



卓越教育集团

China Beststudy Education Group

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

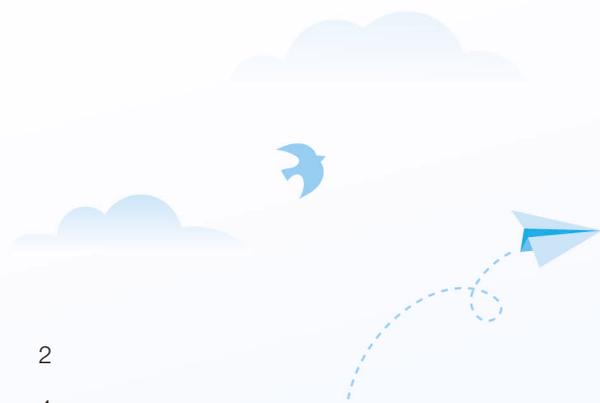
Stock Code: 3978



INTERIM REPORT  
2023

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# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

Mr. Junjing Tang (Chairman of the board of directors)  
Mr. Junying Tang  
Mr. Gui Zhou  
Ms. Weiyang Guan

### Non-executive Directors

Mr. Wenhui Xu  
Mr. Wai Ng (appointed on 28 March 2023)

### Independent Non-executive Directors

Ms. Yu Long  
Mr. Caihe Lin  
Mr. Jun Gan

## AUDIT COMMITTEE

Mr. Jun Gan (Chairman)  
Ms. Yu Long  
Mr. Wenhui Xu

## REMUNERATION COMMITTEE

Ms. Yu Long (Chairlady)  
Mr. Junjing Tang  
Mr. Jun Gan

## NOMINATION COMMITTEE

Mr. Junjing Tang (Chairman)  
Mr. Caihe Lin  
Ms. Yu Long

## COMPANY SECRETARY

Ms. Hing Ling Chau (LLM, FCG, HKFCG)

## AUTHORISED REPRESENTATIVES

Mr. Junjing Tang  
Ms. Hing Ling Chau (LLM, FCG, HKFCG)

## AUDITOR

Deloitte Touche Tohmatsu

## LEGAL ADVISERS

Tahota (Beijing) Law Firm  
Tian Yuan Law Firm LLP

## PRINCIPAL BANKS

China Citic Bank Guangzhou Huangpu Branch  
China Guangfa Bank Guangzhou Tianhe Branch  
Industrial and Commercial Bank of China Guangzhou  
Nanfang Branch

## REGISTERED OFFICE

Harneys Fiduciary (Cayman) Limited  
4th Floor, Harbour Place  
103 South Church Street  
P.O. Box 10240  
Grand Cayman, KY1-1002  
Cayman Islands

## HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

41/F, Xinde Business Centre  
Zhongshan 4th Road  
Yuxiu District, Guangzhou  
Guangdong, PRC

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1901, 19/F  
Lee Garden One  
33 Hysan Avenue  
Causeway Bay  
Hong Kong



## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Harneys Fiduciary (Cayman) Limited  
4th Floor, Harbour Place  
103 South Church Street  
P.O. Box 10240  
Grand Cayman, KY1-1002  
Cayman Islands

## HONG KONG BRANCH SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited  
Shops 1712–1716, 17th Floor  
Hopewell Centre  
183 Queen’s Road East  
Wanchai  
Hong Kong

## STOCK CODE

3978

## COMPANY’S WEBSITE

[www.beststudy.com](http://www.beststudy.com)

## INVESTOR RELATIONS

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## LISTING DATE

27 December 2018





# Company Profile

As a leading education service provider in South China, China Beststudy Education Group (the “**Company**” or “**Beststudy**” and, together with its subsidiaries, collectively the “**Group**”) has been consistently providing high-quality and diversified education products and services to students and parents since our establishment 26 years ago.

Our Group mainly offers education related products and services, including but not limited to full-time revision business, talent education, self-study program, vocational education, and after-school tutoring program. Our full-time revision business aims to help students to be admitted to their preferred schools through Zhongkao (中考) and Gaokao (高考). Our talent education is designed to promote the all-round development of our students, allowing a more engaging and enjoyable learning process. Our self-study program aims to improve students’ soft power of learning through self-study model, so that they can give full play in their study and daily life. Our vocational education is designed to cultivate talent with new vocational skills needed by the country and society in an innovative model with the support of public vocational colleges. Our after-school tutoring program targets to help students establish a sound learning thinking and knowledge system and develop good learning habits.

The Group has been focusing on developing in South China and established business presence across the country. Through 26 years of efforts and development, our “Zhuoyue Education” (卓越教育) brand and reputation have also been recognised and welcomed by students, parents and all sectors of the community. During the six months ended 30 June 2023 (the “**Reporting Period**”), we actively participated in social welfare and party building undertakings, and won the awards of “Guangzhou Party Organisation with Double Strength and Six Excellence — Non-public Economic Organization” (廣州市非公有制經濟組織“雙強六好”黨組織), “Guangzhou Model Base for Party Building” (廣州市黨建示範基地), “General Member of the Economic Association of Guangzhou Headquarters” (廣州市總部經濟協會一般會員), “King’s Ark Award for Employer Cherishing Talents the Most” (王者之舟最愛人才僱主獎) and “Caring and Delighting Charity Entity” (以愛為盟·點亮星空·愛心慈善單位). The recognition from students, parents and all sectors of the community will help us enlarge our student pool and further strengthen our market position in the industry.



# Financial and Key Operating Data Highlights

	For the six months ended		
	30 June		
	2023	2022	% Change
	RMB'000	RMB'000	
	(Unaudited)	(Unaudited)	
<b>Revenue</b>	<b>188,860</b>	268,445	(29.6%)
<b>Gross Profit</b>	<b>69,780</b>	121,671	(42.6%)
<b>Net Profit</b>	<b>20,152</b>	5,547	263.3%
<b>Adjusted Net Profit</b>	<b>20,234</b>	6,766	199.1%





# Management Discussion and Analysis

## PERFORMANCE REVIEW

To cope with the impact of the “Double Reduction Policy” (雙減政策) on the education industry and the Group’s business, we have responded to the policy call by seeking breakthroughs by way of business transformation. With the reputation and education resources built over the past 26 years, together with the recognition and support from parents and students, we have come up with a new business model of “talent education + vocational education + full-time education”.

The Group empowers high-quality development of our full-time business segment with digitalisation. Utilising cloud computing, big data, artificial intelligence and other information technologies to continuously optimise technology to empower our precise teaching system. Flexible application of diversified teaching scenarios realises efficient and precise teaching and enhances students’ learning experience and effect. At the same time, with the support of the precise teaching system, the Group helps students major in art, music or sports to rapidly improve their cultural scores through the hourglass figure training program, so as to achieve accurate teaching, efficient learning and intelligent management, and help students continue to improve and surpass themselves. Through “Beststudy Intelligent Learning System” (卓越慧學系統) and “Beststudy Core Learning System” (生命成長體系), the Group provides Zhongkao (中考) and Gaokao (高考) candidates with the essential skills and better prepare themselves for the exams so they have a higher chance of getting into their dream education institutions. While meeting the needs of the growth of students in an all-round manner, an efficient, reliable and reputable and laid a solid foundation for the sustainable development of the Group.

The Group focuses on the cultivation of core qualities such as literature and scientific quality, and strives to improve and optimise quality education methods. Nine products of the Group, including “Beststudy Programming” (卓越編程), “Curious Young Reporter” (奇趣小記者), “Thinking Planet” (思考星球), “Di-Da Literature” (嗒嗒文學), “Literature and Aesthetic Education” (文學美育), “Practical Practice” (躬行實踐), “Bilingual Culture” (雙語文化), “Multiple Thinking” (多元思維) and “Social Science Literacy” (社會科學素養), has become the first batch of quality products for Guangdong Province to pass the non-academic accreditation by the education authorities. These nine products have gained huge popularity among the wider society and students and helped build our brand as an excellent quality education services provider and thus provided an important safeguard in the transformation of the Group.

During the Reporting Period, the Group partnered with 50 primary and secondary schools in Guangzhou to provide integrated after-class services on campus. We have won recognition from students and schools for providing high-quality services and experiences to students that meet the diversified needs in their growth through more than 86 quality education products, covering moral, intellectual, physical, aesthetic and labour, and including moral education programs, thinking and growth, language expression, aesthetic arts, science literacy, cooking and labour, sports, and study and practice.



The Group has actively responded to national policies by striving for progress on the track of vocational education leveraging the resources and educational experience gained over the years. We have established a comprehensive strategic cooperation relationship with secondary vocational schools and institutions. We have tailor-made a fully closed management program for secondary vocational school students, with the college entrance examination for vocational school students as the final destination, to secure the high-quality and efficient learning of secondary vocational school students through a full-swing, holistic and all-round education and services. Riding on the trend of higher vocational college's entrance examination, the Group has also launched the “Zhuoyue 3+ Certificate Higher Vocational Studies” (卓越3+證書高職高考班). The course focuses on the learning styles of secondary vocational students, adopts a small class system, emphasises the elite teacher structure formed from years of experience in education practice, and the efficient use of interactive multimedia teaching aids, effectively improving students' learning efficiency and helping secondary vocational students achieve the goals of getting into their dream colleges.

In order to make progress in the exploration of our second growth curve, enhance organisational agility, and promote the incubation and development of innovative businesses, the Group has established the “Innovative Business Division”. The Group aims to undertake the construction of sustainable development drive, closely cooperate with various business departments, focus on the innovative exploration of value under new trends observed, and constantly improve the industrial layout of the Group through research, incubation, investment and other measures.

The Group has consistently adhered to the mission of “cultivating excellent quality and contributing to China's future” and has firmly stuck to the objective of becoming an “enthusiastic education services provider” for our public welfare actions. The Group has made its best efforts to carry out education public welfare, donated teaching equipment and materials to primary and secondary schools in remote areas and helped upgrade hardware facilities for a number of times helping to narrow down the gap between urban and rural areas in the level of educational attainment, and most importantly, passing on Beststudy's love and care. As part of our joint effort with the community, we have initiated a number of public welfare activities and recruited volunteers as a team to “beautify the community and build a green home”, aiming to enhance our staff and students' awareness in public welfare so that they can actively take more social responsibilities. We also joined hands with certain private education services providers in Yuexiu District in hosting public welfare festivals to provide high-quality products and services to the general public, fulfilling social responsibility through actions and demonstrate the mission and commitment of the enterprises. Raising funds and goods through charity sales, we provided help to children in need in Yuexiu District. At the same time, the Group has actively participated in a series of summer public welfare activities called the “Future Youth” where we provided “free summer child care” services to children whose parents needed to work during daytime so they spent a more meaningful summer vacation. In addition, the Group also actively carried out a number of “Party building + public welfare” activities to consolidate the work foundation, explore the best mode of work, continue to improve its own party building work and social responsibility, demonstrate and drive high-quality party building, and help enterprises develop in a high-quality manner.





## Management Discussion and Analysis

### FUTURE PROSPECTS

The Group has closely followed national policies, strictly implemented them and operated in accordance with the law, adhered to the original intention of “All for Children’s Healthy Development”, safeguarded the essence of education, facilitated construction in attaining educational prowess and contributed to the construction of a high-quality education system in China. Under the dual guidance of policy and market, the Group has focused on the core strategic system of “full-time revision + talent education + vocational education” and explored new business areas including talent education and vocational education, accelerated the development of its second growth curve and promoted the diversification of fields to provide students with more abundant and education services and products with higher quality.

#### **Technology empowers full-time education and leads high-quality development**

The Group will focus on providing full-time revision business for the majority of students, promote the sustainable development of our existing business, and strive to expand to cover the entire national market while rapidly developing the provincial market, and exploring and opening up new market landscape. In the future, the Group will be committed to the use of technology-enabled precision teaching system, which will be combined with our experience and expertise in teaching and scientific teaching system, so as to more accurately grasp the needs of students. Through continuous optimisation of the mode of teaching, we strive to ensure the high-quality output of teaching content, and accelerate the development of business segments.

The continuous upgrade of our two outer moats of “Beststudy Intelligent Learning System” and “Beststudy Core Learning System” will further enhance the core competitiveness of the Group, inject continuous development capabilities into the Group under the new landscape, and take the Group’s business to another level.

#### **Deepening the layout of quality-oriented education and injecting new momentum into all-round development**

Talent education is the main theme of national education reform and development. Under the proper guidance of relevant national policies, quality education has gradually moved from an auxiliary role to the mainstream, from the traditional “moral, intellectual, physical, aesthetic and labour” evaluation to cultivating innovative and entrepreneurial spirit and ability. The Group has actively responded to the call of national policies, actively transformed and further deepened quality education by conducting a new round of research and development and upgrading its original quality education product. By these measures, the Group has continuously enriched the product categories of talent education in non-academic accreditation products building a comprehensive education system that embraces the “five educations” integration “moral, intellectual, physical, aesthetic and labour” incorporates. This has achieved the improvement of core literacy of primary and secondary school students, providing continued momentum for the transformation of the Group.

The Group will further cooperate with more primary and secondary schools, strive to continuously provide customers with valuable products and services by exploiting its own localisation advantages, professional service operation system and teacher training team, innovating the use of internal and external resources and creating a rich variety of on-campus after-school quality courses. We also actively respond to the national concept of “integration of five-pronged education”, assist the implementation of quality-oriented education in schools, create school-based programmes with talent education characteristics, and build a new pattern of after-school services in schools.



We will continue to enhance the model of “talent education + community” model, taking the community as the centre to radiate the surrounding areas, reorganise the diversified talent education sub-products, explore students’ interests and talent through “direct perception, practical operation and hands-on experience”, and create a comprehensive and multicategory one-stop talent education base to provide students with more diversified choices, thereby further enhancing our influence.

In the future, Beststudy will continue to promote the innovation of quality education products and models, help the new development of quality education industry, escort the growth of children with enthusiastic education services, and inject more momentum for the improvement of the overall quality of the next generation.

### **Exploring vocational education and accelerating on the new track**

As China enters a new stage of development, the importance of vocational education is becoming more and more prominent. Since the General Office of the State Council clarified the importance of modern vocational education as an integral part of the national education system in 2021, various state departments have successively issued policy documents to emphasise, guide and promote the reform and development of vocational education. On 8 June 2023, the Implementation Plan of the Action to Enhance the Integration of Production and Education in Vocational Education (2023–2025), promulgated by the National Development and Reform Commission and other departments, proposed the actions needed to enhance the integration of production and education in vocational education and accelerate the realization of the concept of integration of production and education in vocational education. The market for vocational education is set to grow further under the positive guidance of national policies.

With the support of public vocational colleges, riding on the unique native advantages of vocational education in Guangdong Province and leveraging on its years of accumulated resources and teaching and research experience, the Group has launched a comprehensive exploration of vocational education products. With the focus on developing its business in the new area, the Group will offer courses including vocational certificate training.

In addition, the Group will continue to strengthen its strategic cooperation relationships with private colleges and universities, and secondary vocational colleges, actively explore the innovative training models for vocational education, give full play to the respective advantages of all parties, and establish the consensus of “complementary advantages, resource sharing and cooperative development” on education, jointly cultivate high-quality and high-skilled applied talents, providing multi-level and diversified technical and skilled talents support to promote the high-quality development of modern vocational education, enhance the Group’s reputation in the field of vocational education, and help to accelerate the development of Beststudy in the new channels of vocational education.

### **Creating an integrated learning and growth space and accompanying children’s growth in a high-quality and efficient manner**

In conformity with the requirements of national policies, the Group has built a self-learning space, providing students with learning systems or learning materials, creating a more comfortable and reassuring self-study environment, and helping children develop correct and good learning methods and habits in the self-study mode to improve the soft power of learning. It is the Group’s intention to create an integrated learning and growth space through habit development, cultural edification, ability improvement, homework tutoring, etc., and to accompany children’s growth in a high-quality and efficient manner in the rich learning practices and experience, making Beststudy the place for study and growth most favoured by children and trusted by parents.





## Management Discussion and Analysis

### Abiding by the right path, bringing forth innovative ideas, and seizing the momentum

We persistently adhere to the original mission and vision of the Group, closely follow the guidance of the national policy, comply with the national development needs, constantly optimise and improve the Group's strategy by comprehensively enhancing our core competitiveness, and promoting sustainable and high-quality development. We will also adhere to our mission of caring for children's growth, practicing the core values of "All for Children's Healthy Development" and taking children as our priority. Through technological innovation, we provide children with enthusiastic, aspirated, creative, technology-based diversified and comprehensive teaching services, stimulating children's internal motivation, promoting healthy and comprehensive growth. In terms of innovation, we will optimise the layout of our education business, and deepen cooperation with various higher education institutions leveraging our own advantages, deeply explore the vocational and technical training education area, and promote the Group's multi-field and multi-track development. We will also develop innovative educational products to continuously improve the quality and effectiveness of our existing products. At the same time, the Group will continue to create a better service and working platform for teachers and employees to help them realise their personal value. The Group will also deliver continuous and increasing investment returns to shareholders of the Company (the "Shareholder(s)") and investors through sustainable and healthy operation, so as to grow with hope and ride on the new trends.

We would like to express our sincere gratitude to our Shareholders and investors who have grown with us hand in hand over the years.

## FINANCIAL REVIEW

### Revenue

The following table sets forth a breakdown of the Group's revenue by type of education services we provided during the Reporting Period and the first half of 2022:

	For the six months ended 30 June		
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)	% Change
Full-time test preparation programs	103,573	89,611	15.6%
Talent education	28,025	49,822	(43.7%)
Tutoring programs	57,262	129,012	(55.6%)
<b>Total</b>	<b>188,860</b>	268,445	(29.6%)

The Group's revenue is principally generated from the tuition fees collected from our students. During the Reporting Period, the Group's revenue generated from our principal business decreased by 29.6% to approximately RMB188.9 million from RMB268.4 million in the first half of 2022. Compared with the first half of 2022, the decrease in revenue was mainly due to the decrease in revenue from tutoring programs as a result of the adjustment of the Group's business.



## Cost of Sales

Cost of sales decreased by 18.9% from RMB146.8 million in the first half of 2022 to RMB119.1 million for the Reporting Period.

## Gross Profit and Gross Profit Margin

As a result of the above principal factors, the Group's gross profit decreased by 42.6% from RMB121.7 million in the first half of 2022 to RMB69.8 million for the Reporting Period. The gross profit margin of the Group in the first half of 2022 was 45.3%, whilst for the Reporting Period it was 36.9%.

## Other Income

During the Reporting Period, the Group recorded other income in the amount of RMB9.3 million, representing a decrease of 50.1% as compared with the same period of last year. The other income during the Reporting Period mainly included interest income from demand deposit of RMB4.3 million, and interest income of debt instruments at amortised cost of RMB2.9 million.

## Other Gains and Losses

During the Reporting Period, the Group recorded other gains and losses in the amount of RMB23.2 million. The other gains and losses during the Reporting Period mainly included gain on disposal of subsidiaries in the amount of RMB19.8 million and disposal of right-of-use assets of RMB2.6 million.

## Fair Value Changes on Investments at Fair Value Through Profit or Loss

The change in fair value of investments recorded at fair value through profit or loss resulted in a loss of approximately RMB20.1 million in the first half of 2022, while a loss of approximately RMB17.9 million was recorded during the Reporting Period. The changes in fair value include gains and losses from changes in fair value of listed equity investments.

## Selling Expenses

During the Reporting Period, the Group's total selling expenses decreased by approximately 77.1% to RMB7.0 million from RMB30.5 million in the first half of 2022.

## Administrative Expenses

Administrative expenses included the compensation for administrative staff, office rentals and daily operational expenses. During the Reporting Period, the Group's total administrative expenses amounted to approximately RMB28.6 million, representing a decrease of 35.5% as compared to RMB44.4 million in the first half of 2022.





## Management Discussion and Analysis

### Other Operating Expenses

During the Reporting Period, the Group's other operating expenses amounted to RMB14.3 million, representing a decrease of approximately 65.5% from RMB41.3 million in the first half of 2022.

### Finance Costs

During the Reporting Period, the Group recorded finance costs in the amount of approximately RMB4.6 million, representing a decrease of 41.0% from RMB7.7 million in the first half of 2022, which were attributable to the interest on lease liabilities under IFRS 16.

### Income Tax Expense

During the Reporting Period, the Group's income tax expense was RMB3.1 million, representing a decrease of 72.6% from RMB11.3 million in the first half of 2022.

### Profit for the Reporting Period

The Group's profit increased from RMB5.5 million in the first half of 2022 to RMB20.2 million for the Reporting Period, representing an increase 263.3%.

### Non-GAAP Measures Related to the Profit for the Reporting Period

To supplement our consolidated financial statements, which are presented in accordance with IFRSs, we also use adjusted net profit as an additional financial measure. We present such a financial measure because it is used by our management to evaluate our financial performance by eliminating the impact of items that we do not consider indicative of the performance of our business. We also believe these non-GAAP measures provide additional information to investors and others in understanding and evaluating our results of operations.

The term of adjusted net profit is not defined under IFRSs. The use of these non-GAAP measures has material limitations as an analytical tool, as they do not include all items that impact our net profit for the Reporting Period. We compensate for these limitations by reconciling these financial measures to the nearest IFRSs performance measure, which should be considered when evaluating the Group's performance.

Our adjusted net profit increased by 199.1% from RMB6.8 million in the first half of 2022 to RMB20.2 million for the Reporting Period.



The following table reconciles adjusted net profit for the periods and net profit for the Reporting Period, the most directly comparable financial measurement calculated and presented in accordance with IFRSs:

	For the six months ended 30 June		
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)	% Change
<b>Net profit</b>	<b>20,152</b>	5,547	263.3%
Add:			
Equity-settled compensation costs	<b>82</b>	1,219	(93.3%)
<b>Adjusted net profit</b>	<b>20,234</b>	6,766	199.1%

In light of the foregoing limitations for other financial measurements, when assessing our operating and financial performance, Shareholders and investors should not consider adjusted net profit and net profit from core business in isolation or as a substitute for our profit for the Reporting Period, operating profit or any other operating performance measure that is calculated in accordance with IFRSs. In addition, because such measures may not be calculated in the same manner by all companies, it may not be comparable to other similar measurements applied by other companies.

### Liquidity and Financial Resources

As at 30 June 2023, bank balances and cash of the Group amounted to RMB164.5 million.

Cash at banks bears interest at floating rates based on daily bank deposit rates. The bank balances and deposits are deposited in credit-worthy banks with no recent history of default.

### Current and Gearing Ratios

As at 30 June 2023, the current ratio of the Group was approximately 1.29, representing a decrease as compared to 1.30 as at 31 December 2022. The current ratio is equal to total current assets divided by the total current liabilities.

As at 30 June 2023, the gearing ratio of the Group was 50%, representing a decrease as compared to 53% as at 31 December 2022. The gearing ratio is equal to total debts divided by the sum of total equity and total debts.

### Future Plans for Significant Investment and Capital Assets

The Group did not have other concrete plans for future investment or capital assets as of the date of this interim report.





## Management Discussion and Analysis

### **Significant Investments, Material Acquisition and Disposal of Subsidiaries, Associates and Joint Ventures**

As at 30 June 2023, the Group held financial assets comprising (i) debt investments of RMB80.1 million (31 December 2022: RMB104.2 million), in aggregate accounted for 9.3% of the Group's total assets as at 30 June 2023, representing investments in unlisted trust plans, asset management plans, funds and corporate debts; and (ii) equity investments of RMB48.9 million (31 December 2022: RMB59.8 million), in aggregate accounted for 5.7% of the Group's total assets as at 30 June 2023, representing investment portfolio of unlisted companies and a listed company.

Some financial assets are subject to the risk of overdue redemption as a result of the fluctuation of the current economic cycle. The Company has conducted relevant fair value assessment and made relevant provision for impairment.

The Group adopts prudent and pragmatic investment strategies over its significant investments. The subscriptions of the significant investment as well as the investments in other financial products were made for treasury management purpose to maximise the return of the Company after taking into account, among others, the level of risk, return on investment and the term to maturity. When making the investment decision, it is the Company's investment strategy to select standard short-term financial products that had relatively low associated risk in order to secure a stable investment income. Prior to making an investment, the Group had also ensured that there remains sufficient working capital for the requirements of the Group's business, operating activities and capital expenditures even after making the significant investments.

No individual investments with carrying amount represents 5% or more of the Group's total assets as at 30 June 2023.

Save as disclosed above, there were no significant investments held, no material acquisitions or disposals of subsidiaries, associates and joint ventures during the Reporting Period.

### **Contingent Liabilities**

As at 30 June 2023, the Group did not have any unrecorded significant contingent liabilities, guarantees or any litigation against the Group.

### **Pledge of Assets**

As at 30 June 2023, the Group did not have any unrecorded pledge of assets.

### **Foreign Exchange Exposure**

Our Group's sales and purchases during the Reporting Period were mostly denominated in RMB. Therefore, foreign exchange exposures mainly arise from short-term equity investment at fair value through profit or loss denominated in HK\$. During the Reporting Period, the Group did not experience any significant difficulties in or impacts on its operations or liquidity due to fluctuations in currency exchange rates. The Group did not enter into any financial instrument for hedging purpose.



## Bank Borrowings

As at 30 June 2023, the Group did not have any bank loans nor any other borrowings (30 June 2022: RMB95,500,000).

## EVENTS AFTER THE REPORTING PERIOD

Subsequent to the Reporting Period and up to the date of this interim report, the Group has no material subsequent events which are required to be disclosed.

## HUMAN RESOURCES

As at 30 June 2023, the Group had a total of 777 (31 December 2022: 1,022) employees. Remuneration of the Group's employees includes basic salaries, remuneration, pension, discretionary bonus and other welfare, and is determined with reference to their experience, qualifications and general market conditions. We adopt a market and incentive-based employee emolument structure and implement a multi-layered evaluation system which focuses on performance and management goals. To ensure that the Group is able to attract and retain employees capable of attaining the best performance levels, remuneration packages are reviewed on a regular basis. The costs of employee remuneration and benefits for the six month ended 30 June 2023 are set out in note 11 to the condensed consolidated financial statements.

We provide regular training to the employees in order to improve their skills and knowledge. We also provide ongoing training to our teachers so that they can stay abreast of changes in market needs, student demands and other key trends necessary to effectively teach their respective courses.

## RETIREMENT BENEFITS SCHEME

The Group does not have any employee who is required to participate in the mandatory provident fund in Hong Kong. The employees of the PRC subsidiaries of the Company are members of the state-managed retirement benefits scheme operated by the PRC government who are required to contribute a certain percentage of their payroll to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to this retirement benefits scheme is to make the required contributions under the scheme.

## INTERIM DIVIDEND

The board of directors (the "**Director(s)**") of the Company (the "**Board**") resolved not to declare interim dividend for the six months ended 30 June 2023.





## Other Information

### CORPORATE GOVERNANCE PRACTICES

The Company recognised the importance of good corporate governance for enhancing the management of the Company as well as preserving the interests of the Shareholders as a whole. The Company has adopted the code provisions set out in Part 2 of the Corporate Governance Code (the “**CG Code**”) as contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), as its own code to govern its corporate governance practices.

In the opinion of the Directors, the Company has complied with the relevant code provisions contained in the CG Code during the Reporting Period.

Under the code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and performed by different individuals. Under the current organisation structure of the Company, Mr. Junjing Tang is the chairman and chief executive officer of the Company. With extensive experience in the education industry, Mr. Junjing Tang is responsible for overall development, operation and management of the Company and is instrumental to the growth and business expansion since the establishment of the Group. The Board considers that vesting the roles of chairman and chief executive officer in the same person is beneficial to the management of the Group. The balance of power and authority is ensured by the operation of the senior management and the Board, which comprise experienced individuals. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

The Board will continue to review and monitor the operation of the Company with an aim of maintaining a high standard of corporate governance.



## MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the model code for securities transactions by directors of listed issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding dealings in the securities of the Company 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.

Upon specific enquiry, all Directors confirmed that they have complied with the Model Code during the Reporting Period. In addition, the Company is not aware of any non-compliance of the Model Code by the senior management of the Group during the Reporting Period.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

Other than the shares of the Company (the “**Shares**”) purchased by the Trustee under the restricted share units scheme (“**RSU Scheme**”, details of which are described in the section headed “**RSU Scheme**” under “**Other Information**”), neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the Reporting Period.

## AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) currently comprises Mr. Jun Gan, Ms. Yu Long and Mr. Wenhui Xu with Mr. Jun Gan being the chairman of the Audit Committee. The Audit Committee had discussed with the management and reviewed the unaudited interim financial information and interim report of the Group for the Reporting Period, and considered that the Company had complied with all applicable accounting standards and requirements and made adequate disclosures.

## CHANGES IN THE BOARD AND THE DIRECTORS’ INFORMATION

There was no change in the Board and the information of Directors since the date of the 2022 annual report of the Company which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

## CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

The Company does not have any disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.





## Other Information

### INTERESTS OF THE DIRECTORS AND CHIEF EXECUTIVE IN SECURITIES

As at 30 June 2023, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the “SFO”), which (a) were required to be notified to the Company and the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO); (b) were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

#### Long position in ordinary shares

Name of Director	Capacity	Number of ordinary shares interested <sup>(1)</sup>	Approximate percentage* of the Company's issued shares
Mr. Junjing Tang <sup>(2)</sup>	Beneficial owner; Founder of a discretionary trust; interest held jointly with another person	459,098,231 (L)	54.19%
Mr. Junying Tang <sup>(3)</sup>	Founder of a discretionary trust; interest held jointly with another person	459,098,231 (L)	54.19%
Mr. Gui Zhou <sup>(4)</sup>	Beneficial owner; Founder of a discretionary trust; interest held jointly with another person	459,098,231 (L)	54.19%
Mr. Wenhui Xu <sup>(5)</sup>	Beneficial owner; Interest in a controlled corporation	10,911,527 (L)	1.29%
Ms. Weiyang Guan <sup>(6)</sup>	Beneficial owner; Interest in a controlled corporation	9,389,751 (L)	1.11%

Notes:

- (1) The letter “L” denotes the person’s long position in the Shares.
- (2) Under the SFO, Mr. Junjing Tang is deemed to be interested in 171,165,101 Shares held by JTC Trustees (BVI) Limited, a trust which he is a founder. He is also deemed to be interested in all Shares held by Mr. Junying Tang and Mr. Gui Zhou as they are parties acting in concert.
- (3) Under the SFO, Mr. Junying Tang is deemed to be interested in 143,510,888 Shares held by JTC Trustees (BVI) Limited, a trust which he is a founder. He is also deemed to be interested in all Shares held by Mr. Junjing Tang and Mr. Gui Zhou as they are parties acting in concert.
- (4) Under the SFO, Mr. Gui Zhou is deemed to be interested in 142,258,242 Shares held by JTC Trustees (BVI) Limited, a trust which he is a founder. He is also deemed to be interested in all Shares held by Mr. Junjing Tang and Mr. Junying Tang as they are parties acting in concert.



- (5) Under the SFO, Mr. Wenhui Xu is deemed to be interested in all Shares held by Commqua Holding Co. Ltd., a company which is wholly-owned by him.
- (6) Under the SFO, Ms. Weiyang Guan is deemed to be interested in all Shares held by Crouching Tiger Holdings Limited.
- + The percentage represents the number of ordinary Shares interested divided by the number of the issued Shares as at 30 June 2023.

Save as disclosed in this interim report and to the best knowledge of the Directors, as at 30 June 2023, none of the Directors or the chief executive of the Company has any interests and/or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

So far as is known to any Director or chief executive of the Company, as at 30 June 2023, the following corporations/persons (other than the Directors or the chief executive of the Company) had interests of 5% or more in the issued shares of the Company according to the register of interests required to be kept by the Company under section 336 of the SFO. In the event of changes in the shareholding of the Shareholders in the Company, the Shareholders will not be required to notify the Company and the Stock Exchange unless certain conditions are met. Therefore, the latest shareholding of the Shareholders in the Company may be different from the shareholding submitted to the Stock Exchange:

Name	Capacity	Number of ordinary shares interested <sup>(1)</sup>	Approximate percentage <sup>+</sup> of the Company's issued shares
Ms. Yanyun Huang <sup>(2)</sup>	Spouse interest	459,098,231 (L)	54.19%
Elite Education Investment Co. Ltd.	Beneficial owner; interests held jointly with another person	457,775,231 (L)	54.03%
Ms. Hua Yu <sup>(3)</sup>	Spouse interest	459,098,231 (L)	54.19%
Texcellence Holding Company Limited	Beneficial owner; interests held jointly with another person	459,098,231 (L)	54.19%
Ms. Xiaoying Zhang <sup>(4)</sup>	Spouse interest	459,098,231 (L)	54.19%
Jameson Ying Industrial Co. Ltd.	Beneficial owner; interests held jointly with another person	458,257,231 (L)	54.09%
Soarise Bulex Limited <sup>(5)</sup>	Nominee for another person (other than a bare trustee)	109,709,397 (L)	12.95%
Ms. Shaoping Fu <sup>(5)</sup>	Trustee	109,709,397 (L)	12.95%
JTC Trustees (BVI) Limited <sup>(5)</sup>	Trustee	456,934,231 (L)	53.93%
HUNG SING GLOBAL FUND LIMITED SPC – HUNG SING GLOBAL MULTI-STRATEGY NO.3 FUND SP	Investment manager	42,433,000 (L)	5.01%





## Other Information

### Notes:

- (1) The letter “L” denotes the person’s long position in the Shares.
  - (2) Ms. Yanyun Huang is the spouse of Mr. Junjing Tang and she is therefore deemed to be interested in the Shares in which Mr. Junjing Tang is interested by the virtue of the SFO.
  - (3) Ms. Hua Yu is the spouse of Mr. Junying Tang and she is therefore deemed to be interested in the Shares in which Mr. Junying Tang is interested by the virtue of the SFO.
  - (4) Ms. Xiaoying Zhang is the spouse of Mr. Gui Zhou and she is therefore deemed to be interested in the Shares in which Mr. Gui Zhou is interested by the virtue of the SFO.
  - (5) Pursuant to the RSU Scheme, (i) 27,292,396 existing Shares were reserved; (ii) 43,540,000 new Shares were allotted and issued at par value to Soarise Bulex Limited on the Listing Date will be reserved for the vesting of restricted share units (“**RSUs**”) granted under the RSU Scheme; and (iii) 62,165,000 Shares were purchased by the trustee pursuant to the RSU Scheme as at 30 June 2023. Ms. Shaoping Fu has been appointed as the trustee of the RSU Scheme and Soarise Bulex Limited has been appointed as the nominee of the RSU Scheme. To the extent permitted under applicable laws and regulations, the trustee shall procure the nominee to exercise the voting rights attached to the underlying Shares in accordance with the instructions of the Board. Out of the 109,709,397 Shares held by Soarise Bulex Limited, 63,760,573 Shares have been vested, pending transfer to the relevant grantees.
- + The percentage represents the number of ordinary Shares interested divided by the number of the issued Shares as at 30 June 2023.

Save as disclosed above and to the best knowledge of the Directors, as at 30 June 2023, no person (other than the Directors or chief executive of the Company) had registered an interest or a short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO.

## STRUCTURED CONTRACTS

Reference is made to the section headed “Structured Contracts” in the Prospectus in relation to the Structured Contracts (as defined in the Prospectus), through which the Company obtains control over and derives the economic benefits from its PRC Operating Entities (as defined in the Prospectus). All capitalised terms used herein below shall have the same meanings as those defined in the Prospectus unless otherwise stated in this interim report.

The Board hereby provides updated information in relation to the business operations of the PRC Operating Entities through the Structured Contracts and the implications thereof as follows:

### (a) Particulars and principal activities of the PRC Operating Entities:

The Company conducted its K-12 after-school education business through its PRC Operating Entities in the PRC as PRC laws and regulations generally restrict foreign ownership in the K-12 education industry in the PRC.

In compliance with the Double Reduction Policy and the related implementation rules, regulations and measures promulgated by competent authorities, the Company divested its K-12 after-school education business related to academic subjects in compulsory education system through the connected transaction with its associates (as defined in the Listing Rules) which is set out in the section headed “Connected Transactions” in 2021 annual report. The Company confirms that our structured contracts as a whole do not change as a result of such connected transaction.



**(b) Summary of material terms of the Structured Contracts:**

- (1) Exclusive Management Consultancy and Business Cooperation Agreement (dated 18 June 2018):
  - (i) Parties: Wholly Foreign Owned Enterprise (the “WFOE”); Guangzhou Beststudy; Foshan Beststudy Culture Communication Co., Ltd, Shenzhen Zhuoyue Education Training Co., Ltd., Dongguan Zhuoye Education Consulting Services Co., Ltd, and Zhongshan Beststudy Education Training Centre Co., Ltd., being the four important PRC Operating Entities of the Company given their importance in terms of revenue contribution; and the shareholders of Guangzhou Beststudy (including the Registered Shareholders and Mr. Hua Wang).
  - (ii) WFOE has the exclusive right to provide each of the PRC Operating Entities with corporate and education management consulting services, intellectual property licensing services as well as technical and business support services. All of the existing PRC Operating Entities are listed as the service recipients to receive such services provided by WFOE, and Guangzhou Beststudy and its shareholders are obligated to cause all the PRC Operating Entities to appoint WFOE as the exclusive services provider under the Exclusive Management Consultancy and Business Cooperation Agreement.

A summary of the material terms of the Exclusive Management Consultancy and Business Cooperation Agreement has been set out in the section headed “Structured Contracts” in the Prospectus.

- (2) Exclusive Call Option Agreement I and the Exclusive Call Option Agreement II (collectively, the “**Exclusive Call Option Agreements**”) (dated 18 June 2018):
  - (i) Parties (Exclusive Call Option Agreement I): WFOE, Guangzhou Beststudy and the Registered Shareholders
  - (ii) Parties (Exclusive Call Option Agreement II): WFOE, Guangzhou Beststudy and the wholly-owned subsidiaries of Guangzhou Beststudy
  - (iii) Under the Exclusive Call Option Agreement I, the Registered Shareholders irrevocably agreed to grant WFOE or its designated third party an exclusive option to purchase all or part of the equity interests in Guangzhou Beststudy held by Registered Shareholders, for nil consideration or the minimum amount of consideration permitted by the applicable PRC laws and regulations, under circumstances in which WFOE or its designated third party is permitted under PRC laws and regulations to own all or part of the equity interests of Guangzhou Beststudy. Where the purchase price is required by the relevant PRC laws and regulations to be an amount other than nil consideration, the Registered Shareholders shall, according to the instruction of WFOE, return the amount of purchase price they have received to WFOE or its designated third party, or Guangzhou Beststudy.





## Other Information

Under the Exclusive Call Option Agreement II, Guangzhou Beststudy unconditionally and irrevocably agreed to grant WFOE or its designated third party an exclusive option to purchase all or part of the equity interests, as applicable, in the subsidiaries directly-wholly-owned by Guangzhou Beststudy, for nil consideration or the minimum amount of consideration permitted by applicable PRC laws and regulations, under circumstances in which WFOE or its designated third party is permitted under PRC laws and regulations to own all or part of the equity interests, as applicable, of the subsidiaries directly-wholly-owned by Guangzhou Beststudy. Where the purchase price is required by the relevant PRC laws and regulations to be an amount other than nil consideration, Guangzhou Beststudy shall, according to the instruction of WFOE, return the amount of purchase price they have received to WFOE or its designated third party or the subsidiaries directly-wholly-owned by Guangzhou Beststudy.

A summary of the material terms of the Exclusive Call Option Agreements has been set out in the section headed “Structured Contracts” in the Prospectus.

(3) Equity Pledge Agreement (dated 18 June 2018):

- (i) Parties: WFOE, Guangzhou Beststudy, and the Registered Shareholders
- (ii) Assets pledged: All of the equity interests in Guangzhou Beststudy to WFOE as security.
- (iii) Under the Equity Pledge Agreement, the Registered Shareholders have agreed that, without the prior written consent of WFOE, they will not transfer or dispose of the pledged equity interests or create or allow any third party to create any encumbrance on the pledged equity interests that would prejudice WFOE’s interest.

The Equity Pledge Agreement shall remain valid until (i) the satisfaction of all the contractual obligations of Guangzhou Beststudy and their respective subsidiaries and the Registered Shareholders in full under the Exclusive Management Consultancy and Business Cooperation Agreement, Exclusive Call Option Agreements and the Powers of Attorney, or (ii) the nullification or termination of the Exclusive Management Consultancy and Business Cooperation Agreement, the Exclusive Call Option Agreements and the Powers of Attorney, whichever is later.

A summary of the material terms of the Equity Pledge Agreement has been set out in the section headed “Structured Contracts” in the Prospectus.

(4) Powers of Attorney (dated 18 June 2018):

- (i) Parties: Registered Shareholders and WFOE



- (ii) It is an irrevocable power of attorney under which WFOE shall be the sole attorney of the Registered Shareholders. Each of the Registered Shareholders has exclusively appointing WFOE, or any person designated by WFOE or their successors or liquidators (excluding the Registered Shareholders or persons who may give rise to conflicts of interests), as his or her attorney-in-fact to appoint directors and vote on his or her behalf on all matters of Guangzhou Beststudy requiring shareholders' approval under its articles of associations and under the relevant PRC laws and regulations. These Powers of Attorney remain effective until the nullification or termination of the Exclusive Management Consultancy and Business Cooperation Agreement.

A summary of the material terms of the Powers of Attorney has been set out in the section headed "Structured Contracts" in the Prospectus.

- (5) Spouse Undertakings (dated 6 June 2018 or 18 June 2018):

- (i) Parties: Spouse of each of the Registered Shareholders
- (ii) The spouse of each of the Registered Shareholders, has full knowledge of and has consented unconditionally and irrevocably to the entering into of the Structured Contracts by the respective Registered Shareholders, and in particular, the arrangement as set out in the Structured Contracts in relation to the restrictions imposed on the direct or indirect equity interest in the Group, pledge or transfer the direct or indirect equity interest in the Group, or the disposal of the direct or indirect equity interest in the Group in any other forms. The spouse shall not take any actions to prevent the performances under Structured Contracts. The terms that are not stated in the Spouse Undertakings such as governing law and dispute resolution shall be interpreted pursuant to the terms of the Exclusive Management Consultancy and Business Cooperation Agreement.

A summary of the material terms of the Spouse Undertakings has been set out in the section headed "Structured Contracts" in the Prospectus.

### (c) Significance of business activities of the PRC Operating Entities to the Group:

- According to the Structured Contracts, the Group has obtained control of the PRC operating entities and obtained economic benefits from it.

### (d) Financial impact of the Structured Contracts on the Group:

- The following table sets forth the financial contributions of the PRC operating entities to the Group :

	Financial Contribution to the Group		
	Revenue for the six months ended 30 June 2023	Net Profit for the six months ended 30 June 2023	Total Assets as at 30 June 2023
PRC Operating Entities	100%	160%	91%





## Other Information

### (e) Extent to which the Structured Contracts relate to requirement of applicable laws, rules and regulations other than the foreign ownership restriction:

- the Structured Contracts as a whole and each of the agreements comprising the Structured Contracts are legal, valid and binding on the parties thereto, enforceable under PRC laws and regulations, and in particular, the Structured Contracts do not violate the provisions of Parts I & III of the PRC Civil Code (中華人民共和國民法典第一編及第三編) and other applicable PRC laws and regulations; upon signing, the Structured Contracts will be valid and effective under PRC laws and regulations; each of the Structured Contracts is not in violation of provisions of the articles of association of our PRC Operating Entities; entering into and the performance of the Structured Contracts are not required to obtain any approvals or authorizations from the PRC governmental authorities except that (1) the pledge of any equity interest in company in favor of WFOE is subject to registration requirements with relevant Administration of Industry and Commerce; (2) the transfer of the equity interests in the Company contemplated under the Structured Contracts is subject to applicable approval and/or registration requirements under the then applicable PRC laws; and (3) any arbitral awards in relation to the performance of the Structured Contracts are subject to application to competent PRC courts for recognition and enforcement.

### (f) Reasons for using the Structured Contracts and the risks associated therewith including actions taken to mitigate such risks:

- We currently conduct our K-12 after-school education business through our PRC Operating Entities in the PRC as PRC laws and regulations generally restrict foreign ownership in the K-12 education industry in the PRC. PRC laws and regulations currently restrict the operation of education institutions that provides K-12 after-school education to Sino-foreign cooperation ownership, in addition to imposing qualification requirements on the foreign owners.

#### ***For the risks associated with structured contracts, please refer to the prospectus “Risk factors – Risks relating to our structured contracts”***

Our Group has adopted the following measures to ensure the effective operation of our Group with the implementation of the Structured Contracts and our compliance with the Structured Contracts:

- major issues arising from the implementation and compliance with the Structured Contracts or any regulatory enquiries from government authorities will be submitted to our Board, if necessary, for review and discussion on an occurrence basis;
- our Board will review the overall performance of and compliance with the Structured Contracts at least once a year;
- our Company will disclose the overall performance and compliance with the Structured Contracts in its annual and interim reports to update the Shareholders and potential investors;



- (d) our Company and Directors undertake to provide periodic updates in our annual and interim reports regarding the Qualification Requirement and our status of compliance with the Draft Foreign Investment Law and its accompanying explanatory notes as stipulated under the section headed “Structured Contracts — Background of the Structured Contracts” and the latest development of the Draft Foreign Investment Law and its accompanying explanatory notes as disclosed under the section headed “Structured Contracts — Development in the PRC Legislation on Foreign Investment,” including the latest relevant regulatory development as well as our plan and progress in acquiring the relevant experience to meet the Qualification Requirement;
- (e) our Company will disclose, as soon as possible (i) any updates of changes to the Draft Foreign Investment Law that will materially and adversely affect our Company as and when they occur; and (ii) a clear description and analysis of the final Foreign Investment Law as implemented, specific measures taken by us to fully comply with the final Foreign Investment Law supported by a PRC legal opinion and any material impact of the final Foreign Investment Law on our operations and financial position; and
- (f) our Company will engage external legal advisers or other professional advisers, if necessary, to assist the Board to review the implementation of the Structured Contracts, review the legal compliance of WFOE and our PRC Operating Entities to deal with specific issues or matters arising from the Structured Contracts.

**(g) Material change in the Structured Contracts:**

No Structured Contract has been supplemented or modified since the date of execution of all such Structured Contracts.

**(h) Unwinding of the Structured Contracts:**

No Structured Contract has been unwound since the date of execution all such Structured Contracts. None of the Structured Contract is to be unwound until and unless the PRC regulatory environment changes and all of the Qualification Requirement, the Foreign Ownership Restriction and the Foreign Control Restriction are removed (and assuming there are no other changes in the relevant PRC laws and regulations), the WFOE will exercise the call option granted under the Exclusive Call Option Agreements (the “**Equity Call Option**”) in full to hold all of the interest except for the 0.07% portion held by Mr. Hua Wang in the PRC Operating Entities and unwind the Structured Contracts accordingly.





## Other Information

### RSU SCHEME AND SHARE OPTION SCHEME

#### RSU Scheme

The Company approved and adopted the RSU Scheme on 3 December 2018, the principal terms of which are set out in the section headed “Statutory and General Information — D. Share Incentive Schemes — 1. RSU Scheme” in Appendix IV of the Prospectus.

The purpose of the RSU Scheme is to incentivise Directors, senior management and employees for their contribution to the Group, to attract, motivate and retain skilled and experienced personnel to strive for the future development and expansion of the Group by providing them with the opportunity to own equity interests in the Company.

As at 30 June 2023, the trustee of the Company, Ms. Shaoping Fu (the “**Trustee**”) has purchased 62,165,000 shares (representing approximately 7% of the total issued shares of the Company as at 30 June 2023) under the RSU Scheme. A total of 63,760,573 shares (representing approximately 8% of the total issued shares of the Company as at 30 June 2023) have been granted to grantees under the RSU Scheme.

Details of the RSU Scheme of the Company are set out in Note 24 to the condensed consolidated financial statements from pages 56 to 58 of this interim report.

#### Share Option Scheme

On 3 December 2018, the Company adopted the share option scheme (the “**Share Option Scheme**”). The purpose of the Share Option Scheme is to attract, retain and motivate employees, Directors and such other participants (collectively the “**Eligible Persons**”), and to provide a means of compensating them through the grant of options pursuant to the terms of the Share Option Scheme for their contribution to the growth and profits of the Group, and to allow the Eligible Persons to participate in the growth and profitability of the Group.

The Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and other share option schemes of the Company (and to which the provisions of the Listing Rules are applicable) shall not exceed 84,804,000 Shares, (i.e. 10% of the aggregate of the Shares in issue on the Listing Date (“**Scheme Mandate Limit**”). Options lapsed in accordance with the terms of the Share Option Scheme shall not be counted for the purpose of calculating this Scheme Mandate Limit.

The total number of Shares issued and to be issued upon the exercise of the options granted to or to be granted to each Eligible Person under the Share Option Scheme (including exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the Shares in issue.



The Share Option Scheme will remain in force for a period of 10 years from 3 December 2018 and the options granted have a 10-year exercise period. Options may be vested over such period(s) as determined by the Board in its absolute discretion subject to compliance with the requirements under any applicable laws, regulations or rules.

The exercise price of the option shall be such price as determined by the Board in its absolute discretion at the time of the grant of the relevant option (and shall be stated in the letter containing the offer of the grant of the option), but in any case the subscription price shall not be less than the higher of (a) the closing price of the Shares as stated in the daily quotation sheet of the Stock Exchange on the date of grant, which must be a business day, (b) the average closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange for the five (5) business days immediately preceding the date of grant, and (c) the nominal value of a Share.

No options were granted, exercised, cancelled or lapsed by the Company under the Share Option Scheme during the Reporting Period and there were no outstanding share options under the Share Option Scheme as at 30 June 2023 and up to the date of this interim report. As at 30 June 2023, the remaining life of the Share Option Scheme is 5 years and 4 months.

The number of Shares that may be issued in respect of options to be granted under the Share Option Scheme during the Reporting Period divided by the weighted average number of the Shares in issue for the Reporting Period is approximately 10%.

A summary of the terms of the Share Option Scheme has been set out in the section headed “D. Share Incentive Schemes — 2. Share Option Scheme” in Appendix IV of the Prospectus.

By order of the Board

**Junjing Tang**

*Chairman*

Hong Kong, 30 August 2023





# Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2023

	Notes	For the six months ended 30 June	
		2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Revenue	4 & 5	188,860	268,445
Cost of sales		(119,080)	(146,774)
Gross profit		69,780	121,671
Other income	6	9,326	18,671
Other gains and losses	7	23,162	364
Selling expenses		(6,990)	(30,452)
Administrative expenses		(28,640)	(44,397)
Other operating expenses		(14,254)	(41,332)
Fair value changes on financial assets at fair value through profit or loss ("FVTPL")	17	(17,936)	(20,085)
Loss on disposal of property, plant and equipment		(868)	(218)
Impairment losses (recognised) reversed under expected credit loss model, net	9	(5,580)	21,415
Share of results of associates		206	(478)
Share of results of joint ventures		(402)	(607)
Finance costs	8	(4,566)	(7,737)
Profit before tax		23,238	16,815
Income tax expense	10	(3,086)	(11,268)
Profit for the period	11	20,152	5,547
Profit for the period attributable to:			
– owners of the Company		20,917	5,232
– non-controlling interests		(765)	315
		20,152	5,547
EARNINGS PER SHARE			
–Basic	13	RMB2.78 cents	RMB0.7 cents
–Diluted	13	RMB2.78 cents	RMB0.7 cents



# Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2023

	For the six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Profit for the period	20,152	5,547
<b>Other comprehensive income</b>		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	—	—
Total comprehensive income for the period	20,152	5,547
Total comprehensive income attributable to:		
— owners of the Company	20,917	5,232
— non-controlling interests	(765)	315
	20,152	5,547





# Condensed Consolidated Statement of Financial Position

At 30 June 2023

	Notes	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	14	60,311	66,904
Right-of-use assets	15	152,349	185,193
Intangible assets		26,207	28,346
Investments in associates	16	17,337	17,131
Investments in joint ventures		5,822	6,224
Financial assets at fair value through profit or loss	17	8,100	18,146
Debt instruments measured at amortised cost	18	—	22,853
Long-term time deposits		130,000	50,000
Deferred tax assets		43,078	46,460
Prepayments for purchases of property, plant and equipment	19	13,862	13,862
		<b>457,066</b>	455,119
<b>CURRENT ASSETS</b>			
Financial assets at fair value through profit or loss	17	81,854	99,796
Debt instruments measured at amortised cost	18	39,021	23,205
Prepayments, deposits and other receivables	19	77,664	61,962
Amounts due from associates	25	519	130
Amounts due from related parties	25	4,884	4,789
Other current assets		528	1,498
Short-term time deposits		19,610	20,000
Restricted bank deposits	20	19,040	8,099
Bank balances and cash	20	164,537	195,084
		<b>407,657</b>	414,563
<b>CURRENT LIABILITIES</b>			
Other payables and accruals	21	90,559	93,455
Contract liabilities		161,507	151,196
Amounts due to related parties	25	227	737
Income tax liabilities		18,584	18,876
Lease liabilities	23	45,941	54,602
		<b>316,818</b>	318,866



## Condensed Consolidated Statement of Financial Position

At 30 June 2023

	Notes	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
NET CURRENT ASSETS		<b>90,839</b>	95,697
TOTAL ASSETS LESS CURRENT LIABILITIES		<b>547,905</b>	550,816
NON-CURRENT LIABILITY			
Lease liabilities	23	<b>119,756</b>	144,926
NET ASSETS		<b>428,149</b>	405,890
CAPITAL AND RESERVES			
Share capital	22	<b>303</b>	303
Reserves		<b>428,556</b>	407,557
Equity attributable to owners of the Company		<b>428,859</b>	407,860
Non-controlling interests		<b>(710)</b>	(1,970)
TOTAL EQUITY		<b>428,149</b>	405,890





# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2023

	Attributable to owners of the Company										
	Share capital RMB'000 Note 22	Share premium* RMB'000	Shares held for restricted share unit scheme* RMB'000	Share-based payment reserve* RMB'000	Statutory surplus reserve* RMB'000	Other reserve* RMB'000	Translation reserve* RMB'000	Retained profits* RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2022 (audited)	303	208,710	(155,883)	594	36,957	226,302	(37,802)	71,669	350,850	(246)	350,604
Profit for the period and total comprehensive income for the period	–	–	–	–	–	–	–	5,232	5,232	315	5,547
Share-based payments	–	–	–	1,219	–	–	–	–	1,219	–	1,219
Exercise of share awards under the RSU scheme	–	–	–	(341)	–	–	–	341	–	–	–
Contributions from non-controlling shareholders	–	–	–	–	–	–	–	–	–	490	490
At 30 June 2022 (unaudited)	303	208,710	(155,883)	1,472	36,957	226,302	(37,802)	77,242	357,301	559	357,860
At 1 January 2023 (audited)	303	208,710	(155,883)	765	37,342	226,302	(37,802)	128,123	407,860	(1,970)	405,890
Profit (loss) for the period and total comprehensive income (expense) for the period	–	–	–	–	–	–	–	20,917	20,917	(765)	20,152
Share-based payments	–	–	–	82	–	–	–	–	82	–	82
Exercise of share awards under the RSU scheme	–	–	–	–	–	–	–	–	–	–	–
Repurchase of shares under the RSU	–	–	(7)	–	–	–	–	–	(7)	–	(7)
Transfer from retained profits	–	–	–	–	–	–	–	–	–	–	–
Acquisition of non-controlling interest in a subsidiary	–	–	–	–	–	7	–	–	7	(106)	(99)
Disposal of subsidiaries	–	–	–	–	–	–	–	–	–	2,131	2,131
At 30 June 2023 (unaudited)	303	208,710	(155,890)	847	37,342	226,309	(37,802)	149,040	428,859	(710)	428,149



# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2023

	For the six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
<b>OPERATING ACTIVITIES</b>		
Operating cash flows before movements in working capital	<b>63,217</b>	61,166
Increase in amounts due from related parties	<b>(484)</b>	—
Increase in prepayments, deposits and other receivables	<b>(17,929)</b>	(6,281)
Decrease in other current assets	<b>53</b>	316
Increase/(decrease) in other payables and accruals	<b>27,700</b>	(58,019)
Increase/(decrease) in contract liabilities	<b>12,063</b>	(46,938)
Decrease in amounts due to related parties	<b>(561)</b>	(21,898)
Cash generated from (used in) operations	<b>84,059</b>	(71,654)
Income tax paid	<b>—</b>	(16,575)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>84,059</b>	(88,229)
<b>INVESTING ACTIVITIES</b>		
Interest income received	<b>8,717</b>	42,115
Dividend received from an associate	<b>—</b>	181
Dividends from an equity investment at fair value through profit or loss	<b>—</b>	944
Proceeds from disposal of:		
— debt investments measured at amortised cost	<b>—</b>	284,272
— debt investments measured at FVTPL	<b>9,569</b>	158,931
Proceeds from disposal of property, plant and equipment	<b>144</b>	3,871
Purchases of property, plant and equipment	<b>(5,373)</b>	(6,455)
Net cash outflow on disposal of subsidiaries	<b>(1,569)</b>	—
Purchases of other intangible assets	<b>—</b>	(694)
Placement of time deposits	<b>(79,610)</b>	(1,146)
Increase in restricted cash	<b>(10,941)</b>	(2,836)
Advances to third parties	<b>(3,440)</b>	—
Acquisition of additional interest of a subsidiary	<b>(100)</b>	—
<b>NET CASH FROM (USED IN) INVESTING ACTIVITIES</b>	<b>(82,603)</b>	479,183





## Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2023

	Note	For the six months ended 30 June	
		2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
FINANCING ACTIVITIES			
Interest paid		—	(4,353)
Capital contribution from a non-controlling shareholder of a subsidiary		—	490
Repayments of bank borrowings		—	(237,718)
Repayments of lease liabilities		<b>(32,003)</b>	(50,116)
<hr/>			
NET CASH USED IN FINANCING ACTIVITIES		<b>(32,003)</b>	(291,697)
<hr/>			
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		<b>(30,547)</b>	99,257
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		<b>195,084</b>	211,180
<hr/>			
CASH AND CASH EQUIVALENTS AT END OF PERIOD		<b>164,537</b>	310,437
<hr/>			
Represented by:			
Bank balances and cash	20	<b>164,537</b>	310,437



# Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

## 1. GENERAL INFORMATION

China Beststudy Education Group (the “**Company**”) was incorporated in the Cayman Islands on 27 August 2010 as an exempted company with limited liability under the laws of the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited. The ultimate controlling parties are Mr. Junjing Tang, Mr. Junying Tang and Mr. Gui Zhou, who have entered into an acting in concert agreement. The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section to this interim report.

The Company is an investment holding company. The principal activities of the Company and its subsidiaries (the “**Group**”) are engaged in providing education related courses including full-time revision business, talent education, self-study program, vocational education and after-school tutoring program for high school students.

Due to regulatory restrictions on foreign ownership in the after-school education business in Mainland China, the Group conducts a substantial portion of the business through Guangzhou Beststudy Enterprise Co., Ltd. (廣州市卓越里程教育科技有限公司) (“**Guangzhou Beststudy**”) and its subsidiaries (collectively referred to as the “**Consolidated Affiliated Entities**”) in the People’s Republic of China (the “**PRC**”). Guangzhou Zhuoxue Information Technology Co., Ltd. (廣州市卓學信息科技有限責任公司) (“**Zhuoxue Information**”), a wholly-owned subsidiary of the Company, has entered into the contractual arrangements with Guangzhou Beststudy and their respective equity holders, which enable Zhuoxue Information and the Group to:

- exercise effective financial and operational control over the Consolidated Affiliated Entities;
- exercise equity holders’ voting rights of the Consolidated Affiliated Entities;
- receive substantially all of the economic interest returns generated by the Consolidated Affiliated Entities in consideration for the corporate management and educational management consultancy services, intellectual property licensing services as well as technical and business support services provided by Zhuoxue Information. Such services include advisory services on asset and business operation, debt disposal, material contracts or mergers and acquisitions, educational software and course materials research and development, employee training, technology development, transfer and consulting services, public relation services, market survey, research and consulting services, market development and planning services, human resources and internal information management, network development, upgrade and ordinary maintenance services, sales of proprietary products, and software and trademark and know-how licensing and other additional services as the parties may mutually agree from time to time; and
- obtain an irrevocable and exclusive right to purchase all or part of equity interests in the Consolidated Affiliated Entities from the respective equity holders at nil consideration or a minimum purchase price permitted under PRC laws and regulations. Zhuoxue Information may exercise such options at any time until it has acquired all equity interests in and/or all assets of the Consolidated Affiliated Entities. In addition, the Consolidated Affiliated Entities are not allowed to sell, transfer, or dispose any assets, or make any distributions to their equity holders without prior consent of Zhuoxue Information.





## Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

### 1. GENERAL INFORMATION (CONTINUED)

The Company does not have any equity interest in the Consolidated Affiliated Entities. However, as a result of the Contractual Arrangements, the Company has power over the Consolidated Affiliated Entities, has rights to variable returns from its involvement with the Consolidated Affiliated Entities and has the ability to affect those returns through its power over the Consolidated Affiliated Entities and therefore is considered to have control over the Consolidated Affiliated Entities. Consequently, the Company regards the Consolidated Affiliated Entities as indirect subsidiaries. The Group has consolidated the financial position and results of Guangzhou Beststudy and its subsidiaries in the consolidated financial statements of the Group during the six months ended 30 June 2023 and 2022.

Since 2022, the functional currency of the Company was changed from United States dollars to Renminbi (“**RMB**”) upon the Company’s cessation of its treasury investment function. Subsequently, the Company mainly holds subsidiaries whose underlying operations are primarily in the PRC with RMB being the functional currency that mainly influences the Group’s underlying transactions, events and conditions. The directors of the Company have determined that RMB better reflects the economic substance of the Company and its business activity as an investment holding company primarily holding subsidiaries with primary economic environment in the PRC. Accordingly, the functional currency of the Company was changed prospectively from 1 January 2022, which is the same as presentation currency.

### 2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 (“**IAS 34**”) “Interim Financial Reporting” issued by the International Accounting Standard Board (“**IASB**”) as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The directors of the Company have, at the time of approving the condensed consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the condensed consolidated financial statements.





## Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

### 3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

Other than change in accounting policies resulting from application of new and amendments to International Financial Reporting Standards (“IFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2023 are the same as those presented in the Group’s annual consolidated financial statements for the year ended 31 December 2022.

#### Application of amendments to IFRSs

In the current interim period, the Group has applied the following new and amendments to IFRSs issued by the IASB, for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2023 for the preparation of the Group’s condensed consolidated financial statements:

IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	Insurance Contracts
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Except as described below, the application of the new and amendments to IFRSs in the current interim period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

#### 3.1 Impacts on application of Amendments to IAS 8 Definition of Accounting Estimates

The amendments define accounting estimates as “monetary amounts in financial statements that are subject to measurement uncertainty”. An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. The amendments to IAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors.

The application of the amendments in the current period had no material impact on the condensed consolidated financial statements.





## Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

### 3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

#### 3.2 Impacts and changes in accounting policies on application of Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

##### 3.2.1 Accounting policies

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 requirements to the lease liabilities and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

##### 3.3.2 Transition and summary of effects

As disclosed in the Group's annual financial statements for the year ended 31 December 2022, the Group previously applied the IAS 12 requirements to assets and liabilities arising from a single transaction as a whole and temporary differences relating to the relevant assets and liabilities were assessed on a net basis. Upon the application of the amendments, the Group assessed the relevant assets and liabilities separately. In accordance with the transition provision:

- (i) the Group has applied the new accounting policy retrospectively to leasing transactions that occurred on or after 1 January 2022;
- (ii) the Group also, as at 1 January 2022, recognised a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary difference associated with right-of-use-assets and lease liabilities.

The application of the amendments has had no material impact on the Group's financial position and performance, except that the Group recognised the related deferred tax assets of RMB1,583,000 on a gross basis but it has no impact on the retained earnings at the earliest period presented.



# Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

## 4. REVENUE

### Disaggregation of revenue from contracts with customers

	For the six months ended 30 June 2023			
	Full-time test preparation programs RMB'000 (Unaudited)	Talent education RMB'000 (Unaudited)	Tutoring programs RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
<b>Timing of revenue recognition</b>				
Services transferred at a point in time	—	—	1,104	1,104
Services transferred over time	103,573	28,025	56,158	187,756
	<b>103,573</b>	<b>28,025</b>	<b>57,262</b>	<b>188,860</b>

	For the six months ended 30 June 2022			
	Full-time test preparation programs RMB'000 (Unaudited)	Talent education RMB'000 (Unaudited)	Tutoring programs RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
<b>Timing of revenue recognition</b>				
Services transferred at a point in time	—	—	63,134	63,134
Services transferred over time	89,611	49,822	65,878	205,311
	<b>89,611</b>	<b>49,822</b>	<b>129,012</b>	<b>268,445</b>





## Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

### 5. OPERATING SEGMENTS

The following is an analysis of the Group's entity-wide revenue and results as the chief operating decision makers currently regularly review the consolidated financial results of the Group. Therefore, the Group has one single operating and reportable segment.

#### Revenue from major products and services

The following is an analysis of the Group's revenue from its major products and services:

	For the six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Full-time test preparation programs	103,573	89,611
Talent education	28,025	49,822
Tutoring programs	57,262	129,012
	<b>188,860</b>	268,445



## Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

### 6. OTHER INCOME

	For the six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Interest income		
— bank deposits	4,280	5,503
— debt instruments at amortised cost	2,939	3,466
Value-added tax exemption	2	72
Government grants	58	1,455
Dividends from financial instruments at FVTPL	—	1,125
Rental income	527	687
Income on sales of education materials	709	2,608
Other project income	287	3,087
Other tax refund	316	628
Others	208	40
	<b>9,326</b>	18,671

### 7. OTHER GAINS AND LOSSES

	For the six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Gain on lease modifications, net of deposits losses	2,587	488
Gain on disposal of investments in subsidiaries	19,754	—
Net foreign exchange gains (losses)	389	(222)
Others	432	98
	<b>23,162</b>	364





## Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

### 8. FINANCE COSTS

	For the six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Interest on bank borrowings	—	4,228
Interest on lease liabilities	4,566	3,509
	<b>4,566</b>	<b>7,737</b>

### 9. IMPAIRMENT LOSSES (RECOGNISED) REVERSED UNDER EXPECTED CREDIT LOSS MODEL, NET

	For the six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Impairment loss (recognised) reversed in respect of		
— debt investments measured at amortised cost	(6,030)	20,541
— bank balances	450	—
— financial assets included in prepayments, deposits and other receivables	—	874
	<b>(5,580)</b>	<b>21,415</b>



## Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

### 10. INCOME TAX EXPENSE

	For the six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Current tax:		
PRC Enterprise Income Tax ("EIT")	(289)	8,968
Underprovision in prior period	(7)	1,553
	(296)	10,521
Deferred tax expense	3,382	747
	3,086	11,268

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Act of the Cayman Islands and therefore is not subject to income tax.

#### Hong Kong Profits Tax

Hong Kong profits tax is calculated in accordance with the two-tiered Hong Kong profits tax rates regime for the six months ended 30 June 2023 and 2022.

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the period.

#### PRC Enterprise Income Tax ("EIT")

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% during the reporting period (2022: 25%).

EIT of the Group has been provided at the applicable tax rates on the estimated taxable profits arising in Mainland China during the reporting period.





## Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

### 11. PROFIT FOR THE REPORTING PERIOD

Profit for the reporting period has been arrived at after charging:

	For the six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Auditor's remuneration	1,005	898
Depreciation of property, plant and equipment	10,092	9,791
Depreciation of right-of-use assets	27,700	33,746
Amortisation of other intangible assets	2,072	3,590
Total depreciation and amortisation	39,864	47,127
Research and development costs recognised as an expense (included in other operating expenses)	12,673	35,315
Directors' and chief executive's emoluments	4,025	3,505
Staff salaries and benefits	73,509	136,142
Staff retirement benefits schemes contributions	7,133	8,114
Recognition of share-based payments	82	1,219
Total staff costs (note)	84,749	148,980

Note: The staff costs of RMB62,778,000 (for the six months ended 30 June 2022: RMB102,165,000) and the depreciation and amortisation of RMB33,678,000 (for the six months ended 30 June 2022: RMB20,187,000) are included in "Cost of sales" in the condensed consolidated statement of profit or loss.

### 12. DIVIDEND

No dividends were paid, declared or proposed during the interim period. The Directors have resolved that no dividend will be declared for the reporting period.



## Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

### 13. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per ordinary share attributable to owners of the Company is based on the following data:

	For the six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
<i>Earnings</i>		
Profit for the purpose of basic earnings per share and dilutive earnings per share	<b>20,917</b>	5,232
<i>Number of shares</i>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>752,531,376</b>	752,535,956
Effect of dilutive potential shares:		
Unvested share awards	<b>166,667</b>	593,000
Weighted average number of ordinary shares for the purpose of dilutive earnings per share	<b>752,698,043</b>	753,128,956
Basic earnings per share (note)	<b>RMB2.78 cents</b>	RMB0.7 cents
Diluted earnings per share (note)	<b>RMB2.78 cents</b>	RMB0.7 cents

Note: The weighted average number of ordinary shares for the purpose of basic earnings per share has been adjusted for the shares held for the Company's restricted share unit scheme.

For the six months ended 30 June 2023, the computation of diluted loss per share has not taken into account the effects of share awards which are anti-dilutive.





## Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

### 14. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2023, the Group acquired property, plant and equipment with a cost of RMB4,434,000 (for the six months ended 30 June 2022: RMB3,585,000).

Property, plant and equipment with a net book value of RMB1,247,000 were disposed of by the Group during the six months ended 30 June 2023 (for the six months ended 30 June 2022: RMB4,089,000), resulting in a net gains on disposal of RMB117,000 (for the six months ended 30 June 2022: net loss of RMB218,000).

### 15. RIGHT-OF-USE ASSETS

	<b>Leased properties</b> RMB'000
<b>As at 30 June 2023</b>	
Carrying amount	<b>152,349</b>
<b>As at 31 December 2022</b>	
Carrying amount	185,193
<b>For the six months ended 30 June 2023</b>	
Depreciation charge	<b>27,700</b>
<b>For the six months ended 30 June 2022</b>	
Depreciation charge	33,746

	<b>For the six months ended</b> <b>30 June</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Expense relating to short-term leases	<b>4,303</b>	4,209
Total cash outflow for leases	<b>36,303</b>	54,325
Additions to right-of-use assets	<b>28,813</b>	24,098

For both periods, the Group leases properties for its operations. Lease contracts are entered into for fixed term ranging from short term (under 12 months) to 12 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.



## Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

### 15. RIGHT-OF-USE ASSETS (CONTINUED)

The Group regularly entered into short-term leases for certain property, equipment and vehicles. As at 30 June 2023 and 2022, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.

### 16. INVESTMENTS IN ASSOCIATES

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Cost of investments in associates — unlisted	36,528	36,528
Share of post-acquisition losses and other comprehensive expenses, net of dividends received	(3,996)	(4,202)
Accumulated impairment	(15,195)	(15,195)
	<b>17,337</b>	17,131





## Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

### 16. INVESTMENTS IN ASSOCIATES (CONTINUED)

Details of each of the Group's associates at the end of the reporting period are as follows:

Name of associates	Place of incorporation/ registration and operations	Proportion of ownership interest held by the Group		Proportion of voting rights held by the Group		Principal activities
		2023	2022	2023	2022	
Guangdong Donghu Qiyuan Co., Ltd. ("Donghu Qiyuan")	PRC/ Mainland China	30.00%	30.00%	30.00%	30.00%	Chess training services
Guangzhou Haite Sports Development Co., Ltd. ("Haite Sports")	PRC/ Mainland China	36.00%	36.00%	36.00%	36.00%	Physical education services
Guangzhou Xinyue Sports Co., Ltd. ("Xinyue Sports")	PRC/ Mainland China	40.00%	40.00%	40.00%	40.00%	Physical education services
Guangzhou Walmonos Sports Development Co., Ltd. ("Walmonos Sports") (note)	PRC/ Mainland China	18.00%	18.00%	18.00%	18.00%	Physical education services
Guangzhou Yuyou Pinxue Co., Ltd. ("Yuyou Pinxue") (note)	PRC/ Mainland China	17.48%	17.48%	17.48%	17.48%	Inactive
Guangzhou Shengshi Zhiben Education Investment Co., Ltd. ("Guangzhou Shengshi")	PRC/ Mainland China	20.00%	20.00%	20.00%	20.00%	Education investment and consultation services

Note: In the opinion of the directors of the Company, the Group has significant influence over through the board representation, even though the respective shareholdings of these investments are below 20%. Accordingly, these investments have been classified as associates.

The Group's shareholding in the associates represents equity shares held through its wholly-owned subsidiaries of the Company.



## Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

### 16. INVESTMENTS IN ASSOCIATES (CONTINUED)

#### Summarised financial information of Walmonos Sports

Walmonos Sports is considered a material associate of the Group and is accounted for using the equity method.

Summarised financial information in respect of Walmonos Sports is set out below. The summarised financial information below represents amounts shown in Walmonos Sports's financial statements prepared in accordance with IFRSs.

The associate is accounted for using the equity method in these financial statements.

#### **Walmonos Sports**

	<b>30 June 2023 RMB'000</b>	31 December 2022 RMB'000
Current assets	<b>39,438</b>	42,079
Non-current assets	<b>10,408</b>	12,070
Current liabilities	<b>44,130</b>	49,313
Non-current liabilities	<b>4,800</b>	5,100
	<b>30 June 2023 RMB'000</b>	31 December 2022 RMB'000
Revenue	<b>43,963</b>	108,095
Profit for the period	<b>807</b>	3,234
Profit and total comprehensive income for the period	<b>807</b>	3,234





## Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

### 16. INVESTMENTS IN ASSOCIATES (CONTINUED)

#### Summarised financial information of Walmonos Sports (Continued)

##### Walmonos Sports (Continued)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	30 June 2023 RMB'000	31 December 2022 RMB'000
Net assets (liabilities) of Walmonos Sports	916	(264)
Proportion of the Group's interest in Walmonos Sports	18.00%	18.00%
The Group's share of net assets of Walmonos Sports	165	(47)
Goodwill	7,409	7,409
Carrying amount of the Group's interest in Walmonos Sports	7,574	7,362

#### Aggregate information of associates that are not individually material

	30 June 2023 RMB'000	31 December 2022 RMB'000
The Group's share of profits (loss) and total comprehensive expense for the period	60	(631)
Aggregate carrying amount of the Group's interests in these associates	9,763	9,769



# Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

## 17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<b>30 June 2023 RMB'000 (Unaudited)</b>	31 December 2022 RMB'000 (Audited)
Financial assets mandatory measured at FVTPL:		
Equity investments — unlisted equity investments	<b>8,100</b>	8,099
Financial assets designated at FVTPL:		
Equity investments — listed equity investments (i)	<b>40,783</b>	51,683
Debt instruments		
— funds (ii)	<b>26,369</b>	40,938
— unlisted trust plans and asset management plans (ii)	<b>14,702</b>	17,222
	<b>81,854</b>	109,843
	<b>89,954</b>	117,942
Analysed for reporting purposes as:		
— current assets	<b>81,854</b>	99,796
— non-current assets	<b>8,100</b>	18,146
	<b>89,954</b>	117,942

Notes:

- (i) The above listed equity investments represent ordinary shares of an entity listed in Hong Kong. The fair value of listed equity investment is determined based on the quoted market bid price (Level 1: quoted price (unadjusted) in active markets).
- (ii) Wealth management products issued by banks, unlisted trust plans, asset management plans and funds issued by financial institutions, were denominated in RMB at aggregate amounts of RMB41,071,000 (2022: RMB58,160,000), with rate of return ranging from 6% to 8% (2022: 6% to 8%) per annum. As at 30 June 2023, unlisted trust plans and funds pledged with collaterals of properties with a carrying amount of RMB41,071,000 (2022: RMB48,114,000) were overdue without being redeemed pursuant to the terms of the subscription agreements.





## Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

### 17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

(iii) Amounts recognised in profit or loss:

	For the six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Fair value changes in equity investments at FVTPL		
– Unlisted equity investments	(6)	380
– Listed equity investments	(10,901)	(16,105)
	(10,907)	(15,725)
Fair value changes in debt investments at FVTPL		
– Unlisted trust plans and asset management plans	(2,520)	619
– Wealth management products issued by banks	–	236
– Funds	(4,509)	(5,215)
	(7,029)	(4,360)
	(17,936)	(20,085)

### 18. DEBT INSTRUMENTS MEASURED AT AMORTISED COST

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
	Corporate debts	39,021
Analysed for reporting purposes as:		
– current assets	39,021	23,205
– non-current assets	–	22,853
	39,021	46,058



## Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

### 18. DEBT INSTRUMENTS MEASURED AT AMORTISED COST (CONTINUED)

Debt instruments measured at amortised cost are debt assets with guaranteed returns using interest rate per annum ranging from 5% to 7% (2022: 5% to 7%). They are denominated in RMB.

At 30 June 2023, debt instruments with principal amount of RMB68,200,000 (2022: RMB68,200,000) are past due and among which, RMB21,640,000 (2022: RMB21,640,000) are pledged with collaterals of equity instruments (2022: equity instruments). Included in the carrying amount of debt instruments measured at amortised cost as at 30 June 2023 is accumulated impairment losses of RMB59,077,000 (2022: RMB53,048,000).

### 19. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Loan receivables from third parties (note)	30,000	30,000
Less: allowance of credit loss	(19,276)	(19,276)
	<b>10,724</b>	10,724
Prepaid operation expenses	18,461	12,067
Prepayments for purchase of properties, plant and equipment	13,862	13,862
Staff advances	126	130
Rental and other deposits	21,941	20,652
Receivables from payment channels	7,176	11,887
Loans to employees	937	1,689
Others	18,299	4,813
	<b>91,526</b>	75,824
Analysed by:		
— current	77,664	61,962
— non-current	13,862	13,862
	<b>91,526</b>	75,824





## Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

### 19. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (CONTINUED)

Note:

The effective interest rate of these loan receivables are ranging from 2.75% to 5% (2022: 2.75% to 5%). As at 30 June 2023, included in the Group's loan receivables balance are debtor with aggregate principle amount of RMB5,000,000 (2022:RMB5,000,000) which is past due over 90 days as at reporting date.

As at 30 June 2023, the carrying amount of loan receivables amounting to RMB28,000,000 (2022: RMB28,000,000) are pledged with collaterals such as properties or equity instruments (2022: properties or equity instruments). The Group is not permitted to sell or repledge the collaterals in the absence of default by the borrower. There has not been any significant changes in the quality of the collateral held for the loan receivables.

### 20. BANK BALANCES AND CASH AND RESTRICTED BANK DEPOSITS

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Bank balances and cash	164,537	195,084
Restricted bank deposits	19,040	8,099
	<b>183,577</b>	203,183

Cash include demand deposits for the purpose of meeting the Group's short term cash commitments, which carry interest at market rate of 0.2% (2022: 0.3%) per annum.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The majority of the bank balances and deposits are deposited with creditworthy banks. During the current period, the Group recognised an impairment loss amounting to nil (2022: RMB450,000) for the bank balances.

As at 30 June 2023, bank balances amounting to RMB19,040,000 (2022: RMB8,099,000) are restricted. Bank balances that are placed in restricted bank accounts in accordance with the applicable government regulations amounting to RMB18,349,000 (2022: RMB7,376,000), such balances can only be applied once the Group has fulfilled its obligation to transfers the promised services on a systematic way. The balances carrying interest at market rate of 0.2% per annum.



## Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

### 21. OTHER PAYABLES AND ACCRUALS

	<b>30 June 2023 RMB'000 (Unaudited)</b>	31 December 2022 RMB'000 (Audited)
Accrued staff benefits and payroll	<b>39,114</b>	41,611
Payable for operating activities	<b>35,777</b>	31,388
Other tax payables	<b>2,343</b>	3,287
Deposits	<b>3,219</b>	2,940
Others	<b>10,106</b>	14,229
	<b>90,559</b>	93,455

### 22. SHARE CAPITAL OF THE COMPANY

	<b>Number of shares</b>		<b>Share capital</b>	
	<b>30 June 2023 '000 (Unaudited)</b>	31 December 2022 '000 (Audited)	<b>30 June 2023 RMB'000 (Unaudited)</b>	31 December 2022 RMB'000 (Audited)
<b>Ordinary shares of United States dollars ("US\$") 0.00005 each</b>				
<b>Authorised</b>				
At beginning of year	<b>3,000,000</b>	3,000,000	<b>1,070</b>	1,070
Increase (decrease)	—	—	—	—
At 30 June 2023 and 31 December 2022	<b>3,000,000</b>	3,000,000	<b>1,070</b>	1,070
<b>Issued and fully paid</b>				
At beginning of year	<b>847,221</b>	847,221	<b>303</b>	303
Shares repurchased and cancelled	—	—	—	—
At 30 June 2023 and 31 December 2022	<b>847,221</b>	847,221	<b>303</b>	303

Note:

None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities during the reporting period.





## Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

### 23. LEASE LIABILITIES

	<b>30 June 2023 RMB'000 (Unaudited)</b>	31 December 2022 RMB'000 (Audited)
<b>Lease liabilities payable:</b>		
Within one year	<b>45,941</b>	54,602
Within a period of more than one year but not more than two years	<b>35,593</b>	46,137
Within a period of more than two years but not more than five years	<b>65,944</b>	74,248
Within a period of more than five years	<b>18,219</b>	24,541
	<b>165,697</b>	199,528
Less: Amount due for settlement within 12 months shown under current liabilities	<b>(45,941)</b>	(54,602)
	<b>119,756</b>	144,926

The weighted average incremental borrowing rates applied to lease liabilities range from 4.75% to 4.90% (2022: from 4.75% to 4.90%).

### 24. SHARE-BASED PAYMENT TRANSACTIONS

#### Equity-settled RSU scheme of the Company (“RSU Scheme”):

The Company’s RSU Scheme was adopted pursuant to a resolution passed on 3 December 2018 for the primary purpose of providing incentives to directors and eligible employees. The RSU Scheme will be valid and effective for a period of ten years, commencing from 3 December 2018.

The maximum number of shares that may be issued under the RSU Scheme is up to a number of shares in aggregate (excluding RSUs that have lapsed or been cancelled in accordance with the rules of the RSU Scheme) equal to 10% of the issued shares of the Company held or to be held by the RSU Trustee for the purpose of the RSU Scheme from time to time. The RSU Scheme is subject to annual renewal and approval by Shareholders at each annual general meeting of the Company.



## Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

### 24. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

#### Equity-settled RSU scheme of the Company (“RSU Scheme”): (Continued)

The movements of the Company’s shares held for the RSU Scheme account during the six months ended 30 June 2023 and the year ended 31 December 2022 are as follows:

	Number of shares	Amount RMB'000
As at 1 January 2022	95,047,291	155,883
Repurchase of shares held for RSU Scheme	—	—
Exercise of share awards	(367,000)	—
As at 31 December 2022 and 1 January 2023	<b>94,680,291</b>	<b>155,883</b>
Repurchase of shares held for RSU Scheme	<b>9,000</b>	<b>7</b>
As at 30 June 2023	<b>94,689,291</b>	<b>155,890</b>

Note: During the year ended 31 December 2022, 200,000 RSUs are granted on 5 January 2022 to the employee without vesting condition and the RSUs vested immediately at the date of grant. 367,000 granted RSUs were exercised in 2022.





## Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

### 24. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

#### Equity-settled RSU scheme of the Company (“RSU Scheme”): (Continued)

A summary of the particulars of the RSUs granted under the RSU Scheme during the six months ended 30 June 2023 is as follows:

Category of grantees	Date of grant	Exercise price RMB	Vesting date	Grant-date price per share	Outstanding at 1.1.2023 '000	Number of share awards			Outstanding at 30.06.2023 '000
						Granted during the period '000	Exercised during the period '000	Expired/ forfeited during the period '000	
Employees	10 September 2020	—	10.09.2023	HK\$3.20 (equivalent to RMB2.82)	166	—	—	—	166
					166	—	—	—	166

During the six months ended 30 June 2023, the Group amortised the difference between the fair value of the share awards and the consideration that employees have to pay to the Company over the vesting period and recognised as equity-settled compensation costs of RMB82,000 (for the six months ended 30 June 2022: RMB1,219,000) in profit or loss in relation to the RSU Scheme.

#### Equity-settled share option scheme of the Company:

The Company’s share option scheme (the “**Share Option Scheme**”) was adopted pursuant to a resolution passed on 3 December 2018 for the primary purpose of providing incentives to directors and eligible employees. The Share Option Scheme is valid and effective for a period of ten years, commencing from 3 December 2018.

The total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company must not in aggregate exceed 84,804,000 shares, being 10% (the “**Scheme Mandate Limit**”) of the shares in issue immediately after the IPO (assuming the over-allotment option is not exercised and no exercise of any option which may be granted under the Share Option Scheme) unless the Company obtains an approval from its shareholders. Options lapsed in accordance with the terms of the Share Option Scheme will not be counted for the purpose of calculating the Scheme Mandate Limit. Moreover, the maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company shall not in aggregate exceed 30% of the shares in issue from time to time. No option may be granted under the Share Option Scheme and any other share option schemes of the Company if such Scheme Mandate Limit is exceeded.

No share option was in issue pursuant to the Share Option Scheme at the end of the reporting period.



## Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

### 25. RELATED PARTY DISCLOSURES

Other than as disclosed elsewhere in these consolidated financial statements, the Group has following transactions and balances with related parties:

Nature of transactions	Name of related parties	Relationship	For the six months ended 30 June	
			2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Consultation fee	Guangzhou Shengshi	Associate	—	130
			—	130
Rental expense	Guangzhou Tengyue Education Technology Co., Ltd. 廣州騰越教育科技有限公司("Tengyue Education")	Under the common control of the ultimate controlling parties	791	234
			791	234





## Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

### 25. RELATED PARTY DISCLOSURES (CONTINUED)

Nature of balances	Name of related parties	Relationship	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Amounts due from associates	Donghu Qiyuan	Associate	54	36
	Haite Sports	Associate	465	94
			<b>519</b>	130
Amounts due from related parties	Tengyue Education	Under the common control of the ultimate controlling parties	95	—
	Ms. Weiyang Guan	Executive director	4,789	4,789
			<b>4,884</b>	4,789
Amounts due to related parties	Guangzhou Sairui Sports Co., Ltd.	Associate	—	(26)
	Walmonos Sports	Associate	(23)	(136)
	Xinyue Sports	Associate	—	(56)
	Yuyou Pinxue	Associate	(204)	(495)
	Shenzhen Zhuoyue Education Training Co., Ltd.	Disposed subsidiary	—	(21)
	Foshan Beststudy Culture Communication Co., Ltd.	Disposed subsidiary	—	(3)
			<b>(227)</b>	(737)

### Compensation of key management personnel

The remuneration of directors and other members of key management during the period was as follows:

	For the six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Short-term employee benefits	3,928	3,323
Retirement benefits contributions	97	182
	<b>4,025</b>	3,505

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.



## Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

### 26. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Some of the Group's financial instruments are measured at fair value for financial reporting purposes.

In estimating the fair value, the Group uses market-observable data to the extent it is available. For instruments with significant unobservable inputs under Level 3, the Group engages third party qualified valuers to perform the valuation. The management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The Chief Financial Officer reports findings to the directors of the Company to explain the cause of fluctuations in the fair value.

#### Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation techniques and inputs used).

#### Fair value hierarchy as at 30 June 2023

	Fair value measurement using			Total RMB'000 (Unaudited)
	Quoted prices in active markets (Level 1) RMB'000 (Unaudited)	Significant observable inputs (Level 2) RMB'000 (Unaudited)	Significant unobservable inputs (Level 3) RMB'000 (Unaudited)	
<b>Financial assets at FVTPL</b>				
Equity investment				
– Unlisted equity investment	–	–	8,100	8,100
– Listed equity investment	40,783	–	–	40,783
Debt instruments				
– Funds	–	–	26,369	26,369
– Unlisted trust plans and asset management plans	–	–	14,702	14,702
	40,783	–	49,171	89,954





## Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

### 26. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONTINUED)

#### Fair value of the Group's financial assets that are measured at fair value on a recurring basis (Continued)

Fair value hierarchy as at 31 December 2022

	Fair value measurement using			Total RMB'000 (Audited)
	Quoted prices in active markets (Level 1) RMB'000 (Audited)	Significant observable inputs (Level 2) RMB'000 (Audited)	Significant unobservable inputs (Level 3) RMB'000 (Audited)	
<b>Financial assets at FVTPL</b>				
Equity investment				
– Unlisted equity investment	–	–	8,099	8,099
– Listed equity investment	51,683	–	–	51,683
Debt instruments				
– Funds	–	10,046	30,892	40,938
– Unlisted trust plans and asset management plans	–	–	17,222	17,222
	51,683	10,046	56,213	117,942



## Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

### 26. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONTINUED)

#### Fair value of the Group's financial assets that are measured at fair value on a recurring basis (Continued)

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis under level 3 measurement as at 30 June 2023:

Financial assets	Valuation technique	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Equity investments at FVTPL			
— Unlisted equity investments	The net asset value based on the fair value of the underlying investments.	The fair value of underlying assets	The higher the underlying assets valuation, the higher the fair value.
Debt instruments at FVTPL			
— Unlisted trust plans and asset management plans	Discounted cash flows with future cash flows that are estimated based on expected recoverable amounts, discounted at rates that reflect management's best estimation of the expected risk level.	Expected recoverable amounts Expected recovery date Discount rates that correspond to the expected risk level	The higher the recoverable amounts, the higher the fair value. The earlier the recovery date, the higher the fair value. The lower the discount rates, the higher the fair value.
— Funds	Discounted cash flows with future cash flows that are estimated based on expected recoverable amounts, discounted at rates that reflect management's best estimation of the expected risk level.	Expected recoverable amounts Expected recovery date Discount rates that correspond to the expected risk level	The higher the recoverable amounts, the higher the fair value. The earlier the recovery date, the higher the fair value. The lower the discount rates, the higher the fair value.





## Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

### 26. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONTINUED)

#### Reconciliation of Level 3 fair value measurements

	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Financial assets at FVTPL:		
At 1 January	56,213	201,116
Total losses recognised in profit or loss	(7,042)	(1,667)
Disposals/settlements	—	(134,782)
At 30 June	49,171	64,667

