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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 2023**

HIGHLIGHTS

	Year ended 31 December		Change <i>RMB'000</i>	Percentage Change
	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>		
Revenue	873,345	819,358	+53,987	+7%
Gross profit	567,969	514,084	+53,885	+10%
Profit for the year	502,811	472,942	+29,869	+6%
Profit attributable to owners of the Company	388,196	366,727	+21,469	+6%
Core net profit <i>(Note)</i>	526,737	478,393	+48,344	+10%

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 2023 (the "Year"), together with the comparative figures for the year ended 31 December 2022. 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 2023

	Notes	2023 RMB'000	2022 RMB'000
REVENUE	4	873,345	819,358
Cost of sales		<u>(305,376)</u>	<u>(305,274)</u>
Gross profit		567,969	514,084
Other income and gains	4	83,966	57,120
Selling and distribution expenses		(7,907)	(8,799)
Administrative expenses		(107,300)	(70,101)
Other expenses		(32,380)	(16,866)
Finance costs	6	<u>(18)</u>	<u>(614)</u>
PROFIT BEFORE TAX	5	504,330	474,824
Income tax expense	7	<u>(1,519)</u>	<u>(1,882)</u>
PROFIT FOR THE YEAR		<u>502,811</u>	<u>472,942</u>

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

Year ended 31 December 2023

	<i>Note</i>	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of financial statements		<u>4</u>	<u>30</u>
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods		<u>4</u>	<u>30</u>
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of financial statements		<u>1,690</u>	<u>10,822</u>
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods		<u>1,690</u>	<u>10,822</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR		<u>1,694</u>	<u>10,852</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>504,505</u>	<u>483,794</u>
Profit attributable to:			
Owners of the parent		<u>388,196</u>	<u>366,727</u>
Non-controlling interests		<u>114,615</u>	<u>106,215</u>
		<u>502,811</u>	<u>472,942</u>
Total comprehensive income attributable to:			
Owners of the parent		<u>389,890</u>	<u>377,579</u>
Non-controlling interests		<u>114,615</u>	<u>106,215</u>
		<u>504,505</u>	<u>483,794</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted	9		
– For profit for the year		<u>RMB24.25 cents</u>	<u>RMB22.91 cents</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		1,437,192	1,422,215
Investment properties		182,968	185,418
Right-of-use assets		271,202	278,781
Goodwill		110,995	110,995
Other intangible assets		10,732	9,851
Prepayments for purchase of property, plant and equipment		–	346
Other receivables		12,000	–
Time deposits		4,500	–
Total non-current assets		<u>2,029,589</u>	<u>2,007,606</u>
CURRENT ASSETS			
Trade receivables	10	1,575	1,747
Prepayments, deposits and other receivables		29,101	15,184
Other current assets		879	947
Time deposits		106,641	–
Cash and cash equivalents		1,995,904	1,500,901
Total current assets		<u>2,134,100</u>	<u>1,518,779</u>
CURRENT LIABILITIES			
Other payables and accruals	11	201,709	135,290
Lease liabilities		403	234
Contract liabilities	4	521,624	436,078
Deferred income		4,934	4,332
Tax payable		1,275	2,777
Total current liabilities		<u>729,945</u>	<u>578,711</u>
NET CURRENT ASSETS		<u>1,404,155</u>	<u>940,068</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,433,744</u>	<u>2,947,674</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)*31 December 2023*

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
NON-CURRENT LIABILITIES		
Lease liabilities	244	–
Deferred income	30,297	27,263
Other liabilities	108	219
	<hr/>	<hr/>
Total non-current liabilities	30,649	27,482
	<hr/>	<hr/>
Net assets	3,403,095	2,920,192
	<hr/> <hr/>	<hr/> <hr/>
EQUITY		
Equity attributable to owners of the parent		
Share capital	110,362	110,362
Reserves	2,590,173	2,221,885
	<hr/>	<hr/>
	2,700,535	2,332,247
Non-controlling interests	702,560	587,945
	<hr/>	<hr/>
Total equity	3,403,095	2,920,192
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NOTES TO FINANCIAL STATEMENTS

31 December 2023

1. CORPORATE AND GROUP INFORMATION

JH Educational Technology INC. (the “**Company**”) was incorporated in the Cayman Islands under the Companies Law 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 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 new and revised IFRSs for the first time for the current year’s financial statements.

IFRS 17	<i>Insurance Contracts</i>
Amendments to IAS 1 and IFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to IAS 8	<i>Definition of Accounting Estimates</i>
Amendments to IAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to IAS 12	<i>International Tax Reform – Pillar Two Model Rules</i>

The nature and the 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 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has disclosed the material accounting policy information in note 2 to the financial statements. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group’s 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. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.
- (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.

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 financial statements.

- (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. The Group has applied the amendments 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 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 reporting period (2022: Nil).

4. REVENUE, OTHER INCOME AND GAINS

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

	<i>Notes</i>	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Revenue			
Tuition fees		794,061	736,596
Boarding fees		64,272	63,755
Other education service fees	<i>(i)</i>	15,012	19,007
		<hr/>	<hr/>
Total revenue from contracts with customers		873,345	819,358
		<hr/> <hr/>	<hr/> <hr/>
Other income and gains			
Bank interest income		51,659	32,623
Other interest income		1,270	–
Rental income		14,491	10,107
Government grants	<i>(ii)</i>		
– related to expenses		9,444	8,108
– related to assets		4,477	3,812
Gains on foreign exchange differences		345	43
Donation income		13	420
Others		2,267	2,007
		<hr/>	<hr/>
Total other income and gains		83,966	57,120
		<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 2023 and 2022 and are expected to be recognised as revenue within one year:

	2023 RMB'000	2022 <i>RMB'000</i>
Tuition fees	478,081	396,549
Boarding fees	43,543	39,529
	<hr/>	<hr/>
Total contract liabilities	<u>521,624</u>	<u>436,078</u>

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 programs. 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:

	2023 RMB'000	2022 <i>RMB'000</i>
At the beginning of the year	436,078	380,290
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	(436,078)	(380,290)
Increases due to cash received, excluding amounts recognised as revenue during the year	521,624	436,078
	<hr/>	<hr/>
At the end of the year	<u>521,624</u>	<u>436,078</u>

5. PROFIT BEFORE TAX

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

	<i>Notes</i>	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Employee benefit expense (excluding directors' remuneration):			
Wages and salaries		206,488	166,700
Pension scheme contributions (defined contribution scheme)		40,201	34,546
Other welfare expenses		4,653	3,437
		<hr/>	<hr/>
Subtotal		251,342	204,683
		<hr/> <hr/>	<hr/> <hr/>
Cost of services provided*		305,376	305,274
Depreciation of property, plant and equipment		61,841	56,958
Depreciation of right-of-use assets		8,394	8,306
Amortisation of other intangible assets		1,600	1,534
Impairment of trade receivables**		331	180
Impairment of prepayments for purchase of property, plant and equipment**		–	6,009
Bank interest income	4	(51,659)	(32,623)
Other interest income	4	(1,270)	–
Changes in fair value of investment properties**		2,450	8,528
Government grants			
– related to expenses	4	(9,444)	(8,108)
– related to assets	4	(4,477)	(3,812)
Loss on disposal of items of property, plant and equipment**		1,408	114
Auditor's remuneration		2,430	2,150
Costs for the conversion of Jingyi Secondary School into a for-profit private school**		18,801	–
Foreign exchange differences, net		(345)	(43)
		<hr/> <hr/>	<hr/> <hr/>

* The staff costs of RMB195,863,000 (2022: RMB177,517,000) and the depreciation and amortisation of RMB63,281,000 (2022: RMB59,151,000) 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:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Interest on lease liabilities	18	20
Interest on bank loans	–	594
	<hr/>	<hr/>
Total	18	614
	<hr/> <hr/>	<hr/> <hr/>

7. INCOME TAX

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Current – Chinese Mainland		
Charge for the year	771	650
Under provision in prior years	748	1,232
	<hr/>	<hr/>
Total tax charge for the year	1,519	1,882
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8. DIVIDENDS

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Proposed final – dividend of nil (2022: HK1.50 cents) per ordinary share	–	21,450
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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 year ended 31 December 2023.

No interim dividend was declared during the years ended 31 December 2023 and 2022.

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

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent of RMB388,196,000 (2022: RMB366,727,000), 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 2023 and 2022.

The calculation of basic earnings per share is based on:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	<u>388,196</u>	<u>366,727</u>
	Number of shares	
	2023	2022
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>RMB24.25 cents</u>	<u>RMB22.91 cents</u>

10. TRADE RECEIVABLES

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Tuition and boarding fees receivables	4,309	4,150
Impairment	<u>(2,734)</u>	<u>(2,403)</u>
Net carrying amount	<u>1,575</u>	<u>1,747</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:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Within 1 year	1,452	1,612
1 to 2 years	106	118
2 to 3 years	2	15
Over 3 years	15	2
	<hr/>	<hr/>
Total	1,575	1,747
	<hr/> <hr/>	<hr/> <hr/>

11. OTHER PAYABLES AND ACCRUALS

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Payables for salaries and welfares	59,658	38,344
Miscellaneous advances received from students	45,063	29,510
Other tax payables	22,921	11,858
Receipt on behalf of ancillary service providers	15,626	2,987
Payables for purchase of property, plant and equipment	10,224	6,284
Payables for textbooks	9,373	6,801
Payables for accommodation service	3,511	3,511
Payables for north campus co-operation costs to Zhongyuan University of Technology	1,230	2,793
Other payables	34,103	33,202
	<hr/>	<hr/>
Total	201,709	135,290
	<hr/> <hr/>	<hr/> <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 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. In March 2023, the Government Work Report of the National Two Sessions mentioned "vigorously develop vocational education and promote the innovation of higher education". In June 2023, the National Development and Reform Commission, the Ministry of Education and other Government departments jointly issued the Implementation Plan for the Integration of Vocational Education with Industry and Education (2023-2025), which put forward measures and goals to support the integration and development of industry and education in 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 2023 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 nine faculties, namely finance and accounting, commerce and trade, management, humanities and education, computer and information technology, construction engineering, smart technology, nursing and health and Marxism. In addition, it has two teaching departments, namely basic course teaching department, and ideological and political theory teaching department. The school offers 41 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 ten 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 approximately 168 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 375 enterprises, public institutions and associations including Alibaba, Zhejiang Geely Holding Group Co., Ltd., and Hangzhou Hanggang Metro Co., Ltd., 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 2022/2023 school year, the initial employment rate of the graduating students of Changzheng College was approximately 98.35%.

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. 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 2023 undergraduate admission program (excluding undergraduate-oriented junior college program) of College of Economics and Business ranked the 5th 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, covering 48 majors in the undergraduate program (including accounting, mechanical design, manufacturing and automation, architecture and computer and technology) and 32 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. For the 2022/2023 school year, the initial employment rate of the graduating students of College of Economics and Business was approximately 87.05% and employment rate up to the year end date was approximately 96.33%.

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 established Yueqing Jingyi Secondary School Company Limited on 13 March 2023, as a for-profit private school. The conversion process includes but not limited to transferring the residual assets and liabilities of Jingyi Secondary School to Yueqing Jingyi Secondary School Company Limited, applying for private school operating permit for Yueqing Jingyi Secondary School Company Limited and de-registration of Jingyi Secondary School. Yueqing Jingyi Secondary School Company Limited has obtained the relevant private school operating permit during the Year.

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 2023, approximately 99.2% of our teachers had a bachelor's degree or above, and approximately 73.2% 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

School name	As at 31 December	
	2023	2022
College of Economics and Business	35,543	32,689
Changzheng College	20,969	19,153
Jingyi Secondary School ^(Note)	1,142	1,209
Total	57,654	53,051

Average Tuition Fees and Average Boarding Fees

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

School name	For the year ended 31 December			
	Average tuition fees		Average boarding fees	
	2023	2022	2023	2022
	(RMB)	(RMB)	(RMB)	(RMB)
College of Economics and Business	14,885	14,736	1,291	1,289
Changzheng College	15,636	15,398	1,618	1,712
Jingyi Secondary School <i>(Note)</i>	18,581	19,164	769	826

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 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 or acquire a new school overseas

- We plan to establish a degree-granting higher education institution in California, the United States, namely 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.
- We are also looking for opportunities to acquire suitable target school(s) overseas.

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 7% from RMB819.4 million for the year ended 31 December 2022 to RMB873.3 million for the Year. This increase was mainly due to the increase in tuition fee income of RMB57.5 million, primarily as a result of the increase in enrollment quota for school years 2022/2023 and 2023/2024.

Cost of Sales

Cost of sales was approximately RMB305.4 million for the year ended 31 December 2023, which was similar to RMB305.3 million for the year ended 31 December 2022. During the Year, major increases in cost of sales comprised increases in staff costs, depreciation and amortization charges and student activities costs of RMB18.3 million, RMB4.1 million and RMB6.5 million, respectively. Those increases were mainly offset by the decreases in epidemic prevention expenses, maintenance costs and school co-operating costs of RMB17.0 million, RMB7.1 million and RMB6.9 million, respectively.

Gross Profit

Gross profit increased by 10% from RMB514.1 million for the year ended 31 December 2022 to RMB568.0 million for the Year, which was in line with the changes in revenue and cost of sales.

Other Income and Gains

Other income and gains increased by approximately RMB26.8 million from RMB57.1 million for the year ended 31 December 2022 to RMB84.0 million for the Year, mainly due to the increase in interest income and rental income of RMB20.3 million and RMB4.4 million, respectively.

Selling and Distribution Expenses

Selling and distribution expenses decreased by RMB0.9 million from RMB8.8 million for the year ended 31 December 2022 to RMB7.9 million for the Year.

Administrative Expenses

Administrative expenses increased by RMB37.2 million from RMB70.1 million for the year ended 31 December 2022 to RMB107.3 million for the Year. The increase was mainly due to the increase in staff costs of approximately RMB39.3 million.

Other expenses

Other expenses increased by RMB15.5 million from RMB16.9 million for the year ended 31 December 2022 to RMB32.4 million during the Year. The increase was mainly due to the costs incurred for the conversion of Jingyi Secondary School into a for-profit private school of approximately RMB18.8 million during the Year.

Finance Costs

Finance costs decreased from RMB0.6 million for the year ended 31 December 2022 to RMB18,000 for the Year. The decrease in finance costs was due to the maturity of short-term bank borrowings in the previous year.

Profit before Tax

As a result of the foregoing, profit before tax for the Year amounted to approximately RMB504.3 million, representing an increase of 6% compared to that for the year ended 31 December 2022.

Income Tax Expense

Income tax expense decreased from RMB1.9 million for the year ended 31 December 2022 to RMB1.5 million for the Year, which remained stable.

Profit for the Year

As a result of the foregoing, the Group recorded a profit of approximately RMB502.8 million for the Year, representing an increase of approximately 6% as compared to that for the year ended 31 December 2022.

Profit Attributable to Owners of the Company

For the Year, profit attributable to owners of the Company amounted to approximately RMB388.2 million, representing an increase of approximately 6% compared to that of the year ended 31 December 2022.

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:

	For the year ended	
	31 December	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Profit for the year	502,811	472,942
Less:		
Exchange gain	345	43
Add:		
Amortisation of fixed assets and intangible assets arising from the acquisition of College of Economics and Business	5,470	5,494
Costs for the conversion of Jingyi Secondary School into a for-profit private school	18,801	–
Core net profit	<u>526,737</u>	<u>478,393</u>

Finance and Liquidity Position

Net Current Assets

As at 31 December 2023, net current assets amounted to approximately RMB1,404.2 million (31 December 2022: RMB940.1 million). The increase in net current assets was mainly due to an increase in cash and cash equivalents and time deposits of approximately RMB601.6 million which was partially offset by the increase in contract liabilities of approximately RMB85.5 million as a result of the increase in prepaid tuition fees and boarding fees due to the increase in the number of student enrollments.

Liquidity and Capital Resources

The Group had cash and cash equivalents of RMB1,995.9 million as at 31 December 2023 (31 December 2022: RMB1,500.9 million). Cash and cash equivalents increased by RMB495.0 million during the Year mainly caused by the (i) net cash inflows from operating activities amounted to approximately RMB733.7 million; (ii) expenditures in fixed asset additions amounted to approximately RMB74.1 million; and (iii) increases in time deposits and other receivables amounted to approximately RMB143.1 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 2023 and 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 Year.

Contingent Liabilities and Guarantees

As at 31 December 2023 and 2022, 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 2023, certain bank balances were denominated in US Dollars or Hong Kong Dollars. 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 2023 and 2022, the Group did not have any charges on its assets.

Gearing Ratio

The gearing ratio was not applicable as at 31 December 2023 and 2022 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 2023, the Group had 2,313 employees (31 December 2022: 2,240). The total employee benefit expense (excluding directors' remuneration) for the Year amounted to approximately RMB251.3 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

The Group did not have any material investment and asset acquisition or disposal during the Year.

Event after the Year

In January 2024, the Group entered into agreements with an independent third party to purchase offices and carpark spaces in Hangzhou with an aggregated cash consideration of approximately RMB52.5 million primarily for the Group's self use.

There is no other material events which would materially affect the Group's operating and financing performances subsequent to 31 December 2023 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 C1 Corporate Governance Code (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 Issuer (the "**Model Code**") contained in Appendix C3 to 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 for the year ended 31 December 2023.

Final Dividend

The Board does not recommend the payment of a final dividend for the year ended 31 December 2023 (2022: HK\$1.5 cents).

Closure of Register of Members

The register of members of the Company will be closed from Monday, 13 May 2024 to Friday, 17 May 2024 (both days inclusive), for the purpose of determining the entitlement to attend and vote at the AGM scheduled to be held on Friday, 17 May 2024. The record date will be Friday, 17 May 2024. 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 Friday, 10 May 2024.

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 draft 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 for the year ended 31 December 2023.

Use of Proceeds from the Initial Public Offering of the Company

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. 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 2023, 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 2023 <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 2025
– Expansion of our business, including establishing new campuses of College of Economics and Business and Changzheng College	40%	184	–	–	184	31 December 2025
– 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 and the website of the Company at 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

27 March 2024

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.