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 2020

ANNUAL RESULTS

The Board announces the consolidated results of the Group for the year ended 31 December 2020 ("**Annual Results**"), together with the comparative information for the year ended 31 December 2019. The Annual Results have been reviewed by the Audit Committee.

HIGHLIGHTS

	For the year ended 31 December		
	2020	2019	% change
	(RMB'000)	*(RMB'000)*	
Revenue	**288,029**	251,092	14.7
Gross profit	**187,642**	171,187	9.6
Profit for the year	**77,459**	83,570	(7.3)
Basic earnings per share (RMB per Share)	**0.08**	0.12	(33.3)

For the 2020/2021 school year, we enrolled a total of 7,127 freshman students, representing an increase of approximately 47.7% as compared with the 2019/2020 school year; and our average tuition fees for our undergraduate and junior college programs increased by approximately 6.8% and 13.2% respectively in the 2020/2021 school year, as compared with the 2019/2020 school year.

The Board has recommended the payment of a final dividend of RMB0.0187 (equivalent to approximately HK$0.0223) per Share for the year ended 31 December 2020, subject to the approval of the Shareholders at the 2021 AGM.

FINANCIAL INFORMATION

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Year ended 31 December 2020 RMB'000	2019 RMB'000
Revenue	3	**288,029**	251,092
Cost of revenue		**(100,387)**	(79,905)
Gross profit		**187,642**	171,187
Other income	4	**20,744**	36,161
Other expenses		**(5,335)**	(5,737)
Other losses — net		**(5,019)**	(630)
Net impairment losses on financial assets		**(7,753)**	(7,016)
Selling expenses		**(11,326)**	(7,340)
Administrative expenses		**(78,293)**	(66,126)
Operating profit		**100,660**	120,499
Finance income	5	**1,672**	171
Finance costs	5	**(23,464)**	(23,312)
Finance costs — net	5	**(21,792)**	(23,141)
Profit before income tax		**78,868**	97,358
Income tax expense	6	**(1,409)**	(13,788)
Profit for the year		**77,459**	83,570
Other comprehensive income for the year		**–**	–
Profit and total comprehensive income for the year, all attributable to owners of the Company		**77,459**	83,570
Earnings per share attributable to owners of the Company			
— Basic earnings per share (expressed in RMB per share)	7	**0.08**	0.12
— Diluted earnings per share (expressed in RMB per share)	7	**0.08**	0.11

CONSOLIDATED BALANCE SHEET

		As at 31 December	
		2020	2019
	Note	***RMB'000***	*RMB'000*
Assets			
Non-current assets			
Property, plant and equipment		**1,001,508**	809,414
Right-of-use assets		**76,571**	41,588
Intangible assets		**164,574**	518
Other non-current assets		**228,922**	44,513
Deferred income tax assets		**1,037**	1,146
Term deposits with initial term over one year		**1,000**	–
		1,473,612	897,179
Current assets			
Trade receivables	*8*	**25,997**	29,701
Other receivables and prepayments		**33,764**	114,780
Financial assets at fair value through profit or loss	*9*	**45,687**	–
Cash and cash equivalents		**355,594**	415,719
Term deposits with initial term over three months		**50,000**	20,000
Restricted bank balances		**31,919**	4,314
		542,961	584,514
Total assets		**2,016,573**	1,481,693
Equity and liabilities			
Equity attributable to owners of the Company			
Share capital		**89**	89
Share premium		**452,406**	471,206
Capital reserve		**30,000**	30,000
Statutory surplus reserves		**112,291**	82,057
Share-based compensation reserve		**42,720**	14,798
Retained earnings		**238,872**	191,647
Total equity		**876,378**	789,797

		As at 31 December	
		2020	2019
	Note	***RMB'000***	*RMB'000*
Liabilities			
Non-current liabilities			
Borrowings	*11*	**526,826**	330,500
Deferred revenue		**16,604**	16,299
Contract liabilities		**2,561**	3,113
Other non-current liabilities		**1,819**	3,599
Deferred income tax liabilities		**–**	2,398
Lease liabilities		**6,641**	227
		554,451	356,136
Current liabilities			
Accruals and other payables	*10*	**163,136**	69,194
Amount due to a related party		**2,501**	2,672
Borrowings	*11*	**191,958**	101,900
Current income tax liabilities		**33,061**	30,074
Deferred revenue		**2,459**	2,005
Contract liabilities		**190,296**	129,543
Lease liabilities		**2,333**	372
		585,744	335,760
Total liabilities		**1,140,195**	691,896
Total equity and liabilities		**2,016,573**	1,481,693

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 190 Elgin Avenue, George Town, Grand Cayman KY1-9008, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (together "**the Group**") provide comprehensive educational services in Jiangxi Province of the People's Republic of China (the "**PRC**"). The Group has been operating Jiangxi University of Applied Science (江西應用科技學院) since 1984, and in December 2020, the Group acquired another school, Jiangxi Wenli Jishi College (江西文理技師學院) from a third party.

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

The shares of the Company have been listed on the main board of The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") since 13 December 2019.

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

2 BASIS OF PREPARATION

The notes included herein are extracted from the full set of consolidated financial statements of the Group for the year ended 31 December 2020 which 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 and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period. The Group did not change its accounting policies or make retrospective adjustments as a result of adopting these standards.

New standards and amendments		**Effective for annual periods beginning on or after**
Amendments to IFRS 3	Definition of a business	1 January 2020
Amendments to IFRS 7, IFRS 9 and IAS 39	Interest Rate Benchmark Reform	1 January 2020
Amendments to IAS 1 and IAS 8	Definition of material	1 January 2020
Revised Conceptual Framework for Financial Reporting		1 January 2020

New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for the year ended 31 December 2020 and have not been early adopted by the Group. These standards are set out as below:

New standards and amendments		Effective for annual periods beginning on or after
Amendments to IFRS 16	Covid-19-related Rent Concessions	1 June 2020
Amendments to IFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before intended use	1 January 2022
Amendments to IAS 37	Onerous Contracts — Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to IFRS Standards 2018-2020		1 January 2022
IFRS 17	Insurance contracts	Originally 1 January 2021, but extended to 1 January 2023
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	Originally 1 January 2022, but extended to 1 January 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 2020 and 2019 are as follows:

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Tuition fees	**236,581**	183,185
Boarding fees	**21,887**	19,316
Internship management fees	**3,123**	10,915
Tutoring and programme management services	**17,427**	30,266
Others	**9,011**	7,410
	288,029	251,092

The Group's revenue is subject to seasonal fluctuations. Where students are 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.

Pledge of revenue proceeds

The Group's long-term borrowings amounting to RMB586,686,000 are secured by the pledge of the right over the collection of tuition fees and boarding fees.

4 OTHER INCOME

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Government grants and subsidies (a)		
— Recognised from deferred revenue	**5,411**	5,006
— Recognised during the year	**554**	12,599
Sub-contracting income (b)	**5,373**	6,060
Commission income	**1,073**	5,935
Dividends from financial assets at fair value through profit or loss ("**FVPL**")	**1,496**	–
Others	**6,837**	6,561
	20,744	36,161

(a) Government grants and subsidies 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 in 2019.

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

5 FINANCE COST — NET

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Finance income		
— Interest income derived from deposits	**1,672**	171
Finance costs		
— Interest expenses on bank borrowings	**(23,823)**	(24,493)
— Interest expenses on other borrowings	**(2,342)**	(1,236)
— Finance cost on lease liabilities	**(234)**	(17)
— Net foreign exchange losses	**(1,582)**	(1,508)
Less: borrowing costs capitalised on qualifying assets	**4,517**	3,942
	(23,464)	(23,312)
Finance costs — net	**(21,792)**	(23,141)

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the Group's borrowings for construction in progress during the year, in this case 5.04% (2019: 4.90%).

6 INCOME TAX EXPENSE

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

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Current income tax		
Current income tax on profits before income tax for the year	**3,698**	12,536
Deferred income tax		
Decrease/(increase) in deferred income tax assets	**109**	(1,146)
(Decrease)/increase in deferred income tax liabilities	**(2,398)**	2,398
	(2,289)	1,252
Income tax expense	**1,409**	13,788

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	
	2020	2019
	RMB'000	*RMB'000*
Profit before income tax	**78,868**	97,358
Tax calculated at domestic tax rates applicable to profits in the respective countries	**23,189**	27,835
Tax effects of:		
Net profit from the Schools not subject to tax	**(28,913)**	(24,336)
Withholding income tax on unremitted earnings	**–**	2,398
Expenses not deductible for tax purpose	**5,501**	6,913
Tax losses for which no deferred income tax asset has been recognised	**2,884**	978
Write off deferred income tax liabilities recognised in previous years	**(1,252)**	–
Income tax expense	**1,409**	13,788

7 EARNINGS PER SHARE

(a) Basic

The basic earnings per share is calculated by dividing 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	
	2020	2019
Profit attributable to owners of the Company (RMB'000)	**77,459**	83,570
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**960,000,000**	723,013,699
Basic earnings per share (expressed in RMB per share)	**0.08**	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	
	2020	2019
Profit attributable to owners of the Company (RMB'000)	**77,459**	83,570
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**960,000,000**	723,013,699
Adjustments for RSUs scheme	**28,120,000**	40,000,000
Number of shares that would have been issued at fair value	**(6,049,346)**	(29,638,278)
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**982,070,654**	733,375,421
Diluted earnings per share (expressed in RMB per share)	**0.08**	0.11

8 TRADE RECEIVABLES

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Trade receivables		
— related to students fees	**16,432**	13,224
— related to other services	**20,927**	25,448
	37,359	38,672
Provision for impairment	**(11,362)**	(8,971)
	25,997	29,701

(a) Ageing analysis of the trade receivables

The Group's students 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 2020 and 2019, the ageing analysis of the trade receivables based on the transaction date is as follows:

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Up to 1 year	**31,298**	34,790
1 to 2 years	**4,335**	3,429
2 to 3 years	**1,403**	272
Over 3 years	**323**	181
	37,359	38,672

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

9 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Current assets		
Financial assets at FVPL		
— Equity investment, listed (a)	**41,592**	–
— Debt investment, unlisted (b)	**4,095**	–
	45,687	–

(a) Equity investment

Movements in equity investment is analysed as follows:

	2020	2019
	RMB'000	*RMB'000*
Securities listed on the Stock Exchange		
At 1 January	**–**	–
Additions	**46,955**	–
Disposals	**(967)**	–
Fair value losses	**(754)**	–
Foreign exchange losses	**(3,642)**	–
At the end of year	**41,592**	–

As at 31 December 2020, equity investment financial assets at FVPL represented the Group's equity investment in companies listed on the Hong Kong Stock Exchange, which are quoted on an active market.

The equity investment financial assets at FVPL are pledged as security for the Group's borrowings from a financial institution amounting to RMB4,098,000 (note 11).

(b) Debt investment

Movements in debt investment is analysed as follows:

	2020	2019
	RMB'000	*RMB'000*
Wealth management products purchased from banks		
At 1 January	**–**	–
Additions	**4,000**	–
Fair value gains	**95**	–
At the end of year	**4,095**	–

The financial assets at FVPL are denominated in the following currencies:

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
HKD	**41,592**	–
RMB	**4,095**	–
	45,687	–

10 ACCRUALS AND OTHER PAYABLES

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Employee benefit payables	**9,311**	7,326
Payables for purchases of property, plant and equipment	**19,946**	13,303
Payables to suppliers on behalf of students	**6,921**	4,603
Payables to students:		
— Prepayments received from students (a)	**3,913**	4,861
— Government subsidies and other payables to students (b)	**5,580**	3,059
— Insurance fund from government (c)	**5,323**	6,019
Retention money payables for campus constructions	**1,144**	1,057
Other taxes payable	**7,387**	7,503
Payables for listing expenses	**–**	5,013
Payables for the acquisition of a subsidiary (note 12)	**89,800**	–
Other payables and accruals	**13,811**	16,450
	163,136	69,194

(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.

11 BORROWINGS

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Non-current:		
Long-term bank borrowings, secured	**454,500**	330,500
Long-term bank borrowings, unsecured	**12,000**	–
Long-term borrowings from a financial institution, secured	**60,326**	–
	526,826	330,500
Current:		
Current portion of long-term bank borrowings, secured	**56,110**	101,900
Current portion of long-term bank borrowings, unsecured	**16,000**	–
Current portion of long-term borrowings from a financial institution, secured	**15,750**	–
Short-term bank borrowings, secured	**30,000**	–
Short-term bank borrowings, unsecured	**70,000**	–
Short-term borrowings from a financial institution, secured	**4,098**	–
	191,958	101,900
Total borrowings	**718,784**	432,400

For the year ended 31 December 2020, the weighted average effective interest rates on bank borrowings were 5.60% (2019: 5.48%).

(a) Details of securities and guarantees to the borrowings

The Group's long-term bank borrowings are obtained in the PRC, of which RMB510,610,000 (2019: RMB432,400,000) were secured by the pledge of the rights over the tuition fees and boarding fees of the Group's school, Jiangxi University of Applied Science and the subsidiaries of the Group (note 3), and the remaining RMB28,000,000 (2019: nil) were supported by the guarantees from Mr. Huang Yulin and his family members.

The Group's long-term borrowings from a financial institution are obtained in the PRC and secured by the pledge of the rights over the tuition fees and boarding fees of the Group's school, Jiangxi University of Applied Science and the subsidiaries of the Group (note 3), and supported by the guarantees from Mr. Huang Yulin and his family members.

The Group's short-term bank borrowings are obtained in the PRC, of which RMB30,000,000 (2019: nil) were secured by the pledge of restricted bank balances amounting to RMB31,600,000, and the remaining RMB70,000,000 (2019: nil) were supported by the guarantees from Mr. Huang Yulin and his family members.

The Group's short-term borrowings from a financial institution are obtained in Hong Kong and were secured by the pledge of the equity investment of the Group (note 9).

(b) Repayment periods

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

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Within 1 year	**191,958**	101,900
Between 1 and 2 years	**144,899**	87,500
Between 2 and 5 years	**262,927**	243,000
Over 5 years	**119,000**	–
Total	**718,784**	432,400

(c) Denomination currency

The Group's borrowings are denominated in the following currencies:

	As at 31 December	
	2020	2020
	RMB'000	*RMB'000*
RMB	**714,686**	432,400
HKD	**4,098**	–
	718,784	432,400

The carrying amounts for majority of the borrowings approximated their fair values as they were carried at floating interest rates.

(d) Borrowing facilities

The Group has the following undrawn bank borrowing facilities:

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
— Expiring within one year	**–**	100,500
— Expiring beyond one year	**332,000**	50,600
	332,000	151,100

12 BUSINESS COMBINATION

On 23 December 2020, a subsidiary of the Company, Nanchang Di Guan Education Consultancy Company Limited, entered into an agreement with a third party to acquire 100% of the equity interest in Nanchang Ruicheng Education Consultancy Company Limited, which holds 100% ownership of Jiangxi Wenli Jishi College. The total purchase consideration was RMB188,000,000 payable in cash, and the identifiable net assets acquired was RMB35,516,000.

Details of the purchase consideration, the identifiable net assets acquired and the resultant goodwill are as follows:

	RMB'000
Purchase consideration:	
Cash paid	98,200
Consideration payable (note 10)	89,800
Total purchase consideration	188,000

Acquisition-related costs amounting to RMB419,000 were excluded from the purchase consideration and were recognised as expenses during the year ended 31 December 2020.

The identifiable assets and liabilities recognised at the date of acquisition are as follows:

	Fair value
	RMB'000
Cash and cash equivalents	11,058
Other receivables and prepayments	5,348
Right-of-use assets	
— Buildings	2,881
— Favourable lease	27,959
Property, plant and equipment	3,628
Intangible assets — student base	11,557
Other payables	(4,830)
Contract liabilities	(18,828)
Lease liabilities	(3,257)
Total identifiable net assets at fair value	35,516

Goodwill arising on acquisition:

	RMB'000
Purchase consideration	188,000
Less: Fair value of identifiable net assets acquired	(35,516)
Goodwill arising on acquisition	152,484

Goodwill arose in the acquisition of Jiangxi Wenli Jishi College because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the revenue growth, future market development and preferential policy of Jiangxi Wenli Jishi College. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

Net cash outflow during the year on the acquisition:

	RMB'000
Consideration paid in cash	98,200
Less: cash and cash equivalent balances acquired	(11,058)
Net outflow of cash — investing activities	87,142

Impact of acquisition on the results of the Group:

Since the date of acquisition was approaching to the end of year 2020, no profit nor revenue was attributable to the Group for the year ended 31 December 2020.

13 COMMITMENTS

(a) Capital expenditure commitments

Significant capital expenditure commitments are set out below:

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Contracted but not recognised as liabilities		
— Commitments for acquisition of property, plant and equipment	**197,751**	191,044

14 DIVIDENDS

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Proposed final dividends of RMB0.0187 (2019: RMB0.0188) per ordinary share	**18,700**	18,800

The dividend paid in year 2020 amounting to RMB18,800,000 was related to the dividends proposed for year 2019.

A final dividend in respect of the year ended 31 December 2020 of RMB0.0187 per share, amounting to a total of RMB18,700,000 was proposed by the board of directors on 25 March 2021 and is subject to the approval by the Company's shareholders in the forthcoming annual general meeting. The proposed dividend will be distributed out of the share premium account of the Company. These financial statements do not reflect this dividends payable.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

We are one of the leading providers of private higher education in Jiangxi Province, China, with years of experience in the private higher education industry. As at 31 December 2020, we operated one private university and one full-time vocational college located in Jiangxi Province, namely the Jiangxi University of Applied Science (江西應用科技學院) (the "**JAUS**") and Jiangxi Wenli Jishi College (江西文理技師學院) ("**Jishi College**", together with JAUS, collectively referred to as "**Schools**"), and offer undergraduate, junior college and vocational programs, as well as diverse education related services. As at 31 December 2020, our Schools had a total number of student enrollment of 21,990, consisting of 8,029 undergraduate students, 8,735 junior college students and 5,226 vocational school 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.

As at 31 December 2020, JAUS offered 31 undergraduate programs and 37 junior college programs; and Jishi College offered 16 vocational education programs. 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 Schools. 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.

Our Higher and Vocational Education Services

We derived approximately 89.7% of revenue from our higher education services for the year ended 31 December 2020, which include tuition fees for our undergraduate and junior college as well as boarding fees. For the year ended 31 December 2020, our revenue from tuition fees and boarding fees amounted to approximately RMB236.6 million and RMB21.9 million respectively, representing an increase of approximately 29.1% and 13.3% respectively as compared with the year ended 31 December 2019.

The following table sets forth detailed information regarding the number of student enrollment of our Schools during the school years of 2019/2020 and 2020/2021:

	Student Enrollment for the School Year		
	2020/2021	2019/2020	% change
Higher education programs carried out by JAUS			
Undergraduate programs	**8,029**	5,325	50.8
Junior college programs	**8,735**	8,830	(1.1)
Vocational education programs carried out by Jishi College			
Vocational programs	**5,226**	N/A	N/A
Total	**21,990**	14,155	55.4

Notes:

(1) The operating data for student enrollment presented in this table is based on records of our Schools 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 for our higher education programs carried out by JAUS, (ii) freshman students enrolled, (iii) average tuition fees per student for three types of programs and average boarding fees per student for the school years of 2019/2020 and 2020/2021:

	School Year		
	2020/2021	2019/2020	% change
Admission quota for our higher education programs carried out by JAUS[1]	**7,414**	7,369	0.6
Adjusted admission quota for our higher education programs carried out by JAUS[1]	**9,704**	7,494	29.5
Freshman students enrolled[2]			
— Higher education programs carried out by JAUS	**7,127**	4,825	47.7
— Vocational education programs carried out by Jishi College	**1,853**	N/A	N/A
Average tuition fees[3]			
Undergraduate programs carried out by JAUS (RMB)	**19,758**	18,508	6.8
Junior college programs carried out by JAUS (RMB)	**13,616**	12,033	13.2
Vocational programs carried out by Jishi College (RMB)	**6,800**	N/A	N/A
Average boarding fees[4]			
— Higher Education Programs carried out by Jishi College	**1,609**	1,734	(7.2)
— Vocational Education Programs carried out by Jishi College	**400**	N/A	N/A

Notes:

(1) Admission quota means the maximum number of new students the Schools 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. For higher education programs, 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. As the acquisition of Jishi College by our Group was completed in December 2020, the tuition fees received by Jishi College in 2020 did not contribute to our revenue for year ended 31 December 2020.

(4) Average boarding fees is calculated by dividing the total boarding fees received by student enrollment in each school year. As the acquisition of Jishi College by our Group was completed in December 2020, the boarding fees received by Jishi College did not contribute to our revenue for the year ended 31 December 2020.

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 Schools 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 2020, our revenue generated from education related services amounted to approximately RMB20.6 million, representing a decrease of approximately 50.1% as compared with 2019.

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**") became effective on 29 December 2018. 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.

So far as our Directors are aware, during the year ended 31 December 2020 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 Schools 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.

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 governmental support. We believe that in 2021, 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 2021, we intend to pursue the following business strategies:

- **Continue to 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 Schools. As an important measure to enhance our higher education services, we will continue to construct, renovate and upgrade the facilities and infrastructure of our current School campus.

- **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 Schools 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.

  In March 2020, the School and Alibaba (China) Network Technology Co., Ltd. (阿里巴巴(中國)網絡技術有限公司) ("**Alibaba Network Technology**") entered into a cooperation agreement (the "**Cooperation Agreement**") to establish Alibaba Digital Trade College (阿里巴巴數字貿易學院) (the "**College**") and cultivate talents in the digital trade industry. For details of the Cooperation Agreement, please refer to the Company's announcement dated 30 March 2020. As at the date of this announcement, the School and Alibaba Network Technology are still in the process of formulating the specific plans for the establishment of the College. In the event that any of the specific cooperation matters under the Cooperation Agreement constitutes a notifiable transaction of the Company under Chapter 14 of the Listing Rules, the Company will comply with the disclosure and relevant requirements under the Listing Rules as and when appropriate.

- **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 in 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 Schools 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 Schools.

CORONAVIRUS ("COVID-19") IMPACT

After the outbreak of the COVID-19 in early 2020, a series of precautionary and control measures have been and continued to be implemented across the PRC. In the view of the outbreak of the COVID-19, the Group has taken a series of necessary health precaution to mitigate the potential impact of the COVID-19 outbreak, including the implementation of prevention and control policies released by the relevant government authorities, adopting flexible work-from-home practices, postponing the start of the 2020 spring semester and offering online learning courses. In order to mitigate the potential impact of the COVID-19 outbreak, and as requested by the government authorities, the 2020 spring semester was postponed to May 2020.

Resulted from the postponing of the 2020 spring semester, as required by the MOE, the Group has refunded boarding fees of approximately RMB5.7 million to students for the year ended 31 December 2020 since they were not able to return to school due to the outbreak of COVID-19. Nevertheless, the outbreak of COVID-19 had no significant adverse impacts on the Group's gross profit and gross profit margin for the year ended 31 December 2020.

Overall, considering that the Group's revenue and gross profit recorded increases for the year ended 31 December 2020, the Directors are of the view that the Group is able to resist the impact of the COVID-19. As at the date of this announcement, the Group does not anticipate any significant financial impact resulting from the COVID-19, following which the Group will pay close attention to the situation of the COVID-19 and continue to assess the impact of the epidemic disease on the Group's finances and operations from time to time, as the case may be.

FINAL DIVIDEND

The Board has recommended the payment of a final dividend of RMB0.0187 (equivalent to approximately HK$0.0223) per Share (the "**Proposed Final Dividend**") for the year ended 31 December 2020, subject to the approval of the Shareholders at the Company's 2021 AGM. Such proposed dividend will be payable on or around Wednesday, 28 July 2021 to the Shareholders whose names appear on the register of members of the Company on Friday, 9 July 2021.

FINANCIAL REVIEW

Revenue

The following table sets forth the breakdown of our revenue for the years ended 31 December 2020 and 2019:

	For the year ended 31 December		Year-on-year change	
	2020	2019		
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*%*
Higher Education Services				
Tuition fees				
Undergraduate programs	**124,228**	81,229	42,999	52.9
Junior college programs	**112,353**	101,956	10,397	10.2
Boarding fees	**21,887**	19,316	2,571	13.3
Sub-total	**258,468**	202,501	55,967	27.6
Education related services				
Internship management fees	**3,123**	10,915	(7,792)	(71.4)
Tutoring and program management fees	**17,427**	30,266	(12,839)	(42.4)
Sub-total	**20,550**	41,181	(20,631)	(50.1)
Other services	**9,011**	7,410	1,601	21.6
Total	**288,029**	251,092	36,937	14.7

For the year ended 31 December 2020, our total revenue was approximately RMB288.0 million, representing an increase of approximately 14.7% as compared with 2019. This was mainly attributable to the growth in the number of students enrolled in our undergraduate programs by approximately 50.8% in the 2020/2021 school year. Such growth was partly offset by the decrease in the number of students in our junior college programs by approximately 1.1% in the 2020/2021 school year, and the decrease of education related service income in 2020 due to the cancellation of a number of internship and tutoring programs caused by the COVID-19 pandemic.

For the year ended 31 December 2020, 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 2020, our tuition fees amounted to approximately RMB236.6 million, representing an increase of approximately 29.1% as compared with 2019. This was mainly attributable to the growth in the number of students in our undergraduates programs from 5,325 for the 2019/2020 school year to 8,029 for the 2020/2021 school year. In the year of 2020, the average tuition fees of our undergraduate programs increased by approximately 6.8% as compared with the year of 2019; while the average tuition fees of our junior college programs increased by approximately 13.2% as compared with the year of 2019. Such increase was due to more freshman students have applied for higher tuition programs as compared to the past years.

- For the year ended 31 December 2020, after the refund of two months' boarding fees of approximately RMB5.7 million to our students as requested by the MOE, we still recorded an increase in our boarding fees by approximately 13.3% as compared with the year ended 31 December 2019. This was mainly attributable to the increase in boarding fees of JAUS for the year ended 31 December 2020.

Our revenue generated from education related services for the year ended 31 December 2020 consisted of internship management fees as well as tutoring and program management fees.

- For the year ended 31 December 2020, our internship management fees amounted to approximately RMB3.1 million, representing a decrease of approximately 71.4% as compared with 2019. This was mainly attributable to the precautionary and control measures imposed by the government authorities to mitigate the potential impact of COVID-19 outbreak in the first half of 2020, resulted in the cancellation of a number of internship programmes.

- For the year ended 31 December 2020, our tutoring and program management fees amounted to approximately RMB17.4 million, representing a decrease of approximately 42.4% as compared with 2019. This was mainly attributable to the precautionary and control measures imposed by the government authorities to mitigate the potential impact of COVID-19 outbreak in the first half of 2020, resulted in the cancellation of a number of tutoring programmes.

Our revenue generated from other services for the year ended 31 December 2020 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 2020, our revenue generated from other services amounted to approximately RMB9.0 million, representing an increase of approximately 21.6% as compared with 2019. This was mainly attributable to the growth in the number of students for the 2020/2021 school year.

Cost of Revenue

Our cost of revenue 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 2020, the cost of revenue of the Group amounted to approximately RMB100.4 million, representing an increase of approximately 25.7% as compared with 2019. The increase was mainly attributable to the increase in employee benefit expenses amounted to approximately RMB37.2 million and the increase in repair and maintenance expenses amounted to approximately RMB4.3 million.

Gross Profit and Gross Profit Margin

Our gross profit was approximately RMB187.6 million for the year of 2020, representing a year-on-year increase of approximately 9.6%. Our gross profit margin was approximately 65.1% for the year of 2020, as compared with approximately 68.2% for the year of 2019.

Other Income

Other income primarily include government grants, commission income, sub-contracting income and others during the year of 2020. For the year ended 31 December 2020, the Group's other income amounted to approximately RMB20.7 million, representing a decrease of approximately 42.8% as compared with 2019. Such decrease was mainly because, as compared with the year ended 31 December 2019, we did not receive government grants in respect of the Listing for the year ended 31 December 2020; and the amount of commission income for the year ended 31 December 2020 decreased by approximately 81.4% as compared with the year ended 31 December 2019.

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 2020, our selling expenses amounted to approximately RMB11.3 million, as compared with approximately RMB7.3 million for the year ended 31 December 2019. The increase of the selling expenses was mainly because we applied further promotion methods in our student recruitment for the 2020/2021 academic year.

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 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 2020, our administrative expenses amounted to approximately RMB78.3 million, representing an increase of approximately 18.5% as compares with 2019. Such increase was mainly attributable to the increase in employee benefit expenses amounted to approximately RMB30.3 million in connection with the Company's RSU Scheme.

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. For the year ended 31 December 2020, our net finance costs decreased from approximately RMB23.1 million for the year ended 31 December 2019 to approximately RMB21.8 million for the year ended 31 December 2020, representing a slight decrease of approximately 5.8% as compared with 2019.

Income Tax Expenses

For the year ended 31 December 2020, our income tax expenses primarily consisted of PRC Enterprise Income Tax. Our income tax expenses were approximately RMB1.4 million for the year ended 31 December 2020, representing a decrease of approximately 89.8% as compared with 2019. Such decrease was mainly attributable to the decrease in taxable income from education related services in 2020. Our effective tax rates for the year ended 31 December 2020 was approximately 1.8%.

Other Expenses

Other expenses primarily consisted of promotion expenses, depreciation and amortization expenses. For the year ended 31 December 2020, our other expenses amounted to approximately RMB5.3 million, representing a decrease of approximately 7.0% as compared with 2019.

Profit for the year

For the year ended 31 December 2020, our profit amounted to approximately RMB77.5 million, representing a decrease of approximately 7.3% as compared with 2019. Such decrease was mainly attributable to the decrease in income from our education related services and the increase in employee benefit expenses, which offset the increase in income from our higher education services.

Financial Positions

As at 31 December 2020, our total equity was approximately RMB876.4 million, as compared with approximately RMB789.8 million as at 31 December 2019. The increase in equity was mainly attributable to the consolidation of profit of the Group for the year ended 31 December 2020.

As at 31 December 2020, our current assets were approximately RMB543 million, as compared with approximately RMB584.5 million as at 31 December 2019. The decrease was mainly attributable to the decrease in other receivables and prepayments.

Liquidity and Capital Resources

Our primary uses of cash are to fund our working capital requirement, loan repayment and related interest 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 believe 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 at 31 December 2020, we had cash and cash equivalents of approximately RMB355.6 million, as compared with approximately RMB415.7 million as at 31 December 2019. Such decrease was mainly attributable to the purchase of property, plant and equipment and the acquisition of Jishi College.

As at 31 December 2020, our total borrowings amounted to approximately RMB718.8 million, as compared with approximately RMB432.4 million as at 31 December 2019. The majority of our borrowings, RMB714.7 million were dominated in RMB and RMB4.1 million were dominated in HKD. Our borrowing have approximately RMB192.0 million which are repayable within one year and approximately RMB526.8 million are repayable in more than one year. For the year ended 31 December 2020, the weighted average effective interest rate of our bank borrowings were approximately 5.60% (for the year ended 31 December 2019: approximately 5.48%).

Gearing Ratio

As at 31 December 2020, our gearing ratio, which is calculated as net debt divided by total equity, was approximately 37.4%, as compared with approximately 2.5% as at 31 December 2019. The increase was mainly attributable to the increase in borrowings and lease liabilities at a greater extent than the profit earned during the year.

Capital Expenditure

Our capital expenditures during the year ended 31 December 2020 amounted to approximately RMB223.5 million, primarily consisted of expenditures for construction in progress, office furniture and fixtures, electronic equipment and vehicles.

Property, Plant and Equipment

Property, plant and equipment as at 31 December 2020 increased to approximately RMB1,001.5 million from approximately RMB809.4 million as at 31 December 2019. Such increase was mainly attributable to the increase in construction in progress of teaching and research buildings, student residence halls and other facilities in our JAUS campus during the year ended 31 December 2020.

CHARGE ON ASSETS

Except for the disclosure in note 3 and note 11(a) of the financial information this announcement, there was no other material charge on the Group's assets as at 31 December 2020.

CONTINGENT LIABILITIES AND GUARANTEES

Save as disclosed in this announcement, as at 31 December 2020, we did not have any unrecorded significant contingent liabilities, guarantees or any litigation against us.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As at 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 2020.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

Save as disclosed in the announcement, the Group did not have any other material acquisitions or disposals of subsidiaries and associated companies during the year ended 31 December 2020.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in this announcement, the Group did not have other plans for material investments or capital assets as at 31 December 2020.

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 at 31 December 2020, we had 1,198 full-time employees (as at 31 December 2019, we had 1,157 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 2020, our employee remuneration totaled to approximately RMB103.2 million.

We grant RSUs to our employees to incentivize them to contribute to our growth. As at 31 December 2020, RSUs in respect of 40,000,000 underlying Shares, representing approximately 4.0% of the share capital of our Company as at 31 December 2020, have been granted to 53 participants pursuant to the RSU Scheme. As at 31 December 2020, RSUs in respect of 20,000,000 underlying Shares, have been vested.

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 Global Offering 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. As at 31 December 2020, the Company has utilised the net proceeds of approximately RMB419.2 million and the net proceeds have been applied in the manner as set out in the section headed "Future Plans and Use of Proceeds" of the Prospectus.

The following table sets forth a summary of the utilisation of the net proceeds from the Global Offering as at 31 December 2020:

Purpose	Percentage to total amount	Net proceeds allotted from the Global Offering	Actual use of proceeds up to 31 December 2020	Unutilised amount as at 31 December 2020	Expected timeline of full utilisation of the remaining proceeds
		RMB (million)	*RMB (million)*	*RMB (million)*	
Construct, renovate and upgrade the facilities and infrastructure of the JAUS	35.0%	149.8	149.8	–	N/A
Repay certain portion of the Group's bank loans	30.0%	128.4	128.4	–	N/A
Acquire private higher education institutions and/or private vocational schools	25.0%	106.9	98.2	8.7	December 2021
Fund the Group's working capital and general corporate purposes	10.0%	42.8	42.8	–	N/A
	100.0%	427.9	419.2	8.7	

SUBSEQUENT EVENTS

Subsequent to 31 December 2020 and up to the date of this announcement, the Group had no material subsequent events which have not been reflected in the financial information.

OTHER INFORMATION AND CORPORATE GOVERNANCE HIGHLIGHTS

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The annual general meeting of the Company (the "**2021 AGM**") is scheduled to be held on Wednesday, 30 June 2021. A notice convening the 2021 AGM and the book closure of register of members, for the purpose of ascertaining Shareholders' entitlement to attend the 2021 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 2021 AGM, the register of members of the Company will be closed from Friday, 25 June 2021 to Wednesday, 30 June 2021, 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 2021 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 Thursday, 24 June 2021.

For the purpose of determining the entitlement to the Proposed Final Dividend, the register of members of the Company will be closed from Wednesday, 7 July 2021 to Friday, 9 July 2021, 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 Tuesday, 6 July 2021.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company, nor any of its subsidiaries, has purchased, sold or redeemed any listed securities of the Company during the year ended 31 December 2020.

COMPLIANCE WITH CG CODE

For the year ended 31 December 2020, the Company has complied with the CG Code except for the following deviation from provision A.2.1 of the CG Code which is explained below:

According to provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Huang Yulin is the chairman of the Board (the "**Chairman**") and the chief executive officer of the Company (the "**Chief Executive Officer**"). The Board believes that having the same individual in both roles as the Chairman and the Chief Executive Officer ensures that the Group has consistent leadership and could make and implement the overall strategy of the Group more effectively. In addition, under the current composition of the Board, namely five executive Directors and four independent non-executive Directors, we believe that the interests of shareholders of the Company are adequately and fairly represented. The Board considers that the present corporate governance arrangement does not impair the balance of power and authority within the Group.

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 2020 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 2020. 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 2020.

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, who possesses suitable professional qualifications. The Audit Committee has reviewed the Annual Results with the management of the Company.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND 2020 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 2020 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會關於修改《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 29 December 2018
"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
"CG Code"	the Corporate Governance Code as set out in Appendix 14 to 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$"	Hong Kong dollars, 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

"Prospectus"	the prospectus issued by the Company dated 27 November 2019
"Reporting Period"	the year ended 31 December 2020
"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, 25 March 2021

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