Chen Lin Education Group Holdings Limited
辰林教育集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1593)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

ANNUAL RESULTS

The Board announces the consolidated results of the Group for the year ended 31 December 2019 ("**Annual Results**"), together with the comparative information for the year ended 31 December 2018. The Annual Results have been reviewed by the Audit Committee.

HIGHLIGHTS

	For the year ended 31 December		
	2019	2018	% change
	(RMB'000)	*(RMB'000)*	
Revenue	**251,092**	214,962	16.8
Gross profit	**171,187**	153,303	11.7
Profit for the year	**83,570**	83,234	0.4
Adjusted net profit[(1)]	**122,577**	99,922	23.0
Basic earnings per share (RMB per Share)	**0.12**	0.12	–

Note:

(1) Adjusted net profit for the year, which is unaudited in nature, represents net profit for the year, adjusted by adding back the one-off listing expenses incurred for the corresponding year in connection with the Listing, share-based compensation expense in connection with the Company's RSU Scheme, and the withholding tax arising from the Group's unremitted earnings. Adjusted net profit is not a measure of performance under the IFRSs. See "Non-IFRSs Measures" for details.

For the 2019/2020 school year, we enrolled a total of 4,825 freshman students, representing an increase of approximately 11.0% as compared with the 2018/2019 school year; and our average tuition fees for our undergraduate and junior college programs increased by approximately 21.0% and 14.8% respectively in the 2019/2020 school year, as compared with the 2018/2019 school year.

The Board has recommended the payment of a final dividend of RMB0.0188 (equivalent to approximately HK$0.0207) per Share for the year ended 31 December 2019, subject to the approval of the Shareholders at the 2020 AGM.

FINANCIAL INFORMATION

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31 December	
		2019	2018
	Note	***RMB'000***	*RMB'000*
Revenue	*3*	**251,092**	214,962
Cost of sales		**(79,905)**	(61,659)
Gross profit		**171,187**	153,303
Other income	*4*	**36,161**	25,509
Other expenses	*4*	**(5,737)**	(4,079)
Other (losses)/gains — net		**(630)**	960
Net impairment losses on financial assets		**(7,016)**	(3,591)
Selling expenses		**(7,340)**	(9,435)
Administrative expenses		**(66,126)**	(46,374)
Operating profit		**120,499**	116,293
Finance income	*5*	**171**	107
Finance costs	*5*	**(23,312)**	(24,156)
Finance costs — net	*5*	**(23,141)**	(24,049)
Profit before income tax		**97,358**	92,244
Income tax expense	*6*	**(13,788)**	(9,010)
Profit for the year		**83,570**	83,234
Other comprehensive income for the year		**–**	–
Profit and total comprehensive income for the year, all attributable to owners of the Company		**83,570**	83,234
Earnings per share attributable to owners of the Company			
— Basic earnings per share (expressed in RMB per share)	*7*	**0.12**	0.12
— Diluted earnings per share (expressed in RMB per share)	*7*	**0.11**	0.12

CONSOLIDATED BALANCE SHEET

		As at 31 December	
		2019	2018
	Note	***RMB'000***	*RMB'000*
Assets			
Non-current assets			
Right-of-use assets		**41,588**	42,103
Property, plant and equipment		**809,414**	718,292
Intangible assets		**518**	495
Prepayments for non-current assets		**44,513**	37,774
Deferred income tax assets		**1,146**	–
Restricted bank balances		**–**	4,000
		897,179	802,664
Current assets			
Trade receivables	*8*	**29,701**	11,829
Other receivables and prepayments		**114,780**	11,069
Cash and cash equivalents		**415,719**	38,508
Restricted bank balances		**24,314**	–
Amount due from a related party		**–**	2
		584,514	61,408
Total assets		**1,481,693**	864,072
Equity and liabilities			
Equity attributable to owners of the Company			
Share capital		**89**	2
Share premium		**471,206**	–
Shares-based compensation reserve		**14,798**	–
Capital reserve		**30,000**	30,000
Statutory surplus reserves		**82,057**	54,230
Retained earnings		**191,647**	135,904
Total equity		**789,797**	220,136

		As at 31 December	
		2019	2018
	Note	***RMB'000***	*RMB'000*
Liabilities			
Non-current liabilities			
Borrowings	*10*	**330,500**	353,000
Deferred revenue		**16,299**	16,400
Contract liabilities		**3,113**	3,223
Other non-current liabilities		**3,599**	5,294
Deferred income tax liabilities		**2,398**	–
Lease liabilities		**227**	–
		356,136	377,917
Current liabilities			
Other payables	*9*	**69,194**	73,490
Amount due to a related party		**2,672**	442
Borrowings	*10*	**101,900**	65,470
Current income tax liabilities		**30,074**	18,074
Deferred revenue		**2,005**	1,590
Contract liabilities		**129,543**	106,953
Lease liabilities		**372**	–
		335,760	266,019
Total liabilities		**691,896**	643,936
Total equity and liabilities		**1,481,693**	864,072
Net current assets/(liabilities)		**248,754**	(204,611)
Total assets less current liabilities		**1,145,933**	598,053

NOTES:

1 GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 25 May 2018 as an exempted company with limited liability under the Companies Law (Cap. 22, Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is Cayman Corporate Centre 27 Hospital Road, George Town, Grand Cayman KY1-9008, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (together the "**Group**") provide private comprehensive educational services in Jiangxi province of the People's Republic of China (the "**PRC**").

The ultimate controlling party of the Group is Mr. Huang Yulin, who is an executive director and the chairman of the board of directors (the "**Board**") of the Company (the "**Controlling Shareholder**").

To prepare for the initial listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), the Group has undertaken a reorganisation (the "**Reorganisation**") pursuant to which the Company became the holdings company of the subsidiaries comprising the Group. Details of the Reorganisation are set out in the prospectus of the Company dated 27 November 2019.

The shares of the Company have been listed on Stock Exchange since 13 December 2019 by way of its initial public offering (the "**IPO**").

The consolidated financial statements are presented in Renminbi ("**RMB**") and rounded to the nearest thousand yuan ("**RMB'000**"), unless otherwise stated.

The annual results set out in this announcement do not constitute the Group's consolidated financial statements for the year ended 31 December 2019 but are extracted from those financial statements.

2 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with all applicable International Financial Reporting Standards ("**IFRSs**") issued by International Accounting Standards Board ("**IASB**") and disclosure requirements of the Hong Kong Companies Ordinance Cap. 622.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss, which are carried at fair value.

The preparation of consolidated financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

New standard, amendments and interpretations of IFRSs adopted by the Group

All new standards, and amendments to existing standards and interpretations, including IFRS 16, "Leases", which are effective for the first time for the financial year beginning on or before 1 January 2019 have been consistently applied to the Group's consolidated financial statements for the track record period from 1 January 2016 to 31 May 2019 in connection with the initial public offering of the Company and for the year ended 31 December 2019.

New standard and amendments of IFRSs not yet adopted by the Group

Certain new standard and amendments have been published but are not mandatory for 31 December 2019 reporting periods and have not been early adopted by the Group. These standard and amendments are set out as below:

New standard and amendments		Effective for annual periods beginning on or after
Amendments to IAS 1 and IAS 8	Definition of material	1 January 2020
Amendments to IFRS 3	Definition of a business	1 January 2020
Revised Conceptual Framework for Financial Reporting		1 January 2020
IFRS 17	Insurance contracts	1 January 2021 (recently extented to 2023)
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

Based on the Group's current assessment, the Directors do not expect a material impact on the Group's financial position and performance as a result of the adoption of these new standard and amendments when they become effective.

3 REVENUE AND SEGMENT INFORMATION

Revenue for the years ended 31 December 2019 and 2018 are as follows:

	Year ended 31 December	
	2019	2018
	RMB'000	*RMB'000*
Tuition fees	**183,185**	156,619
Boarding fees	**19,316**	16,374
Internship management fees	**10,915**	10,682
Tutoring and program management services	**30,266**	22,178
Others	**7,410**	9,109
	251,092	214,962

The Group's revenue is subject to seasonal fluctuations. Where students are generally required to pay tuition fees at the beginning of that school year in September, recognition of tuition fees may be affected by regular school term breaks and vacation periods.

4 OTHER INCOME AND OTHER EXPENSES

(a) Other income

	Year ended 31 December	
	2019	2018
	RMB'000	*RMB'000*
Government grants (i)		
— Recognised during the year	**12,599**	649
— Recognised from deferred revenue	**5,006**	1,779
Sub-contracting income (ii)	**6,060**	6,225
Commission income (iii)	**5,935**	9,125
Others	**6,561**	7,731
	36,161	25,509

(i) Government grants mainly represent subsidies from government for procurement of laboratory apparatus and equipment, conducting educational programmes and congratulatory subsidies on the listing of the shares of the Company on the Stock Exchange.

(ii) The Group receives income from sub-contracting the canteen catering operations and the campus stores in the School's campus to other parties.

(iii) The Group receives commission income from education equipment supplying companies for referral of middle and primary schools to be customers of the suppliers. The commission income is based on a portion of the purchase price of the equipment payable by the schools. The Group also receives fees from other institutions for referral of students to the institutions. The referral fee is generally based on the number of students referred.

(b) Other expenses

	Year ended 31 December	
	2019	2018
	RMB'000	*RMB'000*
Employee benefit expenses	**1,471**	428
Depreciation and amortisation expenses	**880**	623
Repair and maintenance fees	**255**	46
Promotion expenses	**1,560**	2,798
Travelling expenses	**70**	13
Office expenses	**57**	7
Electricity and water expenses	**111**	56
Students activities expenses	**17**	6
Others	**1,316**	102
	5,737	4,079

5 FINANCE INCOME AND COSTS

	Year ended 31 December	
	2019	2018
	RMB'000	*RMB'000*
Finance income		
— Interest income derived from cash and cash equivalents	**171**	107
Finance costs		
— Interest expenses on bank borrowings	**(24,493)**	(22,692)
— Interest expenses on other borrowings	**(1,236)**	(4,898)
— Finance cost on lease liabilities	**(17)**	–
— Net foreign exchange losses	**(1,508)**	–
Less: borrowing costs capitalised in property, plant and equipment	**3,942**	3,434
	(23,312)	(24,156)
Finance costs — net	**(23,141)**	(24,049)

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the interest rate applicable to the Group's borrowings for construction in progress during the year, in this case 4.9% and 6.1% for the year ended 31 December 2019 and 2018, respectively.

6 INCOME TAX EXPENSE

The amount of income tax expense charged to profit or loss in the consolidated statement of comprehensive income represents:

	Year ended 31 December	
	2019	2018
	RMB'000	*RMB'000*
Current tax		
Current tax on profits for the year	**12,536**	9,010
Deferred income tax		
Increase in deferred tax assets	**(1,146)**	–
Increase in deferred tax liabilities	**2,398**	–
	1,252	–
Income tax expense	**13,788**	9,010

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the statutory tax rate applicable to profit of the consolidated entities as follows:

	Year ended 31 December	
	2019	2018
	RMB'000	*RMB'000*
Profit before income tax	**97,358**	92,244
Tax calculated at domestic tax rates applicable to profits in the respective countries	**27,835**	23,061
Tax effects of:		
Net profit from the School not subject to tax	**(24,336)**	(21,058)
Withholding income tax on unremitted earnings	**2,398**	–
Expenses not deductible for tax purpose	**6,913**	7,007
Tax losses for which no deferred tax asset has been recognised	**978**	–
Income tax expense	**13,788**	9,010

7 EARNINGS PER SHARE

(a) Basic

The basic earnings per share is calculated on the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	Year ended 31 December	
	2019	2018
Profit attributable to owners of the Company (RMB'000)	**83,570**	83,234
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share *(i)*	**723,013,699**	710,000,000
Basic earnings per share (expressed in RMB per share)	**0.12**	0.12

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversation of all dilutive potential ordinary shares. The Company's potentially dilutive ordinary shares comprised of RSUs Scheme.

	Year ended 31 December	
	2019	2018
Profit attributable to owners of the Company *(RMB'000)*	**83,570**	83,234
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share *(i)*	**723,013,699**	710,000,000
Adjustments for RSUs scheme	**40,000,000**	–
Number of shares that would have been issued at fair value	**(29,638,278)**	–
Weighted average number of ordinary shares for diluted earnings per share	**733,275,421**	710,000,000
Diluted earnings per share (expressed in RMB per share)	**0.11**	0.12

(i) The weighted average number of ordinary shares has been retrospectively adjusted for the effects of capitalisation issue on 18 November 2019.

8 TRADE RECEIVABLES

	As at 31 December	
	2019	2018
	RMB'000	*RMB'000*
Trade receivables (i)		
— related to students fees	**13,224**	7,170
— related to other services	**25,448**	9,655
	38,672	16,825
Provision for impairment	**(8,971)**	(4,996)
	29,701	11,829

(i) Ageing analysis of the trade receivables

Students of the School are required to pay tuition fees and boarding fees in advance for the upcoming school years, which normally commences in September of the year. The trade receivables represent tuition and boarding fees receivable from students who have not settled the fees on time. There is no significant concentration of credit risk.

As at 31 December 2019 and 2018, the ageing analysis of the trade receivables based on the transaction date is as follows:

	As at 31 December	
	2019	2018
	RMB'000	*RMB'000*
Up to 1 year	**34,790**	14,310
1 to 2 years	**3,429**	1,514
2 to 3 years	**272**	683
Over 3 years	**181**	318
	38,672	16,825

Ageing for trade receivables related to other services is less than 1 year.

9 OTHER PAYABLES

	As at 31 December	
	2019	2018
	RMB'000	*RMB'000*
Employee benefit payables	**7,326**	8,385
Payables for purchases of property, plant and equipment	**13,303**	22,409
Payables to suppliers on behalf of students	**4,603**	5,804
Payables to students:		
Prepayments received from students (a)	**4,861**	1,346
Government subsidies and other payables to students (b)	**3,059**	3,127
Insurance fund from government (c)	**6,019**	3,726
Interest payables	**357**	648
Retention money payables for campus constructions	**1,057**	1,422
Other taxes payable	**7,503**	4,976
Payables for listing expenses	**5,013**	5,269
Admission fees payable	**–**	7,501
Other payables and accruals	**16,093**	8,877
	69,194	73,490

(a) The Group purchases books and other materials from suppliers on behalf of students and receives prepayments from students.

(b) The Group receives subsidies from government for distribution to students as scholarship, subsidies or other forms of incentives to students.

(c) The Group receives medical insurance funds from government for payment to students when they apply with related reimbursement supporting.

10 BORROWINGS

	As at 31 December	
	2019	2018
	RMB'000	*RMB'000*
Non-current:		
Bank borrowings, secured (a)	**330,500**	353,000
Current:		
Bank borrowings, secured (a)	**101,900**	42,620
Loans from other third parties, unsecured	**–**	22,850
	101,900	65,470
Total borrowings	**432,400**	418,470

(a) Bank borrowings

The non-current and current bank loans of the Group are secured by tuition and boarding fee collection rights. The loans as at 31 December 2018 were also secured by Mr. Huang Yulin's spouse with her personal property.

Of the current bank loans of the Group, loans of RMB40 million need to pledge RMB4 million as security, there are no other assets of the Group were pledged to secure the remaining bank loans of Group.

For years ended 31 December 2019 and 2018, the weighted average effective interest rates on bank borrowings were 5.48% and 5.34% respectively.

(b) Other disclosures

(i) Repayment periods

The Group's borrowings as at the balance sheet date were repayable as follows:

	As at 31 December	
	2019	2018
	RMB'000	*RMB'000*
Within 1 year	**101,900**	65,470
Between 1 and 2 years	**87,500**	97,000
Between 2 and 5 years	**243,000**	200,500
Over 5 years	**–**	55,500
Total	**432,400**	418,470

11 COMMITMENTS

Capital expenditure commitments

	As at 31 December	
	2019	2018
	RMB'000	*RMB'000*
Contracted but not recognised as liabilities		
— Commitments for acquisition of property, plant and equipment	**191,044**	5,432

12 DIVIDEND

No dividend has been paid or declared by the Company or the companies now comprising the Group during the year ended 31 December 2019 (2018: nil).

	Year ended 31 December	
	2019	2018
	RMB'000	*RMB'000*
Proposed final dividend of RMB0.0188 (2018: nil) per ordinary share	**18,800**	—

A final dividend in respect of the year ended 31 December 2019 of RMB0.0188 per share, amounting to a total of RMB18,800,000 was proposed by the Board of Directors on 30 March 2020 and is subject to approval by the Company's shareholders in the forthcoming Annual General Meeting. The proposed dividend will be distributed out of the retained earnings account of the Company. These financial statements do not reflect this dividend payable.

13 SUBSEQUENT EVENTS

The following significant event took place subsequent to 31 December 2019:

After the outbreak of Coronavirus Disease 2019 ("**COVID-19 outbreak**"), a series of precautionary and control measures have been and continued to be implemented across the PRC. The Group will pay close attention to the development of the COVID-19 outbreak and is evaluating its impact on the financial position and operating results of the Group. The COVID-19 outbreak is a non-adjusting subsequent event and its impact will only be taken into account in the Group's consolidated financial statements subsequent to 31 December 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

We are one of the leading providers of private higher education in Jiangxi Province, China, with over 18 years of experience in the private higher education industry. We currently operate one private university located in Nanchang, Jiangxi Province, namely the Jiangxi University of Applied Science (the "**School**"), and offer undergraduate and junior college programs, as well as diverse education related services. As of 31 December 2019, our School had a total number of student enrollment of 14,155, consisting of 5,325 undergraduate students and 8,830 junior college students. We also provide a variety of education related services including internship management services as well as tutoring and program management services to enterprises and education institutions.

Our mission is to cultivate innovative talents with practical skills and knowledge, and to provide talent support for the development of urbanization in China (為新型城鎮化建設與管理培養高層次、高技能、創新型和應用型人才). Our fundamental educational philosophy is to foster talents with "upright personality, comprehensive theoretical knowledge and practical skills (培養具有健全人格、複合專業與實踐能力的人才)" by implementing our "Three-element Talent Cultivation (三元育人)" mode. We aim to provide quality higher education services in a manner consistent with our mission and educational philosophy.

Our School offered 30 undergraduate programs and 36 junior college programs as of 31 December 2019. With a view of nurturing talents with practical skills, we are devoted to offering quality private higher education to our students and providing diversified programs and curriculums encompassing a broad range of market-oriented fields of study and career trainings, including, among others, international business, e-commerce, logistics management, internet-of-things, civil engineering, software engineering, mechanical manufacturing and automation, and robotics engineering. Based on our market research, we carefully design and regularly review and adjust our program and course offerings at our School. We believe our practical programs and curriculums equip our students with practical skills that meet the rapidly evolving market demand. We also cooperate with a number of sizable enterprises to provide our students with internship and potential employment opportunities. We have achieved favorable graduate employment outcome for our students.

Listing

On 13 December 2019, we were successfully listed on the Main Board of the Stock Exchange with an offer price of HK$2.20 per Share. We issued a total of 250,000,000 new Shares, representing 25% of enlarged share capital. The net proceeds from the initial public offering ("**IPO**") was approximately HK$478.3 million (equivalent to RMB427.9 million).

Our Higher Education Services

We derived approximately 80.6% of revenue from our higher education services for the year ended 31 December 2019, which include tuition fees for our undergraduate and junior college programs as well as boarding fees. For the year ended 31 December 2019, our revenue from tuition fees and boarding fees amounted to approximately RMB183.2 million and RMB19.3 million respectively, representing an increase of approximately 17.0% and 18.0% as compared with the year ended 31 December 2018.

The following table sets forth detailed information regarding the number of student enrollment of our School during the school years of 2018/2019 and 2019/2020:

	Student Enrollment[1] for the School Year		
	2019/2020	2018/2019	% change
Undergraduate programs	**5,325**	4,578	16.3
Junior college programs	**8,830**	9,845	(10.3)
Total	**14,155**	14,423	(1.9)

Note:

(1) The operating data for student enrollment presented in this table is based on records of our School submitted to competent PRC education authorities at the beginning of the corresponding school year.

The following table sets forth information relation to (i) the admission quota, (ii) freshman students enrolled, (iii) average tuition fees per student for two types of programs and average boarding fees per student for the school years of 2018/2019 and 2019/2020:

	School Year		
	2019/2020	2018/2019	% change
Admission quota[1]	**7,369**	5,308	38.8
Adjusted admission quota[1]	**7,494**	6,180	21.3
Freshman students enrolled[2]	**4,825**	4,347	11.0
Average tuition fees[3]			
Undergraduate programs (RMB)	**18,508**	15,300	21.0
Junior college programs (RMB)	**12,033**	10,486	14.8
Average boarding fees[4]	**1,734**	1,219	42.2

Notes:

(1) Admission quota means the maximum number of new students our School can recruit in general as approved by the competent government authorities in each corresponding school year, subject to adjustment as allowed by such government authorities at a later stage.

(2) Freshman students enrolled means the actual number of newly-enrolled students in each school year. Admission quota granted for each school year is generally determined by competent government authorities before the Gaokao prior to such school year.

(3) Average tuition fees is calculated by dividing the total tuition fees received by student enrollment in each school year.

(4) Average boarding fees is calculated by dividing the total boarding fees received by student enrollment in each school year. Students enrolled in the undergraduate programs and junior college programs share the same student residence halls and therefore we charge them the same amount of boarding fees.

Our Education Related Services

In addition to tuition fees and boarding fees, we also generate income by providing a variety of education related services. Our education related services mainly include (i) internship management services, through which we introduce qualified students from our School and other schools to participate in various internship programs, and (ii) a variety of tutoring and program management services, including qualification exam review services, personal development training services and education program management services offered to enterprises and education institutions. For the year ended 31 December 2019, our revenue generated from education related services amounted to approximately RMB41.2 million, representing an increase of approximately 25.3% as compared with 2018.

REGULATORY UPDATE

Amendment Decision

The Decision of the Standing Committee of the National People's Congress on Amending the Law for Promoting Private Education of the PRC (全國人民代表大會常務委員會關於修改《中華人民共和國民辦教育促進法》的決定) (the "**Amendment Decision**") was promulgated on 7 November 2016 and became effective on 1 September 2017. Pursuant to the Amendment Decision, the school sponsors of private schools providing non-compulsory education may, at their own discretion, elect to register the schools as for-profit private schools or non-profit private schools. In addition to the Amendment Decision, State-level government authorities also issued certain implementing rules. On 30 December 2016, five State-level government authorities, including the MOE, jointly issued the Implementing Measures on Classification Registration of Private Schools (民辦學校分類登記實施細則), specifying measures for the establishment and classification registration of private schools, and procedures for existing private schools to register as for-profit and non-profit private schools pursuant to provincial rules to be promulgated by local provincial governments. The Implementing Rules for the Supervision and Administration of For-Profit Private Schools (營利性民辦學校監督管理實施細則) were issued on 30 December 2016, specifying measures concerning the establishment, modification and termination of for-profit private schools, and the educational and teaching related activities and financial management conducted by for-profit private schools. In addition, the Several Opinions on Encouraging Social Support for Education to Promote Private Education (關於鼓勵社會力量興辦教育促進民辦教育健康發展的若干意見) were issued on 29 December 2016, providing policies for promoting private education.

MOJ Draft for Comments

On 20 April 2018, the MOE issued the MOE Draft for Comments, namely the Draft Revision of the Regulations on the Implementation of the Law for Promoting Private Education of the PRC (the Draft for Comments) (《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)》), to seek public comments, and on 10 August 2018, the MOJ issued the MOJ Draft for Comments based on a revised version of the MOE Draft for Comments, namely, the Draft Revision of the Regulations on the Implementation of the Law for Promoting Private Education of the PRC (the Draft for Examination and Approval) (《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)》), to seek public comments. The MOJ Draft for Comments further promotes the development of private education by providing that a private school shall enjoy rights or preferential policies stipulated by laws equivalent to those applicable to a public school, which shall primarily include: (i) a non-profit private school shall enjoy the same tax policies as that enjoyed by a public school and the relevant tax concession, and a for-profit school shall enjoy tax preferential treatments and other preferential policies applied to industries encouraged by the state for development, of which the specific provisions shall be formulated jointly by the administrative department for finance, taxation and other relevant administrative departments of the State Council; and (ii) the local people's governments shall grant preferential treatments in terms of land use by means of allocation in accordance with the principle of treating non-profit private schools equally as public schools, and for schools that provide education for academic credentials, may provide lands by means of bid invitation, auction or listing, assigning contracts, long-term lease or combination of sale as well as rental, and may give appropriate preferential treatment on charges for the assignment or rental of land, and may permit payment in instalments.

The MOJ Draft for Comments stipulates further provisions of the operation and management of private schools, such as our School. Among other things, (i) a non-profit private school shall use the accounts filed with the competent authorities for charging fees and financial transactions, and a for-profit private school shall deposit the income into a specific settlement account of its own; (ii) a private school shall conduct any connected transactions in a manner that is open, justified and fair and shall establish disclosure mechanisms for such transactions. Any agreement involving material interests or any long-term and recurring agreement entered into between a non-profit private school and its connected party shall be reviewed and audited by the relevant government authorities in terms of necessity, legitimacy and compliance; and (iii) the registered capital of a for-profit private school providing higher diploma education shall be no less than RMB0.2 billion.

For the potential implications of the Amendment Decision and the MOJ Draft for Comments, please see the section headed "Business — Potential Implications of the Amendment Decision and the MOJ Draft For Comments" in the Prospectus for details.

So far as our Directors are aware, since the Listing Date and up the date of this announcement, there is no material regulatory updates in relation to (i) the foreign investment in the education sector in the PRC; and (ii) the private education sector in the PRC.

We have established a special committee (the "**Special Committee**") to (i) pay close attention to the latest development of the relevant laws, regulations and policies on private education sector in the PRC (the "**Relevant Rules**") and hold periodic meetings to discuss such development; (ii) where necessary, engage professional advisors, including PRC legal advisors, at the cost of the Company, to assist the special committee to understand the latest development of the Relevant Rules; and (iii) report and make recommendations to the Board for final decision based on the research reports and/or independent and professional advice as well as the special committee's major findings and preliminary conclusions. The special committee is chaired by Mr. Huang Yulin and comprises (i) three senior management members of our Company; (ii) two independent non-executive Directors with extensive experience in the education industry; and (iii) four senior management members of the School who are responsible for the day-to-day management and operation affairs of the School.

PRINCIPAL RISKS RELATING TO OUR BUSINESS

There are certain risks involved in our operations and our prospects and future financial results could be materially and adversely affected by these risks. The following highlights the principal risks exposed to the Group and is not meant to be exhaustive:

- we are subject to uncertainties brought by the Amendment Decision and the MOJ Draft for Comments;

- our business is largely dependent on the market recognition of our brand and the reputation of our School and our Group;

- we generate a substantial portion of our revenue from operating one university in Jiangxi Province;

- We may be exposed to liquidation risks, and our business, financial condition and results of operation may be materially and adversely affected as a result;

- the level of tuition and boarding fees we are able to charge and our ability to maintain and raise the level of tuition and boarding fees are crucial to our business;

- our business operations depend on our ability to recruit and retain our senior management, qualified teachers and other professional employees;

- we may not be able to maintain good relationship with our existing cooperative enterprises, successfully compete with our competitors or find new cooperative enterprises, any of which may materially and adversely affect the business and prospects of our internship management service; and

- we may not be able to successfully deliver and expand our tutoring and program management services, which could adversely affect our business and prospects.

Please see the section headed "Risk Factors" in the Prospectus for details of the risks and uncertainties involved in our operations.

OUTLOOK AND GROWTH STRATEGIES

The private higher education sector in China has been growing rapidly in recent years primarily driven by the increasing demand for private higher education, growing market demand for talents with practical skills, increasing diversification and strengthened education quality, as well as government support. We believe that in 2020, China's private higher education sector will remain on a secular growth trend and there is significant potential with opportunities.

To achieve our goals, in 2020, we intend to pursue the following business strategies:

- **Improve our school facilities, enhance our brand recognition and reputation, and expand our business and school network**

  To benefit from and seize the growth opportunities in the private education industry in China, we will continue offering quality higher education and attracting more talents to our School. As an important measure to enhance our higher education services, we plan to construct, renovate and upgrade the facilities and infrastructure of our current School campus. Particularly, we plan to build teaching and research buildings, new student residence halls, swimming pool and other education facilities on our campus, as well as to upgrade existing student residence halls and faculty residence halls.

- **Continue to optimize our program and course offerings in order to enhance the competitiveness of our students**

  As an education service provider, the quality and coverage of the programs and course offerings are crucial for our School in providing quality education services. We intend to improve our education quality, expand the scale of our business operations and diversify our revenue primarily through optimize program offerings, strengthen school-enterprise collaboration and international collaboration, and develop online education courses.

- **Further strengthen and diversify our education related services**

  We believe that the provision of education related services has substantial market potential in China. To continue improving our profitability, we plan to further strengthen and diversify our education related services. We believe a diverse portfolio of educational services provided by us will be instrumental in enhancing our brand awareness and widening our revenue base. We plan to explore the opportunities to cooperate with other higher education providers to secure more qualified students for our internship management services. We also intend to proactively identify and cooperate with more suitable higher education institutions in Jiangxi province as well as other regions in China. On the other hand, leveraging our reputation in the private higher education industry, we plan to seek cooperation opportunities with more enterprises located in developed areas of China, thereby further grow our internship management services.

- **Continue to attract, train and retain talented teachers and other professionals**

  We believe that hiring, retaining and training outstanding teachers is crucial in providing quality education to students. We intend to continue attracting and retaining teachers with professional expertise, teaching experience and/or work experience in relevant fields. To achieve this goal, we will continue applying high standards in our recruitment of teachers, and target applicants who have postgraduate degree or have extensive work experience in relevant field. We plan to expand our faculty team with more "double qualification teachers", experienced technical experts, well-recognized business administrators, and other personnel with expertise who are qualified to deliver skill-focused curriculums at our School on either full-time or part-time basis. In addition, we also intend to hire professors from other higher education institutions with experience to serve in academic leadership roles at our School.

CORONAVIRUS IMPACT

After the COVID-19 outbreak in early 2020, a series of precautionary and control measures have been and continued to be implemented across the PRC, including extension of the Chinese New Year holiday nationwide, postponement of work and school resumption after the Chinese New Year holiday in some regions, certain level of restrictions and controls over the travelling of people and traffic arrangements, quarantine of certain residents, heightening of hygiene and epidemic prevention requirements in factories and offices and encouraged social distancing, etc.

Up to the date of this announcement, the impacts of the COVID-19 outbreak on macro-economic conditions as a whole are still uncertain, and the Group is unable to quantify the related financial effects. The Group has undertaken a series of measures to mitigate the potential impact of the COVID-19 outbreak, including the postponement of school resumption, implementation of prevention and control policies released by the relevant government authorities and adopting flexible work-from-home practices. The Group will pay close attention to the development of the COVID-19 outbreak and is evaluating its impact on the financial position and operating results of the Group.

FINAL DIVIDEND

The Board has recommended the payment of a final dividend of RMB0.0188 (equivalent to approximately HK$0.0207) per Share for the year ended 31 December 2019, subject to the approval of the Shareholders at the Company's 2020 AGM. Such proposed dividend will be payable on 20 July 2020 to the Shareholders whose names appear on the register of members of the Company on 6 July 2020.

FINANCIAL REVIEW

Revenue

The following table sets forth the breakdown of our revenue for the years ended 31 December 2019 and 2018:

	For the year ended 31 December		Change	Year-on-year change
	2019	2018		
	(RMB'000)	*(RMB'000)*		%
Higher education services				
Tuition fees				
Undergraduate programs	**81,229**	64,141	17,088	26.6
Junior college programs	**101,956**	92,478	9,478	10.2
Boarding fees	**19,316**	16,374	2,942	18.0
Sub-total	**202,501**	172,993	29,508	17.1
Education related services				
Internship management fees	**10,915**	10,682	233	2.2
Tutoring and program management fees	**30,266**	22,178	8,088	36.5
Sub-total	**41,181**	32,860	8,321	25.3
Others	**7,410**	9,109	(1,699)	(18.7)
Total	**251,092**	214,962	36,130	16.8

For the year ended 31 December 2019, our total revenue was approximately RMB251.1 million, representing an increase of approximately 16.8% as compared with 2018. This was mainly attributable to the increase of tuition fees and boarding fees.

For the year ended 31 December 2019, tuition fees and boarding fees contributed to the majority of our total revenue. We generally require our students to pay tuition and boarding fees for the entire school year at the commencement of the school year, which fees are recognized proportionately over the relevant period of the applicable programs.

- For the year ended 31 December 2019, our tuition fees amounted to approximately RMB183.2 million, representing an increase of approximately 17.0% as compared with 2018. This was mainly attributable to the growth in the number of students enrolled in our undergraduate programs by 747, and the increase in tuition fees of both our undergraduate and junior college programs. In the year of 2019, the average tuition fees of our undergraduate programs increased by approximately 21.0% as compared with the year of 2018; while the average tuition fees of our junior college programs increased by approximately 14.8% as compared with the year of 2018.

- For the year ended 31 December 2019, our boarding fees amounted to approximately RMB19.3 million, representing an increase of approximately 18.0% as compared with 2018. This was mainly attributable to the increase in average boarding fees from approximately RMB1,219 per student for the year of 2018 to approximately RMB1,734 per student for the year of 2019.

Our revenue generated from education related services for the year ended 31 December 2019 consisted of internship management fees as well as tutoring and program management fees.

- For the year ended 31 December 2019, our internship management fees amounted to approximately RMB10.9 million, representing an increase of approximately 2.2% as compared with 2018. This was mainly attributable to the inclusion of the internship management fees from enterprises to which we had introduced qualified students from a new school and provided our internship management services since September 2019.

- For the year ended 31 December 2019, our tutoring and program management fees amounted to approximately RMB30.3 million, representing an increase of approximately 36.5% as compared with 2018. This was mainly attributable to the extension of our tutoring and program management services to a new school in the year 2019, which generated approximately RMB6.0 million in the year of 2019.

Our revenue generated from other services for the year ended 31 December 2019 was primarily derived from (i) miscellaneous charges to students, and (ii) commission income from book suppliers. The fee received from other services is recognized as revenue when relevant service is rendered to the customers. For the year ended 31 December 2019, our revenue generated from other services amounted to approximately RMB7.4 million, representing a decrease of approximately 18.7% as compared with 2018. Such decrease was mainly attributable to the decrease in miscellaneous charges to students amounted to approximately RMB2.1 million as compared with 2018.

Cost of Sales

Our cost of sales primarily consisted of employee benefit expenses, depreciation and amortization expenses, students activities expenses, educational supplies and consumables, repair and maintenance and others. For the year ended 31 December 2019, the cost of sales of the Group amounted to approximately RMB79.9 million, representing an increase of approximately 29.6% as compared with 2018. The increase was mainly attributable to the increase in employee benefit expenses in 2019 amounted to approximately RMB7.7 million; the acquisition of fixed assets during 2019, which resulted to the increase in depreciation amounted to approximately RMB6.0 million; and the increase in repair and maintenance expenses in 2019 amounted to approximately 3.3 million.

Gross Profit and Gross Profit Margin

Our gross profit was approximately RMB171.2 million for the year of 2019, representing a year-on-year increase of approximately 11.7%. Our gross profit margin was approximately 68.2% for the year of 2019, as compared with approximately 71.3% for the year of 2018.

Other Income

Other income primarily included government grants, commission income, sub-contracting income, income related to an interest-free loan and others during the year of 2019. For the year ended 31 December 2019, the Group's other income amounted to approximately RMB36.2 million, representing an increase of approximately 41.8% as compared with 2018. Such increase was mainly attributable to the government grants amounted to approximately RMB12.0 million recognised in late 2019 in connection with the Company's Listing.

Expenses

Selling Expenses

Our selling expenses primarily consisted of promotion expenses, travelling and office expenses, and others which mainly included costs incurred for promotional materials in connection with student recruitment. For the year ended 31 December 2019, our selling expenses amounted to approximately RMB7.3 million, as compared with approximately RMB9.4 million for the year ended 31 December 2018. The decrease of the selling expenses primarily due to the decrease in promotion expenses in the year of 2019 amounted to approximately RMB2.1 million.

Administrative Expenses

Our administrative expenses primarily consisted of (i) employee benefit expenses for administrative staff, (ii) depreciation and amortization expenses for administrative facilities, (iii) professional service fees, (iv) repair and maintenance expenses for administrative facilities, (v) listing expenses incurred in connection with the proposed listing, and (vi) general office expenses mainly including office expenses and transportation expenses, and other expenses of similar nature. For the year ended 31 December 2019, our administrative expenses amounted to approximately RMB66.1 million, representing an increase of approximately 42.6% as compares with 2018. Such increase was mainly attributable to the increase in employee benefit expenses amounted to approximately RMB14.8 million generated from the share-based expense in connection with the Company's RSU Scheme and the increase in depreciation expenses amounted to approximately RMB1.7 million in 2019.

Net Finance Costs

Our net finance costs reflected the sum of interest expenses we paid on bank borrowings and other borrowings after netting off the interest income we received from cash and cash equivalents and loans to third parties. Our net finance costs decrease from approximately RMB24.0 million for the year ended 31 December 2018 to approximately RMB23.1 million for the year ended 31 December 2019, representing a decrease of approximately 3.8% as compared with 2018.

Income Tax Expenses

For the year ended 31 December 2019, our income tax expenses primarily consisted of PRC Enterprise Income Tax. Our income tax expenses were approximately RMB13.8 million for the year ended 31 December 2019, representing an increase of approximately 53.0% as compared with 2018. Such increase was mainly attributable to the increase in taxable income generated from tutoring and program management services and the withholding tax arising from the Group's unremitted earnings amounted to approximately RMB2.4 million. Our effective tax rates for the year ended 31 December 2019 was approximately 14.2%.

Other Expenses

Other expenses primarily consisted of promotion expenses, depreciation and amortization expenses. For the year ended 31 December 2019, our other expenses amounted to approximately RMB5.7 million, representing an increase of approximately 40.6% as compared with 2018.

Profit for the year

For the year ended 31 December 2019, our profit amounted to approximately RMB83.57 million, representing an increase of approximately 0.4% as compared with 2018. Such increase was mainly attributable to the increase in turnover for the year ended 31 December 2019.

Non-IFRSs Measures

To supplement our consolidated financial information which is presented in accordance with IFRSs, we set forth below our adjusted net profit as an additional financial measure which is not presented in accordance with IFRSs. We believe this is meaningful because potential impacts of certain items which our management does not consider closely relevant to our operating performance have been eliminated, and this would be useful for investors to compare our financial results directly with those of our peer companies.

We define adjusted net profit as profit for the year adjusted by adding back one-off listing expenses incurred for the Listing, share based compensation expenses in connection with the Company's RSU Scheme, and the withholding tax arising from the Group's unremitted earnings. The following table reconciles our adjusted net profit for the year presented to the most directly comparable financial measure calculated and presented in accordance with IFRSs:

	For the year ended 31 December	
	2019	2018
	(RMB'000)	*(RMB'000)*
Profit for the year	**83,570**	83,234
Add:		
One-off listing expenses	**21,811**	16,688
Share based compensation expense in connection with the Company's RSU Scheme	**14,798**	–
Withholding tax arising from the Group's unremitted earnings	**2,398**	–
Adjusted net profit	**122,577**	99,922

In light of the foregoing limitations for other financial measures, when assessing our operating and financial performance, you should not consider adjusted net profit in isolation or as a substitute for our profit for the year, operating profit or any other operating performance measure that is calculated in accordance with IFRSs. In addition, because such measure may not be calculated in the same manner by all companies, it may not be comparable to other similar titled measures used by other companies.

Financial Positions

As of 31 December 2019, our total equity was approximately RMB789.8 million, as compared with approximately RMB220.1 million as of 31 December 2018. The increase in equity was mainly attributable to the enlargement of the Company's share capital due to the Listing, as well as the share-based compensation expense and the profit for the year of 2019.

As of 31 December 2019, our current assets were approximately RMB584.5 million, as compared with approximately RMB61.4 million as of 31 December 2018. The increase was mainly attributable to the net proceeds amounted to approximately HK$478.3 million from the Listing.

Liquidity and Capital Resources

Our primary uses of cash are to fund our working capital requirement, loan repayment and related interested expenses. As at the date of this announcement, we have funded our operations principally with the cash generated from our operations, bank borrowings, shareholder contributions and net proceeds from Global Offering. In the future, we believes that our liquidity requirements will be satisfied with a combination of cash flows generated from our operating activities, bank borrowings and other funds raised from the capital markets from time to time.

As of 31 December 2019, we had cash and cash equivalents of approximately RMB415.7 million, as compared with approximately RMB38.5 million as of 31 December 2018. Such increase was mainly attributable to the net proceeds amounted to approximately HK$478.3 million from the Listing.

As of 31 December 2019, our total borrowings amounted to approximately RMB432.4 million, as compared with approximately RMB418.5 million as at 31 December 2018. All our bank borrowings were dominated in RMB, among which approximately RMB101.9 million are repayable with in one year and approximately RMB330.5 million are payable more than one year. For the year ended 31 December 2019, the weighted average effective interest rate of our borrowings were approximately 5.48% (for the year ended 31 December 2018: approximately 5.34%).

Gearing Ratio

As of 31 December 2019, our gearing ratio, which is calculated as total debt divided by total assets, was approximately 0.6, as compared with approximately 1.9 as of 31 December 2018. The decrease was mainly due to the net proceeds amounted to approximately HK$478.3 million from the Listing.

Capital Expenditure

Our capital expenditures during the year ended 31 December 2019 amounted to approximately RMB191.0 million, primarily consisted of expenditures for construction in progress, electronic equipment, office furniture and fixtures, buildings and vehicles.

Property, Plant and Equipment

Property, plant and equipment as at 31 December 2019 increased to approximately RMB809.4 million from approximately RMB718.3 million as at 31 December 2018. Such increase was mainly attributable to the maintaining and upgrading of school premises and the construction of new school premises and facilities.

CHARGE ON ASSETS

There was no other material charge on the Group’s assets as at 31 December 2019.

CONTINGENT LIABILITIES AND GUARANTEES

Save as disclosed in this announcement, as of 31 December 2019, we did not have any unrecorded significant contingent liabilities, guarantees or any litigation against us.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the date of this announcement, the Group has not entered into any off-balance sheet transactions.

SIGNIFICANT INVESTMENTS HELD

Save as disclosed in this announcement, the Group did not have other significant investments held as at 31 December 2019.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

The Group did not have any other material acquisitions or disposals of subsidiaries and associated companies during the year of 2019.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in the Prospectus and in this announcement, the Group did not have other plans for material investments or capital assets as of 31 December 2019.

FOREIGN CURRENCY RISK

The Group primarily operates its business in the PRC. The currency in which the Group denominates and settles substantially all of its transactions is RMB. Any depreciation of RMB would adversely affect the value of any dividends the Group pay to Shareholders outside of the PRC. The Group currently does not engage in hedging activities designed or intended to manage foreign exchange rate risk. The Group will continue to monitor foreign exchange changes to best preserve the Group's cash value.

EMPLOYEES AND REMUNERATION POLICIES

As of 31 December 2019, we had 1,157 full-time employees (as at 31 December 2018, we had 898 full-time employees), mostly based in Jiangxi Province.

The remuneration or our employees is based on their performance, experiences, and market comparable. In addition to salary, we also provide various incentives, including share-based compensation such as RSUs granted pursuant to the Company's RSU Scheme as well as performance-based bonuses to better motivate our employees. As required by the PRC law, we contribute to housing funds and maintain mandatory social insurance plans for our employees, covering pension, medical, unemployment, work injury and maternity leave. For the year ended 31 December 2019, our employee remuneration totaled to approximately RMB66.0 million.

We grant RSUs to our employees to incentivize them to contribute to our growth. As of 31 December 2019, RSUs in respect of 40,000,000 underlying Shares, representing approximately 4.0% of the share capital of our Company as of 31 December 2019, has been granted to 53 participants pursuant to the RSU Scheme.

The remuneration of Directors and members of senior management of the Company is determined on the basis of each individual's responsibilities, qualification, position, experience, performance, seniority and time devoted to our business. They receive compensation in the form of salaries, performance-related bonus, RSUs, and other allowances and benefits-in-kind, including the Company's contribution to their pension schemes on their behalf.

USE OF NET PROCEEDS FROM LISTING

The net proceeds from the IPO were approximately HK$478.3 million (equivalent to approximately RMB427.9 million), after deducting the underwriting fees and commission, and related total expenses paid and payable by us in connection with the Listing. We have, and will continue to utilize the net proceeds from the Global Offering in accordance with the purposes set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

SUBSEQUENT EVENTS

The following significant event took place subsequent to 31 December 2019:

After the outbreak of Coronavirus Disease 2019 ("**COVID-19 outbreak**"), a series of precautionary and control measures have been and continued to be implemented across the PRC. The Group will pay close attention to the development of the COVID-19 outbreak and is evaluating its impact on the financial position and operating results of the Group. The COVID-19 outbreak is a non-adjusting subsequent event and its impact will only be taken into account in the Group's consolidated financial statements subsequent to 31 December 2019.

OTHER INFORMATION AND CORPORATE GOVERNANCE HIGHLIGHTS

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The annual general meeting of the Company (the "**2020 AGM**") is scheduled to be held on 30 June 2020. A notice convening the AGM and the book closure of register of members, for the purpose of ascertaining Shareholders' entitlement to attend the AGM, will be published and despatched in the manner as required by the Listing Rules in due course.

In order to ascertain shareholder's entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Wednesday, 24 June 2020 to Tuesday, 30 June 2020, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for attending and voting at the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Tuesday, 23 June 2020.

For the purpose of determining the entitlement to the Proposed Final Dividend, the register of members of the Company will be closed from Tuesday, 7 July 2020 to Thursday, 9 July 2020, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be entitled to the Proposed Final Dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Monday, 6 July 2020.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Since the Listing Date and up to the date of this announcement, the Company or its subsidiaries did not purchase, sell or redeem any listed securities of the Company.

FINAL DIVIDEND

The Board has recommended the payment of a final dividend of RMB0.0188 (equivalent to HK$0.0207) per Share for the year ended 31 December 2019, subject to the approval of the Shareholders at the AGM. Such proposed dividend will be payable on or around 20 July 2020 to the Shareholders whose names appear on the register of members of the Company on or around 6 July 2020.

COMPLIANCE WITH CG CODE

The Company has complied with all the applicable code provisions of the CG Code since the Listing Date to the date of this announcement.

SCOPE OF WORK OF THE COMPANY'S AUDITOR

The figures in respect of the Group's consolidated balance sheet, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2019 as set out in this annual results announcement have been agreed by the Company's auditor to the amounts set out in the Group's consolidated financial statements for the year ended 31 December 2019. The work performed by the Company's auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Company's auditor on this annual results announcement.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors.

Having made specific enquiry of all Directors of the Company, they have all confirmed that they have complied with the Model Code and the code of conduct of the Company regarding securities transactions by Directors throughout the year ended 31 December 2019.

AUDIT COMMITTEE

The Company has established the Audit Committee with written terms of reference in compliance with the CG Code. As at the date of this announcement, the Audit Committee consists of four independent non-executive Directors, namely Mr. Chan Hon Ki, Mr. Chen Wanlong, Mr. Huang Juyun and Mr. Wang Donglin. Mr. Chan Hon Ki is the chairman of the Audit Committee. The Audit Committee has reviewed the Annual Results with the management of the Company.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND 2019 ANNUAL REPORT

This Annual Results announcement was published on the website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and on the website of the Company (www.chenlin-edu.com). The annual report of the Group for the year ended 31 December 2019 will be despatched to Shareholders and available on the above websites in due course.

DEFINITIONS

"Amendment Decision"	the Decision of the Standing Committee of the National People's Congress on Amending the Law for Promoting Private Education of the PRC (《全國人民代表大會常務委員關於修改<中華人民共和國民辦教育促進法>的決定》) promulgated by Order No. 55 of the President of the PRC on 7 November 2016, and became effective on 1 September 2017
"Audit Committee"	the audit committee of the Board, comprising solely the independent non-executive Directors of the Company
"Board"	the board of Directors of the Company
"BVI"	the British Virgin Islands
"CG Code"	the Corporate Governance Code as set out in Appendix 14 of the Listing Rules
"China" or "PRC"	the People's Republic of China, unless otherwise stated, excludes the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan of China herein
"Company" or "our Company"	Chen Lin Education Group Holdings Limited (辰林教育集團控股有限公司), a company incorporated under the laws of the Cayman Islands with limited liability on 25 May 2018 and listed on the Stock Exchange on 13 December 2019 (Stock Code: 1593)
"Director(s)"	the director(s) of the Company
"double qualification teachers"	full-time teachers with title of lecturer and above in addition to professional qualification or industry experience
"Gaokao"	also known as the National Higher Education Entrance Exam, an academic examination held annually in the PRC, and a prerequisite for entrance into most higher education institutions at the undergraduate level in the PRC
"Global Offering"	the global offering of initially up to 250,000,000 ordinary shares with a nominal value of HK$0.0001 each in the capital of the Company, including, a public offering in Hong Kong of 31,798,000 Shares and an international offering of initially 218,202,000 Shares to professional, institutional and other investors outside the United States

"Group", "we" or "us"	the Company and all of its subsidiaries and companies whose financial results have been consolidated and accounted as the subsidiaries of our Company by virtue of the contractual arrangements entered into on 15 September 2018, or, where the context so requires, in respect of the period before our Company became the holding company of our current subsidiaries, the business operated by such subsidiaries or their predecessors (as the case may be)
"HK$" and "HK cents"	Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"IFRSs"	the International Financial Reporting Standards
"Listing"	listing of the Shares on the Main Board of the Stock Exchange
"Listing Date"	the date on which the Shares initially commenced their dealings on the Stock Exchange (i.e. 13 December 2019)
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)
"Model Code"	the Model Code of Securities Transactions by Directors of the Listed Issuers as set out in Appendix 10 to the Listing Rules
"MOE"	the Ministry of Education of the PRC (中華人民共和國教育部)
"MOE Draft for Comments"	the Draft Revision of the Regulations on the Implementation of the Law for Promoting Private Education of the PRC (the Draft for Comments) (《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)》) issued by the MOE on 20 April 2018 to seek public comments
"MOJ"	the Ministry of Justice of the PRC (中華人民共和國司法部)
"MOJ Draft for Comments"	the Draft Revision of the Regulations on the Implementation of the Law for Promoting Private Education of the PRC (the Draft for Examination and Approval) (《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)》) issued by the MOJ on 10 August 2018 to seek public comments

"Negative List"	the Foreign Investment Access Special Management Measures (Negative List) (2019 Version) (《外商投資准入特別管理措施(負面清單) (2019年版)》) issued by the National Development and Reform Commission of the PRC and the Ministry of Commerce of the PRC on 30 June 2019 and effective on 30 July 2019
"Prospectus"	the prospectus issued by the Company dated 27 November 2019
"Reporting Period"	the year ended 31 December 2019
"RMB"	Renminbi, the lawful currency of the PRC
"RSU(s)"	restricted share units granted pursuant to the RSU Scheme
"RSU Scheme"	the restricted share unit scheme adopted by our Company on 20 August 2019
"senior management"	the senior management of the Company
"Share(s)"	ordinary share(s) of HK$0.0001 each in the issued share capital of the Company
"Shareholder(s)"	holder(s) of Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"%"	per cent

By order of the Board
Chen Lin Education Group Holdings Limited
Huang Yulin
Chairman

Nanchang, the PRC, 30 March 2020

As at the date of this announcement, the executive Directors are Mr. Huang Yulin, Mr. Huang Boqi, Mr. Zheng Junhui, Mr. Li Cunyi, Mr. Bau Siu Fung, Mr. Wang Li and Ms. Gan Tian; and the independent non-executive Directors are Mr. Chan Hong Ki, Mr. Huang Juyun, Mr. Chen Wanlong and Mr. Wang Donglin.