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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1525)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020; AND CHANGE OF BUILDING NAME OF PRINCIPAL PLACE OF BUSINESS IN HONG KONG

ANNUAL RESULTS

The Board of Directors of Shanghai Gench Education Group Limited is pleased to announce the audited consolidated financial results of our Company, its subsidiaries and affiliated entities for the year ended 31 December 2020, together with the comparative figures for the year ended 31 December 2019.

FINANCIAL HIGHLIGHTS

	For the year ended 31 December		Percentage
	2020	2019	**change**
	RMB'000	*RMB'000*	
Revenue	**554,895**	501,442	10.7%
Gross profit	**335,410**	279,913	19.8%
Profit before tax	**198,006**	126,285	56.8%
Profit for the year	**193,056**	125,420	53.9%
Adjusted net profit(1)	**202,554**	150,814	34.3%

Note:

(1) The adjusted net profit, which is unaudited in nature, is presented because our management believes such non-IFRS measure provides useful information to investors in understanding and evaluating our results of operations in the same manner as it helps our management and in comparing financial results across accounting periods and to those of our peer companies.

CONSOLIDATED STATEMENT PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 RMB'000	2019 RMB'000
REVENUE	5	**554,895**	501,442
Cost of sales		**(219,485)**	(221,529)
GROSS PROFIT		**335,410**	279,913
Other income and gain	5	**27,925**	9,191
Selling and distribution expenses		**(2,153)**	(3,570)
Administrative expenses		**(107,690)**	(109,894)
Reversal of provision/(provision) for impairment losses on financial assets		**623**	(464)
Other expenses		**(348)**	(170)
Finance costs	6	**(55,761)**	(48,721)
PROFIT BEFORE TAX	7	**198,006**	126,285
Income tax expense	8	**(4,950)**	(865)
PROFIT FOR THE YEAR		**193,056**	125,420
Attributable to:			
Owners of the parent		**193,056**	125,420
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted	10	**RMB0.47**	RMB0.42

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 *RMB'000*	2019 *RMB'000*
PROFIT FOR THE YEAR	**193,056**	125,420
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(476)**	(337)
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods	**(476)**	(337)
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	**(476)**	(337)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**192,580**	125,083
Attributable to:		
Owners of the parent	**192,580**	125,083

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Notes	2020 RMB'000	2019 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**1,875,400**	1,820,421
Right-of-use assets		**643,389**	658,320
Other intangible assets		**1,097**	1,853
Prepayments		**142,265**	9,926
Deferred tax assets		**—**	346
Total non-current assets		**2,662,151**	2,490,866
CURRENT ASSETS			
Accounts receivable	*11*	**3,511**	4,984
Prepayments and other receivables		**3,999**	9,007
Cash and cash equivalents		**714,621**	334,867
Total current assets		**722,131**	348,858
CURRENT LIABILITIES			
Other payables and accruals	*12*	**116,364**	196,282
Dividend payable		**439**	—
Interest-bearing bank borrowings		**411,822**	275,000
Contract liabilities	*13*	**347,241**	307,208
Tax payable		**4,659**	147,592
Deferred income		**2,412**	17,065
Total current liabilities		**882,937**	943,147
NET CURRENT LIABILITIES		**(160,806)**	(594,289)
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,501,345**	1,896,577

	2020	2019
	RMB'000	*RMB'000*
NON-CURRENT LIABILITIES		
Interest-bearing bank borrowings	**712,780**	856,280
Deferred income	**26,178**	25,322
Total non-current liabilities	**738,958**	881,602
NET ASSETS	**1,762,387**	1,014,975
EQUITY		
Equity attributable to owners of the parent		
Share capital	**3,677**	—
Other reserves	**1,758,710**	1,014,975
TOTAL EQUITY	**1,762,387**	1,014,975

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

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

Our Company is an investment holding company. During the year, our Company and its subsidiaries (collectively referred to as the "**Group**") principally provided higher education services (collectively the "**Listing Business**") in the People's Republic of China (the "**PRC**").

The shares of our Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 16 January 2020 (the "**Listing Date**").

Information about subsidiaries

Particulars of our Company's principal subsidiaries are as follows:

Name	*Notes*	Place and date of incorporation/ establishment and place of operations	Nominal value of registered share capital	Percentage of equity attributable to our Company	Principal activities
Directly held:					
Shanghai Gench Education Holdings Limited		British Virgin Islands ("**BVI**") 15 May 2018	US$1	100%	Investment holding
Indirectly held:					
Gench Education Group (Hong Kong) Limited ("**Gench HK**")		Hong Kong 1 June 2018	HK$1	100%	Investment holding
Gench Education Group US, Inc ("**Gench US**")		United States 13 August 2018	No par value	100%	Degree-granting higher education institution
Wangting Education Technology (Shanghai) Limited 望亭教育科技 (上海) 有限公司 ("**Gench WFOE**")*	*(2)*	PRC/Mainland China 31 October 2018	RMB10,000,000	100%	Investment holding
Shanghai Jianqiao (Group) Co., Ltd. 上海建橋 (集團) 有限公司 ("**Jian Qiao Group**")**	*(1),(2)*	PRC/Mainland China 7 November 2000	RMB175,000,000	100%	Investment holding
Shanghai Jian Qiao Investment Development Co., Ltd. 上海建橋投資發展有限公司 ("**Jian Qiao Investment**")**	*(1),(2)*	PRC/Mainland China 3 August 1999	RMB37,500,000	100%	Investment holding
Shanghai Jian Qiao University 上海建橋學院 ("**Jian Qiao University**")***	*(1),(2)*	PRC/Mainland China 28 June 2000	RMB50,000,000	100%	Provision of common undergraduate education services
Shanghai Jian Qiao University Co., Ltd. 上海建橋學院有限責任公司 ("**Jian Qiao University Company**")**	*(1),(2),(3)*	PRC/Mainland China 28 September 2020	RMB50,000,000	100%	Provision of common undergraduate education services

* The entity is registered as a wholly-foreign-owned enterprise under PRC law.

** The entities are registered as limited liability companies under PRC law.

*** The entity is registered as a private non-profit school under PRC law.

Notes:

(1) These entities are owned through contractual arrangements.

(2) The English names of these companies represent the best effort made by the management of our Company to directly translate the Chinese names as they do not register any official English name.

(3) Our Group was conducting an internal restructuring to convert the PRC operating school of our Group into a for-profit private school ("**Conversion**") to comply with the Decision on Amending the Law for Promoting Private Education of the PRC approved by the Standing Committee of the National People's Congress in November 2016 and took effect on 1 September 2017 ("**2016 Decision**") and related implementing rules.

During the year ended 31 December 2020, our Group has started the Conversion process and established Jian Qiao University Company, as a for-profit private school. The Conversion process includes but not limited to transferring all the assets and liabilities of Jian Qiao University to Jian Qiao University Company, applying for formal school operating permit for Jian Qiao University Company and de-registering Jian Qiao University which is required to be completed by the end of 2021. As at 31 December 2020, as part of the Conversion process, Jian Qiao University has transferred its leasehold land and buildings and facilities to Jian Qiao University Company.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**") promulgated 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. These financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

Our Group recorded net current liabilities of RMB160,806,000 as at 31 December 2020. The directors of our Company (the "**Directors**") have given careful consideration to the future liquidity and performance of our Group and its available sources of finance in assessing whether our Group will have sufficient financial resources to continue as going concern.

The Directors believe that our Group has sufficient cash flows from the operations and current available banking facilities to meet its liabilities as and when they fall due. Therefore, the financial statements are prepared on a going concern basis.

Basis of consolidation

The consolidated financial statements include the financial statements of our Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2020. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by our Company. Control is achieved when our 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 our Group the current ability to direct the relevant activities of the investee).

When our Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, our 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) our Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as our Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which our 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 parent of our Group 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 our Group are eliminated in full on consolidation.

Our 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 our 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. Our 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 our Group had directly disposed of the related assets or liabilities.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

Our 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 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 our 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. Our 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 our 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 our Group as our 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 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.

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 our Group.

4. OPERATING SEGMENT INFORMATION

Our Group principally provides higher education services in the PRC.

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

Geographical information

During the year, our Group operated within one geographical location because all of its revenue was generated in the PRC and all of its long-term assets/capital expenditure were located/incurred in the PRC. Accordingly, no further geographical information is presented.

Information about major customers

No services provided to a single customer contributed to 10% or more of the total revenue of our Group during the year.

5. REVENUE, OTHER INCOME AND GAIN

An analysis of revenue, other income and gain is as follows:

	2020 *RMB'000*	2019 *RMB'000*
Revenue from contracts with customers		
Tuition fees	**493,381**	429,583
Boarding fees	**47,668**	66,002
Others	**13,846**	5,857
Total revenue from contracts with customers	**554,895**	501,442

(i) Disaggregated revenue information

	2020 *RMB'000*	2019 *RMB'000*
Recognised over time		
Tuition fees	**493,381**	429,583
Boarding fees	**47,668**	66,002
Education related services	**7,883**	—
Total revenue from contracts with customers	**548,932**	495,585
Recognised at a point in time		
Education related services	**5,963**	5,857

(ii) Performance obligations — Education services

The performance obligation is satisfied over time as services are rendered and tuition and boarding fees and education related services are generally paid in advance prior to the beginning of each academic year.

	2020 *RMB'000*	2019 *RMB'000*
Other income		
Bank interest income	**2,657**	859
Operating lease income from operators of supermarkets, snap shops, etc. in the school campus	**3,480**	5,855
Government grants	**21,474**	2,477
Others	**116**	—
	27,727	9,191
Gain		
Gain on disposal of items of property, plant and equipment	**198**	—
	27,925	9,191

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2020 *RMB'000*	2019 *RMB'000*
Interest on bank loans	**58,051**	56,328
Total interest expense on financial liabilities not at fair value through profit or loss	**58,051**	56,328
Less: Interest capitalised	**(2,290)**	(7,607)
	55,761	48,721

7. PROFIT BEFORE TAX

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

	Note	2020 *RMB'000*	2019 *RMB'000*
Employee benefit expense (including directors' and chief executive's remuneration):			
Wages, salaries and other allowances		**160,671**	148,105
Pension scheme contributions and social welfare		**19,982**	19,709
		180,653	167,814
Depreciation of property, plant and equipment		**55,231**	51,249
Depreciation of right-of-use assets		**15,137**	15,134
Amortisation of other intangible assets		**756**	549
Listing expense		**9,498**	25,394
Auditors' remuneration		**3,120**	2,130
Impairment of financial assets, net			
(Reversal of provision)/provision for impairment of accounts receivable	*11*	**(623)**	464

8. INCOME TAX

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

Our Company's directly held subsidiary is incorporated in the BVI as an exempted company with limited liability under the Companies Law of the BVI and accordingly is not subject to income tax from business carried out in the BVI.

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

According to the Implementation Rules for the Law for Promoting Private Education (the "**Implementation Rules**"), private schools for which the school sponsors do not require reasonable returns are eligible to enjoy the same preferential tax treatment as public schools. The preferential tax treatment policies applicable to private schools requiring reasonable returns are to be separately formulated by the financing authority, taxation authority and other authorities under the State Council. During the year and up to the date of approval of the financial statements, no separate policies, regulations or rules have been promulgated by such authorities in this regard. In accordance with the historical tax returns filed to the relevant tax authorities and the compliance confirmation obtained therefrom, our Group's university did not pay corporate income tax for the provision of formal educational services and has enjoyed the preferential tax treatment since its establishment. As a result, no income tax expense was recognised for the income from the provision of formal educational services during the year.

As set out in note 1 of the financial statements, the Group was conducting an internal restructuring to convert the existing PRC operating schools of the Group into the for-profit schools to comply with the 2016 Decision and related implementing rules. As of balance sheet date, in light of the applicable rules and regulations regarding the Conversion have not yet been published by the relevant local authorities, the applicable potential tax liability could not be reasonably estimated. However, based on the currently available information and best knowledge, the directors of the Company believes that the amount or range of reasonably potential tax liabilities, which the Group may be exposed to, will not have a material adverse effect on the Group's business, financial position, result of operations or cash flows. The Directors will make continuous reviews and assessment based on the progress development of the Conversion, and will disclose the potential tax implications associated with the Conversion in the 2021 interim and annual financial statements.

The non-academic education services provided by the university of our Group is subject to corporate income tax at a rate of 25%.

All of our Group's non-school subsidiaries operating in Mainland China are subject to the PRC corporate income tax of 25% during the year.

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which our Group operates.

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

	2020	2019
	RMB'000	*RMB'000*
Current — Mainland China:	**4,604**	1,144
Deferred	**346**	(279)
Total tax charge for the year	**4,950**	865

A reconciliation of tax expense applicable to profit before tax at the statutory rate for the jurisdictions in which our Company and the majority of its subsidiaries are domiciled to the income tax expense at the effective tax rates, and a reconciliation of the statutory tax rates to the effective tax rates, during the year are as follows:

	2020	2019
	RMB'000	*RMB'000*
Profit before tax	**198,006**	126,285
At the statutory income tax rate	**53,106**	37,569
Expenses not deductible for tax	**536**	79
Profits arising from a school not subject to tax	**(49,537)**	(38,084)
Tax losses utilised from previous years	**—**	(3)
Tax losses not recognised	**845**	1,304
Tax charge at our Group's effective rate	**4,950**	865

9. DIVIDENDS

	2020	2019
	RMB'000	*RMB'000*
Interim — HK$0.10 (2019: Nil) per ordinary share	**34,928**	—

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

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent of RMB193,056,000 (2019: RMB125,420,000), and the weighted average number of ordinary shares of 409,221,311 (2019: 300,000,000) in issue during the year, as adjusted for the assumption that 299,990,000 new shares issued pursuant to the capitalisation issue had been completed throughout 2020 and 2019.

Our Group had no potentially dilutive ordinary shares 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 parent, used in the basic and diluted earnings per share calculations	**193,056**	125,420

	2020	2019
Shares		
Issue of shares on 8 May 2018	**10,000**	10,000
Effect of the capitalisation issue on 16 January 2020	**299,990,000**	299,990,000
Effect of the IPO (excluding shares issued under the over-allotment option) on 16 January 2020	**95,901,639**	—
Effect of the over-allotment option on 11 February 2020	**13,319,672**	—
Weighted average number of ordinary shares used in the basic and diluted earnings per share calculations	**409,221,311**	300,000,000

11. ACCOUNTS RECEIVABLE

	2020	2019
	RMB'000	*RMB'000*
Tuition and boarding fees receivable	**3,568**	5,664
Impairment	**(57)**	(680)
	3,511	4,984

Our Group's students are required to pay tuition fees and boarding fees in advance for the upcoming school year, which normally commences in August. The outstanding receivables represent amounts related to students who have applied for student loans. There is no fixed term for delayed payments. Our Group does not hold any collateral or other credit enhancements over its accounts receivable balances. Accounts receivable are non-interest-bearing.

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

	2020	2019
	RMB'000	*RMB'000*
Accounts receivable:		
Within 1 year	**2,821**	2,205
1 to 2 years	**574**	1,953
2 to 3 years	**107**	647
Over 3 years	**9**	179
	3,511	4,984

The movements in the loss allowance for impairment of accounts receivable are as follows:

	2020	2019
	RMB'000	*RMB'000*
At beginning of year	**680**	266
Amount written off as uncollectible	**—**	(50)
(Reversal of provision)/provision for impairment losses, net *(note 7)*	**(623)**	464
At end of year	**57**	680

The decrease (2019: increase) in the loss allowance was due to the significant changes in the gross carrying amount of the accounts receivables which were past due.

The outstanding receivables represent amounts related to students who have applied for the delayed payment of tuition fees and boarding fees. There is no fixed term for delayed payments. In view of the aforementioned and the fact that our Group's accounts receivable related to a large number of individual students, there is no significant concentration of credit risk. Our Group does not hold any collateral or other credit enhancements over its accounts receivable balances.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on our Group's accounts receivable using a provision matrix:

Tuition fees receivable

31 December 2020

Collective assessment	**Less than 12 months**	**13–24 months**	**25–36 months**	**Over 36 months**	**Total**
Expected credit loss rate	**0.49%**	**4.44%**	**13.68%**	**47.06%**	**2.11%**
Gross carrying amount *(RMB'000)*	**2,021**	**496**	**117**	**17**	**2,651**
Expected credit losses *(RMB'000)*	**10**	**22**	**16**	**8**	**56**

31 December 2019

Collective assessment	Less than 12 months	13–24 months	25–36 months	Over 36 months	Total
Expected credit loss rate	0.84%	9.01%	24.07%	69.83%	14.06%
Gross carrying amount *(RMB'000)*	1,556	2,035	730	422	4,743
Expected credit losses *(RMB'000)*	13	183	176	295	667

Boarding fees receivable

31 December 2020

Collective assessment	**Less than 12 months**	**13–24 months**	**25–36 months**	**Over 36 months**	**Total**
Expected credit loss rate	**0.06%**	**0.99%**	**2.42%**	**7.50%**	**0.11%**
Gross carrying amount *(RMB'000)*	**810**	**101**	**6**	**—**	**917**
Expected credit losses *(RMB'000)*	**—**	**1**	**—**	**—**	**1**

31 December 2019

Collective assessment	Less than 12 months	13–24 months	25–36 months	Over 36 months	Total
Expected credit loss rate	0.15%	1.00%	2.42%	14.81%	1.41%
Gross carrying amount *(RMB'000)*	663	102	95	61	921
Expected credit losses *(RMB'000)*	1	1	2	9	13

12. OTHER PAYABLES AND ACCRUALS

	Note	2020 RMB'000	2019 RMB'000
Payables for purchase of property, plant and equipment		**3,506**	3,633
Payables for construction projects		**35,029**	112,824
Other tax payable (other than income tax and land appreciate tax)		**1,683**	1,011
Miscellaneous advances received from students	*(i)*	**31,565**	30,641
Accrued bonuses and other employee benefits		**35,685**	27,890
Accrued interest expenses		**1,140**	1,518
Other payables		**7,756**	18,765
		116,364	196,282

(i) The advances represented expenses relating to textbooks, military training, medical examination, insurance, etc. collected from students which will be paid on behalf of the students.

The above balances are unsecured, non-interest-bearing and repayable on demand.

13. CONTRACT LIABILITIES

Our Group recognised the following revenue-related contract liabilities, which represented the unsatisfied performance obligation as at 31 December 2020, and are expected to be recognised as revenue within one year:

	2020 RMB'000	2019 RMB'000
Tuition fees	**289,072**	257,661
Boarding fees	**58,169**	49,547
Total contract liabilities	**347,241**	307,208

Our Group receives tuition and boarding fees from students in advance prior to the beginning of each academic year. Tuition and boarding fees are recognised proportionately over the relevant period of the respective program. The students are entitled to the refund of payments in relation to the proportionate services not yet rendered.

Significant changes in contract liabilities during the year are as follows:

	2020	2019
	RMB'000	*RMB'000*
At the beginning of the year	**307,208**	260,108
Revenue recognised that was included in the contract liabilities at the beginning of the year	**(307,208)**	(260,108)
Increase due to cash received, excluding amounts recognised as revenue during the year	**347,241**	307,208
At the end of the year	**347,241**	307,208

There were no contract assets at the end of each reporting period recognised in the consolidated statement of financial position.

14. EVENTS AFTER THE REPORTING PERIOD

a) On 20 January 2021, the Board announced, in light of the internal restructuring of our Group as set out in the note 1 to the financial statements, (i) the existing framework of contractual arrangement adopted by our Company ("**Existing Contractual Arrangements**") will be terminated concurrently with effect from the de-registration of Jian Qiao University; and (ii) the new contractual arrangements ("**New Contractual Arrangements**") will be effective from the termination of the Existing Contractual Arrangements. The New Contractual Arrangements will be entered into on substantially the same terms as those currently in place under the Existing Contractual Arrangements, save as to the fact that:

(1) the identity of the PRC operating school of our Group will be changed from Jian Qiao University to Jian Qiao University Company;

(2) the identity of the directors of the PRC operating school of our Group will be changed from directors of Jian Qiao University to directors of Jian Qiao University Company;

(3) the nature of interest in the PRC operating school of our Group will be changed from school sponsor's interest in Jian Qiao University to equity interest in Jian Qiao University Company;

(4) due to (3) above, the school sponsors' and directors' rights entrustment agreement under the Existing Contractual Arrangements was divided into two separate agreements under the New Contractual Arrangements: (i) the new shareholders' rights entrustment agreement and (ii) the new directors' rights entrustment agreement, which enable Gench WFOE to exert the same effective control over Jian Qiao University Company as the school sponsors' and directors' rights entrustment agreement under the Existing Contractual Arrangements with substantially the same or equivalent terms and conditions; and

(5) the identity of a shareholder of Jian Qiao Group will be changed from the late Mr. Wang Xuangui to his spouse Ms. Huang Chunlan.

On 29 January 2021, the New Contractual Arrangements were entered into among the relevant parties.

b) As previously reported that the outbreak of COVID-19 in January 2020 had caused certain impact on our University, mainly due to domestic travel restrictions and various precautionary measurements undertaken by the respective local authorities which inter alia, include temporarily closure of school and delays in classroom commencement during the outbreak period. Our Group has put in place certain alternative action plans during the outbreak period, which include implementation of on-line modules and website distance learning activities and refund of boarding fees.

   In view of the implementation of the above-mentioned action plans, the management has assessed and preliminarily concluded that there was limited impact on the financial position of our Group during the period from January 2020 and up to the date of this announcement. Our Group will keep continuous attention on the development of the COVID-19 situation and react actively to its impacts on the operation and financial position of our Group, and in the event that there are any significant financial impacts, our Company will release further announcement as and when appropriate, and reflect it in our Group's 2021 interim and annual financial statements.

c) On 24 March 2021, our Company has resolved to recommend the payment of a final dividend of HK$0.08 per ordinary share for the year ended 31 December 2020 (the "**2020 Final Dividend**") to the shareholders whose names appear on the register of members of our Company on 7 June 2021. Such proposal is subject to the approval by the shareholders of our Company at the forthcoming annual general meeting of our Company.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

We operate Shanghai Jian Qiao University, which is the largest private university in Shanghai and a leading private university in the entire Yangtze River Delta, as measured by the total number of full-time students enrolled in 2020/2021 school year.

According to CUAA.net (中國校友會網), our University re-ranked first among all private universities in Shanghai in 2020 and first among private universities at all tier one cities (including Beijing, Shanghai, Guangzhou and Shenzhen) for three consecutive years 2018–2020. In November 2020, our University maintained the honor as a National Model Unit of Civilization (全國文明單位) upon review by the Central Commission on Building Cultural and Ethical Civilization (中央精神文明建設指導委員會). Our University was selected as the Shanghai Model School for Governing in Compliance with Laws (上海市依法治校示範校) by the Shanghai Municipal Education Commission (上海市教委) in March 2020, the 2020 National Factory Affairs Advanced Unit for Open Democratic Management (2020年全國廠務公開民主管理先進單位) by the National Factory Affairs Open Coordination Group (全國廠務公開協調小組) in December 2020, and the Shanghai Garden Unit in the Years of 2018 to 2020 (2018–2020年度上海市花園單位) by the Shanghai Greening Committee (上海市綠化委員會) in January 2021.

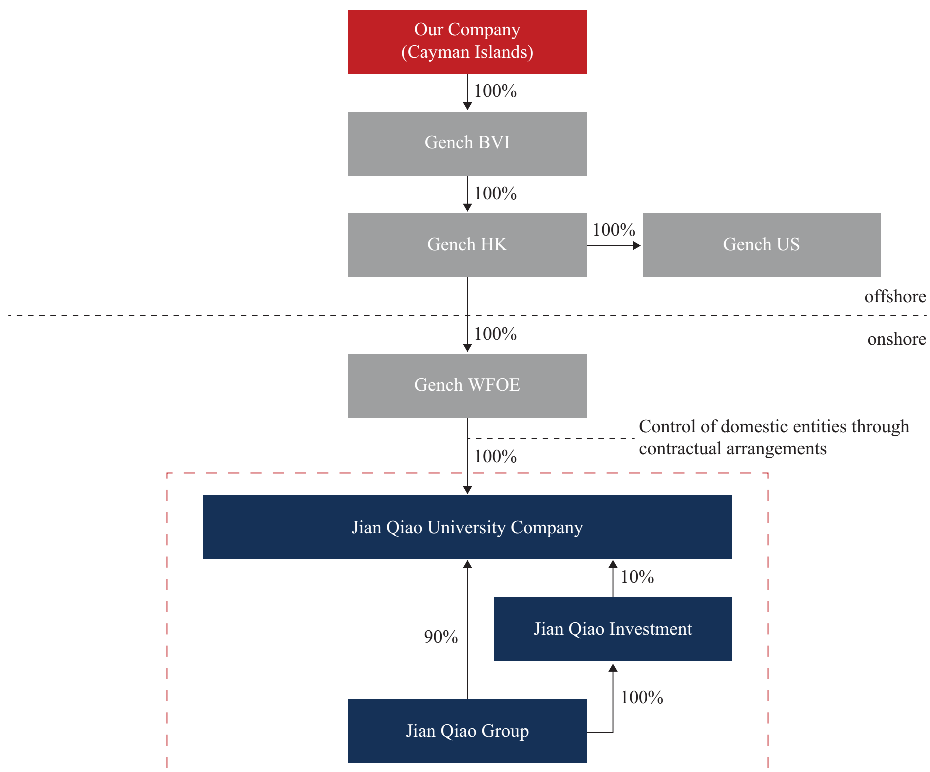
Recognition as a High-Tech Enterprise

In December 2020, jointly approved by Shanghai Municipal Science and Technology Commission, Shanghai Municipal Finance Bureau and State Administration of Taxation Shanghai Taxation Bureau, Gench WFOE, a subsidiary of our Company, was recognised as the one of the fourth batch of High-Tech Enterprises in Shanghai.

With the substantial support and encouragement from the PRC government, Gench WFOE is entitled to enjoy a preferential taxation policy and shall be subject to the enterprise income tax rate of 15% within three years from 2021 (including 2021). Compared to the enterprise income tax rate of 25% at a national standard, the tax preference and the industry support policy enjoyed by Gench WFOE will have a positive effect on the operation of our Group.

Conversion into a for-profit private school

As disclosed in our Company's announcement dated 20 January 2021, our Group is conducting an internal restructuring to convert the PRC operating school of our Group into a for-profit private school to comply with the 2016 Decision and related implementing rules. Our Group is carrying out the relevant procedures to complete the registration of Jian Qiao University Company, a newly established company in the PRC, as a for-profit private school, including but not limited to transferring all the assets and liabilities of our University to Jian Qiao University Company, applying for formal school operating permit for Jian Qiao University Company and de-registering our University. The whole process is required to be completed by the end of 2021. Upon the completion of converting the PRC operating school of our Group into a for-profit private school, our corporate structure is as follows:



Our University

Our University provides high-quality education to our students with a focus on applied sciences. Our comprehensive curriculums, which encompass a broad range of practical major offerings, are designed to equip our students with practical skills and enable them to meet the demands of the rapidly evolving job market. We develop our courses and majors based on extensive market research we conducted to determine demand in the job market. As at 31 December 2020, our University offered 64 majors and concentrations in its formal undergraduate program in a wide range of areas, among which, advertising and network engineering were approved as provincial-level first-class undergraduate major construction sites for 2019 while electronic commerce, gemology and jewelry materials study, microelectronics science and engineering and software engineering were approved as provincial-level first-class undergraduate major construction sites for 2020. In addition, we had an additional 13 majors and concentrations in our junior college program. We collaborate closely with enterprise partners and have established school-industry collaboration programs, including two MOE industrial and education integrated innovation bases in China, to help our students acquire readily applicable skills and find desirable employment.

As at 31 October 2020, the employment rate of 2020 graduates reached 97.6%, and employers' overall satisfaction with the work performance of our school's graduates reached 99.5%, of which 62.6% of the graduates stayed in Shanghai for employment. The rate of our students studying abroad for the year ended 31 December 2020 reached 6.4%, with 52 students entering the top 100 universities in QS World University Rankings and 95 students entering the top 200 universities in QS World University Rankings.

COVID-19 Pandemic and Effects on Our Business

Background

On 11 March 2020, the World Health Organization declared the outbreak of a strain of novel coronavirus, COVID-19, a global pandemic. The COVID-19 pandemic is dynamic and expanding, and its ultimate scope, duration and effects remain inherently uncertain. Governments worldwide have implemented travel bans, stay-at-home orders, quarantines, lock-down mandates, and other social distancing measures to mitigate the spread of COVID-19. The outbreak of the COVID-19 pandemic has negatively impacted the global economy, and created significant volatility and disruption of financial markets.

(a) Impact of the COVID-19 Pandemic on Our Operations

Based on official sources, the outbreak of the COVID-19 pandemic beginning in December 2019 reached its peak in February 2020 in China, which limited the capacity of our Group performing education services, and our University was closed during the first half year in 2020.

In addition, the COVID-19 pandemic has reduced transportation services and disrupted the construction and logistics network in China, which have adversely affected our suppliers' abilities of the phase three of our campus construction plan and impacted the feasible opportunities of potential acquisitions of our Group.

As the COVID-19 pandemic began to subside from the beginning of March 2020 in China, we have mobilized internal resources and leveraged our teaching operation capabilities aiming to accelerate the temporarily delayed courses and to reduce the impact to our education services.

As of 1 September 2020, most cities in the PRC had eased or lifted domestic travel restrictions and resumed work and production, and we had resumed normal operations of our University according to the local government's guidelines.

(b) Mitigation Measures

During the Reporting Period, we have adopted various mitigation measures to minimize the adverse impacts of the COVID-19 pandemic on our business operations, customer relationships, and procurement of supplies. These measures include:

1) Our Group has actively introduced online teaching since March 2020 during the Reporting Period in adherence to the nation's policy of "classes suspended but learning continues". As about 90% of the online teaching courses has been delivered for our enrolled students, a practice which has been highly rated to be liked by students and parents. According to our internal statistics, as at 30 June 2020, our online teaching program attained an average rating of 91.3 out of 100 among students and parents.

2) Our Group has developed a proprietary real-time monitoring system to ensure the health and safety of our teachers and students as well as the smooth progress of various works and affairs.

3) We have made vigorous efforts to procure employment for students. With the full support of enrolment and vocation guidance office, we have endeavoured to broaden the employment pathways for students so that they could secure job offers at an early stage.

4) We consider our employee's physical and mental health as our first-priority during the COVID-19 pandemic. Our Group made efforts for our employees' access to vaccines of COVID-19 in 2020. As of January 2021, a total of 318 employees took our Company's employee benefit and vaccinated in Shanghai Pudong Hospital, accounting for 24% of the total number of our employees. For further details, please refer to Part 6.2 in the Environmental, Social and Governance Report in the annual report for the year ended 31 December 2020 to be published in due course.

(c) Financial impact of the COVID-19 pandemic

Considering the temporarily closure of our University, our Group refunded the boarding fees amounting to approximately RMB34.0 million to our students in accordance with the boarding fees refund policy released by the competent authorities due to the COVID-19 pandemic during the year ended 31 December 2020.

Despite the unprecedented challenges presented by the COVID-19 pandemic, the revenue of our Group increased by approximately RMB53.5 million, or 10.7%, from approximately RMB501.4 million for the year ended 31 December 2019 to approximately RMB554.9 million for the year ended 31 December 2020. Also, our Group recorded a profit of approximately RMB193.1 million for the year ended 31 December 2020, representing an increase of approximately 53.9% as compared with approximately RMB125.4 million for the year ended 31 December 2019.

We attribute this to the combination of the mitigation measures as mentioned above, the ongoing efforts of our dedicated staff, and the effectiveness of our comprehensive business continuity plans.

(d) Liquidity Positions and Working Capital Sufficiency

As at 31 December 2020, our Group's cash and cash equivalents was approximately RMB714.6 million, representing an increase of approximately 113.4% year-on-year from approximately RMB334.9 million for the same period of last year; and our Group's net current liabilities was approximately RMB160.8 million, representing an decrease of approximately 72.9% year-on-year from approximately RMB594.3 million for the same period of last year.

We believe that our liquidity requirements will be satisfied with a combination of existing cash and cash equivalents, cash flows generated from our operating activities, bank and other borrowings, the net proceeds from the initial public offering of our Company and other funds raised from the capital markets from time to time.

Tuition Rates

The following table sets forth the average tuition fee of our University for the periods indicated:

	For the year ended 31 December			
	2020	2019	Change	Percentage change
	RMB'000	*RMB'000*	*RMB'000*	*(%)*
Average tuition fee[1]	**23,122**	21,634	1,488	6.9

Note:

(1) The average tuition fees for the years ended 31 December 2019 and 2020 were calculated based on the total revenue generated from the tuition fees of full-time students enrolled (excluding part-time students in our continuing education program) dividing by the total number of full-time students enrolled as at 30 September or 31 October (due to COVID-19, the enrollment of new students for the 2020/2021 school year has been delayed to October 2020) of such year.

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

	Tuition Fee[1]		
	2018/2019 school year	**2019/2020 school year**	**2020/2021 school year**
		RMB	
Undergraduate program	23,000–30,000[2]	23,000–30,000[2]	23,000–38,000[2]
Junior college program	15,000–18,000	15,000–18,000	15,000–18,000
Junior college/undergraduate program	23,000–27,000[3]	23,000–27,000[3]	23,000–30,000[4]

Notes:

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

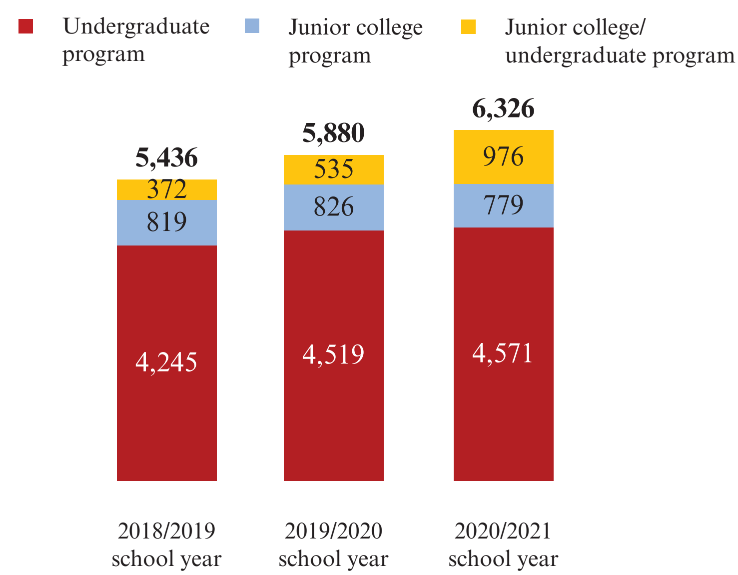
(2) The tuition fee range of the undergraduate program includes (i) the undergraduate program; and (ii) the undergraduate program under the international program. It excludes tuition fee rate of RMB80,000 per school year for the international design college, the tuition fee rate of RMB58,000 per school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

(3) In the 2018/2019 and 2019/2020 school years, the tuition fee rate for product design (jewelry design) major was RMB27,000 per school year. All other majors under our junior college/undergraduate program had a tuition fee rate of RMB23,000 per school year.

(4) In the 2020/2021 school year, the tuition fee rate for our majors of business administration (luxury management), product design (jewelry design) and environment design was RMB30,000 per school year. All other majors under our junior college/undergraduate program had a tuition fee rate of RMB23,000 per school year.

Student Enrollment

Benefiting from the expansion of student enrollment for junior college/undergraduate programs, the number of newly admitted students of our University for the 2020/2021 school year increased to 6,326 students, an addition of 446 students compared to the 2019/2020 school year, including an increase of 441 students in junior college/undergraduate programs. Despite the impact of the COVID-19 pandemic, the freshman registration rate for the 2020/2021 school year reached 93.02%, attributing to the number of students newly admitted breaking through 20,000 and reaching 21,338, including 17,274 undergraduates, 2,548 junior college students, and 1,516 students under junior college/undergraduate programs.



FUTURE OUTLOOK AND BUSINESS STRATEGIES

We believe that our Group's solid status as the largest private higher education group in Shanghai has well-positioned us to benefit from the growing demand of private higher education. Our University's location in Lingang New City area, Pudong New Area has afforded distinct regional advantages. In August 2019, the State Council announced the establishment of Lingang New Area in the China (Shanghai) Pilot Free Trade Zone. As an important component of the "Integration for Yangtze River Delta" action plan, our location in Lingang New City will be conducive to consolidating our Group's competitive edge in Yangtze River Delta.

In the meantime, the PRC government announced in 2020 a number of policies that were favourable to our Group's business development in many respects. It was confirmed at a press conference held on 28 February 2020 under the joint prevention and control mechanism of the State Council of the PRC that there will be an expected increase in the number of admission of postgraduate students and graduates from higher education institutions for junior college/undergraduate programs by 189,000 and 322,000 year-on-year from the number for the last year, respectively. In the Report of the Government of the PRC published on 22 May 2020, it was stated that the student enrollment at higher vocational colleges will increase by 2 million in 2020 and 2021.

In order to further retain talents to contribute to our Group's operations and attract suitable personnel to promote the further development of our Group, we have adopted the following strategies: (1) attracting and retaining talents through local talent preferential policies in Lingang New City. In 2013, Shanghai Lingang District Development Construction Administration Committee* (上海市臨港地區開發建設管理委員會) ("**Lingang Administration Committee**") has specifically formulated 30 implementation policies to attract and encourage outstanding talents to come to Lingang New City for employment and entrepreneurship, in order to speed up the gathering of high-end manufacturing industries in the Lingang New City, gather innovative and entrepreneurial talents, and strengthen the integration of industry and city. Eligible talents may apply to purchase price-limited commercial housing in Lingang New Area at a price lower than the market price. In 2016, Lingang Administration Committee introduced a preferential policy for talent apartments to provide qualified talents with short-term rental transitional turnover apartments and rental subsidies. As at 31 December 2020, a total of 174 employees of our Group have enjoyed the preferential policy of price-limited housing in the Lingang New Area, and 65 employees have enjoyed the preferential policy of talent apartments; and (2) adopting the share award scheme. In December 2020, the Board approved the adoption of a share award scheme, and resolved to provide the trustee with a sum of not more than HK$100 million from time to time to purchase existing Shares at an appropriate time for future award of Shares under the scheme. The Board believes that the current share price of our Company and trading volume seriously underestimate our Company's performance and related assets, which is a good opportunity to purchase Shares for future grants of Shares under the scheme.

In view of the above, as well as our regional advantages and favourable government policies, our Group will continue to focus on providing market-oriented programs for students, recruiting high-calibre talents, improving our campus environment and schooling conditions and enhancing our social influence. In the future, we will drive business development through four strategic approaches as follows, with a view to growing our University into a first-rate private university in China with unique features and international standing.

Enhancing profitability by optimising pricing and increasing student enrollment at our University

The level of tuition fees and boarding fees charged by us represents an important factor affecting our profitability. For the 2020/2021 school year, the tuition fees for eight majors increased by approximately 30%–40%.

Such increment in tuition fees is commensurate with our efforts to upgrade our work for our University through the provision of more comprehensive curriculums and the adoption of international teaching approaches. Going forward, we plan to review our tuition fee rate on an on-going basis and adjust the tuition fee rates as and when appropriate.

In addition, we charge students who are living in the two dormitory buildings under phase two of our campus construction plan RMB5,800 per student per school year, which is approximately 60% higher than our previous boarding fee rate. For the dormitory buildings under phase one of our campus construction plan, we have increased the boarding fees from RMB3,600 to RMB4,800 for new students enrolled in 2020.

We believe that the on-going increase in student enrollment is also important to our success. We intend to continue to increase our investment in new construction projects to build academic, administrative, and boarding facilities that can meet the needs of our expansion in the years to come.

In order to increase the school capacity in relation to student dormitories and teaching facilities that can meet the needs of our Group's expansion in the years to come, our University decided to commence phase three of our campus construction plan. The construction works of the campus facilities constructed as part of the phase three of our campus construction plan has commenced in September 2020. Such campus facilities, with a total gross floor area of approximately 60,950 square meters, mainly comprise (i) a multi-function teaching building with a total gross floor area of approximately 9,413 square meters, (ii) two dormitory buildings with a total gross floor area of approximately 21,742 square meters and 21,715 square meters, respectively, and with an aggregate of 3,984 beds which will increase our school capacity, as well as (iii) an ancillary dormitory building for boarding-related services (such as an office of dormitory management personnel and laundry rooms).

The total capital expenses on phase three of our campus construction plan is currently estimated to be approximately RMB340 million (equivalent to approximately HK$377.4 million), which shall be incurred by the end of 2022.

Expanding our school network and enhancing our market penetration

We have plans to seek suitable opportunities to acquire or invest in other schools in China or elsewhere, as a means to expand our school network and increase our market share. In China, we intend to prioritize private higher education institutions which school sponsors have elected or intend to elect them to be for-profit schools, in particular universities offering bachelor's degree programs focused on applied sciences. Our target institutions will have a student enrollment of at least 5,000 generating revenue of not less than RMB100 million. In terms of geographic location, we intend to prioritize suitable target schools in east China, particularly in the Yangtze River Delta, which we believe will enhance our profile and create synergies in the region. According to the Frost & Sullivan Report, there were approximately 50 to 80 private higher education institutions in the Yangtze River Delta region meeting the aforementioned standards as at the end of 2018. Internationally, we intend to prioritize institutions with postgraduate research capabilities recognized by the MOE. In terms of geographic location, we intend to prioritize institutions in developed countries. An expanded overseas school network will provide students with more options of destinations for studying aboard, while further attracting overseas students to be enrolled.

We have been in the process of identifying and in discussion on on-going opportunities and potential projects. Our Group will make disclosures on mergers and acquisitions as and when appropriate.

Building on our existing strengths and exploring new growth areas

We believe the quality of our education services is the cornerstone of our business. We intend to continue with the expansion and diversification of our course offerings in response to industry trends and market demand, including the offering of new majors based on market developments. We plan to further solidify our competitive advantage in the provision of well-rounded education with a special focus on applied sciences.

We have established two new majors for our undergraduate program: (i) health services and management, and (ii) art and technology, for the 2020/2021 school year. We believe that these majors will further expand the categories of our majors and meet the increasing demands of the health services and the cultural and creative industries. We have also established the college of health management in June 2020, offering two undergraduate major programs: (i) nursing, and (ii) health services and management, and one junior college program in nursing. Meanwhile, we established the international education institute (國際教育學院) in September 2020 to carry out the teaching, scientific research and student management of Sino-foreign cooperation projects, and provide services such as studying abroad, exchanges, and language training for all students in our University to further improve the level of international education. In November 2020, the college of education (教育學院) was established to cultivate high-quality applied technology professionals with good ethics, solid theoretical foundation, strong practical ability, and innovative spirit and international vision. In addition, we have two new majors at undergraduate level which have been approved in February 2021, namely (i) fashion and communication (時尚傳播), and (ii) elder-caring service management (養老服務管理), and are expected to be available for enrollment in the 2021/2022 school year, aiming to cultivate specialised talents who have knowledge in fashion and operational practice of fashion industry, and talents on market demand who are equipped with the ability to provide professional elder-caring services.

We also plan to expand our continuing education college. We believe that the number of our part-time student enrollment will continue to maintain a growth trend in tandem with the growing demand for continuing education among the employed population. As at 30 June 2020, our continuing education college had an enrollment of 2,474 students. In addition to our on-campus facilities, we have also entered into arrangements for the use of facilities of independent third party training or tutoring service providers in Shanghai to provide certain continuing education courses at their premises and have established eight off-campus education centers in different areas in Shanghai in order to provide more location options and save travel time for potential part-time students. Upon review and expert assessment by the Shanghai Municipal Human Resources and Social Security Bureau, our University was successfully approved as the Shanghai High-Skilled Talent Training Base (上海市高技能人才培養基地) on 13 November 2020, which contributes to our exemplary and leading role in cultivating high-skilled talents and provides more powerful skilled talents support for realizing regional high-quality development.

In the meantime, our minor bachelor's degree program admission has continued to make steady progress, in accordance with the principles set out in the "Measures for the Administration of the Delegation and Conferment of Bachelor's Degrees" published by the Academic Degrees Committee of the State Council of the PRC. In addition to his/her major, our students can concurrently study for a minor at undergraduate level and obtain optional bachelor's degrees if they complete the necessary credits and meet the requirements of the bachelor degree program. Students will be charged a tuition fee for minor based on credits taken.

Reaping benefits afforded by the Lingang New Area policy to pursue the integrated development of industry, education and city

According to the "General Planning for State-owned Land in Lingang New Area of the China (Shanghai) Pilot Free Trade Zone (2019–2035)", by 2035, Lingang New Area will be developed into a world-class coastal city with a gross domestic product of RMB1,000 billion and a resident population of approximately 2.50 million, characterised by young, internationalised and well-educated residents with high mobility, and housing not less than one-third of the multinational corporate headquarters in Shanghai. To take advantage of the development of Lingang New Area, we have entered into a strategic framework agreement for university-enterprise cooperation with Lingang Group for the joint creation of the Lingang New Area Industrial University (臨港新片區產業大學), which aims to offer majors for five key industrial aspects, commence multidimensional cooperation projects with 50 leading enterprises in Lingang, build a 500-member high-calibre teaching team and groom 5,000 specialised talents urgently required by corporations in the new area by 2023. In December 2020, Lingang New Area Industrial University officially opened. As one of the training bases for highly skilled talents of industrial universities, our University will continue to work with local enterprises to further identify the respective advantages and resources of the industry and higher education institution, so as to commence in-depth cooperation in joint training of high-tech talents, industry-university research collaboration and employment promotion, and form a long-term mechanism for win-win cooperation and common development.

LATEST REGULATORY DEVELOPMENT

On 20 April 2018, the MOE issued the Implementing Regulations for the Law for Promoting Private Education of the PRC (the Draft Revision) (the Consultation Version) (《中華人民共和國民辦教育促進法實施條例(修訂草案)(徵求意見稿)》) (the "**MOE Draft for Comments**") to solicit public views. On 10 August 2018, the Ministry of Justice of the PRC announced the Implementing Regulations for the Law for Promoting Private Education of the PRC (Revised Draft) (Draft for Review) (《中華人民共和國民辦教育促進法實施條例(修訂草案)(送審稿)》) (the "**MOJ Draft for Review**") for consultation on the basis of the aforesaid MOE Draft for Comments issued by the MOE. For more details, please refer to the section headed "Business — Potential Implications of the 2016 Decision and Related Implementing Rules and Regulations — Potential implications of the MOJ Draft for Review if it becomes effective" in the Prospectus. As at the date of this announcement, the MOJ Draft for Review has yet to be promulgated or enacted in the PRC, our Company will continue to monitor developments of the MOJ Draft for Review and related laws and regulations.

Pursuant to the 2016 Decision which took effect on 1 September 2017, school sponsor(s) of a private school may choose for the school to be a for-profit private school or a non-profit private school, with the exception that schools providing nine-year compulsory education must be non-profit. On 26 December 2017, the People's Government of Shanghai promulgated the Implementation Opinions of Shanghai Municipal People's Government on Promoting the Healthy Development of Private Education (《上海市人民政府關於促進民辦教育健康發展的實施意見》) and the Administration Measures of Shanghai Municipality on Classification of Licensing and Registration of Private Schools (《上海市民辦學校分類許可登記管理辦法》), pursuant to which further requirements are implemented in light of the 2016 Decision, which include but are not limited to, the requirement that school sponsors of private schools (other than schools providing compulsory education) established and registered in Shanghai prior to 7 November 2016 shall submit in writing their decisions to convert into for-profit or non-profit schools by 31 December 2018 and complete the conversion to a non-profit school by 31 December 2019 and to a for-profit school by 31 December 2021 for higher education institutions. Under the existing regulatory environment and based on the interpretation of the 2016 Decision and related implementing rules and the existing ownership structure of our University, in December 2018, the School Sponsors have submitted their decision to the Shanghai Municipal Education Commission to register as a for-profit private school.

Pursuant to the 2016 Decision, school sponsor(s) of a private school may freely at its own discretion choose for the school to be a for-profit private school or a non-profit private school, with the exception that schools providing nine-year compulsory education must be non-profit. Our PRC Legal Advisors are thus of the view that our University would be able to be registered as a for-profit private school.

In addition, on 15 March 2019, the Foreign Investment Law was formally passed by the 13th National People's Congress of the PRC and has been taken effect on 1 January 2020.

The Foreign Investment Law stipulates three forms of foreign investment. However, the Foreign Investment Law does not explicitly stipulate the contractual arrangements as a form of foreign investment. As advised by our PRC Legal Advisors, since contractual arrangements are not specified as foreign investment under the Foreign Investment Law, and if the future laws, administrative regulations or provisions prescribed by the State Council do not incorporate contractual arrangements as a form of foreign investment and the operation of higher education is still in the Special Administrative Measures for Access of Foreign Investment (Negative List) (2020 Edition) (《外商投資準入特別管理措施(負面清單)》(2020年版)), our Contractual Arrangements (as defined in the Prospectus) as a whole and each of the agreements comprising the Contractual Arrangements will not be affected and will continue to be legal, valid and binding on the parties. Notwithstanding the above, the Foreign Investment Law stipulates that foreign investment includes "*foreign investors invest in China through any other methods under laws, administrative regulations, or provisions prescribed by the State Council*". Therefore, there are possibilities that future laws, administrative regulations or provisions of the State Council may stipulate contractual arrangements as a way of foreign investment, and then whether our Contractual Arrangements will be recognized as foreign investment, whether our Contractual Arrangements will be deemed to be in violation of the foreign investment access requirements and how our Contractual Arrangements will be handled are uncertain.

As at the date of this announcement, our Group's operations have not been affected by the above law, decision, implementing regulations and rules and administration measures. Based on the current conditions and Company's preliminary assessment, the Board is of the view that above law, decision, implementing regulations and rules and administration measures do not have an immediate material adverse impact on our Group's business operations, business plans and financial conditions.

Our Company will continue to monitor developments of above law, decision, implementing regulations and rules, administration measures and related laws and regulations, and will make further announcements in respect thereof in accordance with the Listing Rules as and when appropriate.

FINANCIAL REVIEW

Revenue

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

Our Group's revenue increased by approximately RMB53.5 million, or 10.7%, from approximately RMB501.4 million for the year ended 31 December 2019 to approximately RMB554.9 million for the year ended 31 December 2020, which was mainly due to, (i) the increase in the revenue derived from tuition fees and other education related services by approximately RMB71.7 million, or 16.5%, which was in relation to the increase in the average tuition rates during the year ended 31 December 2020 and the growth in the number of newly admitted student for the 2020/2021 school year commencing in September 2020 due to the utilization of the new dormitory buildings in its existing school campus in 2020, and (ii) the decrease in the revenue derived from boarding fees by approximately RMB18.3 million, or 27.7%, as our University refunded the boarding fees amounting to approximately RMB34.0 million to our students in accordance with the boarding fees refund policy released by the competent authorities due to the COVID-19 pandemic during the year ended 31 December 2020.

Cost of Sales

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

Our Group's cost of sales slightly decreased by approximately RMB2.0 million, or 0.9%, from approximately RMB221.5 million for the year ended 31 December 2019 to approximately RMB219.5 million for the year ended 31 December 2020, which was primarily due to the decrease in student-related expenses and other miscellaneous costs, as our students did not live on campus under the outbreak of COVID-19 during the first half of 2020.

Gross Profit and Gross Profit Margin

Our Group's gross profit represents our revenue less cost of sales. Our Group's gross profit margin represents our Group's gross profit as a percentage of the revenue.

Our Group's gross profit increased by approximately RMB55.5 million, or 19.8% from approximately RMB279.9 million for the year ended 31 December 2019 to approximately RMB335.4 million for the year ended 31 December 2020. Our Group's gross profit margin represents our Group's gross profit as a percentage of its revenue. For the year ended 31 December 2020, our Group achieved a gross margin of 60.4%, up by 4.6 percentage points as compared to the last year, which was mainly due to the combined effects of (i) the increasing number of student enrollment and average tuition rates as mentioned above, and (ii) the temporary closure of our campus under the outbreak of COVID-19 in China during the Reporting Period, which resulted in the decrease in the revenue from boarding fees, and the cost saving on the student-related expenses and other miscellaneous costs.

Other Income and Gains

Our Group's other income and gains primarily consisted of government grants, operating lease income from operators of supermarkets, snap shops and others in the school campus, and others.

Our Group's other income and gains increased by approximately RMB18.7 million, or 203.8%, from approximately RMB9.2 million for the year ended 31 December 2019 to approximately RMB27.9 million for the year ended 31 December 2020. The increase was primarily due to the receipt of the tax refund of approximately RMB20.0 million by our Group during the year ended 31 December 2020.

Selling and Distribution Expenses

Our Group's selling and distribution expenses primarily consisted of expenses incurred for relevant advertising of our University, including the cost of promotional brochures, transportation expenses, telecommunication expenses, business entertainment expenses and other expenses.

Our Group's selling and distribution expenses decreased by approximately RMB1.4 million, or 39.7%, from approximately RMB3.6 million for the year ended 31 December 2019 to approximately RMB2.2 million for the year ended 31 December 2020, which was mainly due to the decrease in cost on travel expenses and promotional brochures, as our Group currently carries out our student admission marketing activities mostly online, considering the impact of COVID-19 mentioned above.

Administrative Expenses

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

Our Group's administrative expenses decreased by approximately RMB2.2 million, or 2.0%, from approximately RMB109.9 million for the year ended 31 December 2019 to approximately RMB107.7 million for the year ended 31 December 2020. The listing expenses for the year ended 31 December 2020 of approximately RMB9.5 million decreased by approximately RMB15.9 million compared to the amount for the year ended 31 December 2019. Eliminated the effect of listing-related expenses, which was a non-recurring item, our administrative expenses increased by approximately RMB13.7 million, or 16.2%, from approximately RMB84.5 million for the year ended 31 December 2019 to approximately RMB98.2 million for the year ended 31 December 2020, which was primarily due to the increase in administrative salary expenses and professional services expense, as it was in relation to the audit services, legal advisory services, and other compliance consultant services since the Listing Date.

Finance Costs

Our Group's finance costs primarily consisted of the interest expenses for bank loans. As certain bank loans were borrowed for phase two of our campus construction plan and the buildings under such campus construction plan were put into use at the end of August 2019, the corresponding interests ceased to be capitalised accordingly, which led to an increase in the finance costs for the year ended 31 December 2019, compared to the amount for the year ended 31 December 2020.

Profit Before Tax

For the year ended 31 December 2020, our Group recorded a profit before tax of approximately RMB198.0 million, representing an increase of approximately 56.8% year-on-year from approximately RMB126.3 million for the same period of last year.

Income Tax Expense

For the year ended 31 December 2020, our Group recorded income tax expense of approximately RMB5.0 million, representing an increase of approximately 472.3% year-on-year from approximately RMB0.9 million for the last year. The increase was primarily due to the taxable income, i.e. other income and gains, increased by approximately RMB18.7 million as mentioned above.

Profit for the Year

As a result of the combined effects of the above income, costs and expenses, our Group recorded a profit of approximately RMB193.1 million for the year ended 31 December 2020, representing an increase of approximately 53.9% as compared with approximately RMB125.4 million for the year ended 31 December 2019.

Adjusted Net Profit

To supplement our consolidated statements of profit or loss and consolidated statements of comprehensive income which are presented in accordance with IFRS, we also use adjusted net profit as an additional financial measure. We present this financial measure because it is used by our management to evaluate our operating performance. We also believe that such non-IFRS measure provides useful information to investors in understanding and evaluating our results of operations in the same manner as it helps our management and in comparing financial results across accounting periods and to those of our peer companies.

Adjusted net profit eliminates the effect of listing-related expenses, which is a non-recurring item. The term of adjusted net profit is not defined under IFRS. The use of adjusted net profit has material limitations as an analytical tool, as adjusted net profit does not include all items that impact on our net profit for the year. We compensate for these limitations by reconciling this financial measure to the nearest IFRS performance measure, which should be considered when evaluating our performance.

Our Group's adjusted net profit was determined by adjusting profit for the year ended 31 December 2020 from continuing operations of approximately RMB202.6 million (2019: approximately RMB150.8 million). Eliminated the effect of listing expenses of approximately RMB9.5 million (2019: approximately RMB25.4 million), our Group's adjusted net profit increased by approximately 34.3% from RMB150.8 million for the year ended 31 December 2019 to approximately RMB202.6 million for the year ended 31 December 2020.

Current Assets and Current Liabilities

Compared with the net current liabilities of RMB594.3 million as at 31 December 2019, the net current liabilities as at 31 December 2020 decreased by approximately RMB433.5 million, or 72.9%, which was mainly due to that, (i) our cash and cash equivalents increased by approximately RMB379.7 million, or 113.4%, from approximately RMB334.9 million for the year ended 31 December 2019 to approximately RMB714.6 million for the year ended 31 December 2020, which was in line with the gross of our Group's business and the net proceeds from the initial public offering of our company (including the full exercise of the over-allotment option) received by our Group during the Reporting Period, and (ii) our tax payable decreased to approximately RMB4.7 million as at 31 December 2020 from approximately RMB147.6 million as at 31 December 2019, as our Group paid approximately RMB147.5 million income tax during 2020, which was in relation to the disposal of old school buildings and transfer of land to an independent third party in August 2015 in accordance with the relevant tax rules.

Liquidity and Capital Resources

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

Property, Plant and Equipment

As at 31 December 2020, our Group's property, plant and equipment amounted to approximately RMB1,875.4 million, representing an increase of approximately 3.0% year-on-year from approximately RMB1,820.4 million recorded as at 31 December 2019. Such an increase was due to the phase three of the construction of the school premises.

Cash and Cash Equivalents

As at 31 December 2020, our Group's cash and cash equivalents was approximately RMB714.6 million, representing an increase of approximately 113.4% year-on-year from approximately RMB334.9 million for the same period of last year. The increase was mainly attributable to the combined effects of (i) the net proceeds from the initial public offering of our Company (including the full exercise of the over-allotment option) received by our Group during the Reporting Period, and (ii) the payments for phase two and phase three of our campus construction plan during the Reporting Period.

Bank and Other Borrowings

Our Group's bank and other borrowings primarily consisted of short-term working capital loans and long-term project loans for the construction of the school premises.

We primarily borrowed loans from banks and financial institutions to supplement our working capital and finance our capital expenditure. Our bank and other borrowings amounted to approximately RMB1,124.6 million as at 31 December 2020 were all denominated in Renminbi. As at 31 December 2020, the average effective interest of our bank and other borrowings decreased to 4.85% (2019: 4.98%).

Capital Expenditure

Capital expenditures during the Reporting Period primarily related to the phase two and phase three of our campus construction plan, maintaining and upgrading existing school premises and purchasing additional educational facilities and equipment for our University. For the year ended 31 December 2020, our Group's capital expenditures were approximately RMB344.5 million.

Commitments

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

	2020 ***RMB'000***	2019 *RMB'000*
Contracted, but not provided for property, plant and equipment	**214,370**	800
Authorised, but not contracted for property, plant and equipment	**71,750**	—

Compared with the amount as at 31 December 2019, our contracted and authorised commitments as at 31 December 2020 increased by approximately RMB285.3 million, which was mainly in relation to the campus facilities to be constructed which were targeted to be put into use in the 2022/2023 school year under phase three of our campus construction plan.

Contingent Liabilities

As at 31 December 2020, our Group did not have any significant contingent liabilities, guarantees or any litigations or claims of material importance, pending or threatened (as at 31 December 2019: nil).

Key Financial Ratios

	As at/for the year ended 31 December	
	2020	2019
Gross profit margin	**60.4%**	55.8%
Net profit margin	**34.8%**	25.0%
Return on assets	**5.7%**	4.4%
Return on Equity	**11.0%**	12.4%
Current Ratio	**0.8**	0.4
Interest coverage ratio	**4.6**	3.6
Net debt to equity ratio	**0.2**	0.8
Gearing ratio	**0.6**	1.1
Total debt to assets ratio	**0.3**	0.4

Notes:

(1) Gross profit margin equals our gross profit divided by revenue for the year.

(2) Net profit margin equals our profit and total comprehensive income after tax divided by revenue for the year.

(3) Return on assets equals net profit/(annualised net profit) for the year divided by total assets as at the end of the year.

(4) Return on equity equals net profit/(annualised net profit) for the year divided by total equity amounts as at the end of the year.

(5) Current ratio equals our current assets divided by current liabilities as at the end of the year.

(6) Interest coverage ratio equals profit before interest and tax of one year divided by finance cost of the same year.

(7) Net debt to equity ratio equals total interest-bearing bank loans and other borrowings net of cash and cash equivalents at the end of the year divided by total equity at the end of the year.

(8) Gearing ratio equals total debt as at the end of the year divided by total equity as at the end of the year. Total debt includes all interest-bearing bank loans and other borrowings.

(9) Total debt to assets ratio equals total interest-bearing bank and other borrowings at the end of the year divided by total assets at the end of the year.

Gearing Ratio

The gearing ratio as at 31 December 2020 decreased from 1.1 to 0.6, compared with the gearing ratio as at 31 December 2019, which was mainly due to (i) the increase in the share capital and share premium from the initial public offering of our Company and, (ii) the increase in our Group's business performance during the Reporting Period.

FOREIGN EXCHANGE RISK MANAGEMENT

The functional currency of our Company is Renminbi. The majority of our Group's revenue and expenditures are denominated in RMB. During the year ended 31 December 2020, our Group did not experience any significant difficulties in or impacts on its operations or liquidity due to fluctuations in currency exchange rates. Our Directors believe that our Group has sufficient foreign exchange to meet its own foreign exchange requirements and will adopt practical and effective measures to prevent exposure to exchange rate risk. Our Group did not enter into any financial instrument for hedging purpose.

SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS, FUTURE PLAN FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

There were no significant investments held as at 31 December 2020, nor other material acquisitions and disposals of subsidiaries and associated companies. Save as disclosed in this announcement, as at 31 December 2020, our Group did not have any immediate plans for material investments and capital assets.

PLEDGE OF ASSETS

As at 31 December 2020, our Group's bank borrowings of approximately RMB681.3 million were secured by our Group's rights over tuition fees and boarding fees.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2020, our Group had 1,326 full-time employees (as at 31 December 2019: 1,173 employees), the remuneration policy and package of our Group's employees are periodically reviewed in accordance with industry practice and result performance of our Group. Our Group provides external and internal training programs to our employees. Our Group participates in various employee social security plans for our employees that are administered by local government, including housing, pension, medical insurance, occupational injury insurance, maternity insurance and unemployment insurance. The total remuneration cost incurred by our Group for the year ended 31 December 2020 was approximately RMB180.7 million (as at 31 December 2019: RMB167.8 million).

EVENTS AFTER THE REPORTING PERIOD

a) On 20 January 2021, the Board announced, in light of the internal restructuring of our Group as set out in the note 1 to the financial statements, (i) the existing framework of contractual arrangement adopted by our Company ("**Existing Contractual Arrangements**") will be terminated concurrently with effect from the de-registration of our University; and (ii) the new contractual arrangements ("**New Contractual Arrangements**") will be effective from the termination of the Existing

Contractual Arrangements. The New Contractual Arrangements will be entered into on substantially the same terms as those currently in place under the Existing Contractual Arrangements, save as to the fact that:

(1) the identity of the PRC operating school of our Group will be changed from our University to Jian Qiao University Company;

(2) the identity of the directors of the PRC operating school of our Group will be changed from directors of our University to directors of Jian Qiao University Company;

(3) the nature of interest in the PRC operating school of our Group will be changed from school sponsor's interest in our University to equity interest in Jian Qiao University Company;

(4) due to (3) above, the school sponsors' and directors' rights entrustment agreement under the Existing Contractual Arrangements was divided into two separate agreements under the New Contractual Arrangements: (i) the new shareholders' rights entrustment agreement and (ii) the new directors' rights entrustment agreement, which enable Gench WFOE to exert the same effective control over Jian Qiao University Company as the school sponsors' and directors' rights entrustment agreement under the Existing Contractual Arrangements with substantially the same or equivalent terms and conditions; and

(5) the identity of a shareholder of Jian Qiao Group will be changed from the late Mr. Wang Xuangui to his spouse Ms. Huang Chunlan.

On 29 January 2021, the New Contractual Arrangements were entered among the relevant parties. For details of the internal restructuring of our Group, termination of the Existing Contractual Arrangements, establishment of the New Contractual Arrangements, please refer to the announcement of our Company dated 20 January 2021.

b) As previously reported that the outbreak of COVID-19 in January 2020 had caused certain impact on our University, mainly due to domestic travel restrictions and various precautionary measurements undertaken by the respective local authorities which inter alia, include temporarily closure of school and delays in classroom commencement during the outbreak period. Our Group has put in place certain alternative action plans during the outbreak period, which include implementation of on-line modules and website distance learning activities and refund of boarding fees.

In view of the implementation of the above-mentioned action plans, the management has assessed and preliminarily concluded that there was limited impact on the financial position of our Group during the period from January 2020 and up to the date of this announcement. Our Group will keep continuous attention on the development of the COVID-19 situation and react actively to its impacts on the operation and financial position of our Group, and in the event that there are any significant financial impacts, our Company will release further announcement as and when appropriate, and reflect it in our Group's 2021 interim and annual financial statements.

c) On 24 March 2021, the Board has resolved to recommend the payment of a final dividend of HK$0.08 per Share for the year ended 31 December 2020 to the Shareholders whose names appear on the register of members of our Company on 7 June 2021. Such proposal is subject to the approval by the Shareholders at the forthcoming AGM.

ANNUAL GENERAL MEETING

The AGM will be held on Tuesday, 1 June 2021 and a notice convening the AGM will be published and despatched to the Shareholders in due course.

DIVIDEND

An interim dividend of HK$0.10 per Share for the six months ended 30 June 2020 was declared during the year ended 31 December 2020.

On 24 March 2021, the Board has resolved to recommend the payment of a final dividend of HK$0.08 per Share for the year ended 31 December 2020 (the "**2020 Final Dividend**"). The 2020 Final Dividend is intended to be paid out of the share premium account of our Company and thus is subject to the approval of Shareholders. The circular convening the AGM to be held on 1 June 2021 will be dispatched in due course.

Upon the approval of the Shareholders, the 2020 Final Dividend will be payable on or around 17 June 2021 to the Shareholders whose names appear on the register of members of our Company on 7 June 2021. Including the interim dividend of HK$0.10 per Share, the total dividend for 2020 was HK$0.18 per Share, which represents a payout ratio of 33.6% of the profit attributable to Shareholders for the year ended 31 December 2020.

CLOSURE OF THE REGISTER OF MEMBERS

For determining the eligibility of the Shareholders to attend and vote at the AGM to be held on Tuesday, 1 June 2021, the register of members of our Company will be closed from Thursday, 27 May 2021 to Tuesday, 1 June 2021, both days inclusive, during which period no transfer of shares will be registered. In order to be qualified for attending and voting at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with our Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration, not later than 4:30 p.m. on Wednesday, 26 May 2021.

For determining the entitlement of the Shareholders to receive the 2020 Final Dividend, the register of members of our Company will be closed on Monday, 7 June 2021, during which period no transfer of Shares will be registered. The record date for entitlement to the 2020 Final Dividend is Monday, 7 June 2021. In order to be qualified for the entitlement to receive the 2020 Final Dividend, all transfer documents accompanied by the relevant share certificates must be lodged with our Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration, not later than 4:30 p.m. on Friday, 4 June 2021. The payment date of the 2020 Final Dividend is expected to be on or around Thursday, 17 June 2021.

COMPLIANCE WITH CG CODE

Our Company has adopted the code provisions set out in the CG Code as its own code of corporate governance. Our Company has complied with all applicable code provisions under the CG Code during the period from the Listing Date to 31 December 2020. The Board will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

COMPLIANCE WITH MODEL CODE

Our Company has adopted the Model Code as its own code of conduct regarding Directors' securities transactions since its Listing on 16 January 2020. Having made specific enquiries of all the Directors, each of the Directors has confirmed that he/she has complied with the Model Code during the period from the Listing Date to 31 December 2020.

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

Save for our Company's initial public offering (including the full exercise of the over-allotment option) as described in the Prospectus from which our Company received net proceeds of approximately HK$666.0 million, after deducting underwriting fee and relevant expenses, there is no other issue of shares by our Company, and neither our Company nor any of its subsidiaries had purchased, sold or redeemed any other listed securities of our Company during the period from the Listing Date to 31 December 2020.

AUDIT COMMITTEE AND REVIEW OF ANNUAL FINANCIAL INFORMATION

The Audit Committee has reviewed the accounting principles and practices adopted by our Group and discussed auditing, internal control and financial reporting matters. The Audit Committee, together with the Board and external auditor, have reviewed our Group's audited consolidated financial statements for the year ended 31 December 2020.

SCOPE OF WORK FOR ANNUAL RESULTS ANNOUNCEMENT BY AUDITORS

The financial information set out in this announcement does not constitute our Group's audited accounts for the year ended 31 December 2020, but represents an extract from the consolidated financial statements for the year ended 31 December 2020 which have been audited by the auditor of our Company, Ernst & Young in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. The financial information has been reviewed by the Audit Committee and approved by the Board.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and our Company (http://www.genchedugroup.com). The annual report for the year ended 31 December 2020 containing all the information required by Appendix 16 to the Listing Rules will be dispatched to the Shareholders and available on the same websites in due course.

CHANGE OF BUILDING NAME OF PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Our Board hereby announces that the building name of our Company's principal place of business in Hong Kong has been changed from "Sunlight Tower" to "Dah Sing Financial Centre", therefore the principal place of business of our Company in Hong Kong had been updated as 40th Floor, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong with effect from 24 March 2021.

Save for the change of the building name, the physical location of our Company's principal place of business in Hong Kong remains unchanged. Our Company's website, telephone number and facsimile number remain unchanged.

DEFINITION

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

"2016 Decision"	the Decision on Amending the Law for Promoting Private Education of the PRC (《關於修改〈中華人民共和國民辦教育促進法〉的決定》) approved by the Standing Committee of the National People's Congress on November 2016, which took effect on 1 September 2017
"AGM"	the annual general meeting of our Company
"Audit Committee"	the audit committee of our Company

"Board"	the board of Directors of our Company
"CG Code"	the Corporate Governance Code as set out in Appendix 14 to the Listing Rule
"China" or "PRC"	the People's Republic of China excluding for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region and Taiwan
"Company" or "our Company"	Shanghai Gench Education Group Limited
"Director(s)"	the director(s) of our Company
"Foreign Investment Law"	the Foreign Investment Law of the PRC (中華人民共和國外商投資法), as enacted by the 13th National People's Congress on 15 March 2019, which came into effect on 1 January 2020
"Frost & Sullivan Report"	an independent market research report, commissioned by our Company on the PRC private education market and prepared by Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.
"Gench BVI"	Shanghai Gench Education Holdings Limited (上海建橋教育控股有限公司), a limited liability company established under the laws of BVI on 15 May 2018 and a wholly-owned subsidiary of our Company
"Gench HK"	Gench Education Group (Hong Kong) Limited (建橋教育集團(香港)有限公司), a limited liability company incorporated in Hong Kong on 1 June 2018 and a wholly-owned subsidiary of our Company
"Gench US"	Gench Education Group US, Inc, a company incorporated in the State of California the United States on 13 August 2018 and a wholly-owned subsidiary of our Company
"Gench WFOE"	Wangting Education Technology (Shanghai) Limited (望亭教育科技(上海)有限公司), a limited liability company established under the laws of the PRC on 31 October 2018, which is wholly owned by Gench HK

"Group", "our Group", "we" or "us"	our Company, its subsidiaries and PRC Affiliated Entities from time to time, or, where the context so requires in respect of the period before our Company became the holding company of our present subsidiaries, the entities which carried on the business of the present Group at the relevant time
"HK$" or "HKD"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Third Party(ies)"	an individual(s) or a company(ies) who or which is/are independent of and not connected with (within the meaning of the Listing Rules) any Director, chief executive or substantial shareholder (within the meaning of the Listing Rules) of our Company, its subsidiaries or any of their respective associates
"Jian Qiao Group"	Shanghai Jian Qiao (Group) Limited* (上海建橋(集團)有限公司), a limited liability company established under the laws of the PRC on 7 November 2000. It is one of the School Sponsors and an affiliated entity of our Company
"Jian Qiao Investment"	Shanghai Jian Qiao Investment and Development Limited* (上海建橋投資發展有限公司), a limited liability company established under the laws of the PRC on 3 August 1999, which is wholly owned by Jian Qiao Group. It is one of the School Sponsors and an affiliated entity of our Company
"Jian Qiao University Company"	Shanghai Jian Qiao University Co., Ltd.* (上海建橋學院有限責任公司), a limited liability company established under the laws of the PRC on 28 September 2020, of which the equity interest is owned as to 90% by Jian Qiao Group and as to 10% by Jian Qiao Investment. It is an affiliated entity of our Company
"Listing"	the listing of our Shares on the Main Board of the Stock Exchange
"Listing Date"	16 January 2020, since which our Shares have been listed 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
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange

"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
"MOE"	the Ministry of Education of the PRC
"PRC Affiliated Entities"	namely, our University and the School Sponsors, each an affiliated entity of our Company
"PRC Legal Advisors"	Commerce & Finance Law Offices, our legal advisors as to the laws of the PRC
"Prospectus"	the prospectus of our Company dated 31 December 2019
"Reporting Period"	the year ended 31 December 2020
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"School Sponsors"	collectively, Jian Qiao Group and Jian Qiao Investment, being the school sponsors of our University
"Share(s)"	ordinary share(s) of HK$0.01 each in the share capital of our Company
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"University", "our University" or "Shanghai Jian Qiao University"	Shanghai Jian Qiao University (上海建橋學院), a private institution of formal higher education established under the laws of the PRC on 28 June 2000, of which the school sponsors' interest is owned as to 52.11% by Jian Qiao Group and as to 47.89% by Jian Qiao Investment. It is an affiliated entity of our Company
"US$" or "USD"	United States dollars, the lawful currency of the United States

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

By order of the Board
Shanghai Gench Education Group Limited
Zhou Xingzeng
Chairman

Hong Kong, 24 March 2021

As at the date of this announcement, our executive Directors are Mr. Zhou Xingzeng, Mr. Zheng Xiangzhan and Mr. Shi Yinjie, our non-executive Directors are Mr. Zhao Donghui and Mr. Du Jusheng and our independent non-executive Directors are Mr. Chen Baizhu, Mr. Hu Rongen and Ms. Liu Tao.

* *The English translation of company names in Chinese is for identification purposes only. If there is any inconsistency between the Chinese names of entities or enterprises established in China and their English translations, the Chinese names shall prevail.*