JH Educational Technology INC.
嘉宏教育科技有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1935)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2023

The board of directors (the "**Board**") of JH Educational Technology INC. (the "**Company**") is pleased to announce the unaudited interim consolidated financial results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2023 (the "**Reporting Period**" or "**Period**"), together with the comparative figures for the corresponding period in 2022. The unaudited interim consolidated financial results for the Reporting Period have been reviewed by the audit committee of the Board (the "**Audit Committee**").

HIGHLIGHTS

	Six months ended 30 June			**Percentage**
	2023	2022	**Change**	**Change**
	RMB'000	*RMB'000*	***RMB'000***	
	(Unaudited)	(Unaudited)		
Revenue	**441,055**	385,545	55,510	14%
Gross profit	**294,801**	249,188	45,613	18%
Profit for the period	**272,163**	247,575	24,588	10%
Core net profit*(Note)*	**274,194**	249,594	24,600	10%

Note: Core net profit is defined as the profit for the period of the Group after adjusting for those items which are not indicative of the Group's operating performance. For details of the reconciliation of the profit for the period to the core net profit of the Group, please refer to the section headed "Financial Review" in this announcement.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2023

	Notes	**Six months ended 30 June** **2023** **(Unaudited)** ***RMB'000***	2022 (Unaudited) *RMB'000*
REVENUE	*4*	**441,055**	385,545
Cost of sales		**(146,254)**	(136,357)
Gross profit		**294,801**	249,188
Other income and gains	*4*	**39,389**	22,326
Selling and distribution expenses		**(2,135)**	(2,589)
Administrative expenses		**(30,913)**	(19,574)
Other expenses		**(28,149)**	(407)
Finance costs		**(4)**	(12)
PROFIT BEFORE TAX	*5*	**272,989**	248,932
Income tax expense	*6*	**(826)**	(1,357)
PROFIT FOR THE PERIOD		**272,163**	247,575

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Continued)

For the six months ended 30 June 2023

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
PROFIT FOR THE PERIOD	**272,163**	247,575
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of financial statements	**12**	17
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	**12**	17
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of financial statements	**3,532**	5,381
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	**3,532**	5,381
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	**3,544**	5,398
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**275,707**	252,973

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Continued)

For the six months ended 30 June 2023

		Six months ended 30 June	
	Note	**2023**	2022
		(Unaudited)	(Unaudited)
		RMB'000	*RMB'000*
Profit attributable to:			
Owners of the parent		**211,648**	196,395
Non-controlling interests		**60,515**	51,180
		272,163	247,575
Total comprehensive income attributable to:			
Owners of the parent		**215,192**	201,793
Non-controlling interests		**60,515**	51,180
		275,707	252,973
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*8*		
Basic and diluted			
– For profit for the period		**RMB13.22 cents**	RMB12.27 cents

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2023

	Notes	**As at 30 June 2023 (Unaudited) *RMB'000***	As at 31 December 2022 (Audited) *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**1,408,425**	1,422,215
Investment properties		**185,418**	185,418
Right-of-use assets		**274,590**	278,781
Goodwill		**110,995**	110,995
Other intangible assets		**9,679**	9,851
Prepayments for purchases of property, plant and equipment		**265**	346
Total non-current assets		**1,989,372**	2,007,606
CURRENT ASSETS			
Trade receivables	*9*	**291**	1,747
Prepayments, deposits and other receivables		**48,773**	15,184
Amount due from a related party		**10,022**	–
Other current assets		**891**	947
Cash and cash equivalents		**1,302,824**	1,500,901
Total current assets		**1,362,801**	1,518,779
CURRENT LIABILITIES			
Other payables and accruals	*10*	**121,903**	135,290
Lease liabilities		**35**	234
Contract liabilities	*4*	**15,774**	436,078
Deferred income		**4,412**	4,332
Tax payable		**660**	2,777
Total current liabilities		**142,784**	578,711
NET CURRENT ASSETS		**1,220,017**	940,068
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,209,389**	2,947,674

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

30 June 2023

	As at 30 June 2023 (Unaudited) *RMB'000*	As at 31 December 2022 (Audited) *RMB'000*
NON-CURRENT LIABILITIES		
Deferred income	**34,971**	27,263
Other liabilities	**121**	219
Total non-current liabilities	**35,092**	27,482
Net assets	**3,174,297**	2,920,192
EQUITY		
Equity attributable to owners of the parent		
Share capital	**110,362**	110,362
Reserves	**2,415,475**	2,221,885
	2,525,837	2,332,247
Non-controlling interests	**648,460**	587,945
Total equity	**3,174,297**	2,920,192

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands under the Companies Act as an exempted company with limited liability on 23 June 2017. The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 18 June 2019.

The Company is an investment holding company. During the period, the Company and its subsidiaries (collectively referred to as the "**Group**") were principally engaged in the provision of higher and secondary education services and the related management services in the People's Republic of China (the "**PRC**").

2.1 BASIS OF PREPARATION

The unaudited interim condensed consolidated financial information for the six months ended 30 June 2023 has been prepared in accordance with IAS 34 *Interim Financial Reporting*. The unaudited interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2022.

These financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

2.2 CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of the following new and revised International Financial Reporting Standards ("**IFRSs**") for the first time for the current period's financial information.

IFRS 17	*Insurance Contracts*
Amendments to IFRS 17	*Insurance Contracts*
Amendment to IFRS 17	*Initial Application of IFRS 17 and IFRS 9 – Comparative Information*
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to IAS 8	*Definition of Accounting Estimates*
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to IAS 12	*International Tax Reform – Pillar Two Model*

The nature and impact of the new and revised IFRSs that are applicable to the Group are described below:

(a) Amendments to IAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to IFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has applied the amendments since 1 January 2023. The amendments did not have any impact on the Group's interim condensed consolidated financial information but are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.

(b) Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The Group has applied the amendments to change in accounting policies and changes in accounting estimates that occur on or after 1 January 2023. Since the Group's policy of determining accounting estimates aligns with the amendments, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in IAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The Group has applied the amendments on temporary differences related to leases as at 1 January 2022, with any cumulative effect recognised as an adjustment to the balance of retained profits or other component of equity as appropriate at that date. In addition, the Group has applied the amendments prospectively to transactions other than leases that occurred on or after 1 January 2022, if any.

    Prior to the initial application of these amendments, the Group applied the initial recognition exception and did not recognise a deferred tax asset and a deferred tax liability for temporary differences for transactions related to leases. Upon initial application of these amendments, the Group recognised (i) a deferred tax asset for all deductible temporary differences associated with lease liabilities (provided that sufficient taxable profit is available), and (ii) a deferred tax liability for all taxable temporary differences associated with right-of-use assets as at 1 January 2022, if any. The amendments did not have significant impact on the Group's interim condensed consolidated financial information.

(d) Amendments to IAS 12 International Tax Reform – Pillar Two Model Rules introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. Entities are required to disclose the information relating to their exposure to Pillar Two income taxes in annual periods beginning on or after 1 January 2023, but are not required to disclose such information for any interim periods ending on or before 31 December 2023. The Group has applied the amendment retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

3. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the provision of higher and secondary education services in the PRC.

IFRS 8 *Operating Segments* requires operating segments to be identified on the basis of internal reporting about components of the Group that are regularly reviewed by the chief operating decision-maker in order to allocate resources to segments and to assess their performance. The information reported to the directors of the Company, who are the chief operating decision makers, for the purpose of resource allocation and assessment of performance does not contain discrete operating segment financial information and the directors reviewed the financial results of the Group as a whole. Therefore, no further information about the operating segment is presented.

Geographical information

During the reporting period, the Group operated within one geographical location because all of its revenue was generated in the PRC and all of its long-term assets/capital expenditure were located/incurred in the PRC. Accordingly, no geographical information is presented.

Information about major customers

No revenue from services provided to a single customer accounted to 10% or more of total revenue of the Group during the reporting period.

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue, other income and gains is as follows:

	Notes	**Six months ended 30 June** **2023** ***RMB'000*** **(Unaudited)**	2022 *RMB'000* (Unaudited)
Revenue			
Tuition fees		**397,010**	342,375
Boarding fees		**33,934**	32,517
Other education service fees	*(i)*	**10,111**	10,653
Total revenue from contracts with customers		**441,055**	385,545
Other income and gains			
Interest income		**23,238**	13,453
Rental income		**8,157**	5,082
Government grants	*(ii)*		
– related to expenses		**4,026**	246
– related to assets		**2,209**	1,802
Donation income		**–**	115
Others		**1,759**	1,628
		39,389	22,326

Notes:

(i) Revenue from other education services mainly represents fees received for training services provided to the students, which was amortised over the training periods of the services rendered.

(ii) Government grants are related to subsidies received from local government for the purpose of compensating the operating expenses arising from the Group's teaching activities and expenditures on teaching facilities. There were no unfulfilled conditions or contingencies relating to these grants.

The Group recognised the following revenue-related contract liabilities, which represented the unsatisfied performance obligation as at 30 June 2023 and 31 December 2022 and are expected to be recognised as revenue within one year:

	As at 30 June 2023 *RMB'000* **(Unaudited)**	As at 31 December 2022 *RMB'000* (Audited)
Tuition fees	**9,940**	396,549
Boarding fees	**5,834**	39,529
Total contract liabilities	**15,774**	436,078

The Group receives tuition fees and boarding fees from students in advance prior to the beginning of each academic year. Tuition and boarding fees are recognised proportionately over the periods of the relevant programme. Students are entitled to the refund of payments in relation to the proportionate services not yet rendered.

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

		Six months ended 30 June	
	Notes	**2023** *RMB'000* **(Unaudited)**	2022 *RMB'000* (Unaudited)
Employee benefit expense (excluding directors' remuneration)		**106,898**	91,644
Cost of services provided		**146,254**	136,357
Depreciation of property, plant and equipment		**30,668**	27,481
Depreciation of right-of-use assets		**4,191**	4,132
Amortisation of other intangible assets		**776**	775
Impairment of trade receivables		**372**	187
Interest income	*4*	**(23,238)**	(13,453)
Government grants			
– related to expenses	*4*	**(4,026)**	(246)
– related to assets	*4*	**(2,209)**	(1,802)
Loss on disposal of items of property, plant and equipment		**272**	3
Foreign exchange differences, net		**(704)**	(740)

6. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and accordingly is not subject to income tax from business carried out in the Cayman Islands.

JH Educational Technology HK Limited and JH Investment (Hong Kong) Limited, the subsidiaries incorporated in Hong Kong, are subject to income tax at the rate of 16.5%. No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the period.

According to the decision (the "**2016 Decision**") of the Standing Committee of the National People's Congress on Amending the Private Schools Promotion Law 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》), which was promulgated on 7 November 2016, and came into force on 1 September 2017, private schools are no longer being classified as either schools for which the school sponsor(s) require reasonable returns or schools for which the school sponsor(s) do not require reasonable returns. Instead, the school sponsor(s) of a private school may choose for the school to be a for-profit private school or a non-profit private school, with the exception that schools providing nine-year compulsory education must be non-profit.

On 14 May 2021, the State Council released the Implementation Rules for the Private Schools Promotion Law of the PRC (《中華人民共和國民辦教育促進法實施條例》) with an effective date of 1 September 2021 (the "**2021 Implementation Rules**"). The 2021 Implementation Rules are the detailed implementation rules of the Private Schools Promotion Law of the PRC. Pursuant to the 2016 Decision and the 2021 Implementation Rules, a private school may enjoy the preferential tax policies, which are not defined under neither the 2016 Decision nor the 2021 Implementation Rules, as stipulated by the related government authorities and a non-profit school may enjoy the same tax policies as enjoyed by a public school.

The local governments of Henan and Zhejiang, where the Group's schools in the People's Republic of China (the "**PRC Schools**") registered, have promulgated the implementation opinions on encouraging private entities and individuals to operate schools and promote healthy development of private education (the "**Local Implementation Opinions**"), according to which the Group's PRC Schools are required to complete classification registration of the school as a for-profit private school or a non-profit private school by 31 December 2022. As at the date of approval of these financial statements, Zhengzhou College of Economics and Business and Changzheng College have not yet registered as for-profit private schools or non-profit private schools and remain as private non-enterprise units as local governments have not started the work of registration.

During the period, Jingyi Secondary School has completed the registration to convert into a for-profit private school to comply with the 2021 Implementation Rules. The Group has established Jingyi Secondary School Company on 13 March 2023, as a for-profit private school. Therefore, Jingyi Secondary School Company, which is running the for-profit private school business, is subject to PRC corporate income tax at a rate of 25% from 2023 onward if it does not enjoy any preferential tax treatment.

Considering that the relevant taxation policy regarding schools for which the school sponsor(s) require reasonable returns or schools for which the school sponsor(s) do not require reasonable returns remains unchanged and Zhengzhou College of Economics and Business and Changzheng College remain as private non-enterprise units, Zhengzhou College of Economics and Business and Changzheng Colleget treated their academic education income as non-taxable income and did not pay corporate income tax for the academic education income during the period. In the event Zhengzhou College of Economics and Business and Changzheng College elect to register as for-profit private schools, they may be subject to corporate income tax at a rate of 25% in respect of service fees they receive from the provision of academic educational services going forward, if they do not enjoy any preferential tax treatment.

Pursuant to the PRC Corporate Income Tax Law and the respective regulations, the non-academic education services provided by the schools are subject to corporate income tax at a rate of 25%.

Except for Zhengzhou College of Economics and Business and Changzheng College, all of the Group's subsidiaries established in the PRC were subject to corporate income tax at a rate of 25% during the period.

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current – Mainland China		
Charge for the period	**826**	125
Under-provision in prior period	**–**	1,232
Total tax charge for the period	**826**	1,357

7. DIVIDENDS

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Final dividend declared and paid – HK1.50 cents (2022: nil) per ordinary share	**21,602**	–

Note:

The final dividend of HK1.50 cents per ordinary share in respect of the year ended 31 December 2022 was approved by the shareholders at the annual general meeting of the Company on 19 May 2023. A total amount of RMB21,602,000 has been fully distributed during the six months ended 30 June 2023.

No interim dividend was proposed for the six months ended 30 June 2023 and 2022.

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent of RMB211,648,000 (six months ended 30 June 2022: RMB196,395,000), and the weighted average number of ordinary shares of 1,600,830,000 (six months ended 30 June 2022: 1,600,830,000) in issue during the period.

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 June 2023 and 2022.

The calculations of basic and diluted earnings per share are based on:

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation	**211,648**	196,395

	Number of shares Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period for the purpose of the basic earnings per share calculation	**1,600,830,000**	1,600,830,000
Earnings per share attributable to ordinary equity holders of the parent		
Basic and diluted	**RMB13.22 cents**	RMB12.27 cents

9. TRADE RECEIVABLES

	As at 30 June 2023	As at 31 December 2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Tuition and boarding fees receivables	**3,066**	4,150
Impairment	**(2,775)**	(2,403)
	291	1,747

The Group's students are required to pay tuition fees and boarding fees in advance for the upcoming school year, which normally commences in September. Trade receivables represent amounts due from students whose families were in financial difficulties. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables are related to a number of individual students, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing are repayable on demand.

An ageing analysis of the trade receivables as at the end of the period, based on the transaction date and net of provisions, is as follows:

	As at 30 June 2023 ***RMB'000*** **(Unaudited)**	As at 31 December 2022 *RMB'000* (Audited)
Within 1 year	**236**	1,612
1 to 2 years	**53**	118
2 to 3 years	**1**	15
Over 3 years	**1**	2
	291	1,747

10. OTHER PAYABLES AND ACCRUALS

	As at 30 June 2023 ***RMB'000*** **(Unaudited)**	As at 31 December 2022 *RMB'000* (Audited)
Payables for salaries and welfares	**31,408**	38,344
Miscellaneous advances received from students	**22,162**	29,510
Other tax payables	**12,075**	11,858
Receipt on behalf of ancillary services providers	**10,996**	2,987
Payables for textbooks	**7,968**	6,801
Payables for accommodation service	**3,511**	3,511
Payables for purchase of property, plant and equipment	**2,683**	6,284
Payables for north campus co-operation costs to Zhongyuan University of Technology	**2,151**	2,793
Other payables	**28,949**	33,202
	121,903	135,290

The above balances are unsecured, non-interest-bearing and repayable on demand.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Overview

We are the largest private provider of formal higher education in Zhejiang province and we are also one of the leading private higher education institutions in Henan province. In addition to offering higher education services, we provide secondary education services for high school students in Zhejiang province.

Our major business operations are located in Zhejiang province and Henan province. Our two higher education institutions are located in Hangzhou and Zhengzhou, which are the provincial capital cities of Zhejiang province and Henan province, respectively. Zhejiang province is one of the most economically active provinces in China. It attaches great importance to education and its thriving economy is the main driving force for the private higher education market. The economy in Henan province is developing rapidly at a higher growth rate than the average in China and Henan province's total revenue of private higher education is continuously growing noticeably. However, Henan province's higher education enrollment rate significantly lags behind the country's average level and demand for higher education is expected to continue to increase. The employment rates for graduates from our two higher education institutions have been consistently higher than those of similar colleges in their respective provinces.

In recent years, the PRC Government has launched a series of favorable policies including the Implementation of the Private Education Promotion Law of the People's Republic of China in September 2021, the release of the Guidelines on Promoting the High-quality Development of Modern Vocational Education in October 2021, the pass of the newly amended Vocational Education Law of the People's Republic of China in April 2022, etc., to continue to support and encourage the development of vocational education. The Group considers it will continue to benefit from the favorable policies on vocational education in China.

Changzheng College

Changzheng College is a junior college located in Hangzhou, Zhejiang province, the PRC, which provides formal junior college education. Changzheng College's educational philosophy is "to maintain teaching quality, to improve management system, to distinguish with unique characteristics, and to empower by talent"（品質立校、制度治校、特色興校、人才強校）. Its educational goal is to build a high level private higher education institution. The school has teaching buildings, experimental training buildings, a library, a gymnasium and student dormitories, among other school facilities. The 2022 admission program of Changzheng College ranked No. 1 among student enrollment programs of private junior colleges in Zhejiang province.

Distinctive majors

Changzheng College currently has eight faculties, namely finance and accounting, commerce and trade, management, humanities and education, computer and information technology, construction engineering, smart technology and nursing and health. In addition, it has two teaching departments, namely basic course teaching department, and ideological and political theory teaching department. The school offers 38 majors across eight key subject categories. These categories are financial accounting, business and trade, operation and management, applied linguistics, computer information, intelligent technologies, construction and engineering management, and nursing and health. The majors include big data and accounting, construction and engineering management, software technology, international economics and trade, human resource management, and business English. Among the majors offered by Changzheng College:

- the e-commerce vocational education training base has been supported financially by the PRC central government;

- the financial accounting training base has been identified by the provincial government of Zhejiang province as a model training base;

- the international economics and trade major is a key major recognized by the Ministry of Education of the PRC and a provincial specialty major;

- the big data and accounting, statistics and accounting, industrial and commercial enterprise management and e-commerce majors are provincial-level specialty majors; and

- the cross-border e-commerce major cluster (including five majors, being international economics and trade, cross-border e-commerce, business English, e-commerce and modern logistics management) is a major cluster planned for high-quality development in Zhejiang province.

Training bases

Changzheng College has seven on-campus training bases, including training base for financial and accounting of small and micro enterprises, e-commerce training base, cross-border e-commerce training base, open training base for robot applications of small and medium enterprises, network information training base, comprehensive training base for service and management of medium, small and micro enterprises, applied linguistics training base, engineering management training base, public computer centers and multi-media technology centers and has 133 on-campus practical training rooms.

College-enterprise co-operation

Changzheng College considers reforms and innovations as its driving force to strengthening the development of the students' potentials and social service skills and improving its overall education and teaching quality in order to cultivate high-quality technical and skilled personnel who can adapt to regional economic and social development. Changzheng College has:

- established off-campus practice and training bases with 328 enterprises, public institutions and associations including Alibaba, Zhejiang Geely Holding Group Co., Ltd., Zhejiang Sanjian Construction Group Co., Ltd., Guosen Securities Co., Ltd., Hangzhou Hanggang Metro Co., Ltd., Zhejiang SF Express Co., Ltd. and Zhejiang Merchants Museum, etc;

- cooperated with 14 enterprises including Hangzhou Cross-border E-commerce Industrial Park and Alibaba Haibo, etc in training modern talents with apprenticeship;

- worked with Dajiangdong Industrial Cluster in training skilled talents in industrial robot technology and automotive electronics application technology; and

- cooperated with Dream Town affiliated enterprises in training innovative and entrepreneurial talents.

The school is among the second batch of modern apprenticeship pilot units in Zhejiang province and a vice chairman unit of the Geely Automobile Smart Manufacturing Industry-Education Integration Alliance. In addition, Hangzhou Jiande (West Zhejiang) Cross-border E-commerce Industrial Park has become a "cross-border e-commerce talent training model park of Zhejiang Changzheng Vocational & Technical College".

College of Economics and Business

College of Economics & Business is a wholly-privately owned undergraduate college located in Zhengzhou, Henan province, the PRC, which provides formal undergraduate education and junior college education. The educational philosophy of College of Economics and Business is "to focus on service as the principle and employment as the guidance, use special characteristics to create brand and quality to seek development"（以服務為宗旨，以就業為導向，以特色創品牌，以品質謀發展）. College of Economics and Business has teaching buildings, administrative buildings, experimental training buildings, a library, gymnasiums, indoor and outdoor sports facilities and student dormitories, among other school facilities. The 2022 undergraduate admission program (excluding undergraduate-oriented junior college program) of College of Economics and Business ranked No. 7 among the undergraduate enrollment programs of private undergraduate colleges in Henan province.

Distinctive disciplines and majors

The disciplines of College of Economics and Business cover six key subject areas, comprising management, economics, engineering, arts, literature and law. It has 12 faculties and one department, covering 46 majors in the undergraduate program (including accounting, mechanical design, manufacturing and automation, architecture and computer and technology) and 29 majors in the junior college program (including big data and accounting, project costing, computer application technology, and fashion and apparel design). Among the disciplines and majors offered by College of Economics and Business, there are:

- three provincial level key development disciplines (mechanical design, manufacturing and automation, control theory and control engineering, and business management);

- six provincial first-class majors (financial management, fashion and apparel design, computer science and technology, accounting, marketing and TV & Radio Broadcasting);

- two provincial level experiential education and demonstration centers (integrated experiential education center for fashion and textile design, and experiential education center for economic management);

- three modelling established majors of virtual simulation experiential education in Henan province (virtual simulation experiment of fashion and textile design, virtual simulation experiment of enterprise investment and financing decision-making and virtual simulation of inventory taking);

- nine provincial private higher education branded majors (building environment and energy application engineering, fashion and apparel design, marketing, electrical engineering and automation, accounting, financial management, international economics and trade, e-commerce, broadcasting and television); and

- four pilot majors under the provincial comprehensive major reform (accounting, information management and information system, fashion and apparel design and English).

College-enterprise co-operation

College of Economics and Business is proactive in introducing high-quality resources of industrial enterprises to carry out college-enterprise cooperation. The College of Economics and Business has:

- established college-government-enterprise cooperation with Shanghai Minhang District Investment Promotion Service Center, Hangzhou Lin'an District Bureau of Commerce and the Human Resources and Social Security Bureau of Kunshan Economic and Technological Development Zone;

- set up high-quality off-campus practice bases with over 200 enterprises including Xinzheng International Airport, Henan Xiangrong Media Group Co., Ltd., YTO Group Corporation, China (Hangzhou) Cross-border E-commerce Comprehensive Pilot Zone (Lin'an Park), ABDAS Space Information Technology Co., Ltd., Beijing Ocean Airlines Service Co., Ltd., Dongguan Yishion Group Co., Ltd. and Sichuan Yixin Industrial Co., Ltd., etc; and

- co-operated with enterprises to offer more than 20 experimental classes with integration of industry and education and collaborative education by college and enterprises including "Cross-border E-commerce", "Fund Manager", "Muyuan Group", "Fengrun Group" and "Handian Group".

College of Economics and Business also introduced a number of enterprises to carry out practical training in the campus. It continued to explore the construction of industrial schools and comprehensively promoted college-enterprise cooperation in order to improve the development level of application-based majors and strengthen its application-based talent training quality and the competitiveness of its students in employment.

Jingyi Secondary School

Jingyi Secondary School is located in Wenzhou, Zhejiang province, the PRC, and mainly focuses on providing non-compulsory private education for high school students. The school's educational goals are to "teach students to learn, to be human, to be happy, and to help them get into the ideal college"（教會學生學習，教會學生做人，教會學生快樂，讓學生考上自己理想的大學）. Jingyi Secondary School has teaching buildings, a science and technology building, an administrative building, canteens and student dormitories. It also has numerous sporting facilities, such as outdoor track and field, to encourage students to participate in physical activities in order to improve their health. To further stimulate students' interest in learning and to create a conducive educational environment, Jingyi Secondary School has numerous multimedia rooms, laboratories and computer rooms, to provide students with visual, audio and hands-on practical training. The core curriculum is generally designed with reference to the ordinary high school curricular standards formulated by the Zhejiang education authorities. In accordance with the curriculum requirements of the Zhejiang Department of Education, Jingyi Secondary School currently offers 13 main courses in Chinese, mathematics, English (while a small number of students study Japanese), technology, politics, history, geography, physics, chemistry, biology, sports, arts and music. Among them, Chinese, mathematics, English, technology, politics, history, geography, physics, chemistry and biology are 10 courses that are part of Zhejiang academic proficiency examinations. Chinese, mathematics and English are required subjects in Gaokao while 3 of the 7 courses in technology, politics, history, geography, physics, chemistry and biology are elective courses in Gaokao.

The Group has completed the registration to convert Jingyi Secondary School into a for-profit private school to comply with the Implementation Rules for the Private Schools Promotion Law of the PRC (《中華人民共和國民辦教育促進法實施條例》) with an effective date of 1 September 2021 (the "**2021 Implementation Rules**"), and has started the conversion process and established Jingyi Secondary School Company in March 2023, as a for-profit private school. The conversion process includes but not limited to transferring all the assets and liabilities of Jingyi Secondary School to Jingyi Secondary School Company, applying for private school operating permit for Jingyi Secondary School Company and de-registration of Jingyi Secondary School. Jingyi Secondary School Company has obtained the relevant private school operating permit during the Period.

Our Teaching Staff

We believe the quality of our teachers is one of the most vital factors affecting our educational quality and future growth and success. Before hiring each teacher, we usually consider his or her education background and/or performance in the interview. We prefer to recruit teachers who: (i) have sufficient prior teaching experience or teaching track record; (ii) are dedicated to teaching and improving students' academic performance and practical skills; (iii) demonstrate strong command of their subject areas; (iv) can effectively implement tailored teaching methods; and (v) possess strong communication, language and interpersonal skills. We also prefer to recruit teachers who have master's degree or above, and for certain practical/vocational subjects, those that hold relevant professional and/or technical qualifications. As of 30 June 2023, approximately 99.0% of our teachers had a bachelor's degree or above, and approximately 71.8% of them had a master's degree or above.

Tuition Fees and Boarding Fees

We typically charge our students fees comprising tuition fees and boarding fees. The school year for Changzheng College and College of Economics and Business is generally from September of the current year to August of the following year, whereas the school year for Jingyi Secondary School is usually from August of the current year to July of the following year. In general, tuition fees and boarding fees for each school year are paid in advance prior to the start of each school year and we recognize revenue proportionately over the relevant period of the school program.

Number of Students

The following table sets forth information relating to the number of students by school:

	As at 30 June Number of Students	
School name	**2023**	2022
College of Economics and Business	**32,677**	27,791
Changzheng College	**19,082**	16,261
Jingyi Secondary School *(Note)*	**1,188**	1,172

Note: Includes students attend training programs provided by Yueqing Jiayan Educational Technology Co., Ltd.

Average Tuition Fees and Average Boarding Fees

Average tuition fees and average boarding fees by school for the periods indicated are set out below:

	For the six months ended 30 June			
	Average tuition fees		Average boarding fees	
School name	**2023**	2022	**2023**	2022
	(RMB)	*(RMB)*	***(RMB)***	*(RMB)*
College of Economics and Business	**7,445**	7,366	**666**	718
Changzheng College	*(Note 1)* **7,748**	8,160	*(Note 2)* **848**	916
Jingyi Secondary School	**9,953**	10,342	**423**	466

Note 1: Number of school days for revenue recognition decreased as compared to the same period in 2022 due to the difference of winter break commencement dates. Therefore, average tuition fee during the Period was lower as compared to the same period in 2022.

Note 2: Starting from the 2022/2023 school year, Changzheng College adopts two plus one and one plus one teaching models, students can choose not to live on campus during the final internship year. Therefore, average boarding fee dropped.

Future Prospects

We intend to solidify our position as the largest private provider of formal higher education in Zhejiang province focusing on nurturing professional talent. We intend to leverage our operating experience in Henan province to further expand our school network in the PRC and overseas with the proceeds from the listing of the Company's shares on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and the internal fund generated from our operation. To achieve this goal, we plan to pursue the following business strategies:

1. Expand our business operations and school network to achieve economies of scale

- We plan to establish a new campus of Changzheng College. On 11 October 2016, we entered into a framework agreement with Hangzhou East River Industrial Cluster Management Committee（杭州大江東產業集聚區管委會）, an independent third party, pursuant to which the parties agreed to establish a new campus of Changzheng College with an aggregate expected enrollment of not less than 5,000 students.

- We plan to establish a new campus of College of Economics and Business in Kaifeng, Henan province, that will primarily offer undergraduate courses. The estimated student capacity is approximately 15,000 students.

2. Acquisitions

- We plan to acquire or invest in schools that offer higher education with relatively low utilization rates and/or have substantial growth potential in the PRC. We prefer to acquire qualified undergraduate colleges and/or junior colleges whose school sponsors have elected them to be for-profit private schools in central China, eastern China and southern China.

3. Establish a new school overseas

- We plan to establish a degree-granting higher education institution in California, the United States (the "**California School**") to offer programs relating to business administration and international business. We have engaged an agent who has experience in post-secondary education to assist us in establishing the California School in California and filing applications with the California Bureau for Private Postsecondary Education regarding the establishment of a higher education institution in California.

4. Enhance our profitability by optimizing our pricing strategies

- The tuition fees and boarding fees we charge are significant factors affecting our profitability. Due to the increase of our brand awareness and market recognition, we believe we are in a good position to further optimize our pricing without compromising our reputation and our ability to attract and retain students.

Financial Review

Overview

Revenue

The Group's revenue primarily represents income derived from tuition fee and boarding fee for education services provided in the Group's schools located in China. Our revenue increased by 14% from RMB385.5 million for the six months ended 30 June 2022 to RMB441.1 million for the six months ended 30 June 2023, which was primarily due to the growths in tuition fee income and boarding fee income, as a result of the increase in student enrollment quota.

Cost of Sales

Cost of sales mainly includes staff costs, depreciation and amortization, maintenance and other education services costs for education services provided in the Group's schools. Cost of sales increased by approximately RMB9.9 million from RMB136.4 million for the six months ended 30 June 2022 to RMB146.3 million for the Period, mainly due to the increases in staff costs, student activity costs and depreciation costs. Such increase was partially offset by the decrease in school co-operating cost.

Gross Profit

Gross profit increased by 18% from RMB249.2 million for the six months ended 30 June 2022 to RMB294.8 million for the Period. The increase in gross profit was generally, in line with the increase in revenue.

Other Income and Gains

Other income and gains mainly consists of interest income, rental income and government grants. Other income and gains increased by approximately RMB17.1 million from RMB22.3 million for the six months ended 30 June 2022 to RMB39.4 million for the Period mainly due to overall increases in interest income, government grants and rental income.

Selling and Distribution Expenses

Selling and distribution expenses mainly represents advertising and other expenses incurred for student enrollment. Selling and distribution expenses decreased by RMB0.5 million from RMB2.6 million for the six months ended 30 June 2022 to RMB2.1 million for the Period.

Administrative Expenses

Administrative expenses primarily consist of staff costs, depreciation and amortization and other office expenses. Administrative expenses increased by RMB11.3 million from RMB19.6 million for the six months ended 30 June 2022 to RMB30.9 million for the Period. The increase was mainly due to the increase in staff costs included in administrative expenses as well as the increase in depreciation expenses during the Period.

Other Expenses

Other expenses for the Period mainly represent costs for the conversion of Jingyi Secondary School into a for-profit private school and other non-recurring expenses. Other expenses increased by RMB27.7 million from RMB0.4 million for the six months ended 30 June 2022 to RMB28.1 million for the Period. The increase was mainly due to the costs incurred for the conversion of Jingyi Secondary School into a for-profit private school during the Period.

Finance Costs

Finance costs for the Period primarily represent interest on lease commitment. The balances for the six months ended 30 June 2022 and the Period were RMB12,000 and RMB4,000, respectively.

Profit before Tax

As a result of the foregoing, profit before tax for the Period was approximately RMB273.0 million, representing an increase of 10% from that for the six months ended 30 June 2022.

Income Tax Expense

Income tax expense decreased from RMB1.4 million for the six months ended 30 June 2022 to RMB0.8 million for the Period primarily due to adjustment made for tax under-provision in previous period.

Profit for the Period

As a result of the foregoing, the Group recorded a profit of approximately RMB272.2 million for the Period, while the profit for the six months ended 30 June 2022 was approximately RMB247.6 million, representing an increase of approximately 10%.

Profit Attributable to Owners of the Company

For the six months ended 30 June 2023, the profit attributable to owners of the Company amounted to approximately RMB211.6 million, representing an increase of approximately 8% as compared to that for six months ended 30 June 2022.

Core Net Profit

The Group's core net profit does not represent its profit for the Period after the adjustment of the Group's operating performance (as presented in the table below), and is not an International Financial Reporting Standards measure. The Group has presented this item because the Group considers it as an important supplemental measure of the Group's operational performance used by the Group's management, analysts and investors. The following table reconciles from profit for the period to core net profit for the periods presented:

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Profit for the period	**272,163**	247,575
Less:		
Exchange gain	**704**	740
Add:		
Amortisation of fixed assets and intangible assets arising from the acquisition of College of Economics and Business	**2,735**	2,759
Core net profit	**274,194**	249,594

Finance and Liquidity Position

Net Current Assets

As at 30 June 2023, net current assets amounted to approximately RMB1,220.0 million (31 December 2022: RMB940.1 million). The increase in net current assets of approximately RMB279.9 million was mainly due to impacts of the decrease in contract liabilities of approximately RMB420.3 million as most of the prepaid tuitions and accommodation fees had been recognized as revenue during the Period; and the decrease in cash and cash equivalents of RMB198.1 million.

Liquidity and Capital Resources

The Group had cash and cash equivalents of RMB1,302.8 million as at 30 June 2023 (31 December 2022: RMB1,500.9 million). Cash and cash equivalents decreased by RMB198.1 million during the Period mainly caused by the (i) net cash outflows used in operating activities amounted to approximately RMB127.0 million; (ii) expenditures in fixed asset additions and other assets amounted to approximately RMB21.4 million; and (iii) dividend payments of RMB21.6 million.

The Group's use of cash is primarily related to operating activities and capital expenditure. The Group finances its operations mainly through cash flows generated from operations. The Group had no bank borrowings as at 30 June 2023 and 31 December 2022. The Board confirmed that the Group did not experience any difficulties in obtaining bank loans, default on outstanding bank loan repayments or breach of covenants during the Period.

Indebtedness and Gearing Ratio

There was no gearing ratio as at 30 June 2023 and 31 December 2022 as the Group had no bank loan and other borrowings.

Capital Expenditures

For the six months ended 30 June 2023, the Group's capital expenditures were RMB21.4 million (six months ended 30 June 2022: RMB238.7 million), which mainly comprise additions and replacements of teaching equipment, furniture & fixtures, motor vehicles and other fixed assets during the Period.

Contingent Liabilities

Save as disclosed in this interim results announcement, as at 30 June 2023, the Group did not have any unrecorded significant contingent liabilities, or any material litigation against the Group (31 December 2022: nil).

Foreign Exchange Exposure

Most of the Group's gains and losses are denominated in RMB. As at 30 June 2023, several bank balances were denominated in US Dollars or Hong Kong Dollars ("**HK$**"). The Group currently does not have any foreign exchange hedging policy. The management will continue to monitor the Group's foreign exchange risk and consider adopting discreet measures as and when appropriate.

Charge on Group Assets

As at 30 June 2023, the Group did not have any charges on its assets (31 December 2022: nil).

Employee and Remuneration Policy

As at 30 June 2023, the Group had 2,284 employees (31 December 2022: 1,970). The total employee benefit expense (excluding directors' remuneration) for the six months ended 30 June 2023 amounted to approximately RMB106.9 million. Remuneration of the Group's employees is determined based on their performance and experience as well as prevailing industry practices, and all remuneration policies and packages are regularly reviewed. As required by PRC laws and regulations, the Group participate in various employee social security plans for our employees that are administered by local governments, including housing provident fund, pension, medical insurance, maternity insurance, work-related injury insurance and unemployment insurance. We believe we maintained a good working relationship with our employees and did not experience any material labor disputes. Directors and the senior management can also buy options pursuant to the share option scheme adopted by the Company on 30 May 2019. The purpose of the scheme is to give the eligible persons an opportunity to have a personal stake in the Company and help motivate them to optimize their future contributions to the Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain on-going relationships with such eligible persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group. In addition, the Group offers comprehensive training to existing and new employees and/or funds employees to participate in various occupational training courses.

Significant Investments, Material Acquisition and Disposal

The Group did not have any other plans regarding material investment and asset acquisition or disposal during the Reporting Period other than those disclosed in this interim results announcement.

Events After the Reporting Period

There is no material events subsequent to 30 June 2023 which would materially affect the Group's operating and financial performance as of the date of this interim results announcement.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Compliance with the Code on Corporate Governance Practices

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of shareholders and strengthen corporate value and accountability. The Company has adopted all code provisions of the Corporate Governance Code (the "**Corporate Governance Code**") contained in Part 2 of Appendix 14 of Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

The Company devotes to the best practices on corporate governance, and has complied with the code provisions of the Corporate Governance Code during the Reporting Period, except for the following deviation.

Pursuant to code provision C.2.1 of Part 2 of the Corporate Governance Code, the roles of chairman of the Board (the "**Chairman**") and chief executive officer (the "**CEO**") should be separated and should not be performed by the same individual. The division of responsibilities between the Chairman and the CEO should be clearly established and set out in writing.

Mr. Chen Yuguo is the Chairman and the CEO of the Company. As Mr. Chen Yuguo has been managing the Group's business and overall strategic planning since its establishment, the directors of the Company (the "**Directors**") consider that the vesting of the roles of Chairman and CEO in Mr. Chen Yuguo is beneficial to the business prospects and management of the Group by ensuring consistent leadership within the Group, aligning the directions and approaches on the board level and execution level and enabling more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. Accordingly, the Company had not segregated the roles of its Chairman and CEO.

Model Code for Securities Transactions

The Company has adopted Appendix 10 Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") contained in the Listing Rules as a code of conduct regarding securities transactions by Directors. After making specific enquiries with all Directors, all Directors confirmed that they complied with the standards set out in the Model Code during the Reporting Period.

Interim Dividend

The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: nil).

Audit Committee

The Board has established the audit committee (the "**Audit Committee**"), which consists of three independent non-executive Directors, namely Mr. Fung Nam Shan (Chairman), Ms. Bi Hui and Mr. Wang Yuqing. The primary responsibility of the Audit Committee is to review and supervise the financial reporting process and internal control of the Company.

The Audit Committee, together with the management, has reviewed the unaudited interim results of the Group for the six months ended 30 June 2023, this interim results announcement and the accounting treatment adopted by the Group.

Purchase, Sale or Redemption of the Company's Listed Securities

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company during the Reporting Period.

Use of Proceeds from the Initial Public Offering of the Company

The net proceeds from the initial public offering of the Company (net of underwriting fees and relevant expenses) amounted to approximately HK$524 million (equivalent to RMB461 million). The net proceeds will be applied in the following manners:

Use of Proceeds	**% of the Net Proceeds**	**Proceeds Allocated** *(RMB million)*	**Amount Utilized as of 31 December 2022** *(RMB million)*	**Amount Utilized during the Period** *(RMB million)*	**Unutilized Balance** *(RMB million)*	**Expected Time of Full Utilization of Unutilized Balance**
– Expansion of our school network, through the acquisition of other schools	50%	231	–	–	231	31 December 2024
– Expansion of our business, including establishing new campuses of College of Economics and Business and Changzheng College	40%	184	–	–	184	31 December 2024
– Working capital and general corporate purposes	10%	46	46	–	–	
Total	100%	461	46	–	415	

Publication of Interim Results Announcement and Interim Report

This interim results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and website of the Company at www.jheduchina.com, respectively. The interim report of the Company for the six months ended 30 June 2023 containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company and published on the above websites in due course.

By order of the Board
JH Educational Technology INC.
Chen Yuguo
Chairman

Zhejiang, the PRC, 30 August 2023

As at the date of this announcement, the executive Directors of the Company are Mr. Chen Yuguo, Mr. Chen Yuchun, Mr. Chen Shu, Mr. Chen Nansun and Mr. Chen Lingfeng; the non-executive Director is Ms. Zhang Xuli; and the independent non-executive Directors are Ms. Bi Hui, Mr. Fung Nam Shan and Mr. Wang Yuqing.