high-end families. Principal businesses under Parents Search include content e-commerce, knowledge payment and parent-school cloud platform. With the new media matrix as its flow base, Parents Search offers users a wealth of quality online contents via platforms such as mini applications, APP, SaaS and H5.

"Family Education Cloud Platform (家庭教育雲平台)" is a mobile platform of family education courses for schools to provide parent training and family education guidance, address home-school conflicts and bolster the competitiveness of regional education based on big data, cloud computing, mobile internet and other technologies. It connects the high-quality content from the Group's years of teaching experience to serve the overall family education solutions of kindergartens, primary and secondary schools and education bureaus, with a view to building a "learning power (學習強國)" platform in the family education community.

"Enlightening Program Design (知蒙程式設計)" is designed for children aged 6 to 15. It provides exam/competition-oriented teaching services through program design, which offer each child a complete programmed learning system and personalized solutions via pure online teaching. By building an online enrollment matrix, "Enlightening Program Design" has achieved a complete process of access + experience + enrollment + teaching + evaluation + service; at the same time, it also combines the teaching system + teaching system in the middle and back office to focus on providing ultimate experience for teaching program design.

"Enlightening Homeland (知蒙家園)" is a cloud platform dedicated to improving the information management of kindergartens, focuses on the affairs management, home-school education, employee management and financial management in kindergartens, and enables efficient and convenient communication among kindergartens, kindergarten teachers and parents. The platform, connected to the micro-application terminal on WeChat, allows users to keep abreast of the real-time situation in kindergartens. It provides professional management, standardized services, high-quality content and convenient operation for kindergartens.

"Kindergarten Teacher College (幼師大學)" is a social platform tailor-made for kindergarten teachers to share teaching resources in preschool education, with a micro-application currently available on WeChat. According to different contents, the platform is divided into five segments, namely education and teaching, parents work, sanitation and healthcare, educational administration and research, as well as famous teachers' lecture. At the same time, it is also equipped with professional assessment of kindergarten teachers' competency.

"Enlightening Classroom (知蒙課堂)" is an educational live broadcast product, which provides schools and training institutions with teaching, interactive and lightweight live broadcast tools. Its "Application Scenario" supports one-to-one, small classes and large classes; "Teaching Form" supports interactive whiteboard, courseware teaching, video linking, screen sharing and raising hands to the stage; "Teaching Assistance" supports authorization reward, whiteboard graffiti, chatting and questioning, and linking and closing of microphone; "Support Terminal" includes computer webpage version, tablet and mobile phone.

"Sousou Smart School (嗖嗖智校)" is a SaaS-type cloud platform for college teachers and students, which is based on the complete business process of colleges. It aims to build a core platform for smart campus to provide a series of services such as enrollment management, student registration, financial management, online payment, teaching and related administrative affairs, internship and practical training, and precise employment. For schools, the platform can deliver full life-cycle management of students from enrollment to employment. For students, it can provide value-added services in close relation to school study, life and consumption. At the same time, through data accumulation in terms of teaching, student, finance and operation management at schools, combined with cloud computing, big data, artificial intelligence and other advanced technologies, the platform can build knowledge spectrums and behavior models of students to enable schools to serve as the cockpit for big data and deliver personalized study.

"Tianze Talent (天擇人才)" is an integrated platform for employment, entrepreneurship and management services. Catering for students from higher educational institutions and enterprises, it targets positions in industries where there is a shortage of high-skilled talents (such as production, manufacturing and the internet), and facilitates the transformation and upgrade of the talent training model. With an aim to improve the quality of nurturing talent, it is an integrated platform currently with almost 1,000 registered enterprises, providing coordinated planning and establishing comprehensive management and services of employment and entrepreneurship education for graduates.

1.7 Our Licenses and Honors

For the year ended 31 December 2020, the Company completed the 2020 annual examination and verification of the licenses, permits, approvals and certificates necessary to conduct our operations in all material aspects from the relevant government authorities in the PRC as scheduled, which have remained in full effect.

On 13 November 2020, the Company was invited to participate in the "2020 Education Forum For Asia Annual Conference (2020年亞洲教育論壇年會)" jointly organized by institutions including the Chinese Society of Educational Development Strategy and the China Association for Non-Government Education. At the conference, the "Top 50 Asia Pacific Preschool Education (亞太學前教育影響力50強)" was announced, and the Saintach Preschool Education under the Company was honored to be listed.

On 16 November 2020, the Company was invited to participate in the "Global Investment Carnival (全球投資嘉年華)" event organized by Gelonghui (格隆匯), a leading global investment research platform in China, and won the "Best Disclosure of the Year (年度最佳資訊披露)" award for the best listed company in Greater China in 2020 for its high quality disclosure since its listing.

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

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

2. MARKET REVIEW AND NEW REGULATIONS

2.1 Vocational education to improve the quality of training and expand enrollment at the same time

In September 2020, nine departments, including the Ministry of Education, jointly formulated the Action Plan for Quality Enhancement and Excellence in Vocational Education (2020-2023) (《職業教育提質培優行動計劃（2020–2023年）》) (the "**Action Plan**"), which sets higher quality standards and requirements for vocational education with the direction of "quality enhancement and excellence, value-added empowerment and quality for strength". Shijiazhuang Institute of Technology under the Company has upgraded its professions and constructed special professional clusters as required, and has also greatly improved the titles and qualifications of the teachers. At the same time, in accordance with the "Action Plan" and the "Guidelines for the Construction of Modern Industrial Colleges (Trial) (《現代產業學院建設指南（試行）》)" issued by the Ministry of Education in July 2020, we have innovated the school system and built two industrial colleges.

For the second year in a row, the "Enrollment Expansion Plan in Vocational Colleges" has been included in the work report of the government, with a cumulative enrollment expansion of 3 million students. Meanwhile, to cope with the possible employment pressure in 2020, the Ministry of Education proposed on 28 February 2020 to expand the enrollment of 322,000 students in college-education programs in 2020. The Action Plan clearly states that "there will be no restriction on the ratio of enrollment of secondary school graduates in specialized senior high schools, and the enrollment plan of college-educated students will be expanded appropriately". The enrollment expansion of vocational colleges and more admission of junior college students in universities will directly drive the growth of the number of school places under the Company and the steady growth of the Company's performance.

2.2 Quality Education "Foundation Enhancement Program" and Comprehensive Cultivation are jointly promoted

In January 2020, the Ministry of Education issued the Opinions on Implementing the Pilot Admission Reform for Basic Subjects in Some Universities (《關於在部分高校開展基礎學科招生改革試點工作的意見》) (the "**Foundation Enhancement Program** (強基計劃)"). The Foundation Enhancement Program selects and cultivates students whose ambition was to serve the country by fulfilling its strategic demand with their outstanding comprehensive qualities or performance in basic disciplines. This reform pilot is highly compatible with the Company's Peijian Education business. Relying on its brand and business resources, Peijian Education has pioneered new programs such as the High-Level College Foundation Program Training Camp, which highlights the development of secondary school students' abilities in mathematics, physics and chemistry. At the same time, the Company has established the Beijing-Tianjin-Hebei New Gaokao section to expand Peijian Education's business to the Beijing-Tianjin-Hebei region through business synergy and pipeline sharing, with the aim of covering a wider region and customer base.

In January 2020, the National Education Examinations Authority issued the "Chinese College Entrance Exam Evaluation System (《中國高考評價體系》)". In conjunction with the 2019 China College Entrance Examination Evaluation System Explanation (《中國高考評價體系説明》), it creatively proposed a new concept of comprehensive evaluation, emphasizing the importance of comprehensive quality evaluation in the college entrance examination admissions system, and a comprehensive upgrade of the admissions system for multiple admissions. In October 2020, the Central Committee of the Communist Party of China (CPC) and the State Council issued the General Plan for Deepening the Reform of Education Evaluation in the New Era to promote the comprehensive development of moral, intellectual, physical, aesthetic and physical fitness through the reform of student evaluation. The Company has completed the research and development of various curriculums for the education group, such as children's program design and intelligent reading, and acquired Aidiou Education, to further enrich the product lines of the quality education group and help improve the comprehensive literacy of school-age students.

2.3 Significant trend of digital education development

The emergence and recurrence of the "COVID-19" epidemic and the trend of long-term combat against it in human society are driving the reform of education and teaching methods and normalizing the combination of offline and online education. In 2020, schools and educational training institutions of all school ages were able to resume classes online, which rapidly promoted the development of online education in China. According to iiMedia Research, the penetration rate of K12 online education users in China reached 23.2% in the country in 2020. Meanwhile, the "COVID-19" epidemic forced online platforms to upgrade technologies, expand the supply of high-quality online education resources, and activated the new demand of middle class for education consumption across localized markets in the post-epidemic era.

Leveraging on its strategic layout of "Content + Technology", the Company gradually increased its investment in education technology and digital upgrade. The main directions included the upgrade and promotion of education platforms and tools, online recording and live streaming of offline courses, research and development of new courses, etc. This will not only help us integrate our existing business across regions and ensure the learning efficiency and effectiveness of existing students, but also enable us to acquire the ability to serve our peer industries and potential customers and gain more development opportunities.

3. FUTURE PROSPECTS

As a large private education service provider, we will insist on using "content + technology" to promote the development of education industry, and continue to sustain a diversified industrial layout centering on the overall national objective of education modernization, and exert great effort to develop vocational education and quality-oriented education.

The closer alignment between vocational education and economic and social development needs is the basis for promoting sustainable economic and social development and increasing talent support that backs the competitiveness of the country. We will actively participate in the vocational education to improve the quality of training, expand the scale of education in Shijiazhuang Institute of Technology, as well as add popular and frontline majors, strive to improve the level and quality of education, cultivate more talents that possess technical skills with higher quality, and at the same time prepare fully for upgrading Shijiazhuang Institute of Technology to undergraduate vocational university. In addition, we will pay more attention to the merger and acquisition opportunities of higher education institutions in economically developed regions to allow better room for development.

In the area of quality-oriented education, we will accelerate the integration of the Beijing-Tianjin-Hebei and Yangtze River Delta regions based on the Foundation Enhancement Program and Reform of Education Evaluation to complement advantages of each other and achieve synergistic development, enhance the core competitiveness of the two regions in terms of teaching and research, standardized operation capability and market enrollment capability, so as to drive significant growth in the Company's performance and gradually increase the contribution of the Yangtze River Delta region to the Company's results.

We will further increase our research and development expenditures to enhance our teaching and research, operation model, service quality, and student management through technology products empowerment, and work to transform ourselves towards the "online-merge-offline" (OMO) model to improve our overall operational efficiency and profitability. As our research and application of technology products become deeper and more extensive, we will export commercially standardized products timely for application in more schools to cover a wider customer base.

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 8.4% from approximately RMB234.2 million for the year ended 31 December 2019 to approximately RMB253.8 million for the year ended 31 December 2020, mainly due to the increase in student enrollment of the Shijiazhuang Institute of Technology and the increase in revenue after the acquisition of Zhejiang Peijian and Shinedao Tutorial Schools.

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 16.5% from approximately RMB112.9 million for the year ended 31 December 2019 to approximately RMB131.5 million for the year ended 31 December 2020, mainly due to the acquisition of Zhejiang Peijian and Shinedao Tutorial Schools resulting in the increase in costs.

4.3 Gross Profit and Gross Profit Margin

The amount of gross profit increased by approximately 0.8% from RMB121.3 million for the year ended 31 December 2019 to RMB122.3 million for the year ended 31 December 2020, and the gross profit margin decreased from approximately 51.8% for the year ended 31 December 2019 to approximately 48.2% for the year ended 31 December 2020, mainly due to the decline of the overall gross profit margin as a result of the decrease in gross profit from the quality-oriented education segment under the influence of the "COVID-19" epidemic.

4.4 Other Income and Gains

Other income and gains consisted of (1) interest income from banks and other institutions; and (2) site use fees charged to certain secondary vocational schools and companies for their external use of the premises and facilities of Shijiazhuang Institute of Technology for organizing teaching activities and training sessions. Other income and gains increased by approximately 60.9% from approximately RMB26.2 million for the year ended 31 December 2019 to approximately RMB42.2 million for the year ended 31 December 2020, mainly due to the increase in investment income, as well as waivers of rent of some properties and the increase in tax concessions arising from the impact of the "COVID-19" epidemic.

4.5 Selling and Distribution Expenses

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

Selling and distribution expenses increased by approximately 12.4% from approximately RMB11.9 million for the year ended 31 December 2019 to approximately RMB13.3 million for the year ended 31 December 2020, mainly due to the acquisition of Zhejiang Peijian and Shinedao Tutorial Schools which led to an increase in selling and distribution expenses.

4.6 Administrative Expenses

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

Administrative expenses increased by approximately 37.2% from approximately RMB40.9 million for the year ended 31 December 2019 to approximately RMB56.1 million for the year ended 31 December 2020, mainly due to (1) the increase in salaries owing to the increasing number of management and research and development personnel; and (2) the acquisition of Zhejiang Peijian and Shinedao Tutorial Schools which led to an increase in administrative expenses.

4.7 Other Expenses

Other expenses mainly consisted of (1) the impact from changes of long-term lease; and (2) expenses relating to loss on disposal of various fixed assets. Other expenses increased to approximately RMB2.2 million for the year ended 31 December 2020 from approximately RMB0.9 million for the year ended 31 December 2019, mainly due to the renewal of the Property Lease Agreement of Shijiazhuang Institute of Technology which resulted in the changes of rentals and the term of lease, leading to the differences between lease liabilities and right-of-use assets included in the current period, and hence the increase in other expenses.

4.8 Finance Costs

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

Finance costs increased by approximately 48.9% from approximately RMB8.2 million for the year ended 31 December 2019 to approximately RMB12.2 million for the year ended 31 December 2020, mainly due to the increasing amounts of loans from financial institutions.

4.9 Taxation

Income tax expenses decreased to RMB0.3 million for the year ended 31 December 2020 from RMB1.9 million for the year ended 31 December 2019, mainly due to the decrease in profits generated from kindergartens under the influence of the epidemic, which led to the decrease in income tax expenses.

4.10 Profit for the Year

Due to the above factors, the Company's profit for the year decreased from approximately RMB82.8 million for the year ended 31 December 2019 to approximately RMB78.8 million for the year ended 31 December 2020.

4.11 Net Liquidity and Capital and Funds and Borrowing Sources

As at 31 December 2020, net current assets of the Company were approximately RMB264.4 million, which mainly consisted of prepayments, other receivables and other assets, term deposits, pledged deposits and cash and bank balances.

As at 31 December 2020, current assets decreased from approximately RMB639.5 million as at 31 December 2019 to approximately RMB627.2 million. The decrease in current assets was mainly due to the decrease in the prepayments for renovation projects.

As at 31 December 2020, current liabilities increased from approximately RMB327.5 million as at 31 December 2019 to approximately RMB362.8 million. The increase in current liabilities mainly due to (1) the increase in interest-bearing bank and other borrowings and (2) the increase in the amount of contract liabilities due to the increasing number of students.

As at 31 December 2020, current ratio of the Company (current assets divided by current liabilities) was 172.9%, as compared with 195.3% as at 31 December 2019. The decline in current ratio was mainly due to the increase in total current liabilities resulting from interest-bearing bank and borrowings, contract liabilities, etc.

In order to manage the liquidity risk, the Company monitored and maintained a sufficient level of cash and cash equivalents, which is deemed adequate by the management, as the working capital of the Company, and to eliminate the impact of cash flow fluctuations. The Company expects that it can meet the cash flow requirement in the future with internal cash flow generated by operations and bank borrowings. The Company did not adopt other financial instruments for the year ended 31 December 2020.

4.12 Gearing Ratio

As at 31 December 2020, the gearing ratio (calculated by total interest-bearing bank and other borrowings divided by total equity) was approximately 31.9%, representing an increase of 10.6% from approximately 21.3% as at 31 December 2019, mainly due to the increase in total interest-bearing bank loans.

4.13 Major Investment

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

4.14 Major Acquisitions and Disposals

On 20 November 2020 (after trading hours), Shijiazhuang Institute of Technology (an indirect wholly-owned subsidiary of the Company) entered into an assets restructuring agreement with Lionful Education, pursuant to which five of the dormitory buildings would be acquired by the Group. The total consideration of the acquired properties was RMB105,000,000, among which RMB69,000,000 was for the dormitory buildings and RMB36,000,000 was for the land use right. For details of this discloseable and connected transaction, please refer to the announcement and the circular of the Company on 20 November 2020 and 14 December 2020, respectively. The change in the ownership of the acquired properties was expected to complete in April 2021.

4.15 Contingent Liabilities

As at 31 December 2020, the Company did not have any material contingent liabilities, guarantees or any material litigation or claims, pending or threatened against any member of the Company (31 December 2019: Nil).

4.16 Foreign Exchange Risk

Most gains and expenses of the Company were denominated in Renminbi. As at 31 December 2020, certain bank balances were denominated in Hong Kong dollars or US dollars. The Company currently does not have any foreign exchange hedging policy. The management will continue to monitor the foreign currency exchange risk of the Company and consider taking prudent measures in due course.

4.17 Pledge of Asset

For the year ended 31 December 2020, the Group pledged bank deposits of RMB187.0 million for obtaining two bank facilities (31 December 2019: RMB178.5 million), of which RMB110.0 million was unutilized as at 31 December 2020 (31 December 2019: RMB105.0 million).

4.18 Events after the Reporting Period

As at the date of this results announcement, the Board has resolved to propose a final dividend of HK1.57 cents per share for the year ended 31 December 2020.

USE OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING

On 29 May 2018, the Company issued 360,000,000 Shares at a price of HK$1.13 per Share pursuant to the initial public offering of Shares, with the total proceeds of approximately HK$393 million and the Shares listed on the Main Board of the Stock Exchange. On 17 June 2018, the Company issued 36,000,000 Shares at a price of HK$1.13 per Share pursuant to a partial exercise of over-allotment options relating to the listing of Shares, with the total proceeds of approximately HK$40.7 million. The net proceeds from the listing of Shares (net of underwriting fees and relevant expenses) amounted to approximately HK$433 million. The amount will be applied in the manners as set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus, and the announcement of the Company dated 12 June 2019 in relation to the change in use of proceeds (the "**Announcement**").

	Intended use of net proceeds *(HK$ million)*	**Revised use of proceeds as at the date of the Announcement** *(HK$ million)*	**Actual use of net proceeds up to 31 December 2020** *(HK$ million)*	**Remaining balance up to 31 December 2020** *(HK$ million)*	**Expected timeline of full utilization of the remaining balance (Note)**
Acquire and rebrand third-party kindergartens to expand our Saintach Kindergartens network in the Integrated Area by the end of 2020	173.2	–	–	–	–
Invest in, acquire and rebrand the domestic and overseas vocational education and quality-oriented education training schools and junior and undergraduate colleges	–	173.2	93.6	79.6	31 December 2021
Expand our Saintach Tutorial Center network in the Integrated Area through acquisition of third-party tutorial schools primarily engaged in providing small-group tutoring services	86.6	86.6	49.2	37.4	31 December 2021
Maintain, renovate and upgrade the facilities, equipment and infrastructure of our schools and tutorial centers and improve student accommodation, campus environment and teaching conditions at Shijiazhuang Institute of Technology	86.6	86.6	34.8	51.8	31 December 2021
Establish our presence overseas and obtain experience in operating schools abroad	43.3	43.3	–	43.3	31 December 2021
Fund our working capital and general corporate purposes	43.3	43.3	32.8	10.5	31 December 2021
Total	433.0	433.0	210.4	222.6	

Note: The expected timeline for utilizing the remaining proceeds is based on the best estimation made by the Group. It will be subject to change based on the current and future development of the market condition.

PROFIT DISTRIBUTION

The Board recommends a final dividend of HK1.57 cents per Share for the year ended 31 December 2020. Subject to approval by the Shareholders at the annual general meeting (the "**AGM**") to be held on 30 June 2021, the final dividend will be paid on 30 July 2021 to the Shareholders whose names appear on the register of members of the Company on 23 July 2021.

CLOSURE OF REGISTER OF MEMBERS

In order to determine the entitlement of Shareholders to attend and vote at the AGM, the register of members of the Company will be closed from Thursday, 24 June 2021 to Wednesday, 30 June 2021, both days inclusive, during which no transfer of Shares will be registered. In order to be eligible to attend and vote at the AGM, all transfer documents of Shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on Wednesday, 23 June 2021.

In order to determine the eligibility of Shareholders to receive the proposed final dividend, the register of members of the Company will be closed from Friday, 16 July 2021 to Friday, 23 July 2021, both days inclusive, during which no transfer of Shares will be registered. In order to qualify for the proposed final dividend, all transfer documents of Shares together with the relevant share certificates must be delivered to the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on Thursday, 15 July 2021.

SUFFICIENT PUBLIC FLOAT

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

CORPORATE GOVERNANCE CODE

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

For the year ended 31 December 2020, the Company complied with all the applicable code provisions under the CG Code, and adopted most of the recommended best practices set forth therein. The Company will continue to review and monitor its corporate governance practices to ensure the compliance with the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Limited Issuers (the "**Model Code**") as its own code of conduct regarding Directors' securities transactions. Upon specific enquiries to all the Directors, each of them has confirmed that he/she complied with the requirements set out in the Model Code for the year ended 31 December 2020.

For the year ended 31 December 2020, the Company 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 compliance by its employees who are likely to possess unpublished inside information of the Company in respect of their dealings in the Company's securities.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES

For the year ended 31 December 2020, the Company repurchased a total of 40,653,000 Shares at a total purchase price (net of expenses) of approximately HK$25,721,000 on the Stock Exchange. The reason for such Share repurchases was that the Board believed that the Shares had been trading at a level which significantly undervalued the Company's performance and underlying value; and since the Board is committed to actively managing the Company's capital, such Share repurchases would create capital management benefits to the Shareholders. All the repurchased Shares have been cancelled by the Company on 23 June and 16 July 2020, respectively. The details of repurchase of these Shares are set out as follows:

Month of repurchase	**Number of Shares repurchased**	**Maximum price paid per Share** *(HK$)*	**Minimum price paid per Share** *(HK$)*	**Total repurchase price** *(HK $)*
May 2020	17,997,000	0.68	0.61	11,571,000
June 2020	16,659,000	0.65	0.61	10,486,000
July 2020	5,997,000	0.62	0.61	3,664,000
Total	40,653,000			25,721,000

AUDIT COMMITTEE

For the year ended 31 December 2020, the audit committee of the Company (the "**Audit Committee**") consisted of three members, namely Mr. Yao Zhijun (chairman), Mr. Guo Litian and Mr. Wan Joseph Jason, all of whom were independent non-executive Directors.

The Audit Committee has adopted the terms of reference which are in line with the CG Code. The primary duties of the Audit Committee include reviewing and monitoring the financial control, risk management and internal control systems and procedures of the Group, reviewing the financial information of the Group and the relationship with the external auditor of the Company. The 2020 annual results and the 2020 annual consolidated financial report of the Group have been reviewed by the Audit Committee.

SCOPE OF WORK OF THE GROUP'S AUDITOR

The figures set out in the preliminary announcement of the Group's results for the year ended 31 December 2020 have been agreed by the Group's auditor, Ernst & Young ("**EY**") to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by EY in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by EY on this preliminary announcement.

PUBLICATION OF RESULTS ANNOUNCEMENT AND 2020 ANNUAL REPORT ON WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This results announcement is published on the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.21centuryedu.com. The 2020 annual report containing all the information required by the Listing Rules will be dispatched to the Shareholders and published on the respective websites of the Stock Exchange and the Company in due course.

DEFINITIONS

"Board"	the board of directors of the Company
"Company"	China 21st Century Education Group Limited, an exempted company incorporated in the Cayman Islands with limited liability on 20 September 2016, with its Shares listed on the Main Board of the Stock Exchange
"Director(s)"	the director(s) of the Company
"government" or "State"	the central government of the PRC, including all governmental sub-divisions (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
"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, one of the Company's PRC Operating Entities
"Integrated Area"	also known as the Beijing-Tianjin-Hebei integrated area. Its concept was raised according to a national strategic initiative to promote the region's economic development

"Listing Date"	29 May 2018, being the date of listing of Shares on the Main Board of the Stock Exchange
"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
"Peijian Education" or "Zhejiang Peijian"	Zhejiang Peijian Technology Co., Ltd.* (浙江培尖科技有限公司)
"Peijian Tutorial School(s)"	Chongqing Peijian Tutorial School Limited* (重慶培尖課外培訓學校有限公司) and Hangzhou Huashi Peijian Tutorial School Limited* (杭州華石培尖培訓學校有限公司), which are the PRC Operating Entities
"PRC" or "China"	the People's Republic of China
"PRC Operating Entities"	Shijiazhuang Saintach, Hebei Saintach, Shijiazhuang Institute of Technology, Saintach Tutorial Schools and Saintach Kindergartens
"Prospectus"	the prospectus issued by the Company for the initial public offering and listing dated 15 May 2018
"Reporting Period"	for the year ended 31 December 2020
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC for the time being
"Saintach 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 Preschool Education"	Hebei Saintach Education and Technology Co., Ltd.* (河北新天際教育科技有限公司)
"Saintach Tutorial Centers"	Tutorial centers being set up in multiple operating locations which are organized by different Saintach Tutorial Schools

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

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

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

Hong Kong, 31 March 2021

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

* *For identification purposes only*