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 2021

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 2021 ("**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 (b) unless the context otherwise suggests or it is otherwise stated, 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 2021

KEY FINANCIAL HIGHLIGHTS

	Six months ended 30 November 2021 *RMB'000* *(unaudited)*	Six months ended 30 November 2020 *RMB'000* *(unaudited)*	**Period-on-period change** *%*
Revenue	**573,509**	676,755	**(15.3)**
Loss for the period before tax	**(542,143)**	(667,402)	**(18.8)**
Income tax expense	**(1,854)**	(7,024)	**(73.6)**
Loss for the period	**(543,997)**	(674,426)	**(19.3)**
Loss for the period attributable to:			
— Owners of our Company	**(543,997)**	(674,426)	**(19.3)**
— Non-controlling interests	**—**	—	**—**
Loss per share:			
— Basic and diluted (RMB)	**(0.54)**	(0.72)	**(25.0)**
Non-IFRS measure: Adjusted Loss(1)	**(409,777)**	(661,413)	**(38.0)**
Non-IFRS measure: LBITDA(2)	**(348,363)**	(507,609)	**(31.4)**

(1) Adjusted loss ("**Adjusted Loss**") for a given period represents loss for the period less (losses) 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, share-based compensation expenses, finance costs, impairment losses (reversed) recognised under expected credit loss model, net, 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 China ("**China**" or "**PRC**") with a comprehensive portfolio of well-recognised brands known for high-quality courses and content, with a core expertise in online after-school tutoring and test preparation. We strive to become a lifelong learning partner, empowering students to achieve their full potential. We provide our courses and products through different online platforms and mobile applications in multiple formats.

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 2021	For the six months ended 30 November 2020
	Student enrolment	Student enrolment
	'000	*'000*
Students		
College education	**275**	299
K-12 education[(1)]	**1,867**	1,838
Pre-school education	**—**	3
Total	**2,142**	2,140

Note:

(1) The Company adjusted its business line during the Reporting Period, including the cessation of its Kindergarten to Year Nine ("**K-9**") business in November 2021 (see the Company's announcement published on 25 October 2021, the "**Business Update Announcement**").

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 2021	For the six months ended 30 November 2020
	RMB	*RMB*
Formal courses		
College education	**1,249**	1,282
K-12 education[(1)]	**N/A[(2)]**	892
Pre-school education	**—**	990
Sub-total average	**1,130**	1,010
Entry courses	**9**	41
Total average	**127**	369

Note:

(1) The Company adjusted its business line during the Reporting Period, including the cessation of its K-9 business in November 2021 (see the Business Update Announcement).

(2) There were tuition fee refunding due to the New Regulations (as defined in this announcement).

Our performance overview

We have been continually dedicated to complying with laws and regulations. In response to the changing landscape of the education industry in China and around the world, we have been shifting our strategic focus and proactively adjusting our four business lines and service offerings. In light of changes in both the education market and our business strategy over the Reporting Period, total net revenues decreased by 15.3% from RMB676.8 million for the six months ended 30 November 2020 to RMB573.5 million over the Reporting Period. The number of student enrolments stabilised at 2.1 million. In the college education segment, we further strengthened our investment through innovative technology system, new learning products and services, and more integrated sales channels between online and offline avenues, which we believe will lay a solid foundation for our sustainable growth going forward. In the K-12 and pre-school segment, after the PRC government released opinions on further reducing student burden from homework and off-campus tutoring in compulsory education in July 2021, we wound down our traditional tutoring subjects and reoriented ourselves towards more quality-oriented and holistic online educational products and services, including, among others, STEAM (science, technology, engineering, arts and mathematics) courses and smart learning hardware. Concurrent with our business development, we have continued to be driven by our goal to using education to improve public welfare. During the Reporting Period, this included us co-organising Tianjin University teaching support courses (支教課) to aid the revitalisation of rural area education and achieve the goal of equal access to education.

College education

In the college education segment, we have continued to provide courses for college test preparation and overseas test preparation. 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 our college test preparation product structure, concentrating on the higher-end and more intensive college test preparation product/service business. This has increased our average spending per enrolment in formal courses of college test preparation business from RMB981 for the six months ended 30 November 2020 to RMB1,023 over the Reporting Period. While in the process of designing new products and upgrading our core products, we also introduced more entry-level courses for overseas test preparation, to attract a more diverse consumer group that is presently outside of our existing customer base, and focusing on how to better meet the demands of our customers and cultivating greater brand loyalty for existing customers. As we continued to navigate the transitional effects from optimising our product lines and further impact from COVID-19 waves which have resulted in continued low demand in students sitting overseas exams, our student enrolment numbers in the college education segment decreased over the Reporting Period, recording 275 thousand in the Reporting Period, compared with 299 thousand for the six months ended 30 November 2020.

K-12 education

During the Reporting Period, our K-12 course offerings primarily included Koolearn K-12 courses and DFUB courses.

In our K-12 education segment, the total net revenue decreased period-on-period by 19.7% while student enrolments increased period-on-period by 1.6%. In compliance with the "Opinions on Further Alleviating the Burden of Homework and After-School Tutoring for Students in Compulsory Education" published in July 2021 by the General Office of the Chinese Communist Party Central Committee and the General Office of the State Council of the PRC and the related implementation rules, regulations and measures promulgated by competent authorities (collectively, the "**New Regulations**"), the Company has ceased offering tutoring services relating to academic subjects to students in K-9 at the end of 2021. See our Business Update Announcement for more information.

Pre-school education

Our pre-school education segment offers 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 ("**Donut APP**"). During the Reporting Period, in compliance with the New Regulations, we also ceased our investment in Donut APP and relevant courses.

Institutional customers

We provide services to institutional customers, which mainly consist of colleges and universities, public libraries, telecom operators and online streaming video providers. During the Reporting Period, we had successfully collaborated with multiple new organisations, such as "HarmonyOS" (鴻蒙系統), to provide high-quality educational content to more users.

Strategic update and future development

Looking forward, in view of the New Regulations, we have been actively seeking new market opportunities by leveraging our existing infrastructure and technology, shifting our strategic focus and proactively adjusting our existing business lines and service offerings. On the one hand, we will continue to expand the development of our existing college and institution business segments, as well as our online educational products and service offerings. On the other hand, we are implementing structural changes to meet the needs of a changing regulatory and educational environment, by actively exploring new initiatives, to broaden our customer base and offerings. Our new initiatives, that we have been exploring, include livestream marketing of agricultural and other products and developing new intelligent learning innovations. We remain firmly committed to fulfilling our social responsibilities. We believe that in broadening our business focus, we would be able to create more values to our customers and the society, and drive our continued development and growth in a novel and sustainable way.

During the Reporting Period and over the foreseeable future, our strategic operational and business has shifted in the following key ways:

(a) **College education**: we have laid a solid foundation in adult-student training, whilst our primary focus remains on educational offerings for postgraduate entrance exams, we plan to extend our product range by offering new courses targeted for junior college to bachelor degree transfer students, and also broadening the scope of subjects offered (such as tutoring courses for masters of business administration (or MBA), masters of public administration (or MPA) and masters of engineering management (or MEM)). In addition, we will also continue to strengthen our cooperation with offline schools of New Oriental Education & Technology Group Inc. ("**New Oriental**"), our parent company, in respect of course content, teaching, marketing and sales channels. We believe this would enable 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 customers.

(b) **Overseas test-preparation**: during the Reporting Period, we have undergone organisational changes in order to better coordinate the functions of different product lines relating to overseas examination and online operation. We believe that this can strengthen the coordination and synergy between departments, improve efficiency and reduce costs whilst maintaining our product quality. In addition, we have further expanded the range of our international education products (such as offering zero-based courses, Cambridge International English courses, International Baccalaureate courses and one-year Ontario Secondary School Diploma courses), and improved the content of our international courses (such as U.K. A-Level and U.S. Advanced Placement courses). Further, we will continue to explore new market opportunities, including developing online-merge-offline (or OMO) teaching, which we expect to be completed and launched soon.

(c) **Institutional cooperation**: Looking forward, we will continue to strengthen the cooperation with various universities and institutions, and actively explore the development of vocational education. According to the "Opinions on Promoting the Development of High-quality Modern Vocational Education" published by the General Office of the Chinese Communist Party Central Committee and the General Office of the State Council of the PRC, we have actively participated in projects which aim to integrate vocational and industry education initiated by the relevant authorities in China during the Reporting Period, utilising the Group's advantages in its integration of technology and education. Among them, we have participated in the "Integration of Industry and Education in the Spirit of Craftsmen in the New Era" (新時代工匠精神產教融合) project, which aims to nurture craftsmanship for the nation, and have started developing more than 30 professional online courses relating to intelligent manufacturing, fine machining, mechatronics, Computer Numerical Control (or CNC) machining, precision mechanical assembly, and CNC programming, for vocational colleges in China. To date, a number of schools across China have communicated with us on the overall plan of the curriculum and talent training. In addition, we have also launched the "Oriental Tree" (東方樹) comprehensive quality education platform. To date, more than 20 schools across China have communicated with us on the implementation plan of such platform and some of these schools have already entered into contracts with the Group and completed the implementation of the platform.

(d) **Livestream commerce business**: leveraging on the technology developed for our original live-broadcast classrooms and with our existing team of talents, we target to establish an e-commerce platform for the sale of agricultural and other products. Towards the end of December 2021, we began pilot livestreaming events on some famous short-video platform such as Douyin. We have continually enriched and broadened the categories of products offered on those platforms, and have made notable progress. Looking forward, we aim to promote traditional Chinese culture and high-quality agricultural and other products from different places of origin in China through our livestreaming business. We also expect to be able to promote the agriculture industry in China through livestream marketing.

(e) **Intelligent learning products**: the industry of intelligent learning products has developed rapidly in recent years due to advancements in online technology and artificial intelligence. The Company has been engaged in the field of education for over a decade and has not only accumulated educational content, learning methods and related concepts, but has also gained a deep understanding of students' study habits and behaviours. Relying on these experiences, we have built strategic alliances with "Tmallgenie" (天貓精靈) in developing intelligent learning products aimed to meet the specific needs of users and to explore different opportunities on how to best integrate technology into education. We expect to be able to bring more scenario-based and intelligent learning experiences to our users through the development of our intelligent learning products in the near future.

Overall, in response to the changing landscape of the education industry, we are committed in seeking new market opportunities whilst also continuing to develop our existing businesses. We remain confident that, going forward, we are able to positively follow and cope with the changes in the regulatory environment in China and continue to grow and consolidate our market share in the industry.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue

Our revenue decreased by 15.3% from RMB676.8 million in the six months ended 30 November 2020 to RMB573.5 million in the six months ended 30 November 2021.

College education

Revenue from our college education segment decreased by 8.5% from RMB292.4 million in the six months ended 30 November 2020 to RMB267.6 million in the six months ended 30 November 2021. The decrease was mainly due to adjustment in core products and marketing strategies. The student enrolments in the college education segment decreased from 299 thousand in the six months ended 30 November 2020 to 275 thousand in the six months ended 30 November 2021.

K-12 education

Reference is made to the announcement of the Company published on 26 July 2021 in relation to the update on the New Regulations and the Business Update Announcement. As a result of our Group ceasing our K-9 business during the Reporting Period, revenue from our K-12 education segment decreased by 19.7% from RMB336.9 million in the six months ended 30 November 2020 to RMB270.5 million in the six months ended 30 November 2021. Similarly, student enrolments in the K-12 education segment increased by 1.6% from 1.8 million in the six months ended 30 November 2020 to 1.9 million in the six months ended 30 November 2021. We will not take in any new student enrolments for our K-12 segment and have begun gradually winding down student enrolments in our K-12 business by the end of FY2022.

Pre-school education

Revenue from our pre-school education segment decreased by 62.2% from RMB4.4 million in the six months ended 30 November 2020 to RMB1.7 million in the six months ended 30 November 2021, primarily due to the impact from the New Regulations.

Institutional customers

Revenue from our institutional customers decreased by 21.6% from RMB43.0 million in the six months ended 30 November 2020 to RMB33.7 million in the six months ended 30 November 2021.

Cost of revenue, gross profit/loss and gross margin

Our total cost of revenue decreased by 23.5% from RMB523.6 million in the six months ended 30 November 2020 to RMB400.5 million in the six months ended 30 November 2021, primarily because we gradually ceased our K-9 business due to the New Regulations.

Our gross profit increased by 13.0% from RMB153.1 million in the six months ended 30 November 2020 to RMB173.0 million in the six months ended 30 November 2021. Our gross profit margin increased from 22.6% in the six months ended 30 November 2020 to 30.2% in the six months ended 30 November 2021, primarily due to the winding down of our K-9 business, which had incurred gross losses in FY 2020 and FY 2021.

College education

Cost of revenue for our college education segment increased by 29.4% from RMB90.3 million in the six months ended 30 November 2020 to RMB116.8 million in the six months ended 30 November 2021, primarily due to the cost related to the cancelation and issuance of options under the post-IPO share option scheme adopted by the Company on 30 January 2019.

Segment gross profit for our college education business decreased by 25.4% from RMB202.2 million in the six months ended 30 November 2020 to RMB150.9 million in the six months ended 30 November 2021, and the segment gross profit margin decreased from 69.1% in the six months ended 30 November 2020 to 56.4% in the six months ended 30 November 2021.

K-12 education

Cost of revenue for our K-12 education segment decreased by 34.7% from RMB426.0 million in the six months ended 30 November 2020 to RMB278.2 million in the six months ended 30 November 2021, primarily due to the winding down of our K-12 business overall and ceasing our K-9 business during the Reporting Period.

The segment gross loss for our K-12 business was RMB7.7 million in the six months ended 30 November 2021, compared to a segment gross loss of RMB89.1 million in the six months ended 30 November 2020. The segment gross loss margin was 2.8% in the six months ended 30 November 2021, compared to a segment gross loss margin of 26.5% in the six months ended 30 November 2020.

Pre-school education

Cost of revenue for our pre-school education segment decreased by 73.0% from RMB3.7 million in the six months ended 30 November 2020 to RMB1.0 million in the six months ended 30 November 2021, primarily due to the cessation of investment in Donut APP and its courses.

Segment gross profit for our pre-school education business recorded RMB0.7 million in the six months ended 30 November 2021, compared to segment gross profit of RMB0.7 million in the six months ended 30 November 2020, and the gross profit margin increased from 16.2% to 40.0%.

Institutional customers

Cost of revenue for services to institutional customers increased by 25.5% from RMB3.6 million in the six months ended 30 November 2020 to RMB4.6 million in the six months ended 30 November 2021.

Segment gross profit for our services to institutional customers decreased by 26% from RMB39.4 million in the six months ended 30 November 2020 to RMB29.1 million in the six months ended 30 November 2021, and the gross profit margin decreased from 91.5% to 86.4%.

Other income, gains and losses

Our other income, gains and losses decreased by 80.6% from RMB64.0 million in the six months ended 30 November 2020, to RMB12.4 million in the six months ended 30 November 2021, primarily due to the decrease in gain on changes in fair value of financial assets at FVTPL.

Selling and marketing expenses

Our selling and marketing expenses decreased by 33.9% from RMB515.3 million in the six months ended 30 November 2020 to RMB340.8 million in the six months ended 30 November 2021, primarily due to the reduction in marketing expenditures and marketing personnel expenses in K-12 business caused by the winding down of our K-9 business and the New Regulations.

Research and development expenses

Our research and development expenses decreased by 33% from RMB234.1 million in the six months ended 30 November 2020 to RMB156.8 million in the six months ended 30 November 2021, primarily due to a decrease in staff cost as our technology infrastructure becomes more established and new businesses that we have started fostering during the Reporting Period, which required less research and development, technological staff and engineers.

Administrative expenses

Our administrative expenses increased by 77.3% from RMB128.1 million in the six months ended 30 November 2020 to RMB227.1 million in the six months ended 30 November 2021, primarily due to an increase in share-based compensation expenses as we have canceled and issued options under the post-IPO share option scheme adopted by the Company on 30 January 2019, given the shift in our strategic focus in response to the changing environment.

Share of result of associates

Our share of profit of associates decreased by 33.9% from RMB3.5 million in the six months ended 30 November 2020 to RMB2.3 million in the six months ended 30 November 2021, primarily due to a decrease in profits from our share of the results of Beijing Shidai Yuntu Book Co. Ltd.

Income tax expenses

From the six months ended 30 November 2020 to the six months ended 30 November 2021, our income tax expenses decreased by 73.6%, from RMB7.0 million to RMB1.9 million, primarily due to the decrease of deferred tax liabilities during the Reporting Period.

Loss for the period

As a result of the above, our loss for the period decreased by 19.3% from RMB674.4 million in the six months ended 30 November 2020 to RMB544.0 million in the six months ended 30 November 2021.

Non-IFRS measures

To supplement the financial information that is prepared and present 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 potential impacts of items that our management do not consider to be indicative of our operating performance. We also believe 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 (losses) 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, share-based compensation expenses, finance costs, impairment losses (reversed) recognised under expected credit loss model, net, 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 2021 *RMB'000* *(unaudited)*	Six months ended 30 November 2020 *RMB'000* *(unaudited)*
Reconciliation of our loss for the period to Adjusted Loss:		
Loss for the period	**(543,997)**	(674,426)
Less:		
(Losses) gain on fair value changes of financial assets at FVTPL		
— Non-current assets	**(1,036)**[(1)]	134,092[(1)]
Add:		
Share-based compensation expenses	**133,184**	147,105
Adjusted Loss for the period	**(409,777)**	(661,413)

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 2021 *RMB'000* *(unaudited)*	Six months ended 30 November 2020 *RMB'000* *(unaudited)*
Reconciliation of loss for the period to LBITDA		
Loss for the period	**(543,997)**	(674,426)
Add:		
Income tax expense	**1,854**	7,024
Share-based compensation expenses	**133,184**	147,105
Finance costs	**5,221**	7,373
Impairment losses (reversed) recognised under expected credit loss model, net	**(83)**	3,145
Depreciation of property and equipment	**28,957**	17,793
Depreciation of right-of-use assets	**38,906**	48,335
Less:		
Other income, gain and losses	**12,405**	63,958
LBITDA	**(348,363)**	(507,609)

Liquidity and capital resources

During the Reporting Period, we met our cash requirements primarily from cash and cash equivalents and proceeds from Share Subscription (as defined below). We had cash and cash equivalents of RMB626.6 million as at 30 November 2021 compared to RMB1.5 billion as at 31 May 2021 and RMB1.9 billion as at 30 November 2020. We had term deposits of RMB658.7 million as at 30 November 2021 compared to RMB316.6 million as at 31 May 2021 and RMB330.4 million as at 30 November 2020. In compliance with the New Regulations, we also had RMB7.7 million restricted cash as at 30 November 2021. 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 subscription of new shares of the Company (the "**Share Subscription**", as described in the Company's announcements dated 8 September 2020, 28 September 2020, 5 November 2020 and 24 December 2020, and the circular of the Company dated 14 October 2020).

Capital expenditure

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

	Six months ended 30 November 2021 *RMB'000* *(unaudited)*	Six months ended 30 November 2020 *RMB'000* *(unaudited)*
Purchase of property and equipment	**18,742**	59,714

Our capital expenditures were primarily for purchases of property and equipment in the six months ended 30 November 2020 and 2021, respectively. Our purchases of property and equipment were RMB59.7 million and RMB18.7 million for the six months ended 30 November 2020 and 2021, respectively.

Off-balance sheet commitments and arrangements

As of 30 November 2021, we had not entered into any off-balance sheet transactions.

Future plans for material investments and capital assets

As of 30 November 2021, 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 2021, we had 1,224 full-time employees and 679 part-time employees (30 November 2020: 7,588 full-time employees and 5,756 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 2021 was RMB732.5 million, representing a period on period decrease of 25%.

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 Share Subscription 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 2021, none of our Group's assets were pledged.

Contingent liabilities

As of 30 November 2021, we did not have any material contingent liabilities.

EVENTS AFTER THE REPORTING PERIOD

We refer to the "Connected transactions" section of the prospectus dated 15 March 2019 and the Company's announcements dated 21 August 2020 and 14 May 2021. The Company (for itself and on behalf of the Group) and New Oriental (for itself and its subsidiaries (including consolidated affiliated entities) but excluding the Group, the "**Retained New Oriental Group**") entered into the New Oriental Framework Agreement and the 2021 New Oriental Framework Agreement on 13 March 2019 and 14 May 2021 respectively, pursuant to which, the Group and the Retained New Oriental Group shall provide each other or by one to other certain products and services. The transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

On 21 January 2022, the Company and New Oriental entered into a supplemental agreement to the 2021 New Oriental Framework Agreement (the "**Supplemental New Oriental Framework Agreement**"), pursuant to which, the Group and the Retained New Oriental Group shall provide each other with resources related to (i) the livestream commerce business of the Group, and (ii) the intelligent learning products business of the Group, in addition to the provision of the existing products and services pursuant to the New Oriental Framework Agreement and the 2021 New Oriental Framework Agreement. The transactions contemplated under the Supplemental New Oriental Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. For further details of the Supplemental New Oriental Framework Agreement, please see the announcement of the Company dated 21 January 2022.

Save as disclosed above, no 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 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 (the "**Corporate Governance Code**") as stated in Appendix 14 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

Our Board has established an audit committee of the Company (the "**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, have reviewed our Group's unaudited condensed consolidated financial statements for the six months ended 30 November 2021. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by our Company and internal control measures with senior management members.

OTHER BOARD COMMITTEES

In addition to our Audit Committee, our Company has also established a nomination committee and a remuneration committee.

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

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

MATERIAL LITIGATION

As at 30 November 2021, 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 2020: nil).

CHANGE IN USE OF NET PROCEEDS FROM THE SHARE SUBSCRIPTION

Net proceeds from the Share Subscription

The Share Subscription was completed on 24 December 2020 and raised approximately HK$1.783 billion in net proceeds. As at 30 November 2021, our Group had used the net proceeds from the Share Subscription in the following manner and according to the intended uses set out in our circular dated 14 October 2020 (the "**Share Subscription Circular**"). On the same date as this announcement, the Board has resolved to change the use of the remaining net proceeds (the "**Change of Use of Proceeds**"). The utilisation of the net proceeds and the latest change in the use of the net proceeds from the Share Subscription are summarised as follows:

	Net proceeds from the Share Subscription	Utilised as at 30 November 2021	Utilised during the six months ended 30 November 2021	Remaining amount	Proposed change of use of the remaining net proceeds
HK$ million[1]					
Sales and marketing	712.4	467.7	423.0	244.7	276.2
Technology infrastructure	712.4	203.6	193.2	508.8	138.1
Teachers and other business related staff[2]	178.1	20.1	20.1	158.0	230.2
Working capital	178.1	169.0	39.6	9.1	276.2
			Total remaining amount	920.7	920.7

Notes:

(1) The amounts "utilised during the six months ended 30 November 2021" are based on the exchange rate of HK$1.23:RMB1. The "remaining amount" is calculated as the "net proceeds from the Share Subscription" less the amounts "utilised as at 30 November 2021".

(2) Prior to the Change of Use of Proceeds, this item was "teachers and teaching staff", which includes teachers and staff which was engaged in teaching and other education related work. Due to the change in business focus of the Group and with the new livestream commerce and intelligent learning products businesses, this item has been changed to "teachers and other business related staff", which includes teachers for the existing education businesses and also other staff which specialies in the two new business lines. For details, please refer to the Sales Subscription Circular and the section "Reasons for the Change in Use of Proceeds" in this announcement.

(3) The figures presented in this table are approximations and subject to currency exchange rate fluctuation and rounding.

Reasons for the Change in Use of Proceeds

The Change in Use of Proceeds reflects the change in our Group's business focus and the development in the two new businesses namely, the livestream commerce and intelligent learning products businesses. Due to the New Regulations and the cessation of the K-9 business, the Company sees the need to shift its business focus. On one hand, it will continue to focus on consolidating and expanding its existing business in education and customer base and improving its existing platforms, products and services. On the other hand, it will also allocate resources into developing the new businesses, such as hiring new staff who has specialties in the area and to improve and expand the livestream commerce and intelligent learning products businesses. The Board believes that the Change in Use of Proceeds is consistent with our Company's new business focuses and in the best interests of our Company and its shareholders as a whole. For details, please refer to the section "Strategic update and future development" in this announcement.

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.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 NOVEMBER 2021

	NOTES	Six months ended 30 November 2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
Revenue	3	**573,509**	676,755
Cost of revenue		**(400,514)**	(523,621)
Gross profit		**172,995**	153,134
Other income, gains and losses	4	**12,405**	63,958
Impairment losses reversed (recognised) under expected credit loss model, net		**83**	(3,145)
Selling and marketing expenses		**(340,844)**	(515,316)
Research and development expenses		**(156,758)**	(234,100)
Administrative expenses		**(227,139)**	(128,095)
Share of results of associates		**2,336**	3,535
Finance costs		**(5,221)**	(7,373)
Loss before tax		**(542,143)**	(667,402)
Income tax expense	5	**(1,854)**	(7,024)
Loss for the period	6	**(543,997)**	(674,426)
Total comprehensive expense for the period		**(543,997)**	(674,426)
Loss for the period attributable to:			
Owners of the Company		**(543,997)**	(674,426)
Total comprehensive expense for the period attributable to:			
Owners of the Company		**(543,997)**	(674,426)
Loss per share			
— Basic and diluted (RMB)	7	**(0.54)**	(0.72)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 NOVEMBER 2021

	NOTES	**30/11/2021**	31/05/2021
		RMB'000	*RMB'000*
		(unaudited)	*(audited)*
Non-current Assets			
Property and equipment		**75,990**	113,552
Right-of-use assets		**75,252**	302,622
Interests in associates		**74,603**	90,246
Financial assets at fair value through profit or loss	*9*	**206,461**	207,497
Deposits for acquisition of property and equipment		**1,258**	4,188
Refundable rental deposits		**10,086**	20,467
		443,650	738,572
Current Assets			
Inventory		**791**	—
Trade and other receivables	*10*	**39,441**	30,881
Prepayments		**59,472**	55,417
Financial assets at fair value through profit or loss	*9*	**298,321**	624,235
Term deposits		**658,677**	316,649
Restricted Cash		**7,749**	—
Bank balances and cash		**626,648**	1,519,564
		1,691,099	2,546,746
Current Liabilities			
Lease liabilities		**47,639**	104,316
Contract liabilities	*11*	**176,200**	397,461
Refund liabilities		**25,441**	93,293
Trade payables	*12*	**24,735**	42,909
Accrued expenses and other payables		**203,292**	404,863
Income tax payables		**1,798**	—
		479,105	1,042,842
Net Current Assets		**1,211,994**	1,503,904
Total Assets less Current Liabilities		**1,655,644**	2,242,476

	NOTES	30/11/2021 RMB'000 (unaudited)	31/05/2021 RMB'000 (audited)
Capital and Reserves			
Share capital		**129**	129
Reserves		**1,599,051**	2,008,743
Total Equity		**1,599,180**	2,008,872
Non-current Liabilities			
Deferred tax liabilities		**23,988**	24,092
Lease liabilities		**32,476**	209,512
		56,464	233,604
		1,599,180	2,008,872

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 NOVEMBER 2021

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 principal 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.

On 24 July 2021, the General Office of the Communist Party of China Central Committee and the General Office of the State Council of the PRC jointly issued the "Opinions on Further Alleviating the Burden of Homework and After-School Tutoring for Students in Compulsory Education (compulsory education includes primary school education of six years and middle school education of 3 years, together as the "**Compulsory Stage Education**")" (the "**Opinion**"). Please refer Note 1 of the consolidated financial statements for the year ended 31 May 2021 of the Company for more details. Subsequent to the release of the Opinion, the Group has ceased sales of courses in relation to Compulsory Stage Education to comply with the requirement of the Opinion, please refer to the Company's announcement dated 25 October 2021 for details.

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 the 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 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.

Other than changes in accounting policies resulting from application of amendments to International Financial Reporting Standards ("IFRSs"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 November 2021 are the same as those presented in the Group's annual financial statements for the year ended 31 May 2021.

Application of amendments to IFRSs

In the current interim period, the Group has applied the following amendments to IFRSs issued by the IASB, for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2021 or 1 April 2021 for the preparation of the Group's condensed consolidated financial statements:

Amendment to IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform — Phase 2

The application of the amendments to IFRSs in the current interim 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.

Accounting policies which became relevant to the Group

Termination benefits

A liability for a termination benefit is recognised at the earlier of when the Group can no longer withdraw the offer of the termination benefit and when it recognises any related restructuring costs.

Share-based payments

Equity-settled share-based payment transactions

Cancellations

When share options are cancelled during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied), the Group immediately recognizes the cancellation of share options as an acceleration of vesting as share based payment expenses.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

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 Compulsory Stage Education and high school Education.

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 2021 (unaudited)

	College Education *RMB'000*	K12 Education *RMB'000*	Pre-school Education *RMB'000*	Institutional customers *RMB'000*	Total *RMB'000*
Revenue	**267,641**	**270,469**	**1,679**	**33,720**	**573,509**
Cost of revenue	**(116,778)**	**(278,150)**	**(1,008)**	**(4,578)**	**(400,514)**
Segment gross (loss)	**150,863**	**(7,681)**	**671**	**29,142**	**172,995**
Unallocated income and expenses:					
Other income, gains and losses					**12,405**
Impairment losses reversed under expected credit loss model, net					**83**
Selling and marketing expenses					**(340,844)**
Research and development expenses					**(156,758)**
Administrative expenses					**(227,139)**
Share of results of associates					**2,336**
Finance costs					**(5,221)**
Loss before tax					**(542,143)**

For the six months ended 30 November 2020 (unaudited)

	College Education RMB'000	K12 Education RMB'000	Pre-school Education RMB'000	Institutional customers 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 recognised under expected credit loss model, net					(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)

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.

All of the Group's revenue were generated from external customers in the PRC during the six months ended 30 November 2021 and 2020. 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 2021 (Six months ended 30 November 2020: no service provided to a single customer exceeds 10% or more of the total revenue of the Group).

4. OTHER INCOME, GAINS AND LOSSES

	Six months ended 30 November	
	2021	2020
	RMB'000	*RMB'000*
	(unaudited)	*(unaudited)*
Gain on termination of lease contracts	**17,485**	222
Loss on disposal of property and equipment	**(15,122)**	(1)
Gain on fair value changes of financial assets at fair value through profit or loss ("**FVTPL**")	**8,142**	142,072
Impairment loss on prepayments for Compulsory Stage Education	**(8,050)**	—
Interest income from bank balances	**1,568**	1,766
Net foreign exchange gain (loss)	**3,133**	(97,031)
Government grants	**1,097**	2,538
Additional value added tax ("**VAT**") input deduction and VAT exemption(i)	**678**	9,542
Interest income from rental deposits	**400**	404
Interest income from term deposits	**4,702**	4,412
Others	**(1,628)**	34
	12,405	63,958

Note:

(i) Additional VAT input deduction and VAT exemption amounting to RMB678,000 (Six months ended 30 November 2020: RMB4,284,000) and nil (Six months ended 30 November 2020: RMB5,258,000), were recognized in profit or loss due to the VAT reform and VAT exemption caused by COVID-19 pandemic, respectively in the current interim period. In accordance with VAT Reformation Article No.39, the Group became eligible for VAT credits of 10% additional VAT input deduction from 1 April 2019 to 31 December 2021 upon meeting all applicable criteria.

5. INCOME TAX EXPENSE

	Six months ended 30 November	
	2021	2020
	RMB'000	*RMB'000*
	(unaudited)	*(unaudited)*
Current tax:		
PRC enterprise income tax	**1,958**	(79)
Deferred tax	**(104)**	7,103
	1,854	7,024

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 during the six months ended 30 November 2021. 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% (six months ended 30 November 2020: 25%) during the six months ended 30 November 2021.

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 reapply 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. Kuxue Huisi did not renew the certificate and enjoy the preferential tax rate from calendar year 2021. In 2020, Dexin Dongfang obtained the HNTE status and enjoy the preferential tax rate of 15% from calendar year 2020 to 2022. In the subsequent years, the tax authority will make reassessment on the Group's HNTE status or other tax concessions.

According to the EIT Law, qualified research and development expenses can be deducted at 175% (six months ended 30 November 2020: 175%) of such expenses for income tax deduction purpose upon approval from the relevant tax authority during the six months ended 30 November 2021.

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% (Six months ended 30 November 2020: 15%) during the six months ended 30 November 2021.

6. LOSS FOR THE PERIOD

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

	Six months ended 30 November	
	2021	2020
	RMB'000	*RMB'000*
	(unaudited)	*(unaudited)*
Depreciation of property and equipment	**28,957**	17,793
Depreciation of right-of-use assets	**38,906**	48,335
Total depreciation and amortisation	**67,863**	66,128

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	
	2021	2020
	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	**(543,997)**	(674,426)
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**1,000,690,478**	939,928,452

The calculation of basic loss per share for the six months ended 30 November 2021 and 2020 was based on the loss for the period attributable to 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 2021 and 2020 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 2021 and 2020 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 2021 (Six months ended 30 November 2020: nil). The directors of the Company have determined that no dividend will be paid in respect of the six months ended 30 November 2021 (Six months ended 30 November 2020: nil).

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30/11/2021	31/05/2021
	RMB'000	*RMB'000*
	(unaudited)	*(audited)*
Non-current assets		
Financial assets at FVTPL		
— unlisted equity investments[(a)]	**206,461**	207,497
Current assets		
Financial assets at FVTPL		
— wealth management products[(b)]	**298,321**	624,235

(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 Cayman Island and PRC, respectively.

(b) Wealth management products are purchased from various banks with expected rate of return ranging from 2.70% to 3.80% per annum (31 May 2021: 2.7% to 3.9%), and maturity period ranging from 1 day to 355 days (31 May 2021: 1 day to 182 days). The principals and returns of these wealth management products are not guaranteed.

During the six months ended 30 November 2021, the Group made purchases of online course services and referral services from Edutainment World amounting to RMB743,000 (Six months ended 30 November 2020: nil).

During the six months ended 30 November 2021, the Group made purchases of online classroom related services from EEO amounting to RMB4,678,000 (Six months ended 30 November 2020: RMB9,176,000).

10. TRADE AND OTHER RECEIVABLES

	30/11/2021	31/05/2021
	RMB'000	*RMB'000*
	(unaudited)	*(audited)*
Trade receivables	**18,044**	15,893
Less: allowance for credit losses	**(9,362)**	(9,445)
Other receivables	**30,759**	24,433
Trade and other receivables	**39,441**	30,881

Trade receivables arising from institutional customers

The credit terms granted to the institutional customers 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:

	30/11/2021	31/05/2021
	RMB'000	*RMB'000*
	(unaudited)	*(audited)*
1–90 days	**6,614**	3,309
91–180 days	**923**	1,290
181 days–365 days	**968**	1,810
over 365 days	**177**	39
	8,682	6,448

11. CONTRACT LIABILITIES

	30/11/2021	31/05/2021
	RMB'000	*RMB'000*
	(unaudited)	*(audited)*
Contract liabilities in relation to:		
Students	**151,198**	368,692
Institutional customers	**25,002**	28,769
	176,200	397,461

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

	30/11/2021	31/05/2021
	RMB'000	*RMB'000*
	(unaudited)	*(audited)*
Expected to be recognised within one year		
Students	**130,267**	358,717
Institutional customers	**23,049**	28,423
Expected to be recognised over one year		
Students	**20,931**	9,975
Institutional customers	**1,953**	346
Total	**176,200**	397,461

12. TRADE PAYABLES

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

	30/11/2021	31/05/2021
	RMB'000	*RMB'000*
	(unaudited)	*(audited)*
1–90 days	**12,962**	33,937
91–180 days	**5,193**	5,650
181 days–1 year	**5,809**	2,399
1 year–2 years	**48**	123
> 2 years	**723**	800
	24,735	42,909

Included in trade payables, RMB4,668,000 as at 30 November 2021 (31 May 2021: RMB1,747,000), 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 2021 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, 21 January 2022

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.