



卓越教育集团

China Beststudy Education Group

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

Stock Code: 3978



INTERIM REPORT  
2024

# CONTENTS

Corporate Information	2
Company Profile	4
Financial Highlights	5
Management Discussion and Analysis	6
Corporate Governance and Other Information	20
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	28
Condensed Consolidated Statement of Financial Position	29
Condensed Consolidated Statement of Changes in Equity	31
Condensed Consolidated Statement of Cash Flows	32
Notes to Condensed Consolidated Financial Statements	34



# 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

### Independent Non-executive Directors

Ms. Yu Long  
Mr. Jun Gan  
Mr. Caihe Lin (resigned on 31 July 2024)

## 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)  
Ms. Yu Long  
Mr. Caihe Lin (resigned on 31 July 2024)

## 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

11/F, 65 Xianlie Middle Road  
Yuexiu 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.zy.com](http://www.zy.com)

## **INVESTOR RELATIONS**

Address: 12/F, 65 Xianlie Middle Road  
Yuexiu District, Guangzhou  
Guangdong, PRC

Tel: +86-20-38970078

Email: [ir@zy.com](mailto:ir@zy.com)

## **LISTING DATE**

27 December 2018

# Company Profile

As a leading education technology 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 educational products and services to students and parents since our establishment 27 years ago. In recent years, the Group has actively embraced technology. While continuing to improve its innovation capabilities, the Group has also kept pace with the times by utilising information technology to improve product quality and services, thus promoting the transformation and upgrading of its products and services to high-quality development.

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 mindset 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 27 years of efforts and development, our “Zhuoyue Education” (卓越教育) brand and reputation have been recognised and welcomed by students, parents and all sectors of the community, which will help us enlarge our student pool and further maintain and strengthen our market position in the industry.

During the six months ended 30 June 2024 (the “**Reporting Period**”), we actively participated in social welfare and party building undertakings, and won the awards of “Guangzhou Benchmark Party Organisation with Double Strength and Six Excellence — Non-public Economic Organisation” (廣州市非公有制經濟組織“雙強六好”標桿黨組織) and the winner prize of the party building innovation case. In addition, under the guidance of various government departments in Yuexiu District, Guangzhou, we jointly organised the Second Charity Festival with private educational institutions in Yuexiu District to provide high-quality products and services to the public, fulfill social responsibilities with practical actions, and demonstrate our corporate social commitment.

# Financial Highlights

	For the six months ended		
	30 June		
	2024	2023	Change
	RMB'000	RMB'000	%
	(Unaudited)	(Unaudited)	
<b>Revenue</b>	<b>317,444</b>	188,860	68.1%
<b>Gross Profit</b>	<b>142,723</b>	69,780	104.5%
<b>Net Profit</b>	<b>54,415</b>	20,152	170.0%
<b>Adjusted Net Profit</b>	<b>54,415</b>	20,234	168.9%

# Management Discussion and Analysis

## PERFORMANCE REVIEW

While adhering to compliance operations, the Group actively responded to changes in education policies, launched multiple talent products which have been certified as non-academic by the Education Authority of Guangdong Province, and launched the “Kunpeng Youth Growth Camp Project” (鯤鵬少年生長營項目), successfully transforming talent education and accelerating the acquisition of non-academic profit-making licence for running schools. Embracing the wave of AI technology, the Group has empowered organisational efficiency through AI, resulting in substantial improvements in the effectiveness of students, teachers, and management teams. In the first half of 2024, the Group also used equity incentives and other forms to motivate employees and stimulate their enthusiasm. At the same time, the Group has actively fulfilled its social responsibilities by fully implementing the “Party Building + Public Welfare” model, contributing to educational equity and community welfare.

Under the background of normalised regulation, the Group adhered to compliance operations and achieved excellent results in the first half of 2024. In the first half of 2024, the Group recorded revenue of approximately RMB317.4 million, representing an increase of 68.1% year-on-year, net profit of approximately RMB54.4 million, representing an increase of 170.0% year-on-year, and contract liabilities of approximately RMB458.4 million, representing an increase of 116.5% year-on-year. The significant performance growth is primarily attributed to the successful transformation of the Group’s products into quality education offerings under the guidance of education authorities, which have been well-received by parents and students. Secondly, the market demands recovered slowly, resulting in lower revenues in the first half of 2023.

## Following the directions of national policies and adhering to the bottom line of compliance

The Group upholds its original mission of education, actively responds to and implements the spirit of the Double Reduction Policy, and adheres to the bottom line of compliance operations.

In terms of compliance in operation, we strictly comply with the Education Law of the People’s Republic of China (《中華人民共和國教育法》), the Law for Promoting Private Education of the People’s Republic of China (《中華人民共和國民辦教育促進法》), the Implementation Rules for the Law for Promoting Private Education of the People’s Republic of China (《中華人民共和國民辦教育促進法實施條例》) and the Opinions of the General Office of the State Council on Regulating the Development of After-school Tutoring Institutions (《國務院辦公廳關於規範校外培訓機構發展的意見》) and other relevant laws and regulations to standardise school-running behaviours and ensure that all operating activities are legal and compliant. Under the guidance of relevant competent authorities, we have carried out compliance upgrades in various aspects such as site fire protection, teaching material content, marketing methods and advance funds, established and improved internal management systems, strengthened financial management and risk control, and ensured the transparency and standardisation of institutional operations. During the Reporting Period, the Group has undergone 65 inspections at various levels of ministry, province, municipality and district with zero penalties or warnings record, receiving high recognition for our compliance efforts. In the first half of 2024, we actively promoted the acquisition of non-academic profit-making licence for running schools in Guangzhou. Licenced and compliant operations allow the Group to develop its business in a more sustainable manner.

In terms of compliance in products, we thoroughly implement the “Double Reduction” Policy, optimise the curriculum, focus on the scientific nature and appropriateness of the course content, strictly prohibit advanced and excessive teaching, and ensure that the courses are in line with the students’ cognitive development. At the same time, we strengthen the review of teaching materials and teaching resources to ensure that the teaching content is healthy, positive and progressive. In 2022, under the guidance of the education authorities, multiple products achieved talent transformation, which were the first batch of talent products for Guangdong Province to pass the non-academic accreditation. In 2024, all products passed the review.

In terms of compliance in publicity, we strictly abide by the Advertising Law of the People’s Republic of China (《中華人民共和國廣告法》) and relevant publicity regulations, standardise publicity behaviour, and do not exaggerate publicity effects or mislead consumers. We pay attention to the compliance of publicity methods and the authenticity of publicity content, and do not engage in unfair competition. At the same time, we strengthen the review of publicity materials to ensure that publicity content conforms to the core socialist values.

### **Significant achievements in quality transformation**

The Group continued to optimise quality products and services by focusing on the cultivation of core qualities such as literature and scientific quality, and has developed a diverse range of courses tailored to students’ interests and needs. Nine quality 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), have become the first batch of talent products for Guangdong Province to pass the non-academic accreditation by the education authorities. Based on continuous research on the talent education system, we have proposed the “Six Abilities Model” (六力模型) for children’s growth, i.e. learning ability, critical thinking ability, aesthetic ability, creativity, communication ability, and health ability. Our grand launch of the “Kunpeng Youth Growth Camp Project” (鯤鵬少年生長營項目), which adopts advanced teaching methods such as interactive and inquiry-based learning to stimulate students’ interest in learning, has been highly recognised by both society and students, helping to build the brand image of the Group in talent education and providing crucial support for the Group’s transformation.



## Management Discussion and Analysis

The Group has launched three non-academic Chinese language products, namely “Curious Young Reporter” “Di-Da Literature” and “Literature and Aesthetic Education”. The “Compulsory Education Chinese Curriculum Standards (2022 Edition)” (《義務教育語文課程標準(2022年版)》) highlights the need to enhance the contextual and practical aspects of Chinese curriculum and promotes changes in learning methods. This requires creating diverse learning contexts and designing challenging learning tasks based on students’ real-life experiences to stimulate curiosity, imagination, and a desire for knowledge, promoting autonomous, collaborative, and exploratory learning. Curious Young Reporter focuses on developing students’ abilities in observation, perception, inquiry, critical thinking, expression, and practice, thus enhancing their overall competence. Curious Young Reporter innovatively introduces multiple outdoor themed activities that break traditional teaching constraints by bringing children into nature, which serves as an authentic and lively classroom. This helps to build an expression platform filled with imagination and challenges, encouraging children to apply classroom knowledge in real-life situations and guiding them to transform their observations and experiences into quality language expressions based on practical experience and perception; Di-Da Literature is centred around three main themes of ancient literature, classic reading, and comprehensive practice, aiming to cultivate children’s reading interest, thinking, and ability, enhancing their cultural literacy; Literature and Aesthetic Education allows students to experience the beauty of literature through classic readings and film appreciation, improving their recognition and appreciation skills through interdisciplinary and task-based inquiry and situational communication, and ultimately enhancing their literary from experience, recognition and appreciation to creation and expression through creative design, literary criticism/creation.

In line with the national development strategy, we have launched “Beststudy Programming”, which has been well-received by parents and students. “Beststudy Programming” focuses on coding education for children aged 3 to 16. We continuously invest resources to build a professional team for independent research and development, establishing a comprehensive learning system that covers hardware technology to software programming and consists of robot construction, robot programming, graphical programming, Python programming, and C++ programming. Through heuristic teaching, we cultivate children’s interest in programming and nurture their talents. The coding learning process involves knowledge transfer, exercises in logical thinking, and the development of future-oriented exploratory learning abilities and problem-solving skills using dialogue tools. Our students have consistently achieved excellent results in national whitelist competitions.

The “Kunpeng Youth Growth Camp Project” continuously fosters the six major abilities of Kunpeng Youth by establishing a comprehensive cultivation system for Kunpeng Youth and conducting activities such as Kunpeng Youth Travels (鯤鵬少年行), Kunpeng Master Classes (鯤鵬大師課), Kunpeng Expert Talks (鯤鵬高手說), and Kunpeng Competitions (鯤鵬賽事), aiming to nurture future-ready Kunpeng Youth. “Kunpeng Youth Travels” integrates resources from high-tech enterprises and research institutions to help Kunpeng Youth broaden their horizons, discover interests, inspire dreams, and enrich their qualities. “Kunpeng Master Classes” invites influential experts, scholars and outstanding representatives from various fields, such as scientists and literary figures, to impart knowledge and share unique life wisdom, inspiring children to strive for excellence. “Kunpeng Expert Talks” invites students from top domestic universities who embody the qualities of Kunpeng Youth to share their study experiences and growth insights, showcasing the power of role models and guiding young people in their development. “Kunpeng Competitions” provides platforms through Ministry of Education whitelist competitions and the Group-hosted competitions for children to unlock their potential and achieve self-improvement through challenges.

The “Study Tour” (研學遊) project is based on the basic principle and direction of holistic education, with the cultivation of a “well-rounded person” (全面發展的人) as the core, and the mindset and abilities that are prominently cultivated in children during the study tour are summarised into four major aspects, namely “physical fitness” (健體), “mental nourishment” (潤心), “intellectual enlightenment” (啟智) and “mind cultivation” (培根). These four aspects are also the process of self-improvement and perfection of each individual. They are comprehensively expressed as eight qualities: healthy living, positive attitude, friendliness and altruism, win-win cooperation, independent learning, in-depth learning, lifelong growth and value realisation, which are further refined into 16 basic points such as cherishing life. Based on this overall framework, specific scenarios focusing on training and specific performance requirements on students can be further proposed for study routes with different characteristics.

### **AI empowering the improvement of organisational effectiveness, and sharing the future with employees through equity incentives**

AI technology has had a profound impact on the improvement of organisational effectiveness in the education industry. In the first half of 2024, we increased investment and exploration in the field of AI. We were invited to join the Guangdong Association of Artificial Intelligence Industry as a governing unit of the association, to further explore the application of artificial intelligence in the field of improving education quality and organisational effectiveness. The integration of AI provides students with personalised support, including adaptive error analysis, intelligent learning pathways, learning condition graphs, and leaderboard tracking, provides teachers with powerful teaching aids. By intelligently analysing students’ learning behaviours and achievements, AI assists teachers in accurately identifying the key points and difficulties of teaching and achieving personalised teaching, thus improving the quality and efficiency of teaching. Principals and operating staff can conduct campus management more efficiently through AI-assisted decision-making systems, such as intelligent class scheduling, intelligent correction, teacher scheduling and risk warning, which greatly improves the intelligence level and response speed of management and ensures that educational activities are carried out in an orderly manner. The continuous deepening of the application of AI technology in the Company has greatly improved the overall organisational efficiency of the Group.

During the Reporting Period, the Group recruited talents through restarting school recruitment and expanding social recruitment, attracting a large number of talents to join the Group, and the proportion of employees with prestigious university backgrounds increased significantly. For new recruits, we paired experienced senior employees with new recruits through a mentorship system to provide personalised guidance and support to enable new recruits to quickly understand and adapt to the works of the Group. For senior employees, we have set up a clear promotion channel, allowing staff in each line to have the opportunity to become members of the management team of the campus or the Group. Under the value concept of “letting the results speak for themselves” (用結果說話), more young people have been promoted to core management positions and achieved the rejuvenation of the senior management team, stimulating corporate vitality.

On 30 April 2024, the Group granted certain employees restricted share units under the RSU Scheme, which not only enhanced employees’ sense of belonging and loyalty, but also stimulated their enthusiasm and creativity, effectively promoted the common growth of the Company and employees, and shared the Company’s development dividends, and promoted the long-term development of enterprises and the improvement of market competitiveness.

## Management Discussion and Analysis

### Actively fulfilling social responsibilities

The Group has always adhered to the public welfare philosophy of becoming an “enthusiastic education services provider” and is committed to in-depth participation in and active promotion of educational public welfare undertakings. We have actively launched charity activities to help weak schools in rural areas, so that more rural children can enjoy better education resources. By donating teaching materials and upgrading hardware facilities to primary and secondary schools in remote areas, we have strived to promote the balanced distribution of education resources between urban and rural areas, conveying our deep concern for educational equality.

In order to further strengthen the integration of party building work and social responsibility, the Group has actively carried out “Party Building + Public Welfare” activities to consolidate the work foundation and explore the best working model. The Group’s Party Committee and volunteer service team organised a number of public welfare activities to enhance the public welfare awareness of employees and students and actively fulfill social responsibilities. In addition, under the guidance of various government departments in Yuexiu District, we jointly organised the Second Charity Festival with private educational institutions in Yuexiu District to provide high-quality products and services to the general public, fulfill social responsibilities with practical actions, and demonstrate our corporate social commitment. We will continue to improve the quality of party building work and the fulfillment of social responsibilities, drive high-quality party building work with demonstration, and provide solid support for the high-quality development of enterprises.

## FUTURE DEVELOPMENT

### Adhering to compliance operations and promoting healthy development of the industry

In the context of normalised regulation in the future, we will strictly abide by the principles of compliance operations, closely follow the guidance of national education policies, continue to optimise the contents of our courses to ensure that the education services we provide not only comply with regulations, but also meet the needs of students and parents, and that we provide high-quality teaching resources. In terms of compliance training, we will strengthen education on regulations and policy research to ensure that every employee can deeply understand and realise the importance of compliance. We will improve the compliance awareness of all employees through regular training and assessment. In terms of internal control mechanism, we will establish strict quality control processes to ensure that teaching content, teaching methods and marketing and publicity are in compliance with the relevant regulations of the education department. At the same time, we will actively accept social supervision and demonstrate our compliance business results through open and transparent information disclosure. In terms of course research and development, we will adhere to scientific educational concepts, develop a course system that is in line with student growth patterns and educational policy orientations, so as to avoid superior education and excessive test-taking, and to truly achieve talent education. In addition, we will strengthen the standardisation of financial management to ensure the safety supervision and transparency of funds and prevent any form of economic irregularities.

### **Deepening talent education and helping students grow**

Talent education is becoming the leading direction of China's education reform. The strong guidance of national policies has made it the mainstream trend of education to change from a single evaluation system of "moral, intellectual, physical, aesthetic and labour" to the cultivation of students' innovative spirit and entrepreneurial ability. We will strive to deepen the transformation of talent education and improve the teaching quality and effectiveness of talent products through a series of innovation and optimisation measures. We firmly believe that talent education is the key to cultivating students' comprehensive abilities, innovative spirit and social responsibility.

We will conduct in-depth research and development and continuous upgrading of existing talent education products. In the future, we will combine the latest educational concepts and student needs to design diversified and highly interactive talent courses, and build an education system covering the all-round development of "moral, intellectual, physical, aesthetic and labour". This system aims to comprehensively enhance the core quality of primary and secondary school students. It not only responds to the country's expectations for talent education, but also injects new vitality into the Group's sustainable development. At the same time, we will strengthen the construction of the teaching staff, introduce and train high-quality professional teachers, continuously improve the teachers' courses research and development and teaching capabilities, and ensure that the teacher team can master advanced teaching methods and concepts through regular training and academic exchanges. We look forward to setting a new benchmark in the field of talent education and contributing to the growth of children and the future of the Group.

### **Focusing on developing in South China and providing high-quality services**

According to relevant reports and data, Guangdong Province has always been a major province with an influx of immigrants, especially the Greater Bay Area cities such as Guangzhou, Shenzhen, Dongguan and Foshan, which have attracted a large influx of people. With the rapid development of the regional economy and the improvement of residents' income levels, parents are increasingly willing to invest in their children's education, and there is a growing demand for quality education resources and services. At the same time, the innovative atmosphere of the Greater Bay Area provides broad development space for the education industry.

We will focus on the Greater Bay Area, particularly the Shenzhen and Foshan markets, and deepen the localisation and innovation of our education services to meet the rapidly developing education needs in this region. Firstly, we will have an in-depth understanding of the educational environment and cultural characteristics of Shenzhen and Foshan, accurately grasp the needs of local students and parents through market research, and design a curriculum system that in line with the local culture and education policy. We are committed to providing high-quality teaching content that is consistent with local educational development to enhance the attractiveness and competitiveness of our courses. Secondly, we will increase investment in resources in the Shenzhen and Foshan markets, including the building of a team of outstanding teachers, the upgrading of teaching facilities and the optimisation of the teaching environment. By providing first-class teaching services, we will build our brand influence and win the trust and support of parents and students. We look forward to contributing to the development of education in South China through our deep commitment to the region, and helping to cultivate outstanding talents with international vision and local flavour.

## Management Discussion and Analysis

### **Paying attention to talent development and strengthening organisational efficiency**

We place talent development at the core of our strategy and are committed to strengthening organisational efficiency and competitiveness. Firstly, we will continue to optimise the talent selection mechanism and attract and select educational professionals with potential and enthusiasm through a precise evaluation system to ensure that each new employee can fit in with our educational concepts and goals. Secondly, we will increase investment in employees' career development paths and help employees identify career goals, improve professional skills, so that they can achieve sustainable growth in their individual careers through customised career planning and systematic skills training. In addition, we will strengthen our internal promotion mechanism, encourage employees to broaden their career horizons through internal competition and job rotation, to allow more promising young people to join the management team. We will also promote a culture of cross-department collaboration and knowledge sharing to facilitate mutual learning and inspiration among different teams, enhance the efficiency of teamwork, and stimulate organisational innovation vitality. Finally, we will improve the performance management and incentive system to ensure that the efforts and contributions of our employees are fairly evaluated and rewarded in a timely manner, and to enhance their sense of belonging and loyalty through competitive remuneration, benefits and incentives.

### **Embracing the AI wave to improve office efficiency and teaching quality**

We will continue to proactively embrace AI technology and strive to improve office efficiency and teaching quality to achieve upgrading and innovation in educational services. Firstly, we will personalise the teaching content by leveraging AI technology and provide customised learning resources and teaching plans to meet the learning needs of different students by analysing students' learning habits, abilities and progress. Secondly, we will continue to optimise our intelligent teaching support system, utilising natural language processing and machine learning technologies to develop intelligent tutoring tools and create an intelligent independent learning space to improve students' learning effects. In addition, we will optimise the teaching management process through AI technology, realising the automation and intelligence of teaching activities such as curriculum scheduling, student management, and performance tracking, so as to reduce the administrative burden on teachers and allow them to focus more on teaching. We will also explore the application of AI technology in teaching assessment and feedback, and provide students with timely and comprehensive learning feedback through data analysis and learning behaviour analysis to help them adjust learning strategies in a timely manner and improve their learning efficiency.

### **Adhering to compliance and following the trend**

We persistently adhere to our mission, adhere to compliance, align with national policy, and keep up with the pace of national development. We are committed to continuously optimising our Group strategy to enhance our core competitiveness and pursue sustainable and high-quality development. Children's growth is the centre of our work. We uphold the core value of "All for Children's Healthy Development", and provide children with care, aspirated, creative and technology-based educational products and services through technological innovation, so as to stimulate their potential and promote their comprehensive development.

In the process of promoting education innovation, we will continuously optimise the layout of our education business, strengthen exchanges and cooperation with education partners by leveraging the Group's resource advantages, and promote our progress and development in multiple fields. We will also continue to innovate our educational products to continuously improve the quality and effectiveness of teaching and strive to bring a better educational experience to children.

## 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 2023:

	For the six months ended 30 June		
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)	Change (%)
Full-time test preparation programs	123,927	103,573	19.7%
Tutoring programs	75,548	57,262	31.9%
Talent education	117,969	28,025	320.9%
<b>Total</b>	<b>317,444</b>	188,860	68.1%

During the Reporting Period, the Group's revenue increased by 68.1% from approximately RMB188.9 million in the first half of 2023 to approximately RMB317.4 million. Compared to the first half of 2023, the increase in revenue was primarily attributed to the development of the talent education business.

### Cost of Sales

Cost of sales increased by 46.7% from approximately RMB119.1 million in the first half of 2023 to approximately RMB174.7 million for the Reporting Period. The lower rate of increase in cost of sales relative to revenue growth was primarily attributed to improved operation efficiency.

### Gross Profit and Gross Profit Margin

As a result of the above principal factors, the Group's gross profit increased by 104.5% from approximately RMB69.8 million in the first half of 2023 to approximately RMB142.7 million for the Reporting Period. The gross profit margin of the Group increased from 36.9% in the first half of 2023 to 45.0% during the Reporting Period.

## Management Discussion and Analysis

### Other Income

During the Reporting Period, the Group recorded other income in the amount of approximately RMB10.3 million, representing an increase of 10.9% as compared with the same period of last year. The other income during the Reporting Period was mainly interest income from demand deposits of approximately RMB7.3 million.

### Other Gains and Losses

During the Reporting Period, the Group recorded other gains and losses in the amount of approximately RMB1.9 million. The other gains and losses during the Reporting Period were mainly due to a gain on lease modifications of approximately RMB1.1 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 RMB17.9 million in the first half of 2023, while a gain of approximately RMB2.9 million was recorded during the Reporting Period. The changes in fair value include gains from changes in fair value of listed equity investments.

### Selling Expenses

During the Reporting Period, the Group's total selling expenses increased by approximately 225.1% to approximately RMB22.7 million from approximately RMB7.0 million in the first half of 2023. Compared to the first half of 2023, the increase in selling expenses was primarily due to relatively low selling expenses during the first half of 2023 as a result of the slow recovery in market demand, while there was a corresponding increase in investment as market activity resumed during the Reporting Period.

### 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 RMB40.9 million, representing an increase of 43.0% as compared to approximately RMB28.6 million in the first half of 2023. Compared to the first half of 2023, the increase in administrative expenses was mainly attributed to the growth in the number of administrative staff in line with business expansion, leading to higher personnel compensation.

### Other Operating Expenses

During the Reporting Period, the Group's other operating expenses amounted to approximately RMB14.2 million, which remained basically flat as compared with the first half of 2023.

### Finance Costs

During the Reporting Period, the Group recorded finance costs in the amount of approximately RMB5.2 million, representing an increase of 13.6% from approximately RMB4.6 million in the first half of 2023, 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 approximately RMB19.8 million, representing an increase of 540.1% from approximately RMB3.1 million in the first half of 2023.

### Profit for the Reporting Period

The Group's profit increased from approximately RMB20.2 million in the first half of 2023 to approximately RMB54.4 million for the Reporting Period, representing an increase of 170.0%.

### 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 168.9% from approximately RMB20.2 million in the first half of 2023 to approximately RMB54.4 million for the Reporting Period.



## Management Discussion and Analysis

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		
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)	Change %
<b>Net profit</b>	<b>54,415</b>	20,152	170.0%
Add:			
Equity-settled compensation costs	—	82	(100.0%)
<b>Adjusted net profit</b>	<b>54,415</b>	20,234	168.9%

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 2024, cash and cash equivalents of the Group amounted to approximately RMB495.7 million. Cash at banks bears interest at floating rates based on daily bank deposit rates. The cash and cash equivalents are deposited in credit-worthy banks with no recent history of default.

### Contract Liabilities

As at 30 June 2024, contract liabilities of the Group amounted to approximately RMB458.4 million, representing an increase of 116.5% as compared to approximately RMB211.8 million as at 31 December 2023. The increase was mainly attributed to business expansion. Contract liabilities represent the tuition fees that the Group collected from the customers in relation to performance obligations that have not been satisfied recognised by the Group.

### Current and Gearing Ratios

As at 30 June 2024, the current ratio of the Group was approximately 1.09, representing a decrease as compared to 1.25 as at 31 December 2023. The current ratio is equal to total current assets divided by the total current liabilities.

As at 30 June 2024, the gearing ratio of the Group was 0.63, representing an increase as compared to 0.53 as at 31 December 2023. 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 concrete plans for future investment or capital assets as at the date of this interim report.

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

As at 30 June 2024, the Group held financial assets comprising (i) debt investments of approximately RMB70.9 million (31 December 2023: approximately RMB71.9 million), in aggregate accounted for 5.0% of the Group's total assets as at 30 June 2024, representing investments in unlisted trust plans, asset management plans, funds and corporate debts; and (ii) equity investments of approximately RMB33.3 million (31 December 2023: approximately RMB30.4 million), in aggregate accounted for 2.4% of the Group's total assets as at 30 June 2024, 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 2024.

Save as disclosed above, there were no significant investments held, no material acquisitions or disposals of subsidiaries, associates and joint ventures during the six months ended 30 June 2024.

### **Contingent Liabilities**

As at 30 June 2024, the Group did not have any unrecorded significant contingent liabilities, guarantees or any litigation against the Group.

### **Pledge of Assets**

As at 30 June 2024, 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.

## Management Discussion and Analysis

### Bank Borrowings

As at 30 June 2024, the Group did not have any bank loans or any other borrowings.

### MATERIAL LEGAL PROCEEDINGS

The Group has the following litigations with some issuers of wealth management products:

#### (1) China Minsheng Trust Co., Ltd.\* (中國民生信託有限公司) (“Minsheng Trust”)

In 2021, Guangzhou Beststudy Enterprise Co., Ltd (廣州市卓越里程教育科技有限公司) (“**Guangzhou Beststudy**”) subscribed to the Zhongmin Huifeng No. 1 Pooled Fund Trust Plan\* (中民滙豐1號集合資金信託計劃) issued by Minsheng Trust in the amount of RMB90.0 million, which has become mostly overdue and remains unredeemed. Guangzhou Beststudy filed a lawsuit against Minsheng Trust and obtained a legally binding favourable judgment in May 2023. However, Minsheng Trust failed to fulfill its payment obligations according to the judgment. In July 2023, Guangzhou Beststudy applied for enforcement of the judgment, attempting to recover the principal and overdue interest. As at the date of this interim report, Minsheng Trust has not made the payment to Guangzhou Beststudy. As a result, the Company has recorded fair value losses on financial assets at fair value through profit or loss as at the end of the Reporting Period of approximately RMB84.9 million.

#### (2) Zhongchengxingjian Group Co., Ltd.\* (中城興建集團有限公司) (“Zhongchengxingjian”, formerly known as Zhongchengxingjian (Beijing) Investment Limited (中城興建(北京)投資有限公司))

In 2021, Guangzhou Beststudy subscribed to the Junzheng Series Zhongcheng Construction Financing Plan No. 4\* (君政系列中城興建融資計劃4號) and Junzheng Series Zhongcheng Construction Financing Plan No. 8\* (君政系列中城興建融資計劃8號) issued by Zhongchengxingjian in the amount of RMB90.0 million, which has become partially overdue and remains unredeemed. Guangzhou Beststudy has filed a lawsuit against Zhongchengxingjian and obtained a legally binding favourable judgment in January 2024. However, Zhongchengxingjian failed to fulfill its payment obligations according to the judgment. Guangzhou Beststudy applied for enforcement of the judgment in March 2024, attempting to recover the principal and overdue interest. The judicial authority has accepted the enforcement application for this case, as at the date of this interim report, the case is still under enforcement. Zhongchengxingjian and its guarantors have not made the payment to Guangzhou Beststudy. As a result, the Company has recognised net impairment losses under expected credit loss model as at 30 June 2024 of approximately RMB35.6 million.

Save as disclosed above, the Group was not involved in any material legal proceeding during the Reporting Period.

### EVENTS AFTER THE REPORTING PERIOD

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

### HUMAN RESOURCES

As at 30 June 2024, the Group had a total of 1,785 (31 December 2023: 846) employees. The Group enters into employment contracts with its employees to cover matters such as position, term of employment, wage, employee benefits and liabilities for breaches and grounds for termination. 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 months ended 30 June 2024 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 on-going training to our teachers so that they can stay abreast of changes in market needs, student demands and other key trends 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 are members of the state-managed retirement benefits scheme operated by the PRC government. The employees of the PRC subsidiaries 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 2024.

# Corporate Governance and Other Information

## CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining a stringent corporate governance practices and recognised the importance of it for enhancing the management of the Company as well as preserving the interests of the shareholders of the Company as a whole. The Company has adopted the code provisions as set out in Part 2 of the Corporate Governance Code (the “**CG Code**”) as contained in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

The Company has complied with code provisions contained in the CG Code during the Reporting Period, save and except for code provision C.2.1 which states that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

The Board believes that with extensive experience in the education industry, Mr. Junjing Tang is responsible for overall development, operation and management of the Company and has been playing an instrumental role in our growth and business expansion since the establishment of the Group. The Board considers that vesting the roles of chairman and chief executive officer of the Company in Mr. Junjing Tang is beneficial to the consistency of leadership within the Group and the efficiency of the overall strategic planning and execution 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 its corporate governance practices and strive to enhance its compatibility with its business operations and development to ensure compliance with the code provisions of the CG Code and the latest development of the business. The Board will continue to review and monitor the operation of the Company with an aim of maintaining a high standard of corporate governance.

## NON-COMPLIANCE WITH RULES 3.10(1), 3.10A AND 3.27A OF THE LISTING RULES

On 31 July 2024, Mr. Caihe Lin (“**Mr. Lin**”) resigned as independent non-executive Director of the Company and ceased to be a member of the nomination committee of the Company (the “**Nomination Committee**”). Following the resignation of Mr. Lin, the Company does not meet the following requirements: (i) the requirement under Rules 3.10(1) and 3.10A of the Listing Rules, which stipulate that the Board shall include at least three independent non-executive directors and the independent non-executive directors should represent at least one-third of the Board; and (ii) the requirement under Rule 3.27A of the Listing Rules, which stipulate that the Nomination Committee should comprise a majority of independent non-executive directors. To comply with the Listing Rules, the Company is endeavouring to identify suitable candidate(s) to fill the vacancy of Mr. Lin and in any event within three months from 31 July 2024 as required by the Listing Rules. Further announcement(s) will be made by the Company as and when appropriate.

## 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 C3 to the Listing Rules as its own code of conduct regarding dealings in the securities by the Directors. The Company’s relevant employees who, because of his/her office or employment, are likely to possess inside information of the Company, are also subject to the Model Code.

Upon specific enquiry of the Company, all Directors confirmed that they have complied with the Model Code 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, 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 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.

The Audit Committee had reviewed the interim results and interim report and confirms that the applicable accounting principles, standards and requirements have been complied with, and that adequate disclosures have been made.

## CHANGES IN THE BOARD AND THE DIRECTORS’ INFORMATION

Mr. Caihe Lin resigned as an independent non-executive Director and a member of the Nomination Committee with effect from 31 July 2024 as he cannot take on more responsibilities of the Company due to his future work and development that require more of his dedication.

Save as disclosed above, there was no change in the Board and the information of Directors since the date of the 2023 annual report of the Company which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

## DIRECTORS’ INTERESTS IN COMPETING BUSINESS

During the Reporting Period, none of the Directors or their respective close associates (as defined in the Listing Rules) had any interest in a business that competed or was likely to compete, either directly or indirectly, with the business of the Group, other than being a director of the Company and/or its subsidiaries.

## 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.

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

As at 30 June 2024, 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:

Name of Director	Nature of capacity/interest	Number of ordinary shares interested <sup>1</sup>	Approximate percentage of the Company's issued shares <sup>+</sup>
Mr. Junjing Tang <sup>2</sup>	Beneficial owner	1,532,000 (L)	20.38%
	Founder of a discretionary trust	171,165,101 (L)	
Mr. Junying Tang <sup>3</sup>	Beneficial owner	50,000 (L)	16.94%
	Founder of a discretionary trust	143,510,888 (L)	
Mr. Gui Zhou <sup>4</sup>	Beneficial owner	891,000 (L)	16.89%
	Founder of a discretionary trust	142,258,242 (L)	
Mr. Wenhui Xu <sup>5</sup>	Interest in a controlled corporation	6,939,527 (L)	0.82%
Ms. Weiyong Guan <sup>6</sup>	Beneficial owner	70,000 (L)	1.54%
	Interest in a controlled corporation	9,319,751 (L)	
	Other <sup>7</sup>	3,720,000 (L)	

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.
- (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.
- (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.
- (5) Under the SFO, Mr. Wenhui Xu is deemed to be interested in 6,939,527 Shares held by Commqua Holding Co. Ltd., a company which is wholly-owned by him.
- (6) Under the SFO, Ms. Weiyong Guan is deemed to be interested in 9,319,751 Shares held by Crouching Tiger Holdings Limited.
- (7) 3,720,000 restricted share units were granted to Ms. Weiyong Guan on 30 April 2024.

+ The percentage represents the number of ordinary Shares interested divided by the number of the issued Shares (i.e. 847,221,000) as at 30 June 2024.

## Corporate Governance and Other Information

Save as disclosed in this interim report and to the best knowledge of the Directors, as at 30 June 2024, 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 2024, 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	Nature of capacity/interest	Number of ordinary shares interested <sup>1</sup>	Approximate percentage of the Company's issued shares <sup>+</sup>
Ms. Yanyun Huang <sup>2</sup>	Spouse interest	172,697,101 (L)	20.38%
Ms. Hua Yu <sup>3</sup>	Spouse interest	143,560,888 (L)	16.94%
Ms. Xiaoying Zhang <sup>4</sup>	Spouse interest	143,149,242 (L)	16.89%
Elite Education Investment Co. Ltd.	Beneficial owner	171,165,101 (L)	20.20%
Jameson Ying Industrial Co. Ltd.	Beneficial owner	142,258,242 (L)	16.79%
Texcellence Holding Company Limited	Beneficial owner	143,510,888 (L)	16.94%
JTC TRUSTEES (BVI) LIMITED <sup>5</sup>	Trustee	456,934,231 (L)	53.93%
Soarise Bulex Limited <sup>6</sup>	Nominee for another person (other than a bare trustee)	107,241,658 (L)	12.66%
Ms. Shaoping Fu <sup>6</sup>	Trustee	107,241,658 (L)	12.66%

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.



## Corporate Governance and Other Information

- (5) JTC Trustees (BVI) Limited (in its capacity as the trustee of the trust) is the legal owner of all the shares in issued share capital of Elite Education Investment Co. Ltd., Texcellence Holding Company Limited and Jameson Ying Industrial Co. Ltd. respectively and the trustee of each of the family trust where Mr. Junjing Tang, Mr. Junying Tang and Mr. Gui Zhou are the settlors respectively.
- (6) 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 RSUs granted under the RSU Scheme; and (iii) 63,396,000 Shares were purchased by the trustee pursuant to the RSU Scheme as at 30 June 2024. 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 107,241,658 Shares held by Soarise Bulex Limited, 11,821,034 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 (i.e. 847,221,000) as at 30 June 2024.

Save as disclosed above and to the best knowledge of the Directors, as at 30 June 2024, 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

### BACKGROUND OF THE STRUCTURED CONTRACTS

All capitalised terms used herein below shall have the same meanings as those defined in the prospectus of the Company dated 12 December 2018 (the “**Prospectus**”).

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. We adopted that, in line with the common practice in the PRC for industries subject to foreign investment restrictions, and entered into a series of structured contracts on 18 June 2018, we would gain effective control over, and receive all the economic benefits generated by the businesses currently operated by the Consolidated Affiliated Entities. Details of the structured contractual arrangements, please refer to the section headed “STRUCTURED CONTRACTS” of the Prospectus.

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 at the compulsory education stage through the connected transaction with its associates (as defined in the Listing Rules) which is set out in the section headed “Connected Transactions” in the 2021 annual report of the Company. The Company confirms that our Structured Contracts as a whole do not change as a result of such connected transaction.

### Material change in the Structured Contracts:

On 30 January 2024, in order to enhance and optimise the internal control and operational efficiency of the Group, the parties detailed below entered into the following agreements to change the Registered Shareholders of Guangzhou Beststudy:

#### (1) **Equity Transfer Agreement**

Ningbo Meishan Bonded Port Area Zhuofu Investment Management Partnership (Limited Partnership) (寧波梅山保稅港區卓扶投資合夥企業(有限合夥)), Ningbo Meishan Bonded Port Area Zhuoqian Investment Management Partnership (Limited Partnership) (寧波梅山保稅港區卓前投資管理合夥企業(有限合夥)), Ningbo Meishan Bonded Port Area Zhuosi Investment Management Partnership (Limited Partnership) (寧波梅山保稅港區卓似投資管理合夥企業(有限合夥)), Ningbo Meishan Bonded Port Area Zhuoqing Investment Management Partnership (Limited Partnership) (寧波梅山保稅港區卓磬投資管理合夥企業(有限合夥)), and Ningbo Meishan Bonded Port Area Zhuoqi Investment Management Partnership (Limited Partnership) (寧波梅山保稅港區卓祁投資管理合夥企業(有限合夥)) (together, the “**Ningbo Shareholding Platforms**”) entered into an equity transfer agreement with Tibet Zhuoben Enterprise Management Co., Ltd. (西藏卓犇企業管理有限公司, formerly known as Tibet Zhuoben Equity Investment Co., Ltd. (西藏卓犇股權投資有限公司)), Tibet Zhuomiao Enterprise Management Co., Ltd. (西藏卓淼企業管理有限公司, formerly known as Tibet Zhuomiao Equity Investment Co., Ltd. (西藏卓淼股權投資有限公司)) and Tibet Zhuoyan Enterprise Management Co., Ltd. (西藏卓焱企業管理有限公司, formerly known as Tibet Zhuoyan Equity Investment Co., Ltd. (西藏卓焱股權投資有限公司)) (together, the “**Tibet Companies**”). Accordingly, the Ningbo Shareholding Platforms are no longer the Registered Shareholders of Guangzhou Beststudy.

#### (2) **Supplemented Amendments**

Considering the changes in the Registered Shareholders of Guangzhou Beststudy, WFOE has entered into a series of supplementary agreements, including the First Amendment to the Exclusive Management Consultancy and Business Cooperation Agreement, First Amendment to the Exclusive Call Option Agreements, the Powers of Attorney of Tibet Companies, and First Amendment to the Equity Pledge Agreement with relevant parties. Save for the above changes in the shareholders of Guangzhou Beststudy and their shareholdings, as well as the alteration in the important PRC Operating Entities of the Company, the terms and conditions of the existing Structured Contracts will remain unchanged, still valid and in force.

### Unwinding of the Structured Contracts

Zhuoxue Information Technology has made undertaking in the Structured Contracts that, if the PRC regulatory environment changes and all of the qualification requirements, the Foreign Ownership Restriction and the Foreign Control Restriction are removed, it 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. For further details, please refer to the section headed “Termination of the Structured Contracts” of the Prospectus.

As at the date of this interim report, there were no Structured Contracts being unable to be unwound when the limitations to adopting Structured Contracts are removed.

## Corporate Governance and Other Information

### Compliance with the Structured Contracts

The Group has adopted certain measures to ensure the effective operation of the Group with the implementation of the Structured Contracts and compliance with the Structured Contracts as detailed in the Prospectus. The Group has implemented measures before the Structured Contracts are unwound, aiming to further enhance its control over the PRC Operating Entities. The Board has reviewed the overall performance of the Structured Contracts and considered that the Group has complied with the Structured Contracts in all material respects during the Reporting Period. Each of the Directors has confirmed that he/she, and his/her associates, do not have any interest in any business that competes or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group. The Company is not aware of any non-performance of the Structured Contracts or non-compliance with such aforementioned measures as of the date of this interim report. As advised by the Group's PRC legal counsel, the Structured Contracts were legally enforceable and did not violate existing PRC laws and regulations for the six months ended 30 June 2024 and up to the date of this interim report.

## RESTRICTED SHARE UNITS SCHEME AND SHARE OPTION SCHEME

### RSU Scheme

The Company approved and adopted the restricted share unit scheme (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 2024, the trustee of the Company, Ms. Shaoping Fu (the "**Trustee**") has purchased 63,396,000 Shares (representing approximately 7.5% of the total issued shares of the Company as at 30 June 2024) under the RSU Scheme, among which, total of 38,807,772 Shares (representing approximately 4.6% of the total issued shares of the Company as at 30 June 2024) have been vested to grantees under the RSU Scheme.

On 30 April 2024, the Board resolved to grant 58,000,000 restricted share units at a consideration of HK\$2.97 per Share to 552 employees of the Group (the "**Grantees**"), subject to acceptance of the Grantees. The purpose of the grant is to provide our employees with an opportunity to own equity interests in the Company and to reward them for their contributions to the Group and to motivate them to strive for the future development and expansion of the Group in the coming two years. For details, please refer to the announcement of the Company dated 30 April 2024.

Due to the resignation or abandonment of some employees, as at the date of this interim report, the number of employees actually participated in the RSU Scheme is 542, and the number of Shares granted is 55,138,000 Shares (representing approximately 6.5% of the total issued shares of the Company as at 30 June 2024).

Details of the RSU Scheme are set out in Note 24 to the condensed consolidated financial statements from pages 55 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 and as at 30 June 2024) (the “**Scheme Mandate Limit**”). Options lapsed in accordance with the terms of the Share Option Scheme shall not be counted for the purpose of calculating the Scheme Mandate Limit. The total number of options available for grant under the Share Option Scheme as at 1 January 2024 and 30 June 2024 was 84,804,000.

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 2024 and up to the date of this interim report. As at 30 June 2024, the remaining life of the Share Option Scheme is 4 years and 4 months.

Given that no option has been granted during the Reporting Period, it is not applicable to set out the number of Shares that may be issued in respect of options 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.

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.

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

For the six months ended 30 June 2024

	NOTES	For the six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Revenue	4&5	<b>317,444</b>	188,860
Cost of sales		<b>(174,721)</b>	(119,080)
Gross profit		<b>142,723</b>	69,780
Other income	6	<b>10,347</b>	9,326
Other gains and losses	7	<b>1,902</b>	2,540
Selling expenses		<b>(22,724)</b>	(6,990)
Administrative expenses		<b>(40,946)</b>	(28,640)
Other operating expenses		<b>(14,231)</b>	(14,254)
Fair value changes on financial assets at fair value through profit or loss ("FVTPL")	17	<b>2,889</b>	(17,936)
Gain on disposal and deregistration of investments in subsidiaries		<b>—</b>	19,754
Impairment losses recognised under expected credit loss model, net	9	<b>(530)</b>	(5,580)
Share of results of associates		<b>(74)</b>	206
Share of results of joint ventures		<b>—</b>	(402)
Finance costs	8	<b>(5,189)</b>	(4,566)
Profit before tax		<b>74,167</b>	23,238
Income tax expense	10	<b>(19,752)</b>	(3,086)
Profit for the period	11	<b>54,415</b>	20,152
Profit for the period attributable to:			
— owners of the Company		<b>54,527</b>	20,917
— non-controlling interests		<b>(112)</b>	(765)
		<b>54,415</b>	20,152
EARNINGS PER SHARE			
—Basic	13	<b>RMB7.25 cents</b>	RMB2.78 cents
—Diluted	13	<b>RMB7.23 cents</b>	RMB2.78 cents

# Condensed Consolidated Statement of Financial Position

As at 30 June 2024

	NOTES	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	14	<b>61,258</b>	57,523
Right-of-use assets	15	<b>259,059</b>	174,210
Intangible assets		<b>23,227</b>	24,285
Investments in associates	16	<b>16,338</b>	16,112
Investments in joint ventures		<b>5,366</b>	5,366
Financial assets at fair value through profit or loss	17	<b>7,392</b>	7,392
Long-term time deposits		<b>231,575</b>	180,000
Deferred tax assets		<b>45,877</b>	45,797
Prepayments for purchases of property, plant and equipment		<b>25,607</b>	23,579
		<b>675,699</b>	534,264
<b>CURRENT ASSETS</b>			
Financial assets at fair value through profit or loss	17	<b>64,474</b>	61,585
Debt instruments measured at amortised cost	18	<b>32,285</b>	33,315
Prepayments, deposits and other receivables	19	<b>112,307</b>	92,174
Amounts due from associates	25	<b>498</b>	609
Amounts due from related parties	25	<b>3,130</b>	4,352
Other current assets		<b>503</b>	505
Short-term time deposits		<b>—</b>	18,444
Restricted bank deposits	20	<b>23,641</b>	19,200
Cash and cash equivalents	20	<b>495,735</b>	281,928
		<b>732,573</b>	512,112
<b>CURRENT LIABILITIES</b>			
Other payables and accruals	21	<b>110,001</b>	106,170
Contract liabilities		<b>458,425</b>	211,784
Amounts due to related parties	25	<b>—</b>	473
Income tax liabilities		<b>41,506</b>	41,098
Lease liabilities	23	<b>63,894</b>	51,423
		<b>673,826</b>	410,948

## Condensed Consolidated Statement of Financial Position

As at 30 June 2024

	NOTES	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
NET CURRENT ASSETS		<b>58,747</b>	101,164
TOTAL ASSETS LESS CURRENT LIABILITIES		<b>734,446</b>	635,428
NON-CURRENT LIABILITY			
Lease liabilities	23	<b>210,181</b>	138,993
NET ASSETS		<b>524,265</b>	496,435
CAPITAL AND RESERVES			
Share capital	22	<b>303</b>	303
Reserves		<b>523,962</b>	497,705
Equity attributable to owners of the Company		<b>524,265</b>	498,008
Non-controlling interests		<b>—</b>	(1,573)
TOTAL EQUITY		<b>524,265</b>	496,435

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2024

	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 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
Repurchase of shares under the RSU scheme	–	–	(7)	–	–	–	–	–	(7)	–	(7)
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
At 1 January 2024 (audited)	303	208,710	(155,890)	–	37,361	225,866	(37,802)	219,460	498,008	(1,573)	496,435
Profit (loss) for the period and total comprehensive income (expense) for the period	–	–	–	–	–	–	–	54,527	54,527	(112)	54,415
Repurchase of shares under the RSU scheme	–	–	(2,206)	–	–	–	–	–	(2,206)	–	(2,206)
Acquisition of non-controlling interest in a subsidiary	–	–	–	–	–	(1,685)	–	–	(1,685)	1,685	–
2023 final dividend declared and paid	–	(24,379)	–	–	–	–	–	–	(24,379)	–	(24,379)
At 30 June 2024 (unaudited)	303	184,331	(158,096)	–	37,361	224,181	(37,802)	273,987	524,265	–	524,265



# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2024

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<b>OPERATING ACTIVITIES</b>		
Operating cash flows before movements in working capital	<b>113,110</b>	63,217
Increase in amounts due from associates	<b>111</b>	—
Decrease/(increase) in amounts due from related parties	<b>1,222</b>	(484)
Increase in prepayments, deposits and other receivables	<b>(17,883)</b>	(17,929)
Decrease in other current assets	<b>2</b>	53
Increase in other payables and accruals	<b>5,239</b>	27,700
Increase in contract liabilities	<b>246,641</b>	12,063
Decrease in amounts due to related parties	<b>(473)</b>	(561)
Cash generated from operations	<b>347,969</b>	84,059
Income tax paid	<b>(19,424)</b>	—
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>328,545</b>	84,059
<b>INVESTING ACTIVITIES</b>		
Interest income received	<b>5,739</b>	8,717
Proceeds from disposal of:		
– debt investments measured at FVTPL	<b>—</b>	9,569
Proceeds from disposal of property, plant and equipment	<b>48</b>	144
Purchases of property, plant and equipment	<b>(16,381)</b>	(5,373)
Net cash outflow on disposal of subsidiaries	<b>—</b>	(1,569)
Payments for rental deposits	<b>(3,188)</b>	—
Refund of rental deposits	<b>516</b>	—
Placement of time deposits	<b>(79,783)</b>	(129,610)
Withdrawal of time deposits	<b>46,652</b>	50,000
Increase in restricted cash	<b>(4,441)</b>	(10,941)
Advances to (repayment from) independent third parties	<b>200</b>	(3,440)
Acquisition of additional interest of a subsidiary	<b>—</b>	(100)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(50,637)</b>	(82,603)

## Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2024

	Note	For the six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<b>FINANCING ACTIVITIES</b>			
Dividends paid		<b>(24,379)</b>	—
Repayments of interest on lease liabilities		<b>(5,189)</b>	(4,566)
Repayments of lease liabilities		<b>(32,327)</b>	(27,437)
Payment on repurchase of shares		<b>(2,206)</b>	—
<b>NET CASH USED IN FINANCING ACTIVITIES</b>		<b>(64,101)</b>	(32,003)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>213,807</b>	(30,547)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>		<b>281,928</b>	195,084
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>		<b>495,735</b>	164,537
Represented by:			
Cash and cash equivalents	20	<b>495,735</b>	164,537

# Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

## 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. As at 30 June 2024, the Company does not have any controlling shareholder or ultimate controller as there was no shareholder who could control more than half of the voting rights of the board of directors of the Company or at the general meetings in accordance with the shareholding percentage, the articles of association of the Company or any agreements. The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section to the 2024 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 (equivalent to full-time test preparation programs), 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 the Mainland China (“**Mainland China**”), the Group conducts a substantial portion of the business through 廣州市卓越里程教育科技有限公司 (Guangzhou Beststudy Enterprise Co., Ltd.) (“**Guangzhou Beststudy**”) and its subsidiaries (collectively referred to as the “**Consolidated Affiliated Entities**”) in the People’s Republic of China (the “**PRC**”). 廣州市卓學信息科技有限責任公司 (Guangzhou Zhuoxue Information Technology Co., Ltd.) (“**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 2024

## 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 condensed consolidated financial statements of the Group during the six months ended 30 June 2024 and 2023.

From 1 January 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 Mainland China 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 Mainland China.

## 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 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 2024

## 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 2024 are the same as those presented in the Group’s annual consolidated financial statements for the year ended 31 December 2023.

### Application of amendments to IFRSs

In the current interim period, the Group has applied the following 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 2024 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

The application of the 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.

## Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

### 4. REVENUE

#### Disaggregation of revenue from contracts with customers

	For the six months ended 30 June 2024			
	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 over time	123,927	117,969	75,548	317,444
	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
	103,573	28,025	57,262	188,860

## Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

### 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	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Full-time test preparation programs	<b>123,927</b>	103,573
Talent education	<b>117,969</b>	28,025
Tutoring programs	<b>75,548</b>	57,262
	<b>317,444</b>	188,860

## Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

### 6. OTHER INCOME

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Interest income		
— bank deposits	7,436	4,280
— debt instruments at amortised cost	—	2,939
Government grants	3	58
Rental income	—	527
Income on sales of education materials	692	709
Other project income	1,176	287
Others	1,040	526
	<b>10,347</b>	9,326

### 7. OTHER GAINS AND LOSSES

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Gain on lease modifications, net of deposits losses	1,068	2,587
Gain/(loss) on disposal of property, plant and equipment	—	(868)
Gain on disposal of investment in an associate	228	—
Net foreign exchange (losses) gains	(322)	389
Others	928	432
	<b>1,902</b>	2,540



## Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

### 8. FINANCE COSTS

	For the six months ended 30 June	
	2024	2023
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Interest on lease liabilities	<b>5,189</b>	4,566

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

	For the six months ended 30 June	
	2024	2023
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Impairment loss (recognised) reversed in respect of		
— debt investments measured at amortised cost	<b>(530)</b>	(6,030)
— bank balances	—	450
	<b>(530)</b>	(5,580)

## Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

### 10. INCOME TAX EXPENSE

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Current tax:		
PRC Enterprise Income Tax ("EIT")	19,949	(289)
Over provision in prior period	(117)	(7)
	19,832	(296)
Deferred tax (credit) expense	(80)	3,382
	19,752	3,086

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 at 16.5% on the estimated assessable profit for the six months ended 30 June 2024 and 2023.

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 Reporting 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 (2023: 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 2024

### 11. PROFIT FOR THE REPORTING PERIOD

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

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Auditor's remuneration	1,076	1,005
Depreciation of property, plant and equipment	10,151	10,092
Depreciation of right-of-use assets	32,824	27,700
Amortisation of other intangible assets	1,796	2,072
<b>Total depreciation and amortisation</b>	<b>44,771</b>	<b>39,864</b>
Research and development costs recognised as an expense (included in other operating expenses)	2,396	2,048
Compensation of key management personnel	5,438	4,025
Staff salaries and benefits	120,990	87,520
Staff retirement benefits schemes contributions	5,310	3,592
Recognition of share-based payments	—	82
<b>Total staff costs (note)</b>	<b>131,738</b>	<b>95,219</b>

Note: The staff costs included in "Cost of sales" in the condensed consolidated statement of profit or loss was RMB87,801,000 (six months ended 30 June 2023: RMB57,653,000) and the depreciation and amortisation included in "Cost of sales" was RMB39,879,000 (six months ended 30 June 2023: RMB33,678,000).

### 12. DIVIDEND

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Final dividend declared and paid — RMB3.2 cents per ordinary share	24,379	—

On 27 March 2024, the Board proposed and the shareholders approved at the annual general meeting held on 16 May 2024 a final dividend of RMB3.2 cents per share (equivalent to HK\$3.5 cents per share) out of the share premium account of the Company for the year ended 31 December 2023. The dividend was paid on 6 June 2024.

No interim dividend was proposed during the Reporting Period (six months ended 30 June 2023: Nil).

Note: The final dividend for 2023 has been net of the dividend of approximately RMB2.7 million attributable to the shares held for the restricted share unit scheme.

## Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

### 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	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<i>Earnings</i>		
Profit for the purpose of basic earnings per share and dilutive earnings per share	<b>54,527</b>	20,917
<i>Number of shares</i>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>752,270,882</b>	752,531,376
Effect of dilutive potential shares:		
Weighted average number of unvested share awards	<b>2,394,783</b>	166,667
Weighted average number of ordinary shares for the purpose of dilutive earnings per share	<b>754,665,665</b>	752,698,043
Basic earnings per share (note)	<b>RMB7.25 cents</b>	RMB2.78 cents
Diluted earnings per share (note)	<b>RMB7.23 cents</b>	RMB2.78 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.

## Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

### 14. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2024, the Group acquired property, plant and equipment with a cost of RMB13,309,000 (for the six months ended 30 June 2023: RMB4,434,000).

Property, plant and equipment with a net book value of RMB48,000 were disposed of by the Group during the six months ended 30 June 2024 (for the six months ended 30 June 2023: RMB1,247,000), resulting in a net gains on disposal of RMB nil (for the six months ended 30 June 2023: RMB117,000).

### 15. RIGHT-OF-USE ASSETS

	Leased properties RMB'000
<b>As at 30 June 2024</b>	
Carrying amount	259,059
<b>As at 31 December 2023</b>	
Carrying amount	174,210
<b>For the six months ended 30 June 2024</b>	
Depreciation charge	32,824
<b>For the six months ended 30 June 2023</b>	
Depreciation charge	27,700

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Expense relating to short-term leases	2,571	4,303
Total cash outflow for leases	40,374	36,303
Additions to right-of-use assets	119,455	28,813

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 2024

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

The Group regularly entered into short-term leases for certain property, equipment and vehicles. As at 30 June 2024 and 2023, 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

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Cost of investments in associates — unlisted	<b>36,828</b>	36,528
Share of post-acquisition losses and other comprehensive expenses, net of dividends received	<b>(5,295)</b>	(5,221)
Accumulated impairment	<b>(15,195)</b>	(15,195)
	<b>16,338</b>	16,112

## Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

### 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
		2024	2023	2024	2023	
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%	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
Guangzhou Beststudy Comprehensive Health Information Co., Ltd. ("Beststudy Comprehensive Health")	PRC/ Mainland China	30.00%	—	30.00%	—	Institutional elderly care 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 2024

### 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 2024 RMB'000 (Unaudited)</b>	<b>31 December 2023 RMB'000 (Audited)</b>
Current assets	<b>30,870</b>	25,479
Non-current assets	<b>7,429</b>	8,350
Current liabilities	<b>33,062</b>	30,270
Non-current liabilities	<b>5,000</b>	4,500
	<b>For the six months ended 30 June 2024 RMB'000 (Unaudited)</b>	<b>2023 RMB'000 (Unaudited)</b>
Revenue	<b>36,838</b>	43,963
Profit for the period	<b>1,178</b>	807
Profit and total comprehensive income for the period	<b>1,178</b>	807



## Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

### 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 2024 RMB'000	31 December 2023 RMB'000
Net assets (liabilities) of Walmonos Sports	237	(941)
Proportion of the Group's interest in Walmonos Sports	18.00%	18.00%
The Group's share of net assets (liabilities) of Walmonos Sports	43	(168)
Goodwill	22,604	22,604
Accumulated impairment loss	(15,195)	(15,195)
Carrying amount of the Group's interest in Walmonos Sports	7,452	7,241

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

	30 June 2024 RMB'000	31 December 2023 RMB'000
The Group's share of loss and total comprehensive expense for the period/year	(285)	(897)
Aggregate carrying amount of the Group's interests in these associates	8,886	8,871

## Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

### 16. INVESTMENTS IN ASSOCIATES (CONTINUED)

#### Disposal of an associate

During the six months ended 30 June 2024, the Group disposed of all its interests in Yuyou Pinxue to independent third parties at consideration of RMB228,000 (received in August 2024).

This transaction has resulted in the recognition of a gain in profit or loss, calculated as follows:

	For the six months ended	
	30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Proceeds of disposal	228	—
Less: carrying amount of the investments on the date of disposal	—	—
Gain on disposal	228	—

## Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

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

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Financial assets mandatory measured at FVTPL:		
Equity investments — unlisted equity investments	<b>7,392</b>	7,392
Financial assets designated at FVTPL:		
Equity investments — listed equity investments (i)	<b>25,892</b>	23,003
Debt instruments		
— funds (ii)	<b>24,772</b>	24,772
— unlisted trust plans and asset management plans (ii)	<b>13,810</b>	13,810
	<b>64,474</b>	61,585
	<b>71,866</b>	68,977
Analysed for reporting purposes as:		
— current assets	<b>64,474</b>	61,585
— non-current assets	<b>7,392</b>	7,392
	<b>71,866</b>	68,977

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) Unlisted trust plans, asset management plans and funds issued by financial institutions were denominated in RMB at aggregate amounts of RMB38,582,000 (2023: RMB38,582,000), with rate of return ranging from 5% to 7% (2023: 5% to 7%) per annum. As at 30 June 2024, unlisted trust plans and funds pledged with collaterals of properties with a carrying amount of RMB38,582,000 (2023: RMB38,582,000) 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 2024

### 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	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Fair value changes in equity investments at FVTPL		
– unlisted equity investments	–	(6)
– listed equity investments	2,889	(10,901)
	<b>2,889</b>	(10,907)
Fair value changes in debt investments at FVTPL		
– unlisted trust plans and asset management plans	–	(2,520)
– funds	–	(4,509)
	–	(7,029)
	<b>2,889</b>	(17,936)

### 18. DEBT INSTRUMENTS MEASURED AT AMORTISED COST

	30 June	31 December
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Audited)
Corporate debts	32,285	33,315
Analysed for reporting purposes as:		
– current assets	32,285	33,315
– non-current assets	–	–
	<b>32,285</b>	33,315

## Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

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

Debt instruments measured at amortised cost are debt assets with guaranteed returns using interest rates per annum ranging from 5% to 7% (2023: 5% to 7%). They are denominated in RMB.

As at 30 June 2024, debt instruments with gross carrying amount of RMB90,251,000 (2023: RMB68,059,000) were past due and among which, RMB56,209,000 (2023: RMB56,209,000) were pledged with collaterals of equity instruments (2023: equity instruments). Included in the carrying amount of debt instruments measured at amortised cost as at 30 June 2024 is accumulated impairment losses of RMB57,966,000 (2023: RMB57,437,000).

### 19. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Loan receivables from third parties (note)	29,800	30,000
Less: allowance of credit loss	<b>(20,849)</b>	(20,849)
	<b>8,951</b>	9,151
Prepaid operation expenses	<b>13,626</b>	12,602
Prepayments for purchase of properties, plant and equipment	<b>25,607</b>	23,579
Staff advances	<b>445</b>	306
Rental and other deposits	<b>29,901</b>	26,560
Receivables from payment channels	<b>20,792</b>	21,096
Receivables from other project	<b>21,600</b>	10,800
Loans to employees	<b>187</b>	495
Interest receivables	<b>8,493</b>	5,778
Others	<b>8,312</b>	5,386
	<b>137,914</b>	115,753
Analysed by:		
— current	<b>112,307</b>	92,174
— non-current	<b>25,607</b>	23,579
	<b>137,914</b>	115,753

## Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

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

Note: The effective interest rate of these loan receivables are ranging from 2.75% to 5% (2023: 2.75% to 5%). As at 30 June 2024, included in the Group's loan receivables balance are debtor with aggregate principle amount of RMB28,000,000 (2023: RMB28,000,000) which is past due over 90 days as at reporting date.

As at 30 June 2024, the carrying amount of loan receivables amounting to RMB28,000,000 (2023: RMB28,000,000) are pledged with collaterals such as properties or equity instruments (2023: 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. CASH AND CASH EQUIVALENTS AND RESTRICTED BANK DEPOSITS

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Cash and cash equivalents	495,735	281,928
Restricted bank deposits	23,641	19,200
	<b>519,376</b>	301,128

Cash and cash equivalents include demand deposits for the purpose of meeting the Group's short term cash commitments, which carry interest at market rate of 0.15% (2023: 0.20%) 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 RMB nil (2023: reversed impairment loss of RMB450,000) for the bank balances.

As at 30 June 2024, bank balances amounting to RMB23,641,000 (2023: RMB19,200,000) are restricted. Bank balances that are placed in restricted bank accounts in accordance with the applicable government regulations amounting to RMB23,641,000 (2023: RMB18,510,000), such balances can only be applied once the Group has fulfilled its obligation to transfer the promised services on a systematic way. The balances carrying interest at market rate of 0.15% per annum.

## Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

### 21. OTHER PAYABLES AND ACCRUALS

	<b>30 June 2024</b>	31 December 2023
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Audited)
Accrued staff benefits and payroll	<b>69,266</b>	44,533
Payable for operating activities	<b>28,300</b>	40,299
Dividends payables	<b>371</b>	—
Other tax payables	<b>5,046</b>	4,442
Deposits	<b>2,113</b>	2,343
Others	<b>4,905</b>	14,553
	<b>110,001</b>	106,170

### 22. SHARE CAPITAL OF THE COMPANY

	Number of shares		Share capital	
	30 June 2024	31 December 2023	30 June 2024	31 December 2023
Ordinary shares of United States dollars ("US\$") 0.00005 each	'000	'000	RMB'000	RMB'000
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
<b>Authorised</b>				
At the beginning of the year and the end of the period	<b>3,000,000</b>	3,000,000	<b>1,070</b>	1,070
<b>Issued and fully paid</b>				
At the beginning of the year and the end of the period	<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 2024

### 23. LEASE LIABILITIES

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
<b>Lease liabilities payable:</b>		
Within one year	<b>63,894</b>	51,423
Within a period of more than one year but not more than two years	<b>59,861</b>	44,813
Within a period of more than two years but not more than five years	<b>125,143</b>	74,222
Within a period of more than five years	<b>25,177</b>	19,958
	<b>274,075</b>	190,416
Less: Amount due for settlement within 12 months shown under current liabilities	<b>(63,894)</b>	(51,423)
Amount due for settlement after 12 months shown under non-current liabilities	<b>210,181</b>	138,993

The weighted average incremental borrowing rates applied to lease liabilities range from 4.36% to 4.61% (2023: 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 granted under the RSU Scheme in aggregate (excluding RSUs that have lapsed or been cancelled in accordance with the rules of the RSU Scheme) shall be such number of shares held or to be held by the RSU Trustee for the purpose of the RSU Scheme from time to time.



## Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

### 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 2024 and the year ended 31 December 2023 are as follows:

	Number of shares	Amount RMB'000
As at 1 January 2023	94,347,289	155,883
Repurchase of shares held for RSU Scheme	9,000	7
Share awards vested	(166,665)	—
As at 31 December 2023 and 1 January 2024	<b>94,189,624</b>	<b>155,890</b>
Repurchase of shares held for RSU Scheme	<b>1,231,000</b>	<b>2,206</b>
As at 30 June 2024	<b>95,420,624</b>	<b>158,096</b>

Note: During the six months ended 30 June 2024, the total consideration of repurchase of ordinary shares of the Company on The Stock Exchange of Hong Kong Limited for the RSU Scheme was HK\$2,421,000 (approximately RMB2,206,000).

## Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

### 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 2024 is as follows:

Name/category of grantees	Date of grant	Number of RSUs granted (’000)	Vesting period	Closing price of shares at the date of grant (HK\$ per share)	Purchase price of RSUs (HK\$ per share)	Closing price immediately before the date of grant (HK\$ per share)	Number of RSUs				
							At 01.01.2024 (’000)	Vested during the reporting period (’000)	Lapsed during the reporting period (’000)	Cancelled during the reporting period (’000)	Unvested at 30.06.2024 (’000)
<b>Director of the Company</b>											
Ms. Weijing Guan	30 April 2024	3,720	50% in May 2025; and 50% in May 2026	2.97	2.97	2.99	–	–	–	–	3,720
<b>Directors of the Company’s subsidiaries</b>											
Ms. Xiaohong Huang	30 April 2024	1,950	50% in May 2025; and 50% in May 2026	2.97	2.97	2.99	–	–	–	–	1,950
Mr. Wenhai Deng	30 April 2024	1,030	50% in May 2025; and 50% in May 2026	2.97	2.97	2.99	–	–	–	–	1,030
<b>Directors of subsidiaries of the Company, associate of an executive Director</b>											
5 employees	30 April 2024	1,130	50% in May 2025; and 50% in May 2026	2.97	2.97	2.99	–	–	–	–	1,130
<b>Non-connected employees</b>											
544 employees	30 April 2024	50,170	50% in May 2025; and 50% in May 2026	2.97	2.97	2.99	–	–	2,862	–	47,308
<b>TOTAL</b>		<b>58,000</b>					<b>–</b>	<b>–</b>	<b>2,862</b>	<b>–</b>	<b>55,138</b>

Notes:

- Save as disclosed in the table above, no awarded Shares have been granted to any chief executive or substantial shareholder of the Company, or any of their respective associates (as defined in the Listing Rules).
- Save as disclosed in the table above, within the 12-month period of granting RSUs to connected grantees, no employee of the Company was granted RSUs totaling more than 0.1% of the issued Shares.
- The fair value of the RSUs at the date of grant during the reporting period was HK\$0 per Share. The fair value of the RSUs was calculated in accordance with the accounting standards adopted by the Group under IFRS 2 – Share-based Payment.

## Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

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

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

Notes: (Continued)

4. As at 30 June 2024, the total number of unvested RSUs was 55,138,000, representing approximately 6.5% of the Company’s issued Shares.
5. During the reporting period, the number of Shares subject to RSUs lapse were 2,862,000 shares due to the resignation or forfeiture by some employees.
6. The vesting of granted RSUs is subject to the fulfillment of certain performance indicators and other requirements as stipulated in the respective grant letters entered into between the grantees and the Company, including the Company’s annual results and the grantees’ individual annual performance.

#### 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 2024

## 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	
			2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Interest expense on lease liabilities	Guangzhou Tengyue Culture Investment Co., Ltd ("Tengyue Culture")	A director is the key management of the company	14	21
Rental expense	Tengyue Culture	A director is the key management of the company	—	12
			14	33

Nature of balances	Name of related parties	Relationship	30 June	31 December
			2024 RMB'000 (Unaudited)	2023 RMB'000 (Audited)
Amounts due from associates	Yuyou Pinxue	Associate	—	246
	Haite Sports	Associate	369	363
	Beststudy Comprehensive Health	Associate	129	—
			498	609
Amount due from related parties	Ms. Weiyang Guan	Executive director	2,687	3,919
	Foshan Beststudy Culture Communication Co., Ltd,	Disposed subsidiary (note)	15	15
	Foshan Nanhai Beststudy Frontline Education and Training Centre	Disposed subsidiary (note)	—	250
	Guangzhou Hantao Sports Event Planning Co., Ltd.	Controlled by a director	160	160
	Guangzhou Yuexiu Beststudy Yuexue Kindergarten	Disposed subsidiary (note)	—	8
	Guangzhou Beststudy Lele Culture Communication Co., Ltd.	Joint venture	150	—
	Tengyue Culture	A director is the key management of the company	118	—
			3,130	4,352
Amount due to related parties	Walmonos Sports	Associate	—	(23)
	Yuyou Pinxue	Associate	—	(450)
			—	(473)
Lease liabilities	Tengyue Culture	A director is the key management of the company	472	652

Note: The Group disposed these subsidiaries in December 2021 to an entity under the control of the executive directors of the Group.

## Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

### 25. RELATED PARTY DISCLOSURES (CONTINUED)

#### 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	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Short-term employee benefits	5,334	3,928
Retirement benefits contributions	104	97
	<b>5,438</b>	4,025

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

### 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).

## Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

### 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 30 June 2024

	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	–	–	7,392	7,392
– Listed equity investment	25,892	–	–	25,892
Debt instruments				
– Funds	–	–	24,772	24,772
– Unlisted trust plans and asset management plans	–	–	13,810	13,810
	<b>25,892</b>	<b>–</b>	<b>45,974</b>	<b>71,866</b>

##### Fair value hierarchy as at 31 December 2023

	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	–	–	7,392	7,392
– Listed equity investment	23,003	–	–	23,003
Debt instruments				
– Funds	–	–	24,772	24,772
– Unlisted trust plans and asset management plans	–	–	13,810	13,810
	<b>23,003</b>	<b>–</b>	<b>45,974</b>	<b>68,977</b>

## Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

### 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 2024:

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 of 3.7% 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 of 3.7% 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.

#### Reconciliation of Level 3 fair value measurements

	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Financial assets at FVTPL: At 1 January	45,974	56,213
Total losses recognised in profit or loss	—	(7,042)
At 30 June	45,974	49,171