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**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)

**ANNUAL RESULTS ANNOUNCEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**HIGHLIGHTS**

	Year ended 31 December			Percentage Change
	2022 RMB'000	2021 RMB'000	Change RMB'000	
<b>Revenue</b>	<b>819,358</b>	684,596	<b>+134,762</b>	+20%
<b>Gross profit</b>	<b>514,084</b>	420,677	<b>+93,407</b>	+22%
<b>Profit for the year</b>	<b>472,942</b>	408,970	<b>+63,972</b>	+16%
<b>Profit attributable to owners of the Company</b>	<b>366,727</b>	326,036	<b>+40,691</b>	+12%
<b>Core net profit <sup>(Note)</sup></b>	<b>478,393</b>	415,016	<b>+63,377</b>	+15%

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

The board of directors (the "**Board**") of JH Educational Technology INC. (the "**Company**") is pleased to announce the consolidated financial results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2022 (the "**Year**"), together with the comparative figures for the year ended 31 December 2021. The annual consolidated financial results for the Year has been reviewed by the audit committee of the Board (the "**Audit Committee**").

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2022

	Notes	2022 RMB'000	2021 RMB'000
<b>REVENUE</b>	4	<b>819,358</b>	684,596
Cost of sales		<u>(305,274)</u>	<u>(263,919)</u>
Gross profit		<b>514,084</b>	420,677
Other income and gains	4	<b>57,120</b>	47,357
Selling and distribution expenses		<b>(8,799)</b>	(7,906)
Administrative expenses		<b>(70,101)</b>	(41,010)
Other expenses		<b>(16,866)</b>	(9,366)
Finance costs	6	<u><b>(614)</b></u>	<u>(18)</u>
<b>PROFIT BEFORE TAX</b>	5	<b>474,824</b>	409,734
Income tax expense	7	<u><b>(1,882)</b></u>	<u>(764)</u>
<b>PROFIT FOR THE YEAR</b>		<u><b>472,942</b></u>	<u>408,970</u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Continued)**

Year ended 31 December 2022

	<i>Note</i>	<b>2022</b> <b>RMB'000</b>	2021 <b>RMB'000</b>
<b>OTHER COMPREHENSIVE INCOME/(LOSS)</b>			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of financial statements		<b>30</b>	(8)
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods		<b>30</b>	(8)
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of financial statements		<b>10,822</b>	(5,477)
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods		<b>10,822</b>	(5,477)
<b>OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR</b>		<b>10,852</b>	(5,485)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>483,794</b>	403,485
Profit attributable to:			
Owners of the parent		<b>366,727</b>	326,036
Non-controlling interests		<b>106,215</b>	82,934
		<b>472,942</b>	408,970
Total comprehensive income attributable to:			
Owners of the parent		<b>377,579</b>	320,551
Non-controlling interests		<b>106,215</b>	82,934
		<b>483,794</b>	403,485
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>			
<i>9</i>			
Basic and diluted			
– For profit for the year		<b>RMB22.91 cents</b>	RMB20.37 cents

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2022

	Notes	2022 RMB'000	2021 RMB'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		1,422,215	1,301,091
Investment properties		185,418	–
Right-of-use assets		278,781	283,858
Goodwill		110,995	110,995
Other intangible assets		9,851	10,892
Prepayments for purchase of property, plant and equipment		346	22,748
		<u>346</u>	<u>22,748</u>
Total non-current assets		<u>2,007,606</u>	<u>1,729,584</u>
<b>CURRENT ASSETS</b>			
Trade receivables	10	1,747	606
Prepayments, deposits and other receivables		15,184	6,089
Other current assets		947	980
Financial asset at fair value through profit or loss		–	50,189
Cash and cash equivalents		1,500,901	1,227,318
		<u>1,500,901</u>	<u>1,227,318</u>
Total current assets		<u>1,518,779</u>	<u>1,285,182</u>
<b>CURRENT LIABILITIES</b>			
Other payables and accruals	11	135,290	166,832
Lease liabilities		234	373
Contract liabilities	4	436,078	380,290
Deferred income		4,332	3,925
Tax payable		2,777	2,697
		<u>2,777</u>	<u>2,697</u>
Total current liabilities		<u>578,711</u>	<u>554,117</u>
<b>NET CURRENT ASSETS</b>		<u>940,068</u>	<u>731,065</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>2,947,674</u>	<u>2,460,649</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)***31 December 2022*

	<b>2022</b>	2021
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
<b>NON-CURRENT LIABILITIES</b>		
Lease liabilities	–	195
Deferred income	<b>27,263</b>	23,327
Other liabilities	<b>219</b>	729
	<hr/>	<hr/>
Total non-current liabilities	<b>27,482</b>	24,251
	<hr/>	<hr/>
Net assets	<b>2,920,192</b>	2,436,398
	<hr/> <hr/>	<hr/> <hr/>
<b>EQUITY</b>		
Equity attributable to owners of the parent		
Share capital	<b>110,362</b>	110,362
Reserves	<b>2,221,885</b>	1,844,306
	<hr/>	<hr/>
	<b>2,332,247</b>	1,954,668
Non-controlling interests	<b>587,945</b>	481,730
	<hr/>	<hr/>
Total equity	<b>2,920,192</b>	2,436,398
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## NOTES TO FINANCIAL STATEMENTS

31 December 2022

### 1. CORPORATE AND GROUP INFORMATION

JH Educational Technology INC. (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 year, 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

These financial statements have been prepared in accordance with International Financial Reporting Standards (“**IFRSs**”) (which include all International Financial Reporting Standards, International Accounting Standards (“**IASs**”) and interpretations) issued by the International Accounting Standards Board (“**IASB**”) and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and certain financial instruments which have been measured at fair value. 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 AND DISCLOSURES

The Group has adopted the following revised IFRSs for the first time for the current year’s financial statements.

Amendments to IFRS 3	<i>Reference to the Conceptual Framework</i>
Amendment to IAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to IAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
<i>Annual Improvements to IFRS Standards 2018-2020</i>	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41

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

- (a) Amendments to IFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* (the “**Conceptual Framework**”) issued in March 2018 without significantly changing its requirements. The amendments also add to IFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 if they were incurred separately rather than assumed in a business combination, an entity applying IFRS 3 should refer to IAS 37 or IFRIC 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no contingent assets, liabilities and contingent liabilities within the scope of the amendments arising in the business combination that occurred during the year, the amendments did not have any impact on the financial position and performance of the Group.

- (b) Amendments to IAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items as determined by IAS 2 *Inventories*, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2021. Since there was no sale of items produced prior to the property, plant and equipment being available for use, the amendments did not have any impact on the financial position or performance of the Group.
- (c) Amendments to IAS 37 clarify that for the purpose of assessing whether a contract is onerous under IAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.
- (d) *Annual Improvements to IFRS Standards 2018-2020* sets out amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41. Details of the amendment that is applicable to the Group are as follows:
- IFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively from 1 January 2022. As there was no modification or exchange of the Group's financial liabilities during the year, the amendment did not have any impact on the financial position or performance of 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 year, 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 further geographical information is presented.

#### **Information about major customers**

No revenue from services provided to a single customer accounted for 10% or more of total revenue of the Group during the year (2021: Nil).

#### 4. REVENUE, OTHER INCOME AND GAINS

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

	<i>Notes</i>	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
<b>Revenue</b>			
Tuition fees		<b>736,596</b>	611,000
Boarding fees		<b>63,755</b>	53,877
Other education service fees	<i>(i)</i>	<b>19,007</b>	19,719
		<hr/>	<hr/>
Total revenue from contracts with customers		<b>819,358</b>	684,596
		<hr/> <hr/>	<hr/> <hr/>
<b>Other income and gains</b>			
Bank interest income		<b>32,623</b>	26,050
Other interest income		–	915
Rental income		<b>10,107</b>	8,028
Government grants	<i>(ii)</i>		
– related to expenses		<b>8,108</b>	6,769
– related to assets		<b>3,812</b>	3,337
Gains on foreign exchange differences		<b>43</b>	786
Donation income		<b>420</b>	215
Fair value gain on financial asset at fair value through profit or loss		–	189
Others		<b>2,007</b>	1,068
		<hr/>	<hr/>
		<b>57,120</b>	47,357
		<hr/> <hr/>	<hr/> <hr/>

*Notes:*

- (i) Revenue from other education services mainly represents fees received for training services to the students, which was amortised over the training periods of the services rendered.
- (ii) Government grants are related to subsidies received from the 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 obligations as at 31 December 2022 and 2021 and are expected to be recognised as revenue within one year:

	<b>2022</b> <i><b>RMB'000</b></i>	2021 <i>RMB'000</i>
Tuition fees	<b>396,549</b>	343,527
Boarding fees	<b>39,529</b>	36,763
	<hr/>	<hr/>
Total contract liabilities	<b><u>436,078</u></b>	<b><u>380,290</u></b>

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.

The transaction price associated with unsatisfied or partially unsatisfied performance obligations does not include variable consideration that is constrained.

Significant changes in the contract liabilities balance during the year are as follows:

	<b>2022</b> <i><b>RMB'000</b></i>	2021 <i>RMB'000</i>
At the beginning of the year	<b>380,290</b>	323,998
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	<b>(380,290)</b>	(323,998)
Increases due to cash received, excluding amounts recognised as revenue during the year	<b>436,078</b>	380,290
	<hr/>	<hr/>
At the end of the year	<b><u>436,078</u></b>	<b><u>380,290</u></b>

## 5. PROFIT BEFORE TAX

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

	<i>Notes</i>	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
Employee benefit expense (excluding directors' remuneration)			
Wages and salaries		<b>166,700</b>	139,756
Pension scheme contributions (defined contribution scheme)		<b>34,546</b>	25,335
Other welfare expenses		<b>3,437</b>	3,115
		<u><b>204,683</b></u>	<u>168,206</u>
Cost of services provided*		<b>305,274</b>	263,919
Depreciation of property, plant and equipment		<b>56,958</b>	47,687
Depreciation of right-of-use assets		<b>8,306</b>	8,542
Amortisation of other intangible assets		<b>1,534</b>	2,709
Impairment of trade receivables**		<b>180</b>	134
Impairment of prepayments for purchase of property, plant and equipment**		<b>6,009</b>	6,009
Bank interest income	4	<b>(32,623)</b>	(26,050)
Other interest income	4	–	(915)
Changes in fair value of investment properties**		<b>8,528</b>	–
Fair value gain on financial asset at fair value through profit or loss	4	–	(189)
Government grants			
– related to expenses	4	<b>(8,108)</b>	(6,769)
– related to assets	4	<b>(3,812)</b>	(3,337)
Loss on disposal of items of property, plant and equipment**		<b>114</b>	2,308
Auditor's remuneration		<b>2,150</b>	2,080
Foreign exchange differences, net		<b>(43)</b>	(786)

\* The staff costs of RMB177,517,000 (2021: RMB148,217,000) and the depreciation and amortisation of RMB59,151,000 (2021: RMB52,804,000) were included in "Cost of sales" in the consolidated statement of profit or loss and other comprehensive income.

\*\* Included in "Other expenses" in the consolidated statement of profit or loss and other comprehensive income.

## 6. FINANCE COSTS

An analysis of finance costs is as follows:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Interest on lease liabilities	20	18
Interests on bank loans	594	–
	<u>614</u>	<u>18</u>

## 7. INCOME TAX

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Current – Mainland China		
Charge for the year	650	764
Under-provision in prior years	1,232	–
	<u>1,882</u>	<u>764</u>
Total tax charge for the year	<u>1,882</u>	<u>764</u>

## 8. DIVIDENDS

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Final dividend declared and paid	–	66,490
Special dividend declared and paid	–	83,114
	<u>–</u>	<u>149,604</u>

The final dividend of HK5.00 cents and special dividend of HK6.25 cents per ordinary share in respect of the year ended 31 December 2020 were approved by the shareholders at the annual general meeting of the Company on 14 May 2021. A total amount of RMB149,604,000 has been fully distributed during the year ended 31 December 2021.

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Proposed final – dividend of HK1.50 cents (2021: nil) per ordinary share	<u>21,450</u>	<u>–</u>

The proposed final dividend for the year ended 31 December 2022 is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

No interim dividend was proposed during the years ended 31 December 2022 and 2021.

## 9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent of RMB366,727,000 (2021: RMB326,036,000), and the weighted average number of 1,600,830,000 ordinary shares in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2022 and 2021.

The calculation of basic earnings per share is based on:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	<u>366,727</u>	<u>326,036</u>
	<b>Number of shares</b>	
	2022	2021
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	<u>1,600,830,000</u>	<u>1,600,830,000</u>
Earnings per share attributable to ordinary equity holders of the parent		
Basic and diluted	<u>RMB22.91 cents</u>	<u>RMB20.37 cents</u>

## 10. TRADE RECEIVABLES

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Tuition and boarding fees receivables	4,150	2,853
Impairment	<u>(2,403)</u>	<u>(2,247)</u>
	<u>1,747</u>	<u>606</u>

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 and repayable on demand.

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

	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
Within 1 year	<b>1,612</b>	537
1 to 2 years	<b>118</b>	49
2 to 3 years	<b>15</b>	15
More than 3 years	<b>2</b>	5
	<hr/> <b>1,747</b> <hr/>	<hr/> 606 <hr/>

#### 11. OTHER PAYABLES AND ACCRUALS

	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
Payables for salaries and welfares	<b>38,344</b>	33,861
Miscellaneous advances received from students	<b>29,510</b>	32,628
Other tax payables	<b>11,858</b>	10,194
Payables for textbooks	<b>6,801</b>	4,433
Payables for purchase of property, plant and equipment	<b>6,284</b>	26,163
Payables for accommodation service	<b>3,511</b>	3,511
Receipt on behalf of ancillary service providers	<b>2,987</b>	13,894
Payables for north campus co-operation costs to Zhongyuan University of Technology	<b>2,793</b>	13,241
Other payables	<b>33,202</b>	28,907
	<hr/> <b>135,290</b> <hr/>	<hr/> 166,832 <hr/>

The above balances are unsecured and 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.

The PRC Government has launched a series of favorable policies to continue to support and encourage the development of vocational education in recent years.

In September 2021, the PRC government promulgated the Regulation on the Implementation of the Private Education Promotion Law of the People's Republic of China which encourages private equities and enterprises to participate in school operation, confirming at the statutory level the PRC's policy of encouraging enterprises to provide vocational education.

In October 2021, the General Office of the CPC Central Committee of the Communist Party of China and the General Office of the State Council of the PRC released the Guidelines on Promoting the High-quality Development of Modern Vocational Education, explicitly supporting and encouraging listed companies and industry leaders to develop vocational education.

In April 2022, the Standing Committee of the 13th National People's Congress passed the newly amended Vocational Education Law of the People's Republic of China, which took effect on 1 May 2022. The newly amended Vocational Education Law clearly states that vocational education is of equal important position as general education, students in vocational education shall have the equal opportunities comparing with the students in ordinary schools at the same level in aspects of further education, employment, and career development. The new law supports enterprises to participate extensively in vocational education and encourages enterprises to participate in the integration of industry and education and school-enterprise cooperation. It also clarifies that higher vocational school education may be implemented in ordinary higher education institutions with junior college, bachelor's degree and above. Enterprises that meet the conditions and are recognized as integrating industry and education can be given financing, financial and land support in accordance with regulations, and can receive education surcharges and local education surcharge reduction and exemption and other tax and fee concessions.

In September 2022, the executive meeting of the State Council of the PRC confirmed to support the purchase of equipment and renovation and transformation of colleges and vocational colleges by means of policy-approved subsidies and special refinancing loans. At the same time, the Department of Development Planning of the Ministry of Education of the PRC issued the Notice on Matters Relating to Expanding Investment in the Education Sector to clarify the key support for project loans; the People's Bank of China also announced the establishment of project refinancing loans of over RMB200 billion for equipment renovation and transformation, which will support the improvement of the comprehensive strength of vocational education institutions in the long run and help achieve the high-quality development of vocational education.

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. The Group considers it will continue to benefit from the favorable policies on vocational education in China.

### *Changzheng College*

Zhejiang Changzheng Vocational & Technical 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". For the 2021/2022 school year, the initial employment rate of the graduating students of Changzheng College was approximately 98.48%.

## *College of Economics and Business*

Zhengzhou College of Economics & 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. Its predecessor was Zhongyuan University of Technology College of Information and Business (中原工學院信息商務學院), which was recognized by the Ministry of Education of the PRC (中華人民共和國教育部) as an independent college in December 2003. It has been transformed, as approved by the Ministry of Education of the PRC in June 2020, from an independent college to a wholly-privately owned undergraduate college and was renamed as Zhengzhou College of Economics and Business (鄭州經貿學院). It has been our joint venture school since November 2007 and our wholly-owned subsidiary school since July 2018. 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 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. For the 2021/2022 school year, the initial employment rate of the graduating students of College of Economics and Business was approximately 90.89%.

## *Jingyi Secondary School*

Yueqing 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 on 13 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 on 10 March 2023.

## *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 have the following characteristics: (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 31 December 2022, approximately 98.7% of our teachers had a bachelor’s degree or above, and approximately 69.7% 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**

<b>School name</b>	<b>As at 31 December</b>	
	<b>Number of students</b>	
	<b>2022</b>	2021
College of Economics and Business	<b>32,689</b>	27,881
Changzheng College	<b>19,153</b>	16,428
Jingyi Secondary School <sup>(Note)</sup>	<b>1,209</b>	1,197
	<hr/>	<hr/>
Total	<b>53,051</b>	45,506
	<hr/> <hr/>	<hr/> <hr/>

#### **Average Tuition Fees and Average Boarding Fees**

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

<b>School name</b>	<b>For the year ended 31 December</b>			
	<b>Average tuition fees</b>		<b>Average boarding fees</b>	
	<b>2022</b>	2021	<b>2022</b>	2021
	<b>(RMB)</b>	<b>(RMB)</b>	<b>(RMB)</b>	<b>(RMB)</b>
College of Economics and Business	<b>14,736</b>	14,492	<b>1,289</b>	1,148
Changzheng College	<b>15,398</b>	14,880	<b>1,712</b>	1,699
Jingyi Secondary School <sup>(Note)</sup>	<b>19,164</b>	18,649	<b>826</b>	740
	<hr/>	<hr/>	<hr/>	<hr/>

*Note:* Jingyi Secondary School included training programs for students whose student status were not registered with school. The programs have been provided by Yueqing Jiayan Educational Technology Co., Ltd. (formerly known as Yueqing Jiaxin Education and Training Center Company Limited) since 2019/2020 school year.

## **Future Prospects**

We intend to solidify our position as the largest private provider of formal higher education in Zhejiang province focusing on nurturing professional talents. 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 and the internal funds 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 expand the campus of Changzheng College by constructing new training buildings, dormitory buildings and administrative office space with an aggregate gross floor area of approximately 57,102 sq.m., which will increase the student capacity by approximately 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.
- We also 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.

### **2. *Acquisitions***

- We plan to acquire or invest in schools that have relatively low utilization rates and/or have substantial growth potential in the PRC. We prefer to acquire the schools including but not limited to 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 main factors affecting our profitability. 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*

Our revenue increased by 20% from RMB684.6 million for the year ended 31 December 2021 to RMB819.4 million for the Year. This increase was due to the increase in tuition fee income and boarding fee income of RMB125.6 million and RMB9.9 million, respectively, primarily as a result of the increase in enrollment quota for school years 2021/2022 and 2022/2023.

#### *Cost of Sales*

Cost of sales increased by approximately RMB41.4 million from RMB263.9 million for the year ended 31 December 2021 to RMB305.3 million for the Year, mainly due to the increase in staff costs of RMB29.3 million, maintenance costs and depreciation and amortisation expenses of approximately RMB13.1 million. In addition, the Group incurred epidemic prevention expenses amounted to RMB17.1 million during the Year for COVID prevention. Such increase was partially offset by the decrease in school co-operation costs of approximately RMB15.4 million.

#### *Gross Profit*

Gross profit increased by 22% from RMB420.7 million for the year ended 31 December 2021 to RMB514.1 million for the Year, which was in line with the increase in revenue and cost of sales.

#### *Other Income and Gains*

Other income and gains increased by approximately RMB9.8 million from RMB47.4 million for the year ended 31 December 2021 to RMB57.1 million for the Year, mainly due to the increase in interest income and rental income of RMB5.7 million and RMB2.1 million respectively.

#### *Selling and Distribution Expenses*

Selling and distribution expenses increased by RMB0.9 million from RMB7.9 million for the year ended 31 December 2021 to RMB8.8 million for the Year, which was primarily due to the increase in enrollment quota.

#### *Administrative Expenses*

Administrative expenses increased by RMB29.1 million from RMB41.0 million for the year ended 31 December 2021 to RMB70.1 million for the Year. The increase was mainly due to the increase in staff costs of approximately RMB19.8 million and depreciation and other administrative expenses amounted to RMB7.2 million.

### *Other expenses*

Other expenses increased by RMB7.5 million from RMB9.4 million for the year ended 31 December 2021 to RMB16.9 million during the Year. The increase in other expenses was mainly due to the net loss of RMB8.5 million recognised from a fair value adjustment as at 31 December 2022 in respect of the Goup's investment properties.

### *Finance Costs*

Finance costs increased from RMB18,000 for the year ended 31 December 2021 to RMB0.6 million for the Year. The increase in finance costs for the Year was mainly due to the increase in the interest on short-term bank borrowings. The loan was fully repaid during the Year.

### *Profit before Tax*

As a result of the foregoing, profit before tax for the Year was approximately RMB474.8 million, representing an increase of 16% compared to that for the year ended 31 December 2021.

### *Income Tax Expense*

Income tax expense increased from RMB0.8 million for the year ended 31 December 2021 to RMB1.9 million for the Year, primarily due to tax adjustment made for the Year, while no similar adjustment was made for the year ended 31 December 2021.

### *Profit for the Year*

As a result of the foregoing, the Group recorded a profit of approximately RMB472.9 million for the Year, representing an increase of approximately 16% from the profit for the year ended 31 December 2021 of approximately RMB409.0 million.

### *Profit Attributable to Owners of the Company*

For the Year, profit attributable to owners of the Company amounted to approximately RMB366.7 million, representing an increase of approximately 12% compared to that of the year ended 31 December 2021.

## *Core Net Profit*

The Group's core net profit does not represent its profit for the year 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 an important supplemental measure of the Group's operational performance used by the Group's management, analysts and investors. The following table reconciles profit for the year to core net profit of the Group for the two financial years presented:

	<b>For the year ended</b>	
	<b>31 December</b>	
	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Profit for the year	<b>472,942</b>	408,970
Less:		
Exchange gain	<b>43</b>	786
Add:		
Amortisation of fixed assets and intangible assets arising from the acquisition of College of Economics and Business	<b>5,494</b>	6,832
Core net profit	<b>478,393</b>	415,016

## *Finance and Liquidity Position*

### *Net Current Assets*

As at 31 December 2022, net current assets amounted to approximately RMB940.1 million (31 December 2021: RMB731.1 million). The increase in net current assets was mainly due to an increase in bank balances of approximately RMB273.6 million which was partially offset by the increase in contract liabilities of approximately RMB55.8 million as a result of the increase in prepaid tuition fees and boarding fees due to the increase in the number of student enrollments, and the decrease in financial asset at fair value through profit or loss of approximately RMB50.2 million.

### *Liquidity and Capital Resources*

The Group had cash and cash equivalents of RMB1,500.9 million as at 31 December 2022 (31 December 2021: RMB1,227.3 million). Cash and cash equivalents increased by RMB273.6 million during the Year mainly caused by the (i) net cash inflows from operating activities amounted to approximately RMB643.5 million; (ii) expenditures in fixed asset additions in respect of campus expansion amounted to approximately RMB182.2 million; and (iii) purchases of investment properties of RMB193.9 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 31 December 2022 and 2021. 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 Year.

#### *Contingent Liabilities and Guarantees*

As at 31 December 2022 and 2021, the Group did not have any unrecorded significant contingent liabilities, guarantees or any material litigation against the Group.

#### *Foreign Exchange Exposure*

Most of the Group's gains and losses are denominated in RMB. As at 31 December 2022, certain 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 31 December 2022 and 2021, the Group did not have any charges on its assets.

#### *Gearing Ratio*

There was no gearing ratio as at 31 December 2022 and 2021 as the Group had no bank loan and other borrowings.

*(Note: Gearing ratio equals total debt divided by total equity as at the end of the year. Total debt includes all interest-bearing bank loans and other borrowings.)*

### **Employee and Remuneration Policy**

As at 31 December 2022, the Group had 2,240 employees. The total employee benefit expense (excluding directors' remuneration) for the Year amounted to approximately RMB204.7 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 participates 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 receive 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 our Company and help motivate them to optimize their future contributions to our Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain on-going cooperative relationship with such eligible persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of our Group. In addition, our 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**

During the Year, the Group entered into agreements with Binzhou Yilingyi Properties Co., Ltd., a deemed connected person of the Company, to acquire investment properties with an aggregate cash consideration of RMB193.9 million. For further details, please refer to the announcements of the Company dated 12 January 2022, 19 January 2022, 27 May 2022 and 30 June 2022, and the circular of the Company dated 29 July 2022. The investment properties acquired primarily consist of commercial properties in Binzhou City, Shandong Province, the PRC. As at 31 December 2022, the investment properties were revalued at RMB185,418,000, which accounted for approximately 5.26% of the Group's total asset as at 31 December 2022. Based on the revaluation, the Group recorded a fair value loss of approximately RMB8.5 million as at 31 December 2022. The investment properties did not generate any income during the Year. In view of various policies introduced by the PRC government to stimulate housing demand and support the stable growth of the property market, we are of the view that the property market in the PRC is generally positive and we intend to hold the investment properties for long-term investment purpose. Save as above, the Group did not have any other plans regarding material investment and asset acquisition or disposal.

## **Event after the Year**

The Group has completed the registration to convert Jingyi Secondary School into a for-profit private school to comply with the 2021 Implementation Rules, and has started the conversion process and established Jingyi Secondary School Company on 13 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 on 10 March 2023.

There is no other material events which would materially affect the Group's operating and financing performances subsequent to 31 December 2022 and up to the date of this announcement.

## **OTHER INFORMATION**

### **Compliance with the Code of Corporate Governance**

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 Appendix 14 Corporate Governance Code and Corporate Governance Report (the "**Corporate Governance Code**") of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (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 Year, 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 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 the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) contained in Appendix 10 of the Listing Rules as a code of conduct regarding securities transactions by directors of the Company (the “**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 Year.

### **Final Dividend**

At the meeting of the Board held on 30 March 2023, the Board recommended the payment of a final dividend of HK1.50 cents per ordinary share for the year ended 31 December 2022 (2021: nil) out of the share premium account of the Company to Shareholders whose names are on the register of members of the Company on Tuesday, 30 May 2023. The payment of the above proposed final dividend will be subject to the approval of the AGM to be held on Friday, 19 May 2023 and are expected to be distributed to Shareholders on or before Thursday, 8 June 2023.

### **Closure of Register of Members**

The register of members of the Company will be closed from Tuesday, 16 May 2023 to Friday, 19 May 2023 (both days inclusive), for the purpose of determining the entitlement to attend and vote at the AGM scheduled to be held on Friday, 19 May 2023. The record date will be Friday, 19 May 2023. In order to be eligible to attend and vote at the AGM, all transfer forms accompanied by the relevant share certificates must be lodged with the Company’s share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Monday, 15 May 2023.

In order to determine the entitlement of Shareholders to the proposed final dividend, the register of members of the Company will be closed from Thursday, 25 May 2023 to Tuesday, 30 May 2023 (both days inclusive), during which no transfer of shares will be registered. The record date will be Tuesday, 30 May 2023. All transfer documents together with the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, 24 May 2023.

### **Audit Committee**

The Board has established the Audit Committee, which consists of three independent non-executive Directors, namely Mr. Fung Nam Shan, 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 annual consolidated financial results of the Group for the Year – this annual results announcement and the accounting policies and practices adopted by the Group.

### **Scope of Work of Ernst & Young**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the Year as set out in the preliminary announcement have been agreed by the Company's auditor, Ernst & Young, to the amounts set out in the Group's consolidated financial statements for the Year. The work performed by Ernst & Young in this respect does not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young on the preliminary announcement.

### **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 Year.

## Use of Proceeds from the Listing

On 18 June 2019, the Company issued 400,000,000 ordinary shares at a price of HK\$1.5 per share pursuant to the initial public offering of shares, the total proceeds of which amounted to approximately HK\$600 million, and the shares were listed on the Main Board of the Stock Exchange (the “**Listing**”). On 16 July 2019, the Company issued 830,000 shares at a price of HK\$1.5 per share pursuant to a partial exercise of the over-allotment option relating to the Listing, the total proceeds of which amounted to approximately HK\$1.2 million. The net proceeds from the Listing (net of underwriting fees and relevant expenses) amounted to approximately HK\$524 million (equivalent to approximately RMB461 million). For the year ended 31 December 2022, the Company has applied the net proceeds from its global offering as follows:

Use of Proceeds	% of the Net Proceeds	Proceeds Allocated <i>(RMB million)</i>	Amount Utilized Prior to 1 January 2022 <i>(RMB million)</i>	Amount Utilized During the Year <i>(RMB million)</i>	Unutilized Balance <i>(RMB million)</i>	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	

Progress and details of the use of net proceeds from the global offering are set out in “Future Plans and Use of Proceeds” of the prospectus of the Company dated 4 June 2019 and the section headed “Future Prospects” in this announcement.

To the extent that the net proceeds from the global offering are not immediately applied to the above purposes, we have deposited the proceeds into interest-bearing bank accounts with licensed commercial banks and/or authorized financial institutions in Hong Kong.

## **Publication of Annual Results Announcement and Annual Report**

This annual results announcement is published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at [www.jheduchina.com](http://www.jheduchina.com), respectively. The annual report of the Company for the Year 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, Chief Executive Officer and Executive Director*

Zhejiang, the PRC

30 March 2023

*As at the date of this announcement, the executive Directors 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.*