KOOLEARN TECHNOLOGY HOLDING LIMITED

新 東 方 在 綫 科 技 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1797)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 NOVEMBER 2019

The board ("**Board**") of directors ("**Directors**") of Koolearn Technology Holding Limited ("**Company**") is pleased to announce the unaudited consolidated results of our Company and our subsidiaries (collectively, our "**Group**") for the six months ended 30 November 2019 ("**Reporting Period**"). These interim results have been reviewed by our Board's audit committee ("**Audit Committee**").

In this announcement: (a) "we", "us", and "our" refer to our Company, and where the context otherwise requires, our Group; and the context otherwise suggests or it is otherwise stated, (b) our condensed consolidated financial statements are presented in Renminbi ("**RMB**"), which is our Group's primary functional currency, and presented figures are approximations that are rounded to the nearest whole number or one decimal place, as appropriate.

All other capitalised terms will have the same definitions as in our Prospectus of 15 March 2019 ("**Prospectus**") unless otherwise stated.

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 NOVEMBER 2019

KEY HIGHLIGHTS

	Six months ended 30 November 2019 *RMB'000*	Six months ended 30 November 2018 *RMB'000*	**Period-on-period change** %
Revenue	**567,641**	477,969	**19**
(Loss) profit for the period before tax	**(94,863)**	35,768	**(365)**
Income tax credit	**7,347**	417	**1,662**
(Loss) profit for the period	**(87,516)**	36,185	**(342)**
(Loss) profit for the period attributable to:			
— Owners of our Company	**(71,282)**	48,912	**(246)**
— Non-controlling interests	**(16,234)**	(12,727)	**28**
(Loss) earnings per Share:			
— Basic and diluted *(RMB)*	**(0.08)**	0.07	**(214)**
Non-IFRS measure: Adjusted Net (Loss) Profit(1)	**(56,250)**	31,433	**(279)**
Non-IFRS measure: EBITDA(2)	**(108,829)**	(33,877)	**221**

(1) Adjusted (loss) profit ("**Adjusted Net (Loss) Profit**") for a given period represents (loss) profit for the period less gain on fair value changes of financial assets at fair value through profit or loss (FVTPL) plus listing expenses and share-based compensation expenses for that period. IFRS refers to the International Financial Reporting Standards ("**IFRS**").

(2) Earnings before interest, taxes, depreciation, and amortisation ("**EBITDA**") represents (loss) profit for a given period plus income tax (credit) expenses, listing expenses, share-based compensation expenses, finance costs, depreciation of property and equipment and depreciation of right-of-use assets less other income, gains and losses and impairment losses under expected credit loss model, net of reversal, for that period. The change of finance costs and depreciation of right-of-use assets, in the reconciliation and consequently, the change in the definition of our EBITDA, was due to our application of IFRS16 on 1 June 2019.

BUSINESS OVERVIEW AND OUTLOOK

Our business

We are a leading online provider of extracurricular education services in China with a comprehensive portfolio of well-recognised brands known for high-quality courses and content, with a core expertise in online after-school tutoring and test preparation. We strive to become a lifelong learning partner, empowering students to achieve their full potential. We provide our courses and products through different online platforms and mobile applications in multiple formats across three core segments, namely our college education, K-12 education and pre-school education segments.

The number of student enrolments in each type of course offerings for the periods indicated is summarised below:

	For the six months ended 30 November 2019	For the six months ended 30 November 2018
	Student enrolment	Student enrolment
	'000	*'000*
Students		
College education	**526**	621
K-12 education	**755**	292
Pre-school education	**36**	191
Total	**1,317**	1,104

The average spending per enrolment in each type of course offerings for the periods indicated is summarised below:

	For the six months ended 30 November 2019	For the six months ended 30 November 2018
	RMB	*RMB*
Formal courses		
College education	**1,128**	723
K-12 education	**1,040**	967
Pre-school education[(1)]	**(61)**	153
Sub-total average	**1,022**	617
Entry courses	**24**	19
Total average	**425**	430

(1) There was product lines adjustment in pre-school education during Reporting Period.

Our performance overview

Overall financial performance

We achieved stable and healthy growth in terms of net revenue and student enrolments during the Reporting Period. Our total net revenues increased by 18.8% from RMB478.0 million for the six months ended 30 November 2018 to RMB567.6 million over the Reporting Period. Our total student enrolment increased by 19.3% to 1.3 million over the Reporting Period. In the college education segment, we adjusted product lines and recorded RMB361.4 million in net revenue, representing a period-on-period growth of 5.5%. In the K-12 education segment, the successful execution of our growth strategies led to impressive growth in this highly competitive market. Our net revenue and student enrolments in the K-12 segment increased period-on-period by 69.4% and 158.6%, respectively. In our pre-school education segment, we changed our operational focus to *Donut* English-learning APP only. We continued to optimise our courses offerings and our net revenue in the pre-school education segment recorded a period-on-period growth of 72.8%.

College education

Our courses in the college segment mainly consist of courses for college test preparation and overseas test preparation courses. Our courses are primarily used by college students and working professionals preparing for standardised tests or seeking to improve their English language proficiency. During the Reporting Period, we further improved the product structure and concentrated on higher-priced college test preparation and overseas test preparation businesses, which increased the average spending per enrolment in formal courses from RMB723 for the six months ended 30 November 2018 to RMB1,128 over the Reporting Period. As there was less contribution from English language learning courses, our student enrolment in the college segment recorded 0.5 million in the Reporting Period, representing a decrease of 15.3% over the previous fiscal period.

K-12 education

Our comprehensive K-12 course offerings, including primarily *Koolearn* K-12 courses and location-based live interactive after-school tutoring courses ("***DFUB***"), provide after-school tutoring courses that cover the majority of standard school subjects from primary and high school in China. We also offer preparation courses designed for standardised high school and national college entrance exams. Our courses are carefully designed for K-12 students taking standard education courses in primary and high school in China.

During the Reporting Period, we continued to implement a series of initiatives to accelerate the expansion of our K-12 segment and achieved outstanding operating results in our K-12 segment. Our student enrolments for overall K-12 segment recorded period-on-period growth of 158.6%. More specifically, our student enrolments for *Koolearn* K-12 courses recorded period-on-period growth of 157.5%, and our student enrolments for *DFUB* courses grew period-on-period by 186.2%. Our growth in K-12 education during the Reporting Period was largely attributable to the continued successful execution of our growth strategies in this segment. We accelerated the expansion of our *DFUB* business during the Reporting Period and continued to optimise the operations of *DFUB* courses in each city. As at 30 November 2019, *DFUB* had entered 128 cities across 23 provinces in China.

Pre-school education

Our pre-school education segment offers inspiring and interactive English learning and other pre-school education courses designed specifically for children between the ages of three and ten. Our child-friendly online educational content is mainly delivered through our *Donut* English-learning APP. During the Reporting Period, we adjusted our product line in our *Donut* live online English classroom courses and focused on the integration and optimisation of *Donut* APP, which resulted in a decrease in student enrolment during the Reporting Period.

Strategic update and future development

We refer to our announcement of 2 September 2019 and our FY 2019 annual report of 24 September 2019, in which we set out our long-term growth strategies. As mentioned in these documents, we will continue our long-term growth strategies to increase student enrolments by increasing the retention of our existing students and the acquisition of new students. To achieve this, we will continue to invest more in recruiting, retaining, training and promoting high-calibre teaching, course research and marketing staff. We will continue to construct a flexible and efficient central backing platform to support the growth of front-end programmes and business. Along with the development of 5G technology and increasing penetration in the online education market, the competition in the online education industry is intensifying. We will continue to optimise our product portfolio in response to the fast-changing industry landscape and customers' booming demand for new technology and new content. During the Reporting Period, we have reorganised a series of products in each business segment. After the modification is completed, our college segment will focus on domestic college test preparation and overseas test preparation, our K-12 segment will focus on dual-teachers' classes and the small classes business of *DFUB* in order to meet different needs of students from different cities and regions, and our pre-school segment will focus on optimising the series of educational content in *Donut* English APP. While business restructuring and product portfolio optimisation may affect the growth of certain segments, we believe such measures, will enable us to concentrate our core resources on main businesses and products. We believe that the strong vitality of our organisation bodes well for our healthy and sustainable development in the long run.

We view our K-12 education sector, and in particular, our education platforms operating in this area, as still having significant room and opportunity for growth. As seen by our acquisition of Dongfang Youbo this year (see our announcement of 16 August 2019 on the *DFUB* acquisition) and our appointment of Mr. SUN Dongxu as an executive Director (see our announcement of 16 August 2019 on the FY 2019 annual results and changes in directorship), we plan to, among other areas, focus on developing our K-12 education segment. *DFUB*, our wholly-owned subsidiary, is a significant contributing factor in this strategy and has enhanced our Group's presence in the K-12 education market in China. During the Reporting Period, *DFUB* has entered into an additional 65 cities. For the remainder of FY 2020, we expect *DFUB* to expand into more cities through more diversified offline marketing channels and we plan to further customise course content based on materials used by local schools. For *Koolearn* K-12 courses, we will continue to increase our investments in upgrading our APP for primary and middle school students and self-develop our online platform. Through continuously introducing new education technologies, we will be able to offer more and more tools that can help improve teaching effectiveness and efficiency, which will in turn, be realised and applied in our online classes. We also plan to establish teaching training centers in other geographical locations to attract more qualified teachers and tutors and provide systematic training programs. We will continue to enhance flexible and effective marketing strategies to optimise our average user acquisition cost.

In our college segment, we have focused on key sectors and key customers to strengthen our market leading position. With product lines adjusted to be more focused, we expect to invest more into our courses in domestic test preparation and overseas test preparation. In response to the booming demands for new technology and new content, we will accelerate our progress in developing and upgrading our portfolio of courses by adding more live steaming content and interactive modules. During the Reporting Period and for the remainder of FY 2020, we intend to continue introducing more high-quality courses offering higher knowledge density in shorter class hours, such as our preparation course series for graduate school entrance exams, with the aim of enhancing efficiency for students and productivity for teachers. We will also continuously explore our "dual-teacher model" to deliver a brand new in-class experience and comprehensive after class assistance. We will continue to collaborate closely with providers of overseas English tests such as ETS. As a growing number of Chinese students take the SAT and GRE outside of China, we will also continue to optimise our SAT and GRE preparation courses to better meet their study needs.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue

Our revenue increased by 18.8% from RMB478.0 million in the six months ended 30 November 2018 to RMB567.6 million in the six months ended 30 November 2019.

College education

Revenue from our college education segment increased by 5.5% from RMB342.7 million in the six months ended 30 November 2018 to RMB361.4 million in the six months ended 30 November 2019, driven by the increase in revenue from college test preparation and revenue from overseas test preparation, which increased by 23.7% and 12.9% period-on-period, respectively. During the Reporting Period, we conducted a restructuring of our college education business lines, with more focus on our college test preparation and overseas test preparation businesses. While we adjusted some English-learning courses in our college segment, we reorganised certain products with relatively strong demands (such as New Concept English) to the college test preparation product line. If we excluded the impact of our product line restructuring, revenue from college test preparation courses would have recorded a 11.1% increase during the Reporting Period. Our courses for graduate school entrance exams, the revenue from which accounted for more than half of the revenue under college test preparation, grew by 10.8% from the previous year for the same period, as we upgraded course portfolio and average spending per enrolment steadily enhanced.

K-12 education

Revenue from our K-12 education segment increased by 69.4% from RMB75.6 million in the six months ended 30 November 2018 to RMB128.2 million in the six months ended 30 November 2019, primarily due to the continued expansion of *DFUB* courses and solid operational progress in the *Koolearn* K-12 courses. Student enrolments in the K-12 education segment increased from 292 thousand in the six months ended 30 November 2018 to 755 thousand in the six months ended 30 November 2019.

Pre-school education

Revenue from our pre-school education segment increased by 72.8% from RMB12.4 million in the six months ended 30 November 2018 to RMB21.5 million in the six months ended 30 November 2019, primarily due to the continued optimisation of our *Donut* English-learning APP, where the average spending per enrolment in formal courses increased from RMB87 in the six months ended 30 November 2018 to RMB153 in the six months ended 30 November 2019. During the Reporting Period, we made a business adjustment for our *Donut* online classrooms to focus on driving our competitiveness in our *Donut* English-learning APP.

Institutional customers

Revenue from our institutional customers increased by 19.9% from RMB47.2 million in the six months ended 30 November 2018 to RMB56.6 million in the six months ended 30 November 2019.

Cost of revenue, gross profit and gross margin

Our total cost of revenue increased by 27.3% from RMB196.8 million in the six months ended 30 November 2018 to RMB250.5 million in the six months ended 30 November 2019, primarily due to an increase in teaching staff costs, course research staff costs, and IT support and technology costs, which grew by 29.4%, 48.8% and 54.2% period-on-period, respectively, as we devoted significant resources to enhance the quality of our courses.

Our gross profit increased by 12.8% from RMB281.2 million in the six months ended 30 November 2018 to RMB317.1 million in the six months ended 30 November 2019. Our gross profit margin decreased from 58.8% in the six months ended 30 November 2018 to 55.9% in the six months ended 30 November 2019, primarily due to the expansion in K-12 segment, in particular the increase in teaching staff costs and course research staff costs.

College education

Cost of revenue for our college education segment increased by 4.1% from RMB109.5 million in the six months ended 30 November 2018 to RMB114.0 million in the six months ended 30 November 2019, primarily due to the increase in teaching staff costs and course research staff costs.

Segment gross profit for our college education business increased by 6.1% from RMB233.1 million in the six months ended 30 November 2018 to RMB247.4 million in the six months ended 30 November 2019, and the gross profit margin increased from 68.0% in the six months ended 30 November 2018 to 68.5% in the six months ended 30 November 2019.

K-12 education

Cost of revenue for our K-12 education segment increased by 75.9% from RMB63.6 million in the six months ended 30 November 2018 to RMB111.8 million in the six months ended 30 November 2019, primarily due to an enhancement of our offerings for *Koolearn* K-12 courses and the expansion of *DFUB* to more regions required significant upfront investment to attract qualified teachers and design high-quality courses.

Segment gross profit for our K-12 business increased by 35.5% from RMB12.1 million in the six months ended 30 November 2018 to RMB16.4 million in the six months ended 30 November 2019. Gross profit margin decreased from 16% to 12.8%, primarily due to an increase in student enrolments to entry courses from the summer of 2019, and an increase in teaching staff costs and course research staff costs, as we continued to update our *Koolearn* K-12 course offerings and continued to commit more resources on course development, as well as the increase in IT support and technology costs, as all of our *Koolearn* K-12 courses and *DFUB* courses are delivered in a live format.

Pre-school education

Cost of revenue for our pre-school education segment decreased by 15.6% from RMB15.1 million in the six months ended 30 November 2018 to RMB12.8 million in the six months ended 30 November 2019, primarily due to a business adjustment in small class live English learning courses by *Donut* online classroom, which led to an decrease in course research staff costs and teaching materials costs.

Segment gross profit for our pre-school education business recorded RMB8.7 million in the six months ended 30 November 2019, compared to segment gross loss of RMB2.7 million in the six months ended 30 November 2018, and the gross profit margin increased from a loss margin of 21.6% to a profit margin of 40.6%, primarily due to a shift in operational focus towards our *Donut* APP business.

Institutional customers

Cost of revenue for services to institutional customers increased by 40.6% from RMB8.5 million in the six months ended 30 November 2018 to RMB12.0 million in the six months ended 30 November 2019.

Segment gross profit for our services to institutional customers increased by 15.3% from RMB38.7 million in the six months ended 30 November 2018 to RMB44.6 million in the six months ended 30 November 2019, and the gross profit margin decreased from 81.9% to 78.8%.

Other income, gains and losses

Our other income, gains and losses remained relatively steadily from RMB89.2 million in the six months ended 30 November 2018, to RMB88.8 million in the six months ended 30 November 2019.

Selling and marketing expenses

Our selling and marketing expenses increased by 25.4% from RMB232.6 million in the six months ended 30 November 2018 to RMB291.6 million in the six months ended 30 November 2019, primarily due to an increase in sales and marketing staff costs as we continued to expand our business and strengthen our professional marketing team, in particular for our *DFUB* courses.

Research and development expenses

Our research and development expenses increased by 109% from RMB61.7 million in the six months ended 30 November 2018 to RMB128.9 million in the six months ended 30 November 2019, primarily due to a continued increase in staff costs as our business strategies required more qualified research and development staff to support our expansion.

Administrative expenses

Our administrative expenses increased by 177.2% from RMB28.4 million in the six months ended 30 November 2018 to RMB78.8 million in the six months ended 30 November 2019, primarily due to share-based compensation expenses and an increase in staff costs as our business strategies required more qualified administrative staff.

Share of result of associates

Our share of profit of associates remained relatively steadily from RMB3.6 million in the six months ended 30 November 2018 to RMB3.3 million in the six months ended 30 November 2019.

Income tax (expenses) credit

From the six months ended 30 November 2018 to the six months ended 30 November 2019, our income tax credit increased by 1,661.9% from RMB417 thousand to RMB7.3 million in the six months ended 30 November 2019, primarily due to a decrease in current income tax expenses.

(Loss) profit for the period

As a result of the above, our profit for the period decreased by 341.9% from RMB36.2 million in the six months ended 30 November 2018 to a loss of RMB87.5 million in the six months ended 30 November 2019.

Non-IFRS measures

To supplement the financial information that is prepared and present in accordance with IFRS, we have used "adjusted (loss) profit" and EBITDA as non-IFRS measures, which are not required by, or presented in accordance with IFRS.

We define "adjusted (loss) profit" (or "**Adjusted Net (Loss) Profit**") as the (loss) profit for the period less gain on fair value changes of financial assets at FVTPL plus listing expenses and share-based compensation expenses for that period. We have defined EBITDA as (loss) profit for a given period plus income tax (credit) expenses, listing expenses, share-based compensation expenses, finance costs, depreciation of property and equipment and depreciation of right-of-use assets less other income, gains and losses and impairment losses under expected credit loss model, net of reversal for the period. The change of finance costs and depreciation of right-of-use assets, in the reconciliation and consequently, the change in the definition of our EBITDA, was due to our application of IFRS16 on 1 June 2019.

We believe that these non-IFRS measures facilitate comparison of operating performance from period to period by eliminating potential impacts of items that our management do not consider to be indicative of our operating performance. We also believe that these measures provide useful information to potential investors and shareholders of our Company ("**Shareholder**") in understanding and evaluating our consolidated statements of profit or loss in the same manner as they have assisted our management. Please note, however, that our presentation of Adjusted Net Profit (Loss) or EBITDA may not be comparable to similarly titled measures presented by other companies. The use of these non-IFRS measures has limitations as an analytical tool, and you should not consider these figures in isolation from, or as substitute for, our consolidated statements of profit or loss or financial condition as reported under IFRS.

The following table reconciles our net (loss) profit to Adjusted Net Profit (Loss):

	Six months ended 30 November 2019	Six months ended 30 November 2018
	RMB'000	*RMB'000*
Reconciliation of net (loss) profit to Adjusted Net (Loss) Profit:		
(Loss) profit for the period	**(87,516)**	36,185
Less:		
Gain on fair value changes of financial assets at FVTPL		
— Non-current assets	**14**[(1)]	19,677
Add:		
Listing expenses	**—**	14,925
Share-based compensation expenses	**31,280**	—
Adjusted Net (Loss) Profit	**(56,250)**	31,433

The following table reconciles our net (loss) profit to EBITDA:

	Six months ended 30 November 2019	Six months ended 30 November 2018
	RMB'000	*RMB'000*
Reconciliation of (loss) profit for the period to EBITDA		
(Loss) profit for the period	**(87,516)**	36,185
Add:		
Income tax credit	**(7,347)**	(417)
Listing expenses	**—**	14,925
Share-based compensation expenses	**31,280**	—
Finance costs	**4,555**	—
Depreciation of property and equipment	**6,200**	3,980
Depreciation of right-of-use assets	**32,544**	—
Less:		
Other income, gain and losses	**88,754**	89,220
Impairment losses under expected credit loss model, net of reversal	**(209)**	(670)
EBITDA	**(108,829)**	(33,877)

Note:

(1) During the Reporting Period, gain on fair value changes of financial assets at FVTPL includes interest income from wealth management products, which is excluded for calculation of adjusted loss for the period.

Liquidity and capital resources

During the Reporting Period, we had funded our cash requirements principally from cash and cash equivalents. As at 30 November 2019, we had cash and cash equivalents RMB716.5 million and term deposits RMB1,757.5 million. Cash and cash equivalents represented bank balances and cash. Bank balances and cash comprised of cash and short-term deposits with a term of less than three months.

During the Reporting Period, we primarily used cash to fund required working capital, acquisition of the remaining 49% equity interest in Dongfang Youbo, and other recurring expenses to support the expansion of our operations. Going forward, we believe that our liquidity requirements will be satisfied by using funds from a combination of internally generated cash and net proceeds received from our Global Offering.

Capital expenditure

The following table sets forth our capital expenditure for the period indicated:

	Six months ended 30 November 2019	Six months ended 30 November 2018
	RMB'000	*RMB'000*
Purchase of property and equipment	**33,357**	10,118

Our capital expenditures were primarily for purchases of property and equipment in the six months ended 30 November 2018 and 2019, respectively. Our purchases of property and equipment were RMB10.1 million and RMB33.4 million for the six months ended 30 November 2018 and 2019, respectively.

Off-balance sheet commitments and arrangements

As of 30 November 2019, we had not entered into any off-balance sheet transactions.

Future plans for material investments and capital assets

As of 30 November 2019, we did not have any other foreseeable plans for material investments and capital assets.

Material acquisitions and/or disposals of subsidiaries and affiliated companies

We refer to our announcements of 16 August 2019 and 2 September 2019 on our acquisition of the remaining 49% interest in Dongfang Youbo, following which Dongdang Youbo changed from a non-wholly owned subsidiary to our wholly-owned subsidiary.

Save as disclosed above, during the Reporting Period, we did not have any other material acquisitions and/or disposals of subsidiaries and affiliated companies.

Employees and remuneration policy

As at 30 November 2019, we had 2,813 full-time employees and 4,051 part-time employees, among which we had 938 full-time and 3,229 part-time teaching, content development and content production staff; 1,007 full-time and 753 part-time selling and marketing staff; 665 full-time and 20 part-time research, development and technology staff; and 215 full-time and 49 part-time general and administrative staff. All of our employees were based in China, in our headquarters in Beijing and in various other cities across China.

Our success depends on our ability to attract, retain and motivate qualified personnel. As part of our retention strategy, we offer employees competitive salaries, performance-based bonuses and other incentives. As at 30 November 2019, 97 employees held share-based awards. The total remuneration expenses, including share-based compensation expense, for the six months ended 30 November 2019 were RMB338.2 million, representing a period-on-period increase of 57.2%.

Foreign exchange risk

Foreign exchange risk arises when commercial transactions or recognised assets and liabilities are denominated in a currency that is not the functional currency of our operating entities. We operate in the PRC with most of the transactions settled in RMB. During the Reporting Period, we had assets and liabilities denominated in United States dollars and Hong Kong dollars. We continuously monitor changes in currency exchange rates and will take necessary measures to mitigate exchange rate impact.

Indebtedness

During the Reporting Period, we did not incur any bank loan or other borrowing.

Pledge of assets

As at 30 November 2019, none of our Group's assets were pledged.

Contingent liabilities

As at 30 November 2019, we did not have any material contingent liabilities.

EVENTS AFTER THE REPORTING PERIOD

We refer to the announcement dated the same date as this announcement about certain changes made to our Board, and in particular, the resignation of Ms. SUN Change as our co-chief executive officer and her re-designation from executive Director to non-executive Director; the resignation of Mr. CHI Yufeng as our independent non-executive Director; the appointment of Mr. LIN Zheying to our Board as an independent non-executive Director; and certain changes to the composition of our Board committees, all effective from the date of this announcement.

Save as disclosed above, no other significant events affecting our Company have occurred since the end of the Reporting Period to the date of this announcement.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

We are committed to maintaining and promoting stringent corporate governance. The principle of our Company's corporate governance is to promote effective internal control measures and to enhance the transparency and accountability of the Board to all Shareholders. During the Reporting Period, our Company has complied with the applicable code provisions in the *Corporate Governance* Code as stated in Appendix 14 of the Listing Rules.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

We have adopted the *Model Code for Securities Transactions by Directors of Listed Issuers* ("**Model Code**") as set out in Appendix 10 to the Listing Rules as the code of conduct regulating our Directors' dealings in our Company's securities. To our Directors' best knowledge and belief, all of our Directors confirm that they have strictly complied with the required standards set out in the Model Code during the Reporting Period.

AUDIT COMMITTEE

We have established an Audit Committee in compliance with Rule 3.21 of the Listing Rules and the *Corporate Governance Code* as set out in Appendix 14 to the Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal controls system (including risk management) of our Group, to review and approve connected transactions and to provide advice and comments to the Board. The Audit Committee consists of three members: Mr. TONG Sui Bau (as the Audit Committee's chairperson), Mr. WU Qiang and Mr. KWONG Wai Sun Wilson.

The Audit Committee, together with our external auditor, Deloitte Touche Tohmastu, has reviewed our Group's unaudited condensed consolidated financial statements for the six months ended 30 November 2019. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by our Company and internal control measures with senior management members.

OTHER BOARD COMMITTEES

In addition to our Audit Committee, our Company has also established a Nomination Committee and a Remuneration Committee.

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

During the Reporting Period, neither our Company nor any of its subsidiaries purchased, sold or redeemed any of our Company's securities listed on the Stock Exchange.

MATERIAL LITIGATION

As at 30 November 2019, our Company was not involved in any material litigation or arbitration. Nor were the Directors of our Company aware of any material litigation or claims that were pending or threatened against our Company.

INTERIM DIVIDEND

Our Board does not recommend the distribution of an interim dividend for the Reporting Period (six months ended 30 November 2018: nil).

USE OF PROCEEDS FROM OUR GLOBAL OFFERING

Our Shares were listed on the Main Board of the Stock Exchange on 28 March 2019. Net proceeds received from our Global Offering aggregated approximately HK$1.78 billion. As at 30 November 2019, our Group had used the net proceeds from the Global Offering in the following manner and according to the intended uses set out in the Prospectus:

	Net proceeds from Global Offering *(HK$ million)*[(1)]	**Utilised as at 30 November 2019** *(HK$ million)*[(2)]	**Utilised during the six months ended 30 November 2019** *(HK$ million)*[(2)]	**Remaining amount** *(HK$ million)*
Staff recruitment and training activities	533	—	—	533
Acquisitions and/or investments	533	—	—	533
Course development	178	—	—	178
Technology infrastructure	178	42.7	42.7	135.3
Marketing activities	178	—	—	178
Working capital and general corporate purposes	178	1.7	1.7	176.3

Notes:

(1) Includes net proceeds from the partial exercise of the over-allotment options, as detailed in our Company's announcement of 22 April 2019, which will be used by our Company for the purposes and in the same allocation proportions set out in the Prospectus. The same amounts have been carried forward to the beginning of this Reporting Period.

(2) Converted from RMB at the exchange rate of HK$1:RMB0.8862, being the midpoint rate of HKD to RMB published by the People's Bank of China on the day before the date of this announcement. The figures presented in this table are approximations and subject to currency exchange fluctuation and rounding.

The remaining balance was placed with banks and financial institutions or under held in accordance with our treasury policy detailed in "Business — Risk management and internal control — Treasury management policy" in the Prospectus. Our Group will apply the remaining net proceeds in the manner set out in the Prospectus.

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 NOVEMBER 2019

	NOTES	**Six months ended 30 November**	
		2019	2018
		RMB'000	*RMB'000*
		(unaudited)	(audited)
Revenue	*3*	**567,641**	477,969
Cost of revenue		**(250,535)**	(196,759)
Gross profit		**317,106**	281,210
Other income, gains and losses	*4*	**88,754**	89,220
Impairment losses under expected credit loss model, net of reversal		**(209)**	(670)
Selling and marketing expenses		**(291,553)**	(232,575)
Research and development expenses		**(128,883)**	(61,653)
Administrative expenses		**(78,797)**	(28,427)
Listing expenses		**—**	(14,925)
Share of results of associates		**3,274**	3,588
Finance costs		**(4,555)**	—
(Loss) profit before tax		**(94,863)**	35,768
Income tax credit	*5*	**7,347**	417
(Loss) profit for the period	*6*	**(87,516)**	36,185
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Exchange difference on translation of foreign operations		**124**	—
Total comprehensive (expense) income for the period		**(87,392)**	36,185
(Loss) profit for the period attributable to:			
Owners of the Company		**(71,282)**	48,912
Non-controlling interests		**(16,234)**	(12,727)
		(87,516)	36,185

	NOTES	Six months ended 30 November	
		2019	2018
		RMB'000	*RMB'000*
		(unaudited)	(audited)
Total comprehensive (expense) income for the period attributable to:			
Owners of the Company		**(71,158)**	48,912
Non-controlling interests		**(16,234)**	(12,727)
		(87,392)	36,185
(Loss) earnings per share			
— Basic and diluted (RMB)	*7*	**(0.08)**	0.07

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 NOVEMBER 2019

	NOTES	As at 30 November 2019 RMB'000 (unaudited)	As at 31 May 2019 RMB'000 (audited)
Non-current Assets			
Property and equipment		**33,340**	29,548
Right-of-use assets		**251,310**	—
Interests in associates		**87,560**	84,025
Financial assets at fair value through profit or loss	*9*	**146,869**	146,855
Deferred tax assets		**34,942**	27,591
Deposits for acquisition of property and equipment		**26,535**	5,757
Refundable rental deposits		**12,289**	—
		592,845	293,776
Current Assets			
Trade and other receivables	*10*	**67,378**	35,478
Prepayments		**53,117**	81,870
Financial assets at fair value through profit or loss	*9*	**210,486**	352,943
Income tax recoverable		**6,905**	6,905
Term deposits		**1,757,450**	—
Bank balances and cash		**716,531**	2,497,621
		2,811,867	2,974,817
Current Liabilities			
Lease liabilities		**56,780**	—
Contract liabilities	*11*	**388,617**	400,928
Refund liabilities		**26,863**	19,414
Trade payables	*12*	**36,300**	41,541
Accrued expenses and other payables		**258,296**	219,645
Income tax payables		**428**	428
		767,284	681,956
Net Current Assets		**2,044,583**	2,292,861
Total Assets less Current Liabilities		**2,637,428**	2,586,637

	NOTES	As at 30 November 2019 RMB'000 (unaudited)	As at 31 May 2019 RMB'000 (audited)
Capital and Reserves			
Share capital		**120**	120
Reserves		**2,436,777**	2,601,466
Equity attributable to owners of the Company		**2,436,897**	2,601,586
Non-controlling interests		**—**	(31,479)
Total Equity		**2,436,897**	2,570,107
Non-current Liabilities			
Deferred tax liabilities		**16,534**	16,530
Lease liabilities		**183,997**	—
		200,531	16,530
		2,637,428	2,586,637

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

Koolearn Technology Holding Limited (the "**Company**", and together with its subsidiaries, the "**Group**") was incorporated as an exempted company with limited liability in the Cayman Islands on 7 February 2018 under the *Companies law, Cap 22 (law 3 of 1961, as consolidated and revised) of the Cayman Islands* and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). New Oriental Education & Technology Group Inc. ("**New Oriental Group**") is the ultimate controlling shareholder of the Company.

The Company is an investment holding company. The principle activities of the Group are providing on-line education service to pre-school children, primary and middle school students, college students and other occupational people. The Group also provides education and related services to institutional customers such as public libraries and universities.

The shares of the Company have been listed on the Stock Exchange with effect from 28 March 2019.

The condensed consolidated financial statements is presented in Renminbi ("**RMB**"), which is also the functional currency of the Company.

2. Application of new and amendments to IFRSs

The Group has applied IFRS 16 for the first time in the current interim period. IFRS 16 superseded IAS 17 *Leases*, and the related interpretations.

2.1 Key changes in accounting policies resulting from application of IFRS 16

The Group applied the following accounting policies in accordance with the transition provisions of IFRS 16.

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

As a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Non-lease components are separated from lease component on the basis of their relative stand-alone prices.

Short-term leases

The Group applies the short-term lease recognition exemption to leases of buildings that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight line basis over the lease term.

Right-of-use assets

Except for short-term leases, the Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received; and
- any initial direct costs incurred by the Group.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the condensed consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 Financial Instruments and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable; and

- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

- the lease payments change due to changes in market rental rates following a market rent review, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Taxation

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 *Income Taxes* requirements to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis. Excess of depreciation on right-of-use assets over the lease payments for the principal portion of lease liabilities resulting in net deductible temporary differences.

Definition of a lease

The Group has elected the practical expedient to apply IFRS 16 to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 *Determining whether an Arrangement contains a Lease* and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 June 2019, the Group applies the definition of a lease in accordance with the requirements set out in IFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied IFRS16 retrospectively with the cumulative effect recognised at the date of initial application, 1 June 2019. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

When applying the modified retrospective approach under IFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under IAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

i. relied on the assessment of whether leases are onerous by applying IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* as an alternative of impairment review;

ii. applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment. Specifically, discount rate for certain leases of buildings in the PRC was determined on a portfolio basis; and

iii. used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension and termination options.

As at 1 June 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities adjusted by any prepaid or accrued lease payments by applying IFRS 16.C8(b)(ii) transition.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rates applied by the relevant group entities range from 4.60% to 4.70%.

	At 1 June 2019
	RMB'000
Operating lease commitments disclosed as at 31 May 2019	175,540
Lease liabilities discounted at relevant incremental borrowing rates	161,283
Less: Recognition exemption — short-term leases	(4,886)
Lease liabilities relating to operating leases recognised upon application of IFRS 16 and lease liabilities as at 1 June 2019	156,397
Analysed as	
Current	41,121
Non-current	115,276
	156,397

The carrying amount of right-of-use assets as at 1 June 2019 comprises the following:

	Notes	**Right-of-use assets**
		RMB'000
Right-of-use assets relating to operating leases recognised upon application of IFRS 16		156,397
Reclassified from prepaid lease payments	*(a)*	9,859
Adjustments on rental deposits at 1 June 2019	*(b)*	1,977
Less: Accrued lease liabilities at 1 June 2019	*(c)*	(10)
		168,223

(a) Upon application of IFRS 16, prepaid lease payments amounting to RMB9,859,000 were reclassified to right-of-use assets.

(b) Before the application of IFRS 16, the Group considered refundable rental deposits paid as rights and obligations under leases to which IAS 17 applied. Based on the definition of lease payments under IFRS 16, such deposits are not payments relating to the right to use of the underlying assets and were adjusted to reflect the discounting effect at transition. Accordingly, RMB1,977,000 was adjusted to refundable rental deposits paid and right-of-use assets.

(c) Lease payments increase progressively over lease terms

These relate to accrued lease liabilities of several operating leases for leases of properties in which the rentals increase progressively by fixed annual percentage. The carrying amount of the accrued lease liabilities as at 1 June 2019 was adjusted to right-of-use assets at transition.

The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position at 1 June 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 May 2019	**Adjustments**	**Carrying amounts under IFRS 16 at 1 June 2019**
	RMB'000	*RMB'000*	*RMB'000*
Non-current Assets			
Right-of-use assets	—	168,223	168,223
Refundable rental deposits	—	5,799	5,799
Current Assets			
Trade and other receivables	35,478	(7,776)	27,702
Prepayments	81,870	(9,859)	72,011
Non-current Liabilities			
Lease liabilities	—	(115,276)	(115,276)
Current Liabilities			
Accrued expenses and other payables	(219,645)	10	(219,635)
Lease liabilities	—	(41,121)	(41,121)

Note:

For the purpose of reporting cash flows from operating activities under indirect method for the six months ended 30 November 2019, movements in working capital have been computed based on opening statement of financial position as at 1 June 2019 as disclosed above.

3. SEGMENT INFORMATION

Information reported to the executive directors, being the chief operating decision maker ("**CODM**"), for the purposes of resource allocation and assessment of segment performance focuses on types of services provided.

Specifically, the Group's reportable segments under IFRS 8 *Operating Segments* are as follows:

1. College Education — online education service targeted to college and above students and adults.

2. K12 Education — online education service targeted to primary school, middle school and high school students.

3. Pre-school Education — online education service targeted to pre-school children.

4. Institutional customers — online education service provided to institutional customers.

The following is an analysis of the Group's revenue and results by reportable segment:

For the six months ended 30 November 2019 (unaudited)

	College Education *RMB'000*	K12 Education *RMB'000*	Pre-school Education *RMB'000*	Institutional customer *RMB'000*	Total *RMB'000*
Revenue	**361,392**	**128,154**	**21,510**	**56,585**	**567,641**
Cost of revenue	**(113,990)**	**(111,762)**	**(12,773)**	**(12,010)**	**(250,535)**
Segment gross profit	**247,402**	**16,392**	**8,737**	**44,575**	**317,106**
Unallocated income and expenses:					
Other income, gains and losses					**88,754**
Impairment losses under expected credit loss model, net of reversal					**(209)**
Selling and marketing expenses					**(291,553)**
Research and development expenses					**(128,883)**
Administrative expenses					**(78,797)**
Share of results of associates					**3,274**
Finance costs					**(4,555)**
Loss before tax					**(94,863)**

For the six months ended 30 November 2018 (audited)

	College Education *RMB'000*	K12 Education *RMB'000*	Pre-school Education *RMB'000*	Institutional customer *RMB'000*	Total *RMB'000*
Revenue	342,675	75,649	12,448	47,197	477,969
Cost of revenue	(109,528)	(63,552)	(15,137)	(8,542)	(196,759)
Segment gross profit (loss)	233,147	12,097	(2,689)	38,655	281,210
Unallocated income and expenses:					
Other income, gains and losses					89,220
Impairment losses under expected credit loss model, net of reversal					(670)
Selling and marketing expenses					(232,575)
Research and development expenses					(61,653)
Administrative expenses					(28,427)
Listing expenses					(14,925)
Share of results of associates					3,588
Profit before tax					35,768

Segment gross profit (loss) is the measure reported to the CODM for the purposes of resource allocation and performance assessment. Segment gross profit (loss) is gross profit earned (gross loss incurred) by each segment and other income, gains and losses, impairment losses under expected credit loss model, net of reversal, selling and marketing expenses, research and development expenses, administrative expenses, listing expenses, share of results of associates and finance costs are excluded from segment result.

Information of segment assets and liabilities and other segment information that are available for reportable and operating segments are not provided to the CODM for their review. Therefore, no analysis of the Group's assets and liabilities and other segment information by reportable and operating segment are presented.

The Company is domiciled in the PRC and all of the Group's revenue were generated from external customers in the PRC during the six months ended 30 November 2019 and 2018. The Group's non-current assets are all located in the PRC.

No service provided to a single customer exceeds 10% or more of the total revenue of the Group for the six months ended 30 November 2019 (Six months ended 30 November 2018: nil).

4. OTHER INCOME, GAINS AND LOSSES

	Six months ended 30 November	
	2019	2018
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Exchange gain, net	**45,243**	57,939
Interest income from term deposits	**24,871**	—
Interest income from bank balances	**8,732**	907
Interest income from rental deposits	**330**	—
Gain on fair value changes of financial assets at fair value through profit or loss ("**FVTPL**")	**6,891**	30,096
Gain on disposal of right-of-use asset for early termination by lessor	**2,672**	—
Government grants	**762**	302
Loss on disposal of property and equipment	**(2,533)**	(87)
Others	**1,786**	63
	88,754	89,220

5. INCOME TAX CREDIT

	Six months ended 30 November	
	2019	2018
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Current tax:		
PRC enterprise income tax	**—**	9,067
Deferred tax	**(7,347)**	(9,484)
	(7,347)	(417)

6. (LOSS) PROFIT FOR THE PERIOD

(Loss) profit for the period has been arrived at after charging the following items:

	Six months ended 30 November	
	2019	2018
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Depreciation of property and equipment	**6,200**	3,980
Depreciation of right-of-use assets	**32,544**	—

7. (LOSS) EARNINGS PER SHARE

The calculation of the basic and diluted (loss) earnings per share attributable to the owners of the Company is based on the following data:

	Six months ended 30 November	
	2019	2018
	RMB'000	*RMB'000*
	(unaudited)	(audited)
(Loss) earnings:		
(Loss) profit for the period attributable to owners of the Company for the purpose of calculating diluted (loss) earnings per share	**(71,282)**	48,912
Less:		
Profit attributable to series A preferred shareholders	**—**	(5,901)
Profit attributable to series B preferred shareholders	**—**	(4,203)
(Loss) earnings for the purpose of calculating basic (loss) earnings per share	**(71,282)**	38,808
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	**936,852,651**	593,497,700
Effect of dilutive potential ordinary shares:		
Weighted average number of series A preferred shares	**—**	90,416,181
Weighted average number of series B preferred shares	**—**	64,396,251
Weighted average number of ordinary shares for the purpose of basic and diluted (loss) earnings per share	**936,852,651**	748,310,132

8. DIVIDENDS

No dividends were paid, declared or proposed during the six months ended 30 November 2019 (Six months ended 30 November 2018: nil). The directors of the Company have determined that no dividend will be paid in respect of the six months ended 30 November 2019 (Six months ended 30 November 2018: nil).

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 November 2019 ***RMB'000*** **(unaudited)**	As at 31 May 2019 *RMB'000* (audited)
Non-current assets		
Financial assets at FVTPL		
— unlisted equity investments[(a)]	**146,869**	146,855
Current assets		
Financial assets at FVTPL		
— wealth management products[(b)]	**210,486**	352,943

(a) Included in the equity investments are the Group's investments in preferred shares of Beijing Edutainment World Education Technology Co., Ltd. ("**Edutainment World**") and EEO Education Technology Co., Ltd. ("**EEO**") incorporated in the PRC.

(b) Wealth management products are purchased from various banks with expected rate of return ranging from 2.95% to 4.4% per annum, and maturity period ranging from 1 day to 182 days. The principles and returns of these wealth management products are not guaranteed.

10. TRADE AND OTHER RECEIVABLES

	As at 30 November 2019 ***RMB'000*** **(unaudited)**	As at 31 May 2019 *RMB'000* (audited)
Trade receivables	**15,685**	9,974
Less: allowance for credit losses	**(2,386)**	(2,177)
	13,299	7,797
Other receivables	**54,079**	27,681
Trade and other receivables	**67,378**	35,478

Trade receivables arising from institutional customers

The following is an analysis of trade receivables by age, presented based on the invoice date, net of allowance for credit losses:

	As at 30 November 2019 *RMB'000* **(unaudited)**	As at 31 May 2019 *RMB'000* (audited)
1–90 days	**6,196**	3,968
91–180 days	**371**	3,267
181 days–365 days	**6,205**	527
over 365 days	**527**	35
	13,299	7,797

11. CONTRACT LIABILITIES

	As at 30 November 2019 *RMB'000* **(unaudited)**	As at 31 May 2019 *RMB'000* (audited)
Contract liabilities in relation to students	**320,176**	321,810
Contract liabilities in relation to institutional customers	**68,441**	79,118
	388,617	400,928

12. TRADE PAYABLES

The following is an analysis of trade payable by age, presented based on the invoice date.

	As at 30 November 2019 *RMB'000* **(unaudited)**	As at 31 May 2019 *RMB'000* (audited)
1–90 days	**30,872**	32,263
91–180 days	**1,325**	5,423
181 days–365 days	**559**	2,064
366 days–730 days	**2,211**	720
over 730 days	**1,333**	1,071
	36,300	41,541

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and our Company website at www.koolearn.hk. Our Group's interim report for the six months ended 30 November 2019 will be published on the same websites of the Stock Exchange and our Company and will be dispatched to our Shareholders in due course.

By order of the Board
Mr. YU Minhong
Chairman

Hong Kong, 20 January 2020

As of the date of this announcement, our Board comprises the following members: Mr. SUN Dongxu and Mr. YIN Qiang as executive Directors; Mr. YU Minhong, Ms. SUN Chang, Mr. WU Qiang and Ms. LEUNG Yu Hua Catherine as non-executive Directors; and Mr. LIN Zheying, Mr. TONG Sui Bau and Mr. KWONG Wai Sun Wilson as independent non-executive Directors.