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 2020

The board ("**Board**") of directors ("**Directors**") of Koolearn Technology Holding Limited ("**Company**") is pleased to announce the unaudited consolidated interim results of our Company and our subsidiaries (collectively, our "**Group**") for the six months ended 30 November 2020 ("**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.

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 NOVEMBER 2020

KEY FINANCIAL HIGHLIGHTS

	Six months ended 30 November 2020 *RMB'000* *(unaudited)*	Six months ended 30 November 2019 *RMB'000* *(unaudited)*	**Period-on-period change** %
Revenue	**676,755**	567,641	**19.2**
Loss for the period before tax	**(667,402)**	(94,863)	**603.5**
Income tax (expense) credit	**(7,024)**	7,347	**(195.6)**
Loss for the period	**(674,426)**	(87,516)	**670.6**
Loss for the period attributable to:			
— Owners of our Company	**(674,426)**	(71,282)	**846.1**
— Non-controlling interests	**—**	(16,234)	**—**
Loss per share:			
— Basic and diluted *(RMB)*	**(0.72)**	(0.08)	**800.0**
Non-IFRS measure: Adjusted Loss(1)	**(661,413)**	(56,250)	**1,075.8**
Non-IFRS measure: LBITDA(2)	**(507,609)**	(108,829)	**366.4**

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

(2) Losses before interest, taxes, depreciation, and amortisation ("**LBITDA**") represents loss for a given period plus income tax expense (credit), share-based compensation expenses, finance costs, impairment losses under expected credit loss model, net of reversal, depreciation of property and equipment and depreciation of right-of-use assets, less other income, gains and losses, for that period.

BUSINESS OVERVIEW AND OUTLOOK

Our business

We are a leading online provider of extracurricular education services in the People's Republic of China (the "**PRC**") with a comprehensive portfolio of well-recognised brands known for high-quality courses and content, with 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 2020	For the six months ended 30 November 2019
	Student enrolment	Student enrolment
	'000	*'000*
Students		
College education	**299**	526
K-12 education	**1,838**	755
Pre-school education	**3**	36
Total	**2,140**	1,317

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 2020	For the six months ended 30 November 2019
	RMB	*RMB*
Formal courses		
College education	**1,282**	1,128
K-12 education	**892**	1,040
Pre-school education[1]	**990**	(61)
Sub-total average	**1,010**	1,022
Entry courses	**41**	24
Total average	**369**	425

(1) There was product lines adjustment in pre-school education since financial year 2020.

Our performance overview

Despite the continued impact of COVID-19 on the global economy, we are pleased to announce a significant increase in total student enrolments. Benefiting from our long-term growth strategies, as well as the effective measures we have taken to respond to the pandemic, the number of student enrolments continued to grow to 2.1 million, representing a period-on-period growth of 62.5%. Total net revenues increased by 19.2% from RMB567.6 million for the six months ended 30 November 2019 to RMB676.8 million over the Reporting Period. In the college education segment, we continued to experience impact from the optimisation of product lines and delay or suspension of college reopenings and overseas exams due to the pandemic and recorded a decline in net revenue and student enrolments. In the K-12 education segment, our strategy of diversifying our course offerings has started to see results. Our Koolearn K-12 large classes has become another long-term growth driver, while our unique location-based live interactive after-school tutoring courses ("**DFUB**") small classes continued to expand its footprint in lower tier cities in China. The total net revenue and student enrolments in the K-12 segment increased period-on-period by 162.9% and 143.4%, respectively.

College education

Our courses in the college segment 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 and more intensive college test preparation and overseas test preparation businesses, which increased the average spending per enrolment in formal courses from RMB1,128 for the six months ended 30 November 2019 to RMB1,282 over the Reporting Period. While in the process of designing new products and upgrading our core products, we also adjusted our marketing strategies to better meet consumer demands and maintain customer acquisition costs within a reasonable level. Due to recent changes in product and marketing strategies, as well as negative effects from the COVID-19 pandemic, we saw a significant decline in the number of students participating in our domestic and overseas test preparation courses during the Reporting Period. As a result, our student enrolments in the college segment recorded 299 thousand in the Reporting Period, compared with 526 thousand over the previous fiscal period.

K-12 education

Our comprehensive K-12 course offerings, including primarily Koolearn K-12 courses and DFUB courses, provide after-school tutoring courses that cover the majority of standard school subjects from primary to 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 made impressive progress in our expansion plan and achieved outstanding operating and financial results in the K-12 education segment. Our student enrolments for overall K-12 segment recorded period-on-period growth of 143.4%. More specifically, our student enrolments for Koolearn K-12 courses recorded period-on-period growth of 134.4%, and our student enrolments for DFUB courses grew period-on-period by 170.3%. The robust growth in K-12 education during the Reporting Period was largely attributable to the successful implementation of our key initiatives in (i) upgrading our technological infrastructure; (ii) improving our online products and content; and (iii) recruiting and training teaching personnel, which drives the number, scalability and quality of our products and services and has allowed us to capture the rapidly growing demand and retain a significant number of key users who have trialed or enrolled in our courses, especially throughout the COVID-19 period. We continued to accelerate the expansion of our DFUB business during the Reporting Period and optimise the operations of DFUB courses in each city. As at 30 November 2020, DFUB had entered into 271 cities across 26 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 delivered through our Donut English-learning application ("**APP**"). During the Reporting Period, we focused on the integration and optimisation of Donut APP and recorded a decrease in student enrolment during the Reporting Period.

Strategic update and future development

Going forward, despite growing competition within the industry, we remain confident in the online education industry and our ability to continue growing and consolidating our market share in the industry. We believe that education is about consistently creating value for our staff members, our students, and society as a whole. We will continue to invest in our talent, our products and services, our technological platforms and underlying systems and our overall operations. We believe that this will help us attract, retain and develop outstanding teaching talent and be able to provide high-quality online education products and services. We will continue to adopt a "customer-focused" approach and prioritise the needs of our customers and continue to offer innovative solutions in the education sector. We believe that having a deep understanding of our consumers' needs, behaviours and learning intentions is essential to helping us develop products and services that are specifically catered to our target audience, which will in turn, have a profound impact on our Company's long-term viability and success. Furthermore, we will continually upgrade and improve the design and functionalities of our course offerings, after taking into account user feedback and analysing their future needs, in order to achieve our goal of making quality education accessible and affordable to more students across China.

For the college education segment, despite the cancellation and postponement of exams due to the COVID-19 pandemic, we have responded quickly to the potential challenges by introducing a series of new initiatives to stabilise our business and improve efficiency. Besides continuously optimizing our existing products and services, we will further strengthen our cooperation with New Oriental Education & Technology Group Inc. ("**New Oriental Group**"), our parent company, in respect of branding, education resources and multi-channel marketing services. We believe this will allow us to upgrade our customer acquisition channels and further expand our student base in order to offer more differentiated services and alternative solutions to our clients. For example, we can provide comprehensive course planning for students who have potential plans to go abroad after two or three years by providing extensive support and advice throughout the application and enrollment processes. At the same time, we will expand our overseas promotional efforts in order to increase our overseas user base.

We believe that a combination of Koolearn K-12 large classes and DFUB small classes have driven the strong momentum in our recent financial and operational performance. For Koolearn K-12 courses, we continued to increase the amount of resources directed towards improving our teaching, tutoring, research and development and teacher training capabilities, which has resulted in us having a significant number of high-performing lecturers and tutors for various subjects. Leveraging on our close relationship with New Oriental Group as our parent company, we have incorporated their 27 years of know-how and their successful seven-step teaching methods into our businesses and have achieved continuous progress in our online teaching products, services and methodologies. We aim to capitalise on our strength in teaching English as a subject and launch a new version of AI+ online courses with both Chinese and foreign teachers teaching together to create an immersive and bilingual learning experience for students. We will utilise developed scientific and technological innovation within our courses, services and managerial systems to continually improve each student's learning efficacy and outcomes. Through both online and offline channels, we are committed to implementing a differentiated marketing strategy that optimises operational efficiency and improves brand stickiness and awareness. We will establish specialised offline experience centers and marketing teams in different cities across China. Instead of aggressive marketing or advertising messages, we believe that a combination of online and offline marketing strategies will help both existing and prospective customers form an emotional connection with our brand, and in turn, allow us to differentiate ourselves from our competitors.

For our unique DFUB small classes, we plan to further capitalise on our first-mover advantage and continue to accelerate our expansion into greater number of geographic areas. During the Reporting Period, we have entered into 99 new cities, bringing our coverage to a total of 271 cities and 26 provinces. With the introduction of low-priced multiple-subject class packages (*i.e.,* RMB300 for three subjects), we expect to improve our operational efficiency and customer experience. We continue to invest extensively in our employees, raise overall compensation for teaching and training professionals and implement a more stringent and comprehensive internal staff performance evaluation system, in order to ensure the constant supply of excellent teachers and attract more full-time talent. As a result, with the increasing maturity of our DFUB business model, we predict that DFUB's performance in various cities across China will continue to show significant improvement, allowing us to gain greater market share and establish stronger competitive barriers. Overall, our adoption of differentiated marketing strategies and our commitment to improving teaching quality, technology infrastructure, product offerings, and operational efficiency will help ensure our long-term sustainability and success.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue

Our revenue increased by 19.2% from RMB567.6 million in the six months ended 30 November 2019 to RMB676.8 million in the six months ended 30 November 2020.

College education

Revenue from our college education segment decreased by 19.1% from RMB361.4 million in the six months ended 30 November 2019 to RMB292.4 million in the six months ended 30 November 2020. The decrease was mainly due to our adjustment and upgrading of principle product lines in college education segment since the last financial year, as well as prolonged effects from the cancellation of certain domestic or overseas exams and imposition of travel restrictions since the COVID-19 outbreak. The student enrolments in the college education segment decreased from 526 thousand in the six months ended 30 November 2019 to 299 thousand in the six months ended 30 November 2020.

K-12 education

Revenue from our K-12 education segment increased by 162.9% from RMB128.2 million in the six months ended 30 November 2019 to RMB336.9 million in the six months ended 30 November 2020, mainly driven by the accelerated expansion in Koolearn K-12 courses and DFUB courses. During the Reporting Period, we continued to implement our strategy of diversifying course offerings and actively invested in both Koolearn K-12 courses and our unique DFUB small class courses. Through strengthening our teaching, tutoring, course research and product innovation capabilities, we continued to enhance the quality of products and services offered to our students and end-users. Student enrolments in the K-12 education segment increased by 143.4% from 755 thousand in the six months ended 30 November 2019 to 1.8 million in the six months ended 30 November 2020. In particular, student enrolments in Koolearn K-12 courses and DFUB courses have achieved 134.4% and 170.3% period-on-period growth, respectively.

Pre-school education

Revenue from our pre-school education segment decreased by 79.3% from RMB21.5 million in the six months ended 30 November 2019 to RMB4.4 million in the six months ended 30 November 2020, primarily due to the optimisation and upgrade of our Donut English-learning APP and the termination of live English courses for Donut online classroom in the 2020 financial year.

Institutional customers

Revenue from our institutional customers decreased by 24.0% from RMB56.6 million in the six months ended 30 November 2019 to RMB43.0 million in the six months ended 30 November 2020.

Cost of revenue, gross profit/loss and gross margin

Our total cost of revenue increased by 109.0% from RMB250.5 million in the six months ended 30 November 2019 to RMB523.6 million in the six months ended 30 November 2020, primarily due to an increase in teaching staff costs and course research staff costs, in particular, in the K-12 education segment, which grew by 73.1% and 268.3% over the previous fiscal period, respectively, as we devoted significant resources to enhance the quality of our courses and services.

Our gross profit decreased by 51.7% from RMB317.1 million in the six months ended 30 November 2019 to RMB153.1 million in the six months ended 30 November 2020. Our gross profit margin decreased from 55.9% in the six months ended 30 November 2019 to 22.6% in the six months ended 30 November 2020, primarily due to our robust development in the K-12 segment.

College education

Cost of revenue for our college education segment decreased by 20.8% from RMB114.0 million in the six months ended 30 November 2019 to RMB90.3 million in the six months ended 30 November 2020, primarily due to a decrease in teaching materials costs and teaching staff costs.

Segment gross profit for our college education business decreased by 18.3% from RMB247.4 million in the six months ended 30 November 2019 to RMB202.2 million in the six months ended 30 November 2020, and the segment gross profit margin increased from 68.5% in the six months ended 30 November 2019 to 69.1% in the six months ended 30 November 2020.

K-12 education

Cost of revenue for our K-12 education segment increased by 281.2% from RMB111.8 million in the six months ended 30 November 2019 to RMB426.0 million in the six months ended 30 November 2020, primarily due to an enhancement of our offerings for Koolearn K-12 courses and the expansion of DFUB to more regions, which required significant upfront investment to attract qualified teachers and design high-quality courses.

The segment gross loss for our K-12 business was RMB89.1 million in the six months ended 30 November 2020, compared to a segment gross profit of RMB16.4 million in the six months ended 30 November 2019. The segment gross loss margin was 26.5% in the six months ended 30 November 2020, compared to a segment gross profit margin of 12.8% in the six months ended 30 November 2019, primarily due to the significant growth in the student enrolments from Koolearn K-12 courses during this summer and preparation for new products that will be launched in the following quarters, which required higher initial investment in teaching and course research staff costs, as we continued to enhance our course offerings and committed more resources to course development, as well as an increase in information technology support and technology costs, due to all of our Koolearn K-12 courses and DFUB courses being delivered live.

Pre-school education

Cost of revenue for our pre-school education segment decreased by 70.8% from RMB12.8 million in the six months ended 30 November 2019 to RMB3.7 million in the six months ended 30 November 2020, primarily due to a decrease in teaching staff costs and course research staff costs, as we wound-down our live English learning courses and focused on the development of our Donut English learning APP in this segment.

Segment gross profit for our pre-school education business recorded RMB0.7 million in the six months ended 30 November 2020, compared to segment gross profit of RMB8.7 million in the six months ended 30 November 2019, and the gross profit margin decreased from 40.6% to 16.2%, primarily due to a business adjustment in our Donut English learning APP.

Institutional customers

Cost of revenue for services to institutional customers decreased by 69.6% from RMB12.0 million in the six months ended 30 November 2019 to RMB3.6 million in the six months ended 30 November 2020.

Segment gross profit for our services to institutional customers decreased by 11.7% from RMB44.6 million in the six months ended 30 November 2019 to RMB39.4 million in the six months ended 30 November 2020, and the gross profit margin increased from 78.8% to 91.5%.

Other income, gains and losses

Our other income, gains and losses decreased by 27.9% from RMB88.8 million in the six months ended 30 November 2019, to RMB64.0 million in the six months ended 30 November 2020, primarily due to a net foreign exchange loss, compared with a net foreign exchange gain recorded in the previous reporting period.

Selling and marketing expenses

Our selling and marketing expenses increased by 76.7% from RMB291.6 million in the six months ended 30 November 2019 to RMB515.3 million in the six months ended 30 November 2020, primarily due to an increase in staff costs, in particular an increased number of sales and marketing professionals, as we established multi-channel marketing teams to promote our products and stabilize the cost of customer acquisition by adopting various innovative online and offline approaches.

Research and development expenses

Our research and development expenses increased by 81.6% from RMB128.9 million in the six months ended 30 November 2019 to RMB234.1 million in the six months ended 30 November 2020, primarily due to an increase in staff costs as our business strategies required more qualified research and development and technological staff and engineers to support our expansion.

Administrative expenses

Our administrative expenses increased by 62.6% from RMB78.8 million in the six months ended 30 November 2019 to RMB128.1 million in the six months ended 30 November 2020, primarily due to an increase in staff costs and share-based compensation expenses as our business strategies required more qualified administrative staff.

Share of result of associates

Our share of profit of associates increased by 8.0% from RMB3.3 million in the six months ended 30 November 2019 to RMB3.5 million in the six months ended 30 November 2020, primarily due to an increase in profits from our share of the results of Beijing Shidai Yuntu Book Co. Ltd.

Income tax (expenses) credit

From the six months ended 30 November 2019 to the six months ended 30 November 2020, our income tax expenses increased by 195.6%, from a credit of RMB7.3 million to an expense of RMB7.0 million, primarily due to income tax expenses incurred for the credit of the deferred tax liabilities in the reporting period, while income tax credit incurred for the debit of the deferred tax assets in the prior reporting period.

Loss for the period

As a result of the above, our loss for the period increased by 670.6% from RMB87.5 million in the six months ended 30 November 2019 to RMB674.4 million in the six months ended 30 November 2020.

Non-IFRS measures

To supplement the financial information that is prepared and presented in accordance with IFRS, we also used "adjusted loss" and LBITDA as non-IFRS measures, which are not required by, or presented in accordance with, IFRS. We believe that these non-IFRS measures facilitate comparison of operating performance from period to period by eliminating the potential impact 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 investors and others in understanding and evaluating our consolidated statements of profit or loss in the same manner as they have assisted our management. Please note, however, our presentation of LBITDA may not be comparable to similarly titled measures presented by other companies. The use of these non-IFRS measures have limitations as an analytical tool and you should not consider it in isolation from, or as substitute for analysis of, our consolidated statements of profit or loss or financial condition as reported under IFRS.

We define Adjusted Loss as loss for the period less gain on fair value changes of financial assets at FVTPL plus share-based compensation expenses for that period. We have defined LBITDA as loss for a given period plus income tax expense (credit), share-based compensation expenses, finance costs, impairment losses under expected credit loss model, net of reversal, depreciation of property and equipment and depreciation of right-of-use assets less other income, gains and losses for the period.

The following table reconciles our net loss to Adjusted Loss:

	Six months ended 30 November 2020 *RMB'000* *(unaudited)*	Six months ended 30 November 2019 *RMB'000* *(unaudited)*
Reconciliation of our loss for the period to Adjusted Loss:		
Loss for the period	**(674,426)**	(87,516)
Less:		
Gain on fair value changes of financial assets at FVTPL		
— Non-current assets	**134,092**[(1)]	14
Add:		
Share-based compensation expenses	**147,105**	31,280
Adjusted Loss for the period	**(661,413)**	(56,250)

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.

The following table reconciles our loss to LBITDA:

	Six months ended 30 November 2020	Six months ended 30 November 2019
	RMB'000	*RMB'000*
	(unaudited)	*(unaudited)*
Reconciliation of loss for the period to LBITDA		
Loss for the period	**(674,426)**	(87,516)
Add:		
Income tax expense (credit)	**7,024**	(7,347)
Share-based compensation expenses	**147,105**	31,280
Finance costs	**7,373**	4,555
Impairment losses under expected credit loss model, net of reversal	**3,145**	209
Depreciation of property and equipment	**17,793**	6,200
Depreciation of right-of-use assets	**48,335**	32,544
Less:		
Other income, gain and losses	**63,958**	88,754
LBITDA	**(507,609)**	(108,829)

Liquidity and capital resources

During the Reporting Period, we met our cash requirements primarily from cash and cash equivalents and advances from shares, which have been issued on 24 December 2020. As at 30 November 2020, we had cash and cash equivalents RMB1.9 billion and term deposits RMB330.4 million, compared to cash and cash equivalents RMB480.3 million and term deposits RMB1.5 billion as at 31 May 2020. Cash and cash equivalents were represented by bank balances and cash; and bank balances and cash comprised of cash and short-term deposits with an original maturity of three months or less.

During the Reporting Period, we primarily used cash to fund required working capital 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, net proceeds from the Company's global offering (the "**Global Offering**", as described in the Company's prospectus dated 15 March 2019 (the "**Prospectus**")) and from the subscription of new shares (as described in the Company's announcements dated 24 December 2020 and 8 September 2020 and further detailed in "— Events After the Reporting Period" in this announcement).

Capital expenditure

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

	Six months ended 30 November 2020	Six months ended 30 November 2019
	RMB'000	*RMB'000*
	(unaudited)	*(unaudited)*
Purchase of property and equipment	**59,714**	33,357

Our capital expenditures were primarily for purchases of property and equipment in the six months ended 30 November 2019 and 2020, respectively. Our purchases of property and equipment were RMB33.4 million and RMB59.7 million for the six months ended 30 November 2019 and 2020, respectively.

Off-balance sheet commitments and arrangements

As of 30 November 2020, we had not entered into any off-balance sheet transactions.

Future plans for material investments and capital assets

As of 30 November 2020, we did not have any other foreseeable plans for material investments and capital assets.

Material acquisitions and/or disposals of subsidiaries and affiliated companies

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 2020, we had 7,588 full-time employees and 5,756 part-time employees (30 November 2019: 2,813 full-time employees and 4,051 part-time employees). The number of employees employed by the Group varies from time to time depending on needs and employees are remunerated based on industry practice.

Our success depends on our ability to attract, retain and motivate qualified personnel. The remuneration policy and package of the Group's employees are periodically reviewed. Apart from pension funds and in-house training programmes, discretionary bonuses, share awards and share options may be awarded to employees according to assessment of individual performance.

The total remuneration expenses, including share based compensation expense incurred by the Group for the six months ended 30 November 2020 was RMB976.5 million, representing a period on period increase of 188.8%.

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 borrowings. Our Directors consider that we have adequate cash and capital resources considering our bank balances and cash, term deposits and our financial assets at FVTPL-wealth management products generated from our operating activities and the net proceeds from the Global Offering to fund our operations and expansion, therefore, we do not plan to incur any borrowings in the 12 months from the date of this announcement.

Pledge of assets

As at 30 November 2020, none of our Group's assets were pledged.

Contingent liabilities

As of 30 November 2020, we did not have any material contingent liabilities.

EVENTS AFTER THE REPORTING PERIOD

During the Reporting Period, on 8 September 2020, the Company entered into a subscription agreement with New Oriental Group, a company listed on the New York Stock Exchange (Ticker Symbol: EDU) and the Stock Exchange (Stock Code: 9901) and Tigerstep Developments Limited ("**Tigerstep**"), for the subscription of an aggregate of 59,432,000 ordinary shares of the Company (par value of US$0.00002 each) at the subscription price of HK$30.00 per subscription share (corresponding to US$3.87 per subscription share) (the "**Share Subscription**"). New Oriental is the Company's parent and controlling shareholder and Tigerstep is a company wholly-owned by Mr. Yu, the Company's Chairman and Director. For further details of the Share Subscription, please see the announcements of the Company dated 8 September and 28 September 2020, and the circular of the Company dated 14 October 2020. The Share Subscription was completed on 24 December 2020 (please see our announcement of 24 December 2020).

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

Our Company was incorporated as an exempted company with limited liability under the laws of the Cayman Islands on 7 February 2018, and our shares have been listed on the Main Board of the Stock Exchange (the "**Listing**") since 28 March 2019.

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 our shareholders. During the Reporting Period, our Company has complied with the applicable code provisions in the Corporate Governance Code as stated in Appendix 14 (the "**Corporate Governance Code**") of the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited* (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* (the "**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 the best of our Directors' knowledge and belief, all our Directors confirm that they have 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. 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 (as defined in the Listing Rules) 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 Tohmatsu, has reviewed our Group's unaudited condensed consolidated financial statements for the six months ended 30 November 2020. 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

Please see the details on the Share Subscription set out in "— Events After the Reporting Period" in this announcement. Save as disclosed above, 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 2020, 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 2019: nil).

CHANGE IN USE OF NET PROCEEDS FROM THE GLOBAL OFFERING

Net proceeds from the 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 to HK$1.8 billion. As of 30 November 2020, 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. On the same date as this announcement, the Board has resolved to change the use of the remaining net proceeds (the "**Change in Use of Proceeds**"). The utilisation of the net proceeds and the latest change in use of net proceeds from the Global Offering were summarised as follows:

	Net proceeds from Global Offering	Utilised as at 30 November 2020	Utilised during the six months ended 30 November 2020[2]	Remaining amount	Proposed change of use of the remaining net proceeds
HK$ million[1]					
Staff recruitment and training activities	533.4	533.4	389.9	—	533.4
Acquisitions and/or investments	533.4	—	—	533.4	—
Course development	177.8	167.6	149.1	10.2	10.2
Technology infrastructure	177.8	177.8	19.7	—	—
Marketing activities	177.8	177.8	19.7	—	—
Working capital and general corporate purposes	177.8	177.8	106.0	—	—

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: RMB0.83461, 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.

Reasons for the Change in Use of Proceeds

The Change in Use of Proceeds reflects our Company's long-term strategy to recruit more talented teaching and engineering staff, which we view as essential for sustained long-term growth of our key business segments in the online education industry. Investing in human resources has been a key focus since the Listing, reflecting one of our founding principles — training teachers to be the best that they can be. Furthermore, since the Listing, the Board has not identified any suitable business targets to acquire or in which to materially invest. Given that the global economic climate is still dealing with, or in the early stages of recovering from, COVID-19, we propose to continue focusing on consolidating and expanding its existing business and customer base and improving its existing platforms, products and services, which means continuing to invest in human resources and staff retention, development and recruitment. The Board believes that the Change in Use of Proceeds is consistent with our Company's long-term strategy and founding principles and in the best interests of our Company and its shareholders as a whole.

We will gradually utilise the net proceeds, in accordance with the change in use of proceeds detailed above, within three years from the date of this announcement.

NET PROCEEDS FROM THE SHARE SUBSCRIPTION

The Share Subscription was completed after the Reporting Period and raised HK$1.8 billion in net proceeds. No net proceeds from the Share Subscription were used during the Reporting Period. We propose to use the net proceeds from the Share Subscription in the manner and within the time periods set out in our circular dated 14 October 2020, and expect to use the net proceeds from the Share Subscription within three years of the completion date (being 24 December 2020).

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 NOVEMBER 2020

	NOTES	**Six months ended 30 November** **2020** ***RMB'000*** **(unaudited)**	2019 *RMB'000* (unaudited)
Revenue	*3*	**676,755**	567,641
Cost of revenue		**(523,621)**	(250,535)
Gross profit		**153,134**	317,106
Other income, gains and losses	*4*	**63,958**	88,754
Impairment losses under expected credit loss model, net of reversal		**(3,145)**	(209)
Selling and marketing expenses		**(515,316)**	(291,553)
Research and development expenses		**(234,100)**	(128,883)
Administrative expenses		**(128,095)**	(78,797)
Share of results of associates		**3,535**	3,274
Finance costs		**(7,373)**	(4,555)
Loss before tax		**(667,402)**	(94,863)
Income tax (expense) credit	*5*	**(7,024)**	7,347
Loss for the period	*6*	**(674,426)**	(87,516)
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**—**	124
Total comprehensive expense for the period		**(674,426)**	(87,392)
Loss for the period attributable to:			
Owners of the Company		**(674,426)**	(71,282)
Non-controlling interests		**—**	(16,234)
		(674,426)	(87,516)

	NOTES	Six months ended 30 November 2020 RMB'000 (unaudited)	2019 RMB'000 (unaudited)
Total comprehensive expense for the period attributable to:			
Owners of the Company		**(674,426)**	(71,158)
Non-controlling interests		**—**	(16,234)
		(674,426)	(87,392)
Loss per share			
— Basic and diluted (RMB)	*7*	**(0.72)**	(0.08)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 NOVEMBER 2020

	NOTES	**30/11/2020** ***RMB'000*** **(unaudited)**	31/05/2020 *RMB'000* (audited)
Non-current Assets			
Property and equipment		**152,857**	81,676
Right-of-use assets		**329,354**	331,122
Interests in associates		**85,993**	82,458
Financial assets at fair value through profit or loss	*9*	**317,420**	183,328
Deposits for acquisition of property and equipment		**4,810**	13,852
Refundable rental deposits		**16,605**	15,396
		907,039	707,832
Current Assets			
Trade and other receivables	*10*	**40,942**	41,993
Prepayments		**48,272**	70,838
Financial assets at fair value through profit or loss	*9*	**764,064**	277,800
Term deposits		**330,438**	1,470,530
Bank balances and cash		**1,852,839**	480,251
		3,036,555	2,341,412
Current Liabilities			
Lease liabilities		**93,915**	77,263
Contract liabilities	*11*	**492,141**	420,103
Refund liabilities		**65,857**	36,491
Trade payables	*12*	**23,905**	34,067
Accrued expenses and other payables[1]		**1,660,663**	343,752
		2,336,481	911,676
Net Current Assets		**700,074**	1,429,736
Total Assets less Current Liabilities		**1,607,113**	2,137,568

(1) As at 30 November 2020, RMB1,314,739,000 included in accrued expenses and other payables was advances from New Oriental Education & Technology Group Inc. for ordinary shares to be issued.

	NOTES	**30/11/2020**	31/05/2020
		RMB'000	*RMB'000*
		(unaudited)	(audited)
Capital and Reserves			
Share capital		**121**	120
Reserves		**1,342,274**	1,863,580
Total Equity		**1,342,395**	1,863,700
Non-current Liabilities			
Deferred tax liabilities		**32,751**	25,648
Lease liabilities		**231,967**	248,220
		264,718	273,868
		1,342,395	1,863,700

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 NOVEMBER 2020

1. GENERAL

Koolearn Technology Holding Limited (the "**Company**") 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*. 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 Company and its subsidiaries (the "**Group**") are providing online 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 Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") with effect from 28 March 2019.

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

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

Due to the restrictions imposed by the relevant laws and regulatory regime of the People's Republic of China (the "**PRC**") on foreign ownership of companies engaged in the value-added telecommunications services carried out by the Group, the Group conducts a substantial portion of the business through Beijing New Oriental Xuncheng Network Technology Inc. ("**Beijing Xuncheng**"), Beijing Kuxue Huisi Network Technology Co., Ltd. ("**Kuxue Huisi**") and Beijing Dongfang Youbo Network Technology Co., Ltd. ("**Dongfang Youbo**") (together the "**Consolidated Affiliated Entities**") in the PRC. On 10 May 2018, the wholly-owned subsidiary of the Company, Beijing Dexin Dongfang Network Technology Co., Inc. ("**Dexin Dongfang**") has entered into the contractual arrangements (the "**Contractual Arrangements**") with the Consolidated Affiliated Entities and their respective equity holders, which enable Dexin Dongfang and the Company to:

- expose, or has rights, to variable returns from its involvement with the investee and has ability to affect those returns through its power over the Consolidated Affiliated Entities;

- exercise equity holders' controlling voting rights of the Consolidated Affiliated Entities;

- receive substantially all of the economic interest returns generated by the Consolidated Affiliated Entities in consideration for the business support, technical and consulting services provided by Dexin Dongfang;

- obtain an irrevocable and exclusive right to purchase all or part of equity interests in the Consolidated Affiliated Entities from the respective equity holders at nil consideration or a minimum purchase price permitted under PRC Laws. Dexin Dongfang may exercise such options at any time until it has acquired all equity interests and/or all assets of the Consolidated Affiliated Entities. In addition, the Consolidated Affiliated Entities are not allowed to sell, transfer, or dispose any assets, or make any distributions to their equity holders without prior consent of Dexin Dongfang; and

- obtain a pledge over the entire equity interest of the Beijing Xuncheng from their equity holders as collateral security for all of Beijing Xuncheng's and Kuxue Huisi's payments due to Dexin Dongfang and to secure performance of Beijing Xuncheng's and Kuxue Huisi's obligations under the Contractual Arrangements.

The Group does not have any equity interest in the Consolidated Affiliated Entities. However, as a result of the Contractual Arrangements, the Group has power over the Consolidated Affiliated Entities, has rights to variable returns from its involvement with the Consolidated Affiliated Entities and has the ability to affect those returns through its power over the Consolidated Affiliated Entities and is considered to have control over the Consolidated Affiliated Entities. Consequently, the Company regards the Consolidated Affiliated Entities as indirect subsidiaries for accounting purpose. The Company consolidates the assets, liabilities, revenue, income and expenses of the Consolidated Affiliated Entities upon the completion of the reorganisation.

Other than changes in accounting policies resulting from application of new and amendments to International Financial Reporting Standards ("**IFRSs**") and application of certain accounting policies which became relevant to the Group, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 November 2020 are the same as those presented in the Group's annual financial statements for the year ended 31 May 2020.

Application of amendments to IFRSs

In the current interim period, the Group has applied the Amendments to References to the Conceptual Framework in IFRSs Standards and the following amendments to IFRSs issued by the International Accounting Standards Board, for the first time, which are mandatory effective for the annual period beginning on or after 1 January 2020 or 1 June 2020 for the preparation of the Group's condensed consolidated financial statements.

Amendments to IAS 1 and IAS 8	Definition of Material
Amendments to IFRS 3	Definition of a Business
Amendments to IFRS 9, IAS 39 And IFRS 7	Interest Rate Benchmark Reform
Amendment to IFRS 16	COVID-19-Related Rent Concessions

The application of the Amendments to References to the Conceptual Framework in IFRSs Standards and the amendments to IFRSs in the current period has had no material impact on the Group's financial position and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

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 2020 (unaudited)

	College Education *RMB'000*	K12 Education *RMB'000*	Pre-school Education *RMB'000*	Institutional customer *RMB'000*	Total *RMB'000*
Revenue	292,419	336,860	4,447	43,029	676,755
Cost of revenue	(90,253)	(425,996)	(3,725)	(3,647)	(523,621)
Segment gross profit (loss)	202,166	(89,136)	722	39,382	153,134
Unallocated income and expenses:					
Other income, gains and losses					63,958
Impairment losses under expected credit loss model, net of reversal					(3,145)
Selling and marketing expenses					(515,316)
Research and development expenses					(234,100)
Administrative expenses					(128,095)
Share of results of associates					3,535
Finance costs					(7,373)
Loss before tax					(667,402)

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)

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, 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 2020 and 2019. 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 2020 (Six months ended 30 November 2019: nil).

4. OTHER INCOME, GAINS AND LOSSES

	Six months ended 30 November	
	2020	2019
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Gain on fair value changes of financial assets at fair value through profit or loss ("**FVTPL**")	**142,072**	6,891
Net foreign exchange (loss)/gain	**(97,031)**	45,243
Additional value added tax ("**VAT**") input deduction and VAT exemption[i]	**9,542**	1,647
Interest income from term deposits	**4,412**	24,871
Government grants	**2,538**	762
Interest income from bank balances	**1,766**	8,732
Interest income from rental deposits	**404**	330
Gain on lease termination	**222**	2,672
Loss on disposal of property and equipment	**(1)**	(2,533)
Others	**34**	139
	63,958	88,754

Note:

(i) Additional VAT input deduction and VAT exemption, amounted to RMB4,284,000 (Six months ended 30 November 2019: RMB1,647,000) and RMB5,258,000 (Six months ended 30 November 2019: nil), were recognized in profit or loss due to the VAT reform and VAT exemption caused by COVID-19 pandemic, respectively. In accordance with VAT Reformation Article No.39, the Group becomes eligible for VAT credits of 10% additional VAT input deduction from 1 April 2019 to 31 December 2021 upon meeting all applicable criteria. In addition, since January 2020, in accordance with Cai Shui [2020] No. 8, VAT on certain services revenue of the Group was temporarily exempted for calendar year 2020.

5. INCOME TAX EXPENSE (CREDIT)

	Six months ended 30 November	
	2020	2019
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Current tax:		
PRC enterprise income tax	**(79)**	—
Deferred tax (Note 20)	**7,103**	(7,347)
	7,024	(7,347)

The Company and Dong Fund Co., Ltd. were incorporated in the Cayman Islands. Both are tax exempted under the tax laws of the Cayman Islands, as no business is carried out in the Cayman Islands. There were no material change of tax status of the Group from 31 May 2020. Applicable tax rates of the Group's major subsidiaries are as follows.

Under the law of the PRC on enterprise income tax (the "**EIT Law**") and implementation regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% during the six months ended 30 November 2020 (Six months ended 30 November 2019: 25%).

The Group's subsidiaries operating in the PRC are eligible for certain tax concessions. In 2017, Beijing Xuncheng obtained the "high and new technology enterprise" (the "**HNTE**") status and enjoy the preferential tax rate of 15% from calendar year 2017 to 2019. Under the EIT Law effective on 1 January 2008, the HNTE status is valid for three years and qualifying entities can re- apply for an additional three years provided their business operations continue to qualify for the new HNTE status. In 2020, Beijing Xuncheng renewed the certificate and continues to enjoy the preferential tax rate from calendar year 2020 to 2022. In 2018, Kuxue Huisi obtained the HNTE status and enjoy the preferential tax rate of 15% from calendar year 2018 to 2020. During the subsequent years, the tax authority will make reassessment on the Group's HNTE status. According to the EIT Law, qualified research and development expenses can be deducted at 175% of such expenses for income tax deduction purpose upon approval from the relevant tax authority for the year ended 31 December 2020 (Year ended 31 December 2019: 175%). The Group's subsidiaries operating in Hainan and Zhuhai are eligible for local tax concessions. According to the local tax policies, Hainan Haiyue Dongfang Network Technology Co., Ltd. and Zhuhai Chongsheng Heli Network Technology Co., Ltd., subsidiaries of the Group, meet the relevant criteria and can enjoy a preferential tax rate of 15%.

6. LOSS FOR THE PERIOD

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

	Six months ended 30 November	
	2020	2019
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Depreciation of property and equipment	**17,793**	6,200
Depreciation of right-of-use assets	**48,335**	32,544
Total depreciation and amortisation	**66,128**	38,744

7. LOSS PER SHARE

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

	Six months ended 30 November	
	2020	2019
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Loss:		
Loss for the period attributable to owners of the Company for the purpose of calculating basic and diluted loss per share	**(674,426)**	(71,282)
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**939,928,452**	936,852,651

The calculation of basic loss per share for the six months ended 30 November 2020 and 2019 was based on the loss for the year attributable to the owners of the Company.

The calculation of the number of shares for the purpose of basic loss per share for the six months ended 30 November 2020 and 2019 has been taken into account the weighted average number of ordinary shares outstanding with regard to the issuance of shares upon exercise of share options.

The calculation of diluted loss per share for the six months ended 30 November 2020 and 2019 does not assume the exercise of the Company's share options since the assumed exercise of share options would result in a decrease in loss per share.

8. DIVIDENDS

No dividends were paid, declared or proposed during the six months ended 30 November 2020 (Six months ended 30 November 2019: nil). The directors of the Company have determined that no dividend will be paid in respect of the six months ended 30 November 2020 (Six months ended 30 November 2019: nil).

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30/11/2020	31/05/2020
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Non-current assets		
Financial assets at FVTPL		
— unlisted equity investments[(a)]	**317,420**	183,328
Current assets		
Financial assets at FVTPL		
— wealth management products[(b)]	**764,064**	277,800

(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 Group ("**EEO**") incorporated in the PRC and Cayman Islands, respectively.

(b) Wealth management products are purchased from various banks with expected rate of return ranging from 0.30% to 3.80% per annum, and maturity period ranging from 1 day to 97 days. The principles and returns of these wealth management products are not guaranteed.

During the six months ended 30 November 2019, the Group made purchases of online course services and referral services from Edutainment World amounting to RMB1,338,000 (Six months ended 30 November 2020: nil).

During the six months ended 30 November 2020, the Group made purchases of online classroom related services from EEO amounting to RMB9,176,000 (Six months ended 30 November 2019: RMB9,215,000).

10. TRADE AND OTHER RECEIVABLES

	30/11/2020	31/05/2020
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Trade receivables	**20,298**	15,137
Less: allowance for credit losses	**(6,888)**	(3,743)
	13,410	11,394
Other receivables	**27,532**	30,599
Trade and other receivables	**40,942**	41,993

Trade receivables arising from institutional customers

The credit terms granted to the institutional customers entered into contracts are within 90 days from the date of invoice.

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

	30/11/2020	31/05/2020
	RMB'000	*RMB'000*
	(unaudited)	(audited)
1–90 days	**7,932**	6,880
91–180 days	**3,873**	2,890
181 days–365 days	**1,193**	1,491
over 365 days	**412**	133
	13,410	11,394

11. CONTRACT LIABILITIES

	30/11/2020	31/05/2020
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Contract liabilities in relation to:		
Students	**455,878**	378,006
Institutional customers	**36,263**	42,097
	492,141	420,103

The following table shows the unsatisfied contracts at the end of the reporting period and the expected timing of recognising revenue.

	30/11/2020	31/05/2020
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Expected to be recognised within one year		
Students	**425,675**	364,449
Institutional customers	**30,090**	36,276
Expected to be recognised over one year		
Students	**30,203**	13,557
Institutional customers	**6,173**	5,821
Total	**492,141**	420,103

12. TRADE PAYABLES

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

	30/11/2020	31/05/2020
	RMB'000	*RMB'000*
	(unaudited)	(audited)
1–90 days	**17,135**	24,156
91–180 days	**5,446**	6,333
181 days–1 year	**412**	2,014
1 year–2 years	**84**	241
> 2 years	**828**	1,323
	23,905	34,067

Included in trade payables, RMB2,373,000 as at 30 November 2020 (31 May 2020: RMB895,000), were amounts due to related parties, which were aged within 90 days based on the invoice date.

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 2020 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
Koolearn Technology Holding Limited
Mr. YU Minhong
Chairman

Hong Kong, 22 January 2021

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.