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**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)**

# PROFIT WARNING

This announcement is made by Koolearn Technology Holding Limited ("**Company**", and together with its subsidiaries, the "**Group**") pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**") and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board ("**Board**") of directors of the Company ("**Company**") wishes to inform the shareholders of our Company ("**Shareholders**") and potential investors that, based on a preliminary review of our Group's unaudited consolidated management accounts currently available to the Board, our Group is expected to record a substantial net loss for the six months ended 30 November 2020 of between RMB600 million and RMB700 million, compared with a net loss of RMB87.5 million for the six months ended 30 November 2019.

The loss was mainly attributable to: an increase in our Group's (i) personnel costs recorded in the costs of revenue, selling and marketing expenses, and research and development expenses, compared with the same period last year; (ii) net foreign exchange loss recorded in other income, gains and losses, compared to net foreign exchange gain recorded in the same period last year; and (iii) costs and expenses related to implementing our share incentive plans (including the grants made on, and detailed in our announcements, of 29 January 2020 and 25 August 2020).

The increased expenses were incurred as a result of our Group's accelerated business expansion, and in particular, hiring teaching and engineering talent to support our growing operations. During the reporting period, we continued to invest in our comprehensive K-12 business segment in terms of talent recruitment, content development, as well as technology product and system upgrading, which has driven significant growth in our *Dongfang Youbo* small class and *Koolearn* K-12 large class course offerings. As a result, both revenue and student enrollments in our K-12 business have shown strong momentum during the reporting period. We are confident that our continued investment and expansion initiatives will continue to build a solid foundation for our long-term development and healthy growth in the long run.

The information contained in this announcement is only based on the preliminary assessment by our Company's management and our Board in relation to the unaudited consolidated management accounts of our Group for the six months ended 30 November 2020, which have not yet been reviewed or audited by our Company's independent auditor or reviewed by the audit committee of our Company. Shareholders and potential investors are advised to carefully read our interim results announcement for the six months ended 30 November 2020, which is expected to be published by the end of January 2021.

**Shareholders and potential investors are advised to exercise caution when dealing in the shares of our Company.**

By Order of the Board of
**Koolearn Technology Holding Limited**
**YU Minhong**
*Chairman*

Hong Kong, 24 December 2020

*As of the date of this announcement, the Board comprises 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.*