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读书郎

## **Readboy Education Holding Company Limited**

**讀書郎教育控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2385)**

### **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2023**

The board (the “**Board**”) of directors (the “**Director(s)**”) of Readboy Education Holding Company Limited (the “**Company**”) is pleased to announce the unaudited consolidated interim results of the Company (together with its subsidiaries, the “**Group**”) for the six months ended 30 June 2023 (“**2023 Interim**”) together with comparative figures for the six months ended 30 June 2022 (“**2022 Interim**”). These interim results have been reviewed by the Company’s audit committee.

## **CORPORATE CULTURE**

### **Our Mission and Vision**

Our mission is to take advantage of technology empowerment to make study a pleasant experience. We strive to become a leading smart learning device service provider in China specializing in the provision of all-in-one self-directed learning solutions for students to improve learning efficiency, and the provision of all-in-one intelligent education solutions for schools to promote precise teaching.

### **Group Objectives**

The principal objective of the Group is to provide education authorities, schools, parents and students high-quality intelligent education devices and solutions. The Company's goals include researching and producing innovative and competitive intelligent education solutions and devices to meet the diverse educational requirements of various levels and fields; promoting China's digitalisation and intelligent development of the education sector, actively applying advanced technologies such as artificial intelligence, big data and cloud computing to facilitate the digitalisation and intelligent progression of education, enhancing the quality and efficiency of education; strengthening education management efficiency by education authorities and schools; improving students' learning outcomes, focusing on students' personalised learning needs, teaching students in accordance with their aptitude and assisting them in finding the most suitable learning methods and resources through intelligent analysis and personalised recommendations, thus increasing their academic performance; offering diversified products and services for users across different age groups, subject areas and educational stages to fulfil their educational needs; concentrating on technology research and product development, persistently pursuing innovation, to ensure that products and services can meet the evolving needs and development trends of the market; fortifying brand building and market promotion, augmenting brand awareness and influence, expanding market share through effective marketing strategies, and enticing more users to choose the Group's products and services; collaborating with educational institutions, government departments and research institutions to jointly propel the digitalisation and intelligent development of education, and create a promising future for the education industry; emphasising social responsibility and sustainable development, actively undertaking social responsibility, concentrating on environmental protection and sustainable development, and contributing to society and generating shared value through public welfare activities and community partnerships.

## **Company Strategy**

To achieve these objectives, we have devised a series of strategies. We will continue to allocate resources for product research and development in hardwares and softwares to ensure the constant introduction of competitive intelligent education devices and solutions. Furthermore, we will dedicate our efforts to strengthen brand building and promotion, in order to enhance market recognition and influence, thereby attracting more users to choose the Group's products and services. Simultaneously, we will actively establish collaborative relationships with educational institutions, government departments, research institutions and other entities, jointly advancing the digitalisation and intelligent development of education, promoting the establishment and improvement of the regional education public service system. In terms of talent, we will persist in attracting and retaining exceptional individuals, improving employee quality and work efficiency, laying a foundation for the Group's long-term growth.

## **Driving the Group's Performance**

In driving the Group's performance, we will focus on several crucial factors. Firstly, technological innovation is key for the Group to maintain its competitive advantage; therefore, we will closely monitor industry technology development trends and apply them to our products and services. Secondly, establishing a positive brand image and reputation is essential for attracting more users and partners; thus, the Group will continuously strive to fortify brand building and enhance market recognition. Furthermore, providing users with a high-quality product and service experience is the cornerstone for the Group to win in the market; we will pay attention to user needs and constantly optimise our products and services. Lastly, we need to closely track changes in policies, regulations and industry standards to ensure that the Company's operations comply with relevant provisions and seize policy opportunities.

By implementing strategies and focusing on these important factors, we believe that the Group will stand firm in the face of fierce market competition and achieve sustainable growth.

## **INDUSTRY REVIEW**

### **Educational Industry Development**

In the first half of 2023, the Chinese education industry continued to exhibit a stable growth trend. On 27 February 2023, the State Council of Central Committee of the Communist Party of China released the Overall Layout Plan for Digital China Construction (《數字中國建設整體佈局規劃》) (the “**Plan**”), which put forward its vision to establish an integrated coordination and propulsion mechanisms by promoting cross-departmental coordination and linkage between upper and lower levels for the development of a Digital China by 2025, and to promote the efficient interconnectivity of digital infrastructure, increase the data resources and its quality quickly to unleash the value potential of data and strengthen the digitalization and intelligence level in governmental affairs. Furthermore, the Plan also put forward an objective to “vigorously advance the implementation of the national strategy of digitalizing the education system to improve the smart education platform”, and education informatization platform is precisely what Readboy has been developing with great investments. Technological advancements and internet accessibility brought increasing possibilities to the education sector. Government support and investments in education, increasing family emphasis on children’s education and consumption upgrades collectively contributed to the ongoing expansion of the Chinese education market. In this context, the intelligent education devices industry, as an integral part of the education industry, received increasing attention and investments.

### **Intelligent Education Devices Market Overview**

With the popularisation and deepening development of digital education, the demand for intelligent education devices market continued to expand. In the first half of 2023, the product types and functionalities of intelligent education devices diversified, ranging from personal learning devices to intelligent education solutions, and from hardware to software, with competition intensifying. Companies needed to constantly innovate products and services to meet market demands and customer expectations.

### **Industry Policies and Standards**

In the first half of 2023, relevant national departments increased level of policy support for the construction of educational informatisation, actively promoting the digitalisation and intelligent development of educational resources. Moreover, government departments proactively formulated relevant industry standards and regulations to ensure the healthy development of educational informatisation construction.

### **Technological Innovation and Application**

In the first half of 2023, the application of new technologies such as artificial intelligence, big data and cloud computing further deepened in the education sector. The integration and application of these technologies enabled intelligent education devices to provide better support for teaching and learning, improving overall education quality.

## **Consumer Behaviour Changes**

With the upgrade of household consumption, consumers' demand for intelligent education devices became increasingly diversified. Companies needed to provide differentiated products and services targeting students of different age groups, regions and family backgrounds.

## **Diversified Users**

Readboy is committed to realize education informatization, not only for students, but for government educational departments, schools, teachers, students and parents. Readboy focuses on providing solutions to connect information and resources across different parties by building and improving relevant product functions. The digital and smart school solution can meet the needs of government educational authorities and the school administrative management, bridge the communication between schools and parents regarding their respective duties, and satisfy the teachers' needs for functions and content during teaching activities. Besides, it can also propose solutions and constructive content to students addressing their needs for hardware and software support to facilitate their learning in a personalized and comprehensive manner.

In conclusion, in the industry context of the first half of 2023, intelligent education devices corporates such as Readboy need to closely monitor market changes and demands, continuously innovate products and services, and contribute more to the development of digital education.

## **BUSINESS REVIEW**

Our Company's shares were successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 12 July 2022 (the "**Listing**"). The net proceeds from the initial public offering of shares of the Company were approximately HK\$364.6 million, which will be used in accordance with the purposes as set out in the section headed "Future Plans and Use of Proceeds" in the prospectus of the Company dated 29 June 2022 (the "**Prospectus**").

2023 marks the first year of business transformation for the Group, as the Company actively expands its business and strengthens its market position following its successful listing in 2022. We are a leading service provider of intelligent education overall solutions and software and hardware devices supplier in China, focusing on designing, developing, manufacturing, and selling intelligent learning devices with a wide range of comprehensive educational resources for education authorities, schools, teachers, primary and secondary school students and parents.

Readboy's products include the teaching system solutions for government educational authorities, schools and teachers. We also provide personalized smart learning terminals for students, digital and smart school solutions, wearable products and smart accessories. Leveraging on advanced technologies such as artificial intelligence, big data, and cognitive model, we are able to provide users with a flexible, efficient, practical, interactive and personalized teaching experience.

The Group establishes an extensive and deeply-penetrated offline distribution network, as well as self-operated online channels and online distributors. We are still committed to developing and applying various advanced technologies to enhance the quality and functionality of our intelligent education devices in order to differentiate ourselves from competitors and maintaining a loyal user base.

In the first half of 2023, the Group achieved significant results in promoting digital education and intelligent learning. We continue to design, develop, manufacture and market intelligent learning devices equipped with digital educational resources for Chinese primary and secondary school students, offering flexible, efficient, practical, interactive and personalised learning experiences. To cater for the needs of students at different age groups, the Group successfully launched a variety of innovative intelligent learning devices, including early education machines for preschool education, learning machines and tablets designed for primary school students, personalized smart learning terminals and all-subject dictionary pens suitable for secondary school students.

In particular, Readboy has made innovative breakthroughs in smart education governance solutions. The Group has deeply studied the needs of education authorities across the country, and developed an one-stop education public service platform based on organization, application and data hubs according to the actual application scenarios of intelligent education governance in various regions. The product integrates the digital and smart education infrastructure project, the education quality and balance project, the teaching quality and efficiency enhancement project, the student evaluation, management and education project and the five-sphere education demonstration project. Based on our deep engagement and exploration on the application of the national smart education platform, the product can provide integrated and customized solutions for the education authorities in various districts, covering the full spectrum of education needs of the government, schools, students and parents. In the future, the Group will further enhance its data infrastructure capability and provide education solutions tailored to the needs of education authorities in various districts, so as to raise the standard of smart education in the region.

Moreover, Readboy made important breakthroughs in digital and smart classroom solutions. The Group developed an integrated digital and smart classroom infrastructure that combines teaching, management, monitoring and interactive functions and successfully implemented it in numerous primary and secondary schools. The digital and smart classroom solutions cover teaching machines, smart marking, digital and smart homework, electronic school bags and other configurations, as well as essay grading applying artificial intelligence, listening, speaking and oral assessment exams and other smart products. In the future, the Group will fully utilise its strengths to support the successful implementation of digital and smart classroom projects and improve the quality of teaching in local schools. The Group will use the digital infrastructure of digital and smart classroom as its main front to promote the marketization of student data.

To further expand its market share, the Group will continue to collaborate with major educational institutions, enterprises and publishers to jointly develop high-quality digital textbooks and teaching resources. Additionally, the Group will strengthen its cooperation with e-commerce platforms and physical retailers to increase product coverage. Recently, the Group signed a strategic cooperation agreement with the Research Center for Language Intelligence of China (中國語言智能研究中心) to jointly establish the Research Center for Language Intelligence of China Readboy Research Institute (中國語言智能研究中心讀書郎研究院) to promote the development of educational informatisation and smart education industries. The Group will continue to leverage its advantages in technology, resources and branding to contribute to the high quality and balanced growth of the education sector.

Readboy values long-term partnerships with our customers and is committed to providing considerate pre-sales, in-sales, and after-sales services. The Group will continue to refine its customer service processes, enhance customer satisfaction, and establish closer connections with customers.

Readboy's primary product categories include (i) personal student tablets; (ii) digital and smart classroom solutions; (iii) wearable products; and (iv) other products, including smart reader pens and smart scanning pens, among other teaching accessories. In addition to the above, we also generate revenue from advertisement and content licensing.

### **Personal Student Tablets**

Readboy's personal student tablets are designed for personal end-users who are primary and secondary (including middle and high school) students aged 6 to 18. They are equipped with a wealth of digital learning resources, including synchronous lesson preparation, review and learning materials that aim to supplement classroom instruction in compulsory education. Furthermore, we have curated a selection of unique learning resources to meet the personalised needs of students.

The personal student tablets come pre-installed with abundant courseware resources which are scalable, allowing adjustments based on students' needs and school's teaching plans. The tablet can also connect to online learning platform Readboy provided, which contains a large number of recorded video resources, enabling students to engage in learning anytime, anywhere.

Readboy's personal student tablets strive to provide a comprehensive learning platform that integrates learning, interaction, and entertainment for primary and secondary school students, making learning enjoyable even beyond the classroom, thereby enhancing learning outcomes. Through the use of personal student tablets, students can better adapt to the trends of education informationization, fostering the ability to learn independently and explore autonomously.



Revenue derived from the sales of personal student tablets decreased by approximately 54.8% from RMB230.5 million in 2022 Interim to RMB104.2 million in 2023 Interim. The decrease was mainly due to (i) negative impact to our product sales as the domestic economy was affected by the international environment; (ii) intensified competition triggered by enterprises from other sectors entering the educational electronics industry; and (iii) a more cautious attitude towards spendings by consumers after the pandemic, resulting in product sales result less favorable than expected.

### **Digital and Smart Classroom Solutions**

Our digital and smart classroom solutions are aimed at providing schools with a digital and integrated suite of intelligent education equipment, which will deeply empower the digital transformation of education in classroom. The digital and smart classroom solution includes the Smart Marking System, the Integrated Teach-Learn-Research Platform, the Digital and Smart Homework System, the Precise Teaching System, the English Listening-Speaking-Exam-Exercise System, and the Home-School Co-Education Platform. Through our digital and smart classroom solutions, teachers can organise teaching activities more effortlessly, enhance educational quality and efficiency, while parents can gain real-time insights into their children’s learning progress, jointly focusing on their child’s development. Our digital and smart classroom solutions primarily target the primary and secondary school market and offer both hardware and software solutions to provide a more efficient, convenient, and personalised learning environment for teachers and students in these institutions, thus driving educational quality improvement to meet contemporary education needs.

Revenue derived from the sales of digital and smart classroom solutions decreased by approximately 57.9% from RMB5.1 million in 2022 Interim to RMB2.2 million in 2023 Interim. The decrease was mainly because schools were vigorously implementing the strategy of education digitalization and further advancing the policy of “national smart education platform during the period”, resulting in decreased purchases of our hardware products by schools.

### **Wearable Products**

We believe that under the new era, wearable educational accessories are playing an increasingly pivotal role in education. They enable students to access a variety of audio-visual educational resources wirelessly and hands-free during fragmented time outside the classroom. These devices extend the educational scenarios, enhancing the joy and motivation of learning within these fragmented periods. Therefore, we have specifically developed a smartwatch focused on educational features and functionality. This watch comes pre-installed with a daily bilingual (Chinese and English) vocabulary learning feature, and is equipped with traditional functions such as GPS, video calling, health monitoring and emergency assistance.

Revenue from the sales of wearable products decreased by approximately 60.8% from RMB13.1 million in 2022 Interim to RMB5.2 million in 2023 Interim, primarily due to enterprises from other sectors entering the educational electronics industry, therefore amplifying the competitive pressure in 2023 Interim.



## **Other Products**

We identify emerging market demands and trends, and continuously develop teaching and learning auxiliary products compatible with our smart learning devices, aiming to make learning more fruitful and efficient. At present, we offer an AI Dictionary Pen. This pen features intelligent recognition capability and is able to work in tandem with our online content to recognise and read Chinese or English vocabulary and sentences.

The AI Dictionary Pen provides authentic and pure human pronunciation, with translations that are comparable to a proficiency level of Test for English Majors Grade 8, thus it is able to cultivate a fluent sense of English. It supports multiple languages including Chinese, English, Japanese, Korean, French, Russian, German and Spanish, providing convenient operation and quick translation and is able to play text content in a more natural and fluent manner. For students wishing to enhance their language learning, the AI Dictionary Pen is undoubtedly a practical tool.

Moreover, our smart scanning pen has an offline real-time translation feature, capable of translating selected Chinese or English sentences. This means that no matter where the user is, as long as they have this pen at hand, they can translate anytime, anywhere, overcoming language barriers, making learning and communication more convenient.

Revenue from the sales of these accessory products was relatively stable and slightly increased by approximately 8.9% from RMB8.1 million in 2022 Interim to RMB8.8 million in 2023 Interim.

## **Advertisement and Content Licensing**

Revenue from advertisement and content licensing mainly derived from third parties placing in-app advertisements with us, and from those offering our licensed digital educational resources on their platforms or devices based on revenue-sharing arrangements. Typically, we place links to our clients' applications on the devices we sell and charge fees based on the fixed price per click or download stipulated in the contract signed with the client, as well as the number of clicks by end users. Additionally, we also license our pre-recorded video resources to third-party channels, who then offer the digital educational resources on their platforms for sale to end users or install our digital educational resources on their devices for end users to use. When users purchase digital educational resources from the platform, we are entitled to a fixed percentage of the total earnings collected by the channel, and when end users activate the third parties' devices, we are entitled to collected a fixed amount per activated device.

Revenue generated from advertisement and content licensing increased by approximately 92.4% from approximately RMB3.0 million in 2022 Interim to approximately RMB5.7 million in 2023 Interim, primarily as a result of our efforts in attracting more new third parties to place in-app advertisements with us and to offer/install our licensed digital educational resources on their platforms or devices.

## Distribution Network

The Group primarily sells its products through third-party offline distributors. These distributors have their own sales networks and customer bases, which can assist us in promoting our products more extensively. Additionally, we utilise online channels, including our self-operated online stores on mainstream e-commerce platforms and a selected number of online distributors.

By selling our products through online channels, we can expose our brand and products to a broader array of potential customers. Our self-operated online store provides a convenient shopping platform allowing customers to easily purchase our products. Simultaneously, we collaborate with several online distributors, such as mainstream e-commerce platforms like Taobao and JD.com, offering our customers a more convenient shopping experience, while expanding the exposure and sales channels of our products.

Our sales strategy is diversified, relying on both offline distributors and online sales channels to ensure that our products can be discovered and purchased by a larger customer base.

The table below sets forth the revenue contribution by our sales channels.

	For the six months ended		For the six months ended	
	30 June 2023		30 June 2022	
	(unaudited)		(unaudited)	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Offline distributors	94,088	74.7	206,668	79.6
Self-operated online platforms	14,370	11.4	27,503	10.6
Online distributors	11,802	9.4	22,649	8.7
Others <sup>(1)</sup>	5,679	4.5	2,951	1.1
<b>Total</b>	<b>125,939</b>	<b>100.0</b>	<b>259,771</b>	<b>100.0</b>

*Note (1):* Revenue derived from others during 2022 Interim and 2023 Interim represented the portion of revenue from (i) third parties who placed in-app advertisements with us and (ii) third parties who offered our licensed digital educational resources on their platforms under profit-sharing arrangements.

## **Readboy Institute of Education Technology**

We strive to explore educational resources and deliver high quality digital educational resources to the Chinese students. In 2017, we established Readboy Institute of Education Technology. It is our in-house educational resource research and development center which is mainly responsible for content research, educational resource design and development, courseware and pre-recorded video resource production and other relevant supportive services.

### **Corporate Honors**

The Group were recently honored to be included in the provincial qualification recognition list “Announcement of the Guangdong Provincial Department of Industry and Information Technology on the List of Specialized, Focused, and New Small and Medium Enterprises for 2022 and Companies Passing the Review in 2019”(廣東省工業和資訊化廳關於公佈2022年專精特新中小企業和2019年到期覆核通過企業名單的通告). This significant honor not only reflects our leadership position in the educational electronics industry but also represents a high level of recognition for our excellent performance in the areas of innovation and professionalism.

This honor is a recognition of our major achievements to date, demonstrating our accomplishments in specialization, refinement, uniqueness, and novelty. It also attests to the distinctiveness of our products and services, as well as our professional commitment to specific technologies and industrial chains.

We excel not only in the development of specialized products but also place a strong emphasis on the details of production, management, and service to provide efficient, high-quality products and services. We are persistently on the path of specialized and innovative development, continually enhancing our independent innovative ability and strengthening our core competitiveness.

This honor not only affirms our past efforts but also inspires our future development. We will continue to strive, with a spirit of innovation and professionalism, to provide the highest quality products and services to meet the needs of our customers and the market.

We express our gratitude to all our customers, partners, and employees. We look forward to continuing to provide you with exceptional products and services in the days to come, and to co-create a more promising future together.

## FINANCIAL REVIEW

### Revenue

The revenue of the Group decreased by approximately 51.5% from RMB259.8 million in 2022 Interim to RMB125.9 million in 2023 Interim. The decrease was primarily resulted from decrease in sales of personal student tablets and wearable products due to (i) negative impact to our product sales as the domestic economy was affected by the international environment; (ii) intensified competition triggered by enterprises from other sectors entering the educational electronics industry; and (iii) a more cautious attitude towards spendings by consumers after the pandemic, resulting in product sales result less favorable than expected.

	For the six months ended June 30			
	2023		2022	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%
	(unaudited)		(unaudited)	
Personal student tablets	104,174	82.7	230,501	88.7
Digital and smart classroom solutions	2,159	1.7	5,131	2.0
Wearable products	5,153	4.1	13,133	5.1
Other products	8,774	7.0	8,055	3.1
Advertisement and content licensing	5,679	4.5	2,951	1.1
<b>Total</b>	<b>125,939</b>	<b>100.0</b>	<b>259,771</b>	<b>100.0</b>

### Cost of Sales

Our cost of sales decreased by approximately 60.0% from RMB193.3 million in 2022 Interim to RMB77.3 million in 2023 Interim. The decrease was primarily due to the decrease in the sales of personal student tablets during 2023 Interim which resulted in the corresponding decrease in cost of sales.

### Gross Profit and Gross Profit Margin

Our gross profit decreased by approximately 26.9% from RMB66.5 million in 2022 Interim to RMB48.6 million in 2023 Interim, primarily due to the decrease in revenue as discussed above. The gross profit margin increased from 25.6% in 2022 Interim to 38.6% in 2023 Interim, primarily due to higher profit margin on new products and an increased share of sales on self-operated online platforms.

## **Other Income and Gains**

Other income and gains increased by approximately 6.0% from RMB30.7 million in 2022 Interim to RMB32.6 million in 2023 Interim, which was mainly due to (i) the increase in net foreign exchange difference by RMB8.7 million resulted from foreign exchange rate fluctuation during the period between our functional currency (ie. RMB) and net proceeds from our initial public offering (ie. HKD); (ii) the increase in interest income from time deposits by RMB4.7 million which was partially offset by (iii) the decrease in sales of raw materials and accessory parts by RMB8.8 million; and (iv) the decrease in value added tax refund by RMB1.3 million.

## **Selling and Distribution Expenses**

Our selling and distribution expenses decreased by approximately 8.6% from RMB40.3 million in 2022 Interim to RMB36.8 million in 2023 Interim, which was primarily due to the decrease in sale of products during 2023 Interim which resulted in the corresponding decrease in selling and distribution expenses.

## **Administrative Expenses**

Our administrative expenses decreased by approximately 30.7% from RMB25.6 million in 2022 Interim to RMB17.7 million in 2023 Interim, which was primarily due to no incurrence of listing-related expenses in the period.

## **Research and Development Expenses**

Our research and development expenses increased by approximately 57.3% from RMB16.2 million in 2022 Interim to RMB25.5 million in 2023 Interim, primarily due to the increased staff costs to motivate the Group' research and development personnel as well as the increases in professional service fees, reflecting the enhanced research and development activities during the year.

## **Other Expenses**

Our other expenses decreased by approximately 54.4% from RMB13.8 million in 2022 Interim to RMB6.3 million in 2023 Interim. Our other expense were mainly resulted from the expenses incurred sales of raw materials and accessory parts, which was of a larger amount in 2022 Interim due to a large volume of raw materials disposed.

## **Finance Costs**

Our finance costs increased by approximately 141.7% from RMB96,000 in 2022 Interim to RMB232,000 in 2023 Interim, primarily due to the increase in interest on interest-bearing bank borrowings.

## **Changes in fair value of financial assets/liabilities at fair value through profit or loss**

A loss in the fair value of financial assets at fair value through profit or loss of approximately RMB20.2 million was recorded in 2023 Interim due to our equity investment in a Hong Kong listed company, namely, Flowing Cloud Technology Ltd (Stock Code: 6610) (“**Flowing Cloud**”). The fair value of the listed equity investment were based on the quoted price in the active stock market and exhibited a negative performance during 2023 Interim.

The changes in fair value of financial liabilities at fair value through profit or loss in 2022 Interim were related to the issue of an aggregate of 67,288 shares to three pre-IPO Investors at a total consideration of US\$22.7 million (equivalent to RMB147.0 million) on 24 March 2021. We have recorded a loss in fair value of financial liabilities at fair value through profit or loss of approximately of RMB47.8 million in 2022 Interim mainly due to an increase in the value of the Group’s equity, which was measured based on the valuation techniques determined by the independent and qualified valuer as disclosed in the prospectus. The carrying amount was derecognised from financial liabilities at fair value through profit or loss and reclassified to the equity after the lapse of redemption right upon the completion of the listing of the shares of the Company on 12 July 2022.

## **Loss Before Tax**

As a result of the foregoing, our loss before tax was RMB46.5 million in 2022 Interim and our loss before tax was RMB25.6 million in 2023 Interim.

## **Income Tax (Expense)/ Credit**

We recorded income tax expenses of RMB12.4 million in 2023 Interim, mainly as a result of i) the increase in deferred tax expense of contract liabilities by approximately RMB6.2 million; ii) a reversal of deferred tax assets of tax losses by approximately RMB6.4 million, which was mainly due to the deferred tax assets of tax loss can not be recognised as it is not considered probable that taxable profits will be available in the foreseeable future against which the tax losses can be utilised. Income tax credit amounted to RMB4.1 million was recorded in 2022 Interim.

## **Loss for the Period**

As a result of the foregoing, we recognised a net loss of RMB37.9 million and a net loss of RMB42.4 million for 2023 Interim and 2022 Interim, respectively. The change in net loss was mainly attributable to (i) the decrease in gross profit by approximately RMB17.9 million; (ii) the increase in research and development expenses by RMB9.3 million; (iii) the decrease in administrative expenses by RMB7.9 million; (iv) the decrease in other expenses by RMB7.5 million; (v) the decrease in changes in fair value of financial assets/liabilities at fair value through profit or loss by RMB27.5 million.

## Non-HKFRS Measures

To supplement the Group's unaudited consolidated financial statements, which are presented in accordance with HKFRS, we also present adjusted net profit or loss as additional financial measures, which are not required by, or presented in accordance with, HKFRS. Adjusted net profit or loss, as we present it, represents profit or loss for the period before listing expenses and changes in fair value of financial assets/liabilities at fair value through profit or loss. Listing expenses are expenses in relation to the initial public offering of the shares of the Company. Changes in fair value of financial assets at fair value through profit or loss are non-cash expenses in connection with (1) the Group's listed equity investment in Flowing Cloud and (2) the shares we issued to our pre-IPO investors. We believe that the presentation of non-HKFRS measures, when shown in conjunction with the corresponding HKFRS measures, provides useful information to investors and management.

While these non-HKFRS measures provide additional financial measures for investors to assess our operating performance, the use of these non-HKFRS measures has certain limitations because they do not reflect all items of income and expense that affect our operations. Our presentation of these non-HKFRS measures should not be construed as an inference that our future results will be unaffected by such unusual item.

These non-HKFRS measures should not be considered in isolation or construed as a substitute for analysis of HKFRSs financial measures. In addition, as these measures may not be calculated in the same manner by all companies, our adjusted net profit or loss (a non-HKFRS measure) may not be comparable to the same or similarly titled measures presented by other companies.

The following table reconciles loss for the periods indicated under HKFRSs to adjusted net (loss)/profit (a non-HKFRS measure):

	<b>For the six months ended</b>	
	<b>30 June</b>	
	<b>2023</b>	<b>2022</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Loss for the period</b>	<b>(37,948)</b>	<b>(42,388)</b>
Add:		
Listing expenses	—	12,115
Less:		
Changes in fair value of financial assets/liabilities at fair value through profit or loss	<u><b>(20,243)</b></u>	<u><b>(47,789)</b></u>
<b>Adjusted net (loss)/profit for the period (a non-HKFRS measure)</b>	<u><b>(17,705)</b></u>	<u><b>17,516</b></u>



*Note:*

- (1) We define adjusted net profit or loss for the period by adding back the listing expenses and subtracting the changes in fair value of financial assets/liabilities through profit or loss to the loss recorded for the period. We believe that the presentation of non-HKFRS measures, when shown in conjunction with the corresponding HKFRS measures, provides useful information to investors and management. For further details, please refer to the paragraph headed “Non-HKFRS Measures” in this announcement.

## **LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES**

The Group has always pursued a prudent treasury management policy and actively manages its liquidity position to cope with daily operation and any demands for capital for future development.

The Group funded and is expected to continue to fund its operations principally from cash generated from operations, net proceeds from the initial public offering of shares of the Company and bank loans. As at 30 June 2023, the Group had short-term bank borrowings of approximately RMB55.3 million (as at 31 December 2022: nil), which had fixed rate, ranging from 3% to 3.2%.

As at 30 June 2023, the Group had unutilized banking facilities of approximately RMB104.7 million (as at 31 December 2022: RMB160.0 million).

### **Cash Position**

As at 30 June 2023, the Group had cash and cash equivalents of RMB332.0 million (as at 31 December 2022: RMB149.0 million), which primarily consisted of deposits in bank denominated in RMB, USD and HKD.

### **Gearing Ratio**

Our gearing ratio is calculated as the total liabilities divided by total assets. As at 30 June 2023, our gearing ratio remained relatively stable at 26.8%, as compared with 27.3% as at 31 December 2022.

### **Contingent Liabilities and Guarantees**

As at 30 June 2023, the Group did not have significant contingent liabilities, guarantees or any litigations or claims of material importance.

## **Significant Investments, Major Acquisitions and Disposals**

During the six months ended 30 June 2023, the Group did not have any significant investments, or conduct material acquisitions or disposals of subsidiaries, joint ventures and associates. Save as disclosed in the sections headed “Business” and “Future Plans and Use of Proceeds” in the Prospectus, the Group did not have any future plans for significant investment or acquisition of material capital assets or other businesses as at 30 June 2023.

## **Charge on Group Assets**

As at 30 June 2023, the Group did not pledge any group assets (as at 31 December 2022: Nil).

## **Exchange Risk**

Other than the bank deposits, some of which are denominated in USD and HKD, the Group’s business is principally conducted in Renminbi and therefore did not have any material direct exposure to foreign exchange fluctuation. Accordingly, the Group considers its exposure to currency risk to be insignificant. As at 30 June 2023, the Group has not entered into any hedging transaction against foreign currency risks. However, the Board will remain alert to any relevant risks and, if necessary, consider to hedge any material potential foreign exchange risk.

## USE OF PROCEEDS FROM THE GLOBAL OFFERING

The Company's Shares have been listed on the Main Board of the Stock Exchange on 12 July 2022.

Net proceeds from the global offering received by the Company were approximately HKD364.6 million with 52,000,000 new ordinary Shares issued at the price of HKD7.60 per Share. The total amount of net proceeds from the global offering are proposed to be used for the purposes and in the amounts (adjusted on pro rata basis based on the actual net proceeds) as disclosed in the Prospectus as follows:

Purpose	Percentage of total amount of net proceeds %	Amount of net proceeds (HKD million)	Net proceeds utilised from the Listing Date and up to 30 June 2023 (HKD million)	Net proceeds unutilised as at 30 June 2023 (HKD million)	Expected timeline for usage of proceeds (Note)
(1) Deepen the reform of distribution network and strengthen its geographical expansion and penetration	35%	127.61	52.78	74.83	
(i) strengthen and expand the offline distributors for individual and end users	30%	109.38	52.64	56.74	By December 2026
(ii) expand and enhance the distribution network for the smart classroom solutions	5%	18.23	0.14	18.09	By December 2026
(2) Research and development of information technologies and infrastructure to enhance overall technical advantages in delivering smart learning devices with digital educational resources	25%	91.15	3.23	87.92	
(i) recruit additional IT technical staff and support the research and development activities	20%	72.92	1.78	71.14	By December 2026
(ii) establish a new big data center in Zhuhai	5%	18.23	1.45	16.78	By December 2026
(3) Investment in optimizing the products and service offerings to further enhance competitiveness	20%	72.92	40.65	32.27	By December 2026
(4) Enhance education material development capability and further diversify digital education resources	10%	36.46	9.91	26.55	
(i) recruit and train the education material development personnel	7%	25.52	—	25.52	By December 2026
(ii) expand and update the digital educational resources	3%	10.94	9.91	1.03	By December 2026
(5) Working capital and for general corporate purposes	10%	36.46	35.20	1.26	By December 2026
Total	100%	364.60	141.77	222.83	

*Note:* The expected timeline was based on the Company's estimation of future market conditions and business operations, and remains subject to change based on actual market conditions and business needs.

Unutilised net proceeds were deposited into short-term demand deposits with licensed banks or authorized financial institutions. The net proceeds are intended to be used in the same manner as stated in the Prospectus.

## **EMPLOYEE REMUNERATION**

As at 30 June 2023, the Group had a total of 569 full-time employees (553 full-time employees as at 31 December 2022). For the six months ended 30 June 2023, the Group recognised staff costs of approximately RMB34.7 million (2022 Interim: RMB32.7 million). The Group provided employees with salaries and benefits that, in its opinion, were competitive with market standards and regularly reviewed the remuneration policies based on employees' contributions and industry standards. The Group also contributed to medical insurance, pension insurance, maternity insurance, unemployment insurance, work-related injury insurance and housing provident funds for our employees and paid relevant insurance premiums. In addition, the Group also engaged external experts to provide internal training courses for its employees from time to time. Further, the Group has adopted a post-IPO restricted share unit scheme and post-IPO share option scheme to reward the eligible participants their past contribution to the success of the Group and to provide incentives for their continuing contribution.

## **OUTLOOK FOR THE SECOND HALF OF 2023**

The global economy is projected to maintain moderate growth in the second half of 2023. Despite a degree of uncertainty, such as trade frictions and geopolitical risks, governments worldwide are actively addressing these challenges to foster stable economic development. Moreover, as China embarks on a new phase of economic recovery and industrial revitalization in the post-pandemic era, new business opportunities and vitality have emerged for all sectors.

Within this context, the Chinese education market is set to welcome new growth opportunities. With the continuous investment in education and policy support from the state, the education market is expected to sustain stable growth. In particular, online education, vocational education, and lifelong learning will become market hotspots. Additionally, the state's focus on educational equality and the implementation of burden-reducing policies will guide the education market towards a healthier and more orderly direction.

For the Group, the second half of 2023 will be a period filled with opportunities and challenges. Amid increasingly fierce market competition, we need to grasp the development trends in the education market, innovate actively, and enhance our core competitiveness.

Expanding the online education market: Given the global impact of the pandemic and the rapid development of online education, we should increase our R&D investments in online education products and services. We aim to provide a wider range of high-quality online courses and learning resources to meet the needs of students of different ages and requirements.

Paying attention to educational equality and burden-reducing policies: In response to the national “Work Point of the Ministry of Education in 2022” (教育部2022年工作要點) policy, we need to pay more attention to the implementation of educational equality and burden-reducing policies and adjust our business strategy to meet policy requirements. Simultaneously, we can actively participate in public education projects, to boost the development of education.

Strengthening technological innovation and R&D: With the support of artificial intelligence and big data technologies, we will continue to strengthen technological innovation and R&D investment with an aim to develop more intelligent education products and solutions for providing personalised and intelligent learning experiences.

In the face of the market situation in the second half of 2023, the Group will continue to closely follow development trends, leverage its strengths and continually innovate to achieve sustainable development.

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

For the six months ended 30 June 2023

	Notes	Six months ended 30 June	
		2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
<b>Revenue</b>	5	125,939	259,771
Cost of sales		<u>(77,312)</u>	<u>(193,266)</u>
Gross profit		48,627	66,505
Other income and gains	5	32,550	30,698
Selling and distribution expenses		(36,783)	(40,252)
Administrative expenses		(17,745)	(25,599)
Research and development expenses		(25,481)	(16,194)
Other expenses		(6,288)	(13,794)
Finance costs		(232)	(96)
Changes in fair value of financial assets/liabilities at fair value through profit or loss		<u>(20,243)</u>	<u>(47,789)</u>
<b>LOSS BEFORE TAX</b>	6	<b>(25,595)</b>	<b>(46,521)</b>
Income tax (expense)/credit	7	<u>(12,353)</u>	<u>4,133</u>
<b>LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>		<b><u>(37,948)</u></b>	<b><u>(42,388)</u></b>
Attributable to:			
Owners of the parent		(37,708)	(42,299)
Non-controlling interests		<u>(240)</u>	<u>(89)</u>
		<b><u>(37,948)</u></b>	<b><u>(42,388)</u></b>
<b>LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT</b>	9		
Basic			
– For loss for the period		<b><u>RMB10.80 cents</u></b>	<b><u>RMB15.05 cents</u></b>
Diluted			
– For loss for the period		<b><u>RMB10.80 cents</u></b>	<b><u>RMB15.05 cents</u></b>

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 June 2023*

		30 June 2023	31 December 2022
	<i>Notes</i>	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
		<b>(Unaudited)</b>	<b>(Audited)</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	<i>10</i>	44,378	45,140
Investment properties		13,026	13,219
Right-of-use assets		596	764
Other intangible assets		3,298	4,959
Deferred tax assets		14,322	26,675
Equity investments designated at fair value through other comprehensive income		28,000	28,000
Other non-current assets		3,077	751
		<hr/>	<hr/>
Total non-current assets		<b>106,697</b>	<b>119,508</b>
<b>CURRENT ASSETS</b>			
Inventories	<i>11</i>	232,465	246,715
Trade receivables	<i>12</i>	31,056	28,330
Prepayments, other receivables and other assets	<i>13</i>	38,672	38,653
Financial assets at fair value through profit or loss		13,983	34,226
Time deposit	<i>14</i>	–	345,889
Cash and cash equivalents	<i>14</i>	332,017	149,041
		<hr/>	<hr/>
Total current assets		<b>648,193</b>	<b>842,854</b>
<b>CURRENT LIABILITIES</b>			
Interest-bearing bank borrowings		55,310	–
Trade payables	<i>15</i>	20,645	88,116
Other payables, accruals and contract liabilities	<i>16</i>	111,462	132,980
Lease liabilities		329	319
Tax payable		8,849	8,849
		<hr/>	<hr/>
Total current liabilities		<b>196,595</b>	<b>230,264</b>
<b>NET CURRENT ASSETS</b>		<hr/> <b>451,598</b>	<hr/> <b>612,590</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<hr/> <b>558,295</b>	<hr/> <b>732,098</b>



		<b>30 June</b>	31 December
		<b>2023</b>	2022
	<i>Notes</i>	<b>RMB'000</b>	<b>RMB'000</b>
		<b>(Unaudited)</b>	<b>(Audited)</b>
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities		324	492
Contract liabilities	16	<u>5,332</u>	<u>32,027</u>
Total non-current liabilities		<u>5,656</u>	<u>32,519</u>
Net assets		<u><b>552,639</b></u>	<u><b>699,579</b></u>
<b>EQUITY</b>			
Equity attributable to owners of the parent			
Share capital	17	302	302
Treasury shares		<b>(109,062)</b>	–
Reserves		<u>659,798</u>	<u>697,506</u>
		<b>551,038</b>	697,808
Non-controlling interests		<u>1,601</u>	<u>1,771</u>
<b>Total equity</b>		<u><b>552,639</b></u>	<u><b>699,579</b></u>

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2023

## 1. CORPORATE AND GROUP INFORMATION

Readboy Education Holding Company Limited (the “**Company**”) was incorporated in the Cayman Islands on 8 February 2021 as an exempted company with limited liability under the Companies Act of the Cayman Islands. The registered address of the Company is Cricket Square, Hutchins Drive, PO Box, 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (together, the “**Group**”) were principally engaged in the production and sale of personal student tablets, digital and smart classroom solutions, wearable products, other products and advertisement and content licensing in the People’s Republic of China (the “**PRC**”).

The Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 12 July 2022.

## 2. BASIS OF PREPARATION

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

The interim condensed consolidated financial information has been prepared under the historical cost convention, except for equity investments designated at fair value through other comprehensive income and financial assets at fair value through profit or loss which have been measured at fair value. The interim condensed financial information is presented in Renminbi (“**RMB**”), and all values are rounded to the nearest thousand (RMB’000) except when otherwise indicated.

## 3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2022, except for the following new and revised Hong Kong Financial Reporting Standards (“**HKFRSs**”) for the first time for the current period’s financial information.

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

The application of these new and revised HKFRSs that are applicable to the Group in the current period has had no material impact on the Group's financial performance and positions for the current and prior period and/or on the disclosures set out in the interim condensed consolidated financial information.

#### **4. OPERATING SEGMENT INFORMATION**

For management purposes, the Group is organised into business units based on their products and has five reportable operating segments as follows:

- (a) Production and sale of personal student tablets;
- (b) Production and sale of digital and smart classroom solutions;
- (c) Production and sale of wearable products;
- (d) Production and sale of other products; and
- (e) Advertisement and content licensing.

## Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segments.

	Six months ended 30 June 2023 (Unaudited)					
	Personal student tablets <i>RMB'000</i>	Digital and smart classroom solutions <i>RMB'000</i>	Wearable products <i>RMB'000</i>	Other products <i>RMB'000</i>	Advertisement and content licensing <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Segment revenue</b> (note 5)						
Sales to external customers	104,174	2,159	5,153	8,774	5,679	125,939
<b>Segment results</b>	39,944	1,115	604	2,124	4,840	48,627
<b>Reconciliation:</b>						
Other income and gains						32,550
Selling and distribution expenses						(36,783)
Administrative expenses						(17,745)
Research and development expenses						(25,481)
Other expenses						(6,288)
Finance costs						(232)
Changes in fair value of financial assets at fair value through profit or loss						(20,243)
<b>Loss before tax</b>						<b>(25,595)</b>

## Six months ended 30 June 2022 (Unaudited)

	Personal student tablets <i>RMB'000</i>	Digital and smart classroom solutions <i>RMB'000</i>	Wearable products <i>RMB'000</i>	Other products <i>RMB'000</i>	Advertisement and content licensing <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Segment revenue (note 5)</b>						
Sales to external customers	230,501	5,131	13,133	8,055	2,951	259,771
<b>Segment results</b>	57,798	2,067	2,208	2,217	2,215	66,505
<b>Reconciliation:</b>						
Other income and gains						30,698
Selling and distribution expenses						(40,252)
Administrative expenses						(25,599)
Research and development expenses						(16,194)
Other expenses						(13,794)
Finance costs						(96)
Changes in fair value of financial liabilities at fair value through profit or loss						(47,789)
<b>Loss before tax</b>						<b>(46,521)</b>

## Geographical information

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

## Information about major customers

No revenue from goods or services provided to a single customer amounted to 10% or more of the total revenue for the six months ended 30 June 2022 and 2023.

## 5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	For the six months ended	
	30 June	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
<u>Revenue from contracts with customers</u>		
Devices	50,144	164,867
Digital educational resources and services	54,030	65,634
	<hr/>	<hr/>
Personal student tablets	104,174	230,501
Devices	513	2,615
Digital educational resources and services	1,646	2,516
	<hr/>	<hr/>
Digital and smart classroom solutions	2,159	5,131
Wearable products	5,153	13,133
Other products	8,774	8,055
Advertisement and content licensing	5,679	2,951
	<hr/>	<hr/>
	<b>125,939</b>	<b>259,771</b>
	<hr/> <hr/>	<hr/> <hr/>

## Disaggregated revenue information for revenue from contracts with customers

	For the six months ended	
	30 June	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
<b>Types of goods or services</b>		
Sale of goods		
Devices	50,657	167,482
Wearable products	5,153	13,133
Other products	8,774	8,055
	<u>64,584</u>	<u>188,670</u>
Provision of services		
Digital educational resources and services	55,676	68,150
Advertisement and content licensing	5,679	2,951
	<u>61,355</u>	<u>71,101</u>
Total revenue from contracts with customers	<u><u>125,939</u></u>	<u><u>259,771</u></u>
<b>Timing of revenue recognition</b>		
Goods transferred at a point in time	64,584	188,670
Services transferred at a point in time	5,830	3,330
Services transferred over time	55,525	67,771
	<u>125,939</u>	<u>259,771</u>
Total revenue from contracts with customers	<u><u>125,939</u></u>	<u><u>259,771</u></u>



An analysis of other income and gains is as follows:

	<b>For the six months ended</b>	
	<b>30 June</b>	
	<b>2023</b>	2022
<i>Note</i>	<b><i>RMB'000</i></b>	<i>RMB'000</i>
	<b>(Unaudited)</b>	(Unaudited)
Sales of raw materials and accessory parts	<b>3,250</b>	12,030
Rental income on investment properties and equipment	<b>1,346</b>	1,286
Bank interest income	<b>363</b>	837
Investment income from structured deposits	<b>83</b>	804
Interest income from time deposits	<b>5,589</b>	935
Net foreign exchange differences	<b>11,989</b>	3,286
Repair and maintenance service income	<b>5,437</b>	4,823
Government grants	<b>1,533</b>	2,685
Value added tax refund	<b>1,795</b>	3,114
Trademark licensing income	<b>11</b>	504
Interest income from loans to a related party	<b>92</b>	–
Others	<b>1,062</b>	394
	<b>32,550</b>	30,698

(a) There are no unfulfilled conditions or contingencies related to these government subsidies.

## 6. LOSS BEFORE TAX

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

	<i>Notes</i>	<b>For the six months ended</b>	
		<b>2023</b>	<b>2022</b>
		<b>RMB'000</b>	<b>RMB'000</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
Cost of devices, wearable products and other products*		<b>58,338</b>	174,838
Cost of digital educational resources and services*		<b>18,135</b>	17,692
Cost of advertisement and content licensing*		<b>839</b>	736
Research and development expenses**		<b>44,685</b>	31,512
Employee benefit expense (excluding directors' and chief executive officer's remuneration)			
Wages and salaries		<b>31,087</b>	26,893
Pension scheme contributions, social welfare and other welfare		<b>2,874</b>	5,255
		<b>33,961</b>	32,148
Depreciation of property, plant and equipment		<b>2,127</b>	2,127
Depreciation of investment properties		<b>193</b>	193
Depreciation of right-of-use assets		<b>168</b>	982
Amortisation of other intangible asset***		<b>2,591</b>	3,169
Impairment of trade receivables****	<i>12</i>	<b>1,997</b>	373
Write-down of inventories to net realisable value*****	<i>11</i>	<b>404</b>	262
Net foreign exchange differences		<b>(11,989)</b>	(3,286)
Listing expenses		<b>–</b>	12,115
Auditor's remuneration		<b>737</b>	599
Product warranty provision*****		<b>5,400</b>	4,039
Changes in fair value of financial asset/liabilities at fair value through profit or loss		<b>20,243</b>	47,789

\* These types of costs include expenses relating to depreciation of property, plant and equipment, amortisation of copyrights, write-down of inventories and staff costs which are also included in the respective total amounts disclosed separately above for each of these types of expenses.

\*\* Included in cost of sales and research and development expenses in profit or loss.

\*\*\* Included in cost of sales and administrative expenses in profit or loss.

\*\*\*\* Included in administrative expenses in profit or loss.

\*\*\*\*\* Included in cost of sales in profit or loss.

\*\*\*\*\* Included in selling and distribution expenses in profit or loss.

## 7. INCOME TAX

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

### **Cayman Islands**

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

### **British Virgin Islands**

Pursuant to the rules and regulations of BVI, the subsidiary incorporated in the BVI is not subject to any income tax.

### **Hong Kong**

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong for the six months ended 30 June 2022 and 2023.

### **Mainland China**

All of the Group's subsidiaries registered in the PRC and have operations in Mainland China are subject to PRC enterprise income tax on the taxable income as reported in their PRC statutory accounts adjusted in accordance with relevant PRC income tax laws based on a statutory rate of 25% for the six months ended 30 June 2022 and 2023.

Pursuant to relevant laws and regulations in the PRC and with approval from the tax authorities in charge, one of the Group's subsidiaries, Readboy Educational Technology Company Limited (讀書郎教育科技有限公司, "**Readboy Technology**"), is qualified as a high and new technology enterprise and entitled to a preferential tax rate of 15% from December 2020 to December 2023. Therefore, for Readboy Technology, it was entitled to this preferential tax rate for the six months ended 30 June 2022 and 2023.

Pursuant to the relevant laws and regulations in the PRC and with approval from the tax authorities in charge, one of the Group's subsidiary Zhuhai Readboy Software Technology Company Limited (珠海讀書郎軟件科技有限公司, "**Zhuhai Technology**"), is entitled to an exemption from income tax for the first two years, commencing from the first year that it generates taxable profit, and a deduction of 50% on the income tax rate for the following three years. Therefore, For Zhuhai Technology, it was entitled to income tax exemption for the six months ended 30 June 2022 and a deduction of 50% for the six months ended 30 June 2023.

Income tax in the interim condensed consolidated statement of profit or loss and other comprehensive income represents:

	<b>For the six months ended</b>	
	<b>30 June</b>	
	<b>2023</b>	2022
	<i><b>RMB'000</b></i>	<i>RMB'000</i>
	<b>(Unaudited)</b>	(Unaudited)
Current income tax – Mainland China	–	–
Deferred	<u>12,353</u>	<u>(4,133)</u>
Total tax charged/(credit) for the period	<u><b>12,353</b></u>	<u><b>(4,133)</b></u>

## **8. DIVIDENDS**

No interim dividend was proposed during the period (six months ended 30 June 2022: Nil).

## **9. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT**

The calculation of the basic loss per share amounts is based on the loss for the period attributable to owners of the parent, and the weighted average number of ordinary shares of 349,190,969 (six months ended 30 June 2022: 281,086,267), for the purpose of computing basic earnings per share.

The calculation of the diluted loss per share amounts is based on the loss for the period attributable to owners of the parent, adjusted to reflect the changes in fair value of financial liabilities at fair value through profit or loss, where applicable (see below). The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed conversion of all dilutive potential ordinary shares into ordinary shares.

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

	<b>For the six months ended 30 June</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Loss:		
Loss attributable to owners of the parent, used in the basic loss per share calculation	<u>(37,708)</u>	<u>(42,299)</u>
Less: Changes in fair value of financial liabilities at fair value through profit or loss	<u>–</u>	<u>47,789</u>
(Loss)/profit attributable to owners of the parent before changes in fair value of financial liabilities at fair value through profit or loss	<u><b>(37,708)</b></u>	<u><b>5,490</b></u>
	<b>Number of shares</b>	
	<b>For the six months ended 30 June</b>	
	<b>2023</b>	2022
	<b>(Unaudited)</b>	(Unaudited)
Shares:		
Weighted average number of ordinary shares in issue during the period used in the basic and diluted loss per share calculation	<b>349,190,969</b>	281,086,267
Effect of dilution-weighted average number of ordinary shares:		
Ordinary shares with redemption right	<u>–</u>	<u>18,913,733</u>
	<u><b>349,190,969</b></u>	<u><b>300,000,000</b></u>

## 10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2023, the Group acquired assets at a cost of RMB1,365,109 (30 June 2022: RMB962,000).

No assets were disposed of by the Group during the six months ended 30 June 2023 (30 June 2022: RMB31,000). The loss on disposal was nil during the six months ended 30 June 2023 (30 June 2022: net loss of RMB8,000).

## 11. INVENTORIES

	<b>30 June 2023</b>	31 December 2022
	<i>RMB'000</i>	<i>RMB'000</i>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Raw materials	171,284	182,244
Finished goods	36,239	33,358
Work in progress	22,496	30,110
Goods in transit	11,990	10,143
	<u>242,009</u>	<u>255,855</u>
Provision	<u>(9,544)</u>	<u>(9,140)</u>
	<u><b>232,465</b></u>	<u><b>246,715</b></u>

## 12. TRADE RECEIVABLES

	<b>30 June 2023</b>	31 December 2022
	<i>RMB'000</i>	<i>RMB'000</i>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Trade receivables	35,203	30,480
Impairment	<u>(4,147)</u>	<u>(2,150)</u>
	<u><b>31,056</b></u>	<u><b>28,330</b></u>

An ageing analysis of the trade receivables as at the end of the reporting period, based on the demand note date and net of loss allowance, is as follows:

	<b>30 June 2023</b>	31 December 2022
	<i>RMB'000</i>	<i>RMB'000</i>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Within 30 days	10,724	20,650
31 to 180 days	8,043	5,508
181 to 365 days	12,289	2,172
	<u><b>31,056</b></u>	<u><b>28,330</b></u>

### 13. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	<b>30 June 2023</b>	31 December 2022
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
	<b>(Unaudited)</b>	(Audited)
Prepayments	<b>13,595</b>	9,509
Deposits and other receivables	<b>24,821</b>	28,387
Long-term receivables within one year	–	489
Net investment in a lease – current	<b>574</b>	586
	<b>38,990</b>	38,971
Less: impairment	<b>(318)</b>	(318)
	<b>38,672</b>	38,653

### 14. CASH AND CASH EQUIVALENTS AND TIME DEPOSIT

	<b>30 June 2023</b>	31 December 2022
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
	<b>(Unaudited)</b>	(Audited)
Cash and bank balances	<b>332,017</b>	149,041
Time deposit	–	345,889
	<b>332,017</b>	494,930
Less: Time deposit	–	(345,889)
Cash and cash equivalents	<b>332,017</b>	149,041
Denominated in:		
RMB	<b>43,389</b>	95,569
United States dollars (“USD”)	<b>92,449</b>	52,688
Hong Kong dollars (“HKD”)	<b>196,179</b>	784
Cash and cash equivalents	<b>332,017</b>	149,041

As at 30 June 2023 and 31 December 2022, the provisions for impairment of cash and cash equivalents were assessed to be immaterial based on 12-month ECLs.

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term time deposit is made for varying periods of between one day and two months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term time deposit rates. The bank balances and time deposit are deposited with creditworthy banks with no recent history of default.

## 15. TRADE PAYABLES

Trade payables are non-interest-bearing and normally settled on terms of within 90 days.

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	<b>30 June</b> <b>2023</b> <i>RMB '000</i> <b>(Unaudited)</b>	31 December 2022 <i>RMB '000</i> <b>(Audited)</b>
Within 90 days	<b>14,303</b>	85,395
91-180 days	<b>4,557</b>	1,875
181-365 days	<b>1,249</b>	740
More than 365 days	<b>536</b>	106
	<hr/> <b>20,645</b> <hr/>	<hr/> 88,116 <hr/>



## 16. OTHER PAYABLES, ACCRUALS AND CONTRACT LIABILITIES

	<b>30 June 2023</b>	31 December 2022
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
	<b>(Unaudited)</b>	(Audited)
Contract liabilities – current	<b>82,784</b>	96,044
Payables for salary and welfare	<b>10,617</b>	15,439
Payables for services	<b>3,615</b>	2,233
Accruals for sales rebates	<b>4,312</b>	2,489
Other tax payables	<b>2,709</b>	4,119
Product warranty provision	<b>1,770</b>	7,388
Payable for listing expenses	–	23
Others	<b>5,655</b>	5,245
	<b>111,462</b>	132,980
Contract liabilities – non-current	<b>5,332</b>	32,027

Contract liabilities represent advances received from customers for sale of devices and provision of digital educational resources and services.

Other payables and accruals are unsecured, non-interest-bearing and expected to be settled within 12 months.

## 17. SHARE CAPITAL

	<b>30 June 2023</b>	31 December 2022
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
	<b>(Unaudited)</b>	(Audited)
Authorised: 10,000,000,000 ordinary shares of HKD0.001 each	<b>10,000</b>	10,000
Issued and fully paid: 352,000,000 ordinary shares of HKD0.001 each	<b>302</b>	302

The movements in the Company's share capital are as follows:

	<i>Notes</i>	<b>Number of shares in issue</b>	<b>Share capital Amount RMB'000</b>
At 31 December 2021 (Audited)		1,067,288	1
Issue of ordinary shares upon listing	<i>(1)</i>	52,000,000	45
Issue of ordinary shares upon capitalisation	<i>(1)</i>	<u>298,932,712</u>	<u>256</u>
At 31 December 2022 (Audited)		352,000,000	302
Shares repurchased	<i>(2)</i>	<u>(14,455,600)</u>	<u>—</u>
At 30 June 2023 (Unaudited)		<b><u><u>337,544,400</u></u></b>	<b><u><u>302</u></u></b>

*Notes:*

- (1) In connection with the listing of the shares of the Company on the Stock Exchange, 52,000,000 new ordinary shares with a nominal value of HKD0.001 each were issued at a price of HKD7.60 per ordinary share for a total cash consideration of HKD395,200,000, before deducting underwriting fees, commissions and related expenses. In addition, 298,932,712 shares were issued by way of capitalisation. Dealings in the shares of the Company on the Stock Exchange commenced on 12 July 2022.
- (2) The Equiom Fiduciary Services (Hong Kong) Limited being the trustee of the Readboy Education Holding Company Limited Restricted Share Award Scheme Trust, purchased 14,455,600 Shares on the Stock Exchange at a total consideration of HK\$120,019,032.60 (equivalent to RMB109,061,982.20), which is held on trust for the selected participants under the share award scheme adopted on 25 April 2023 and accounted for as treasury shares. No share award was granted as at 30 June 2023.

## 18. RELATED PARTY TRANSACTIONS AND BALANCES

### (a) Names and relationships of related parties

Name	Relationship
Zhuhai Dreamcatcher Network Technology Company Limited (“Zhuhai Dreamcatcher”)	A company owned as to 51.02% by Mr. Chen Zhiyong and the remaining 48.98% by Mr. Qin Shuguang
Mr. Chen Zhiyong	One of the controlling shareholders and a non-executive director
Mr. Qin Shuguang	One of the controlling shareholders and an executive director
Zhongshan Huitong Enterprise Investment Management Center (Limited Partnership)	Shareholder

### (b) The Group had the following transactions with related parties during the period:

	For the six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
<b>Lease expense paid to a related party</b>		
Zhuhai Dreamcatcher ( <i>note (i)</i> )	<u>191</u>	<u>490</u>
<b>Interest income from a related party</b>		
Zhuhai Dreamcatcher ( <i>note (ii)</i> )	<u>92</u>	<u>–</u>
<b>Rental income from a related party</b>		
Zhongshan Huitong Enterprise Investment Management Center (Limited Partnership) ( <i>note (i)</i> )	<u>2</u>	<u>–</u>

- (i) The above related party transaction was conducted in accordance with the terms mutually agreed between the both parties.
- (ii) The loan to Zhuhai Dreamcatcher is unsecured, bears interest at 3.95% per annum and the maturity of the loan is 31 December 2023.

(c) Outstanding balances with related parties:

	For the six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<b>Prepayments, other receivables and other assets</b>		
Zhuhai Dreamcatcher ( <i>note (ii)</i> )	<u>5,000</u>	<u>–</u>

(d) Compensation of key management personnel of the Group:

	For the six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Salaries, allowances and benefits in kind	1,183	735
Pension scheme contributions	<u>28</u>	<u>142</u>
	<u>1,211</u>	<u>877</u>

## 19. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, trade receivables, financial assets included in prepayments, other receivables and other assets, trade payables, interest-bearing bank borrowings, financial liabilities included in other payables and accruals and approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The Group's finance department headed by the financial controller is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The financial controller reports directly to the chief financial officer. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the board of directors for annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair value of other non-current assets and the non-current portion of lease liabilities have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

The fair values of listed equity investments are based on the closing price quoted in the active stock market. The fair value of the unlisted equity investment has been estimated by using the market approach, using the recent transaction price of the unquoted investments, in arriving at an indicated value of the unlisted equity interest.

### Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

**As at 30 June 2023 (unaudited)**

	Fair value measurement using			Total <i>RMB'000</i>
	Quoted prices in active markets (Level 1) <i>RMB'000</i>	Significant observable inputs (Level 2) <i>RMB'000</i>	Significant unobservable inputs (Level 3) <i>RMB'000</i>	
Equity investments designated at fair value through other comprehensive income	–	28,000	–	28,000
Financial assets at fair value through profit or loss	13,983	–	–	13,983
	<b>13,983</b>	<b>28,000</b>	–	<b>41,983</b>

As at 31 December 2022 (audited)

	Fair value measurement using			Total <i>RMB'000</i>
	Quoted prices in active markets (Level 1) <i>RMB'000</i>	Significant observable inputs (Level 2) <i>RMB'000</i>	Significant unobservable inputs (Level 3) <i>RMB'000</i>	
Equity investments designated at fair value through other comprehensive income	–	28,000	–	28,000
Financial assets at fair value through profit or loss	34,226	–	–	34,226
	<u>34,226</u>	<u>28,000</u>	<u>–</u>	<u>62,226</u>

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

## 20. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The interim condensed consolidated financial information was approved and authorised for issue by the board of directors on 18 August 2023.

## OTHER INFORMATION

### INTERIM DIVIDEND

The Board has resolved that no dividend will be paid for the six months ended 30 June 2023 (2022 Interim: nil).

### COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Board believes that high corporate governance standards are essential in providing a framework for the Group to safeguard the interests of its shareholders and to enhance its corporate value and accountability. The Board and the management of the Company are committed to the maintenance of good corporate governance practices and procedures.

The Company has adopted the corporate governance code (the “**CG Code**”) contained in Appendix 14 to The Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) as its own code on corporate governance. To the best knowledge of the Directors, except for the deviation as described below, the Company has complied with all applicable code provisions under the CG Code for the six months ended 30 June 2023 and up to the date of this announcement.

Pursuant to Code Provision C.2.1 of Part 2 of the CG Code, the roles of chairman of the Board and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

The roles of chairman of the Board and chief executive officer of our Company are currently performed by Mr. Qin Shuguang (“**Mr. Qin**”). In view of Mr. Qin’s substantial contribution to our Group since our establishment and his extensive experience, we consider that having Mr. Qin acting as both our chairman of the Board and chief executive officer will provide strong and consistent leadership to our Group and facilitate the efficient execution of our business strategies. We consider it appropriate and beneficial to our business development and prospects that Mr. Qin continues to act as both our chairman of the Board and chief executive officer after the Listing, and therefore currently do not propose to separate the functions of chairman of the Board and chief executive officer. While this would constitute a deviation from Code Provision C.2.1 of Part 2 of the CG Code, the Board believes that this structure will not impair the balance of power and authority between the Board and the management of our Company, given that: (i) there are sufficient checks and balances in the Board, as a decision to be made by our Board requires approval by at least a majority of our Directors, and our Board comprises of three independent non- executive Directors, which is in compliance with the requirement under the Listing Rules; (ii) Mr. Qin and the other Directors are aware of and undertake to fulfill their fiduciary duties as Directors, which require, among other things, that he acts for the benefit and in the best interests of our Company and will make decisions for our Group accordingly; and (iii) the balance of power and authority is ensured by the operations of the Board which comprises of experienced and high caliber individuals who meet regularly to discuss issues affecting the operations of our Company. Moreover, the overall strategic and other key business, financial, and operational policies of our Group are made collectively after thorough discussion at both Board and senior management levels.

The Board will continue to review the effectiveness of the corporate governance structure of our Group in order to assess whether separation of the roles of chairman of the Board and chief executive is necessary.

### **COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS (THE “MODEL CODE”)**

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding the securities transactions by the Directors and the Group’s senior management who, because of his/her office or employment, is likely to possess inside information in relation to the Company or its securities. All Directors have confirmed, following specific enquiry made by the Company, that they have complied with the required standards as set out in the Model Code for the six months ended 30 June 2023 and up to the date of this announcement. In addition, the Company is not aware of any non-compliance of the Model Code by the senior management of the Group for the six months ended 30 June 2023 and up to the date of this announcement.

### **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

Save for the on-market share purchase made under the share award scheme adopted on 25 April 2023, as disclosed in Note 17 (Note 2) headed “Share Capital” to the Interim Condensed Consolidated Financial Information of this announcement, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities for the six months ended 30 June 2023 and up to the date of this announcement.

### **SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD**

The Group has no other significant events after 30 June 2023 that are required to be disclosed.

### **AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS**

The Company has established an audit committee (the “**Audit Committee**”) with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the CG Code. The Audit Committee consists of two independent non-executive Directors and one non-executive Director, namely Mr. Li Xinshou, Ms. Kong Fanhua and Mr. Chen Zhiyong. Mr. Li Xinshou is the chairman of the Audit Committee.

The Audit Committee has reviewed the Group’s unaudited interim results for 2023 Interim, and confirms that the applicable accounting principles, standards and requirements have been complied with, and that adequate disclosures have been made. The audit committee has also reviewed the effectiveness of risk management and internal control system of the Group, and considered the risk management and internal control system to be effective and adequate.



## **PUBLICATION OF 2023 INTERIM RESULTS AND INTERIM REPORT**

This unaudited consolidated interim results announcement of the Group for 2023 Interim is published on the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company's website at [www.readboy.com](http://www.readboy.com). The 2023 interim report containing all applicable information required under the Listing Rules will be despatched to the shareholders and published on the above websites in September 2023.

### **APPRECIATION**

On behalf of the Board, we would like to take this opportunity to express our gratitude to the management and staff of the Group for their commitment and contribution. We would also like to express our appreciation to the guidance from the regulators and continued support from the shareholders of the Company and our clients.

By order of the Board  
**Readboy Education Holding Company Limited**  
**Qin Shuguang**  
*Chairman and Chief Executive Officer*

Hong Kong, 18 August 2023

*As at the date of this announcement, the Board comprises Mr. Qin Shuguang, Ms. Liu Zhilan and Mr. Deng Denghui as executive Directors; Mr. Chen Zhiyong and Mr. Shen Jianfei as non-executive Directors; and Mr. Li Xinshou, Ms. Kong Fanhua and Prof. Li Renfa as independent non-executive Directors.*

*This announcement is available for viewing on the Company's website at [www.readboy.com](http://www.readboy.com) and the website of Hong Kong Exchanges and Clearing Limited at [www.hkexnews.hk](http://www.hkexnews.hk).*